

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 13, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$11,750,000

Project Information:
Name: Huntington Plaza Apartments
Project Address: 6330 Rugby Avenue
Project City, County, Zip Code: Huntington Park, Los Angeles, 90255

Project Sponsor Information:
Name: Huntington Park 607, LP (USA HuntingtonPark 607, Inc.;
Riverside Charitable Corporation and Oldtimers Housing
Development Corporation - IV)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery,
Karen McCurdy, Darren Bobrowsky and Valerie Silva for USA
Huntington Park 607, Inc.; Ken Robertson, Craig Gillett, Penny
LaRue, Steward Hall, Trisha Hockings and Gregg Rogers for
Riverside Charitable Corporation; Irene Muro for Oldtimers
Housings Development Corporation - IV
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: January 7, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 182, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing 184 unit senior affordable rental community formerly know as Rugby Plaza Apartments. The project was originally built in 1996 and is situated on a 1.2 acre site located in the City of Huntington Park in the County of Los Angeles. It is a four-story building over two levels of structured parking (one gated level is reserved for residents; one is public parking). The target population will be senior households, age 55 and older with incomes no greater than 60% of the area median income. The proposed project features 147 one bedroom units and 35 two bedroom units and two manger units. The scope of the rehabilitation will consist of planned renovations to individual units, which include new appliances, garbage disposal and repairs and efficiency upgrades to electric fixtures, kitchen and bathroom plumbing fixtures, and HVAC. There will also be improvements to the building exteriors including roof replacement, deck and patio waterproofing and painting; site improvements, which include landscaping, upgrades to fluorescent fixtures and upgrades to the existing security system. Solar photovoltaic and solar thermal systems will be installed to offset common area expenses. Construction will begin upon the closing of the financing in May 2013 and take place over 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

51% (93 units) restricted to 50% or less of area median income households.

49% (89 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will include the following service amenities: instructor-led educational, health and wellness or skill building classes; and health and wellness services and programs (not group classes).

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 21,002,442	
Estimated Hard Costs per Unit:	\$ 28,627	(\$5,210,081 /182 units)
Estimated per Unit Cost:	\$ 115,398	(\$21,002,442 /182 units)
Allocation per Unit:	\$ 64,560	(\$11,750,000 /182 units)
Allocation per Restricted Rental Unit:	\$ 64,560	(\$11,750,000 /182 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,750,000	\$ 10,250,000
Developer Equity	\$ 2,229,646	\$ 486,305
LIH Tax Credit Equity	\$ 2,823,088	\$ 6,066,429
Direct & Indirect Public Funds	\$ 2,500,000	\$ 2,500,000
Other (NOI during construction)	\$ 1,699,708	\$ 1,699,708
Total Sources	\$ 21,002,442	\$ 21,002,442

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,890,000
On & Off Site Costs	\$ 84,500
Hard Construction Costs	\$ 5,125,581
Architect & Engineering Fees	\$ 25,000
Contractor Overhead & Profit	\$ 385,203
Developer Fee	\$ 2,229,646
Relocation	\$ 50,000
Cost of Issuance	\$ 361,425
Capitalized Interest	\$ 938,185
Other Soft Costs (Marketing, etc.)	\$ 912,902
Total Uses	\$ 21,002,442

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction provided by Citibank, N.A.(Citibank). The bonds will be issued by the California Statewide Communities Development Authority. Citibank will directly purchase the bonds and become the "Holder" of the bonds. In exchange, Citibank extends to Huntington Park 607, LP (the "Borrower/Developer") a non-bank qualified tax-exempt rate of interest. The construction and rehabilitation period is 24 months with a six month extension available if needed and a permanent term of 15 years. The loan amount during construction will be \$11,750,000 and \$10,250,000 during the 15 year permanent loan term with a 35 year amortization schedule. The underwriting interest rate is estimated to be 4.65%. In addition, anticipated sources of funds for the acquisition include tax credit equity in the amount of \$6,066,429, city subsidy from the City of Huntington Park in the amount of \$2,500,000, deferred development fee in the amount of \$486,305 and NOI during construction in the amount of \$1,699,708.

Analyst Comments:

Not Applicable

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,750,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	60

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.