

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: Crystal Alvarez

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$10,100,000

Project Information:
Name: Banning Villa Apartments
Project Address: 1100 North Banning Boulevard
Project City, County, Zip Code: Wilmington, Los Angeles, 90744

Project Sponsor Information:
Name: Banning Villa Preservation Limited Partnership (Banning Villa Housing Partners, LLC and Banning Preservation Partners, LLC)
Principals: David Bloomgarden, Larry Kirk and Omar Hall for Banning Villa Housing Partners; William Szymczak and Christian Szymczak for Banning Preservations Partners, LLC
Property Management Company: Preservation Partners Management Group, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Greystone Servicing Corporation, Inc./ HUD 221
TEFRA Hearing Date: February 12, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 89, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Banning Villa Apartments is an existing 90-unit senior (age 62 and older) apartment project constructed on a flat 3.24 acre site. The development was originally constructed in 1976. The one bedroom units are approximately 550 sqft all with the same floor plan. The two bedroom unit is 850 sqft and is occupied by a management employee. All units are provided with refrigerators and ranges. After the renovation, the units will also have a microwave range hood in the kitchens. As part of the renovation, all unit finishes will be replaced including new ceramic tile flooring in the kitchen, baths and living rooms, carpet in the bedrooms; new wood cabinets, solid surface countertops with integral sinks, plumbing and light fixtures in the kitchens and bathrooms; new tubs, surrounds, toilets and bath accessories in the bathrooms and paint throughout. All units will also receive new dual pane vinyl low-e windows and vertical blinds.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (9 units) restricted to 50% or less of area median income households.
90% (80 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 21,065,825
Estimated Hard Costs per Unit: \$ 61,044 (\$5,432,940 /89 units)
Estimated per Unit Cost: \$ 236,695 (\$21,065,825 /89 units)
Allocation per Unit: \$ 113,483 (\$10,100,000 /89 units)
Allocation per Restricted Rental Unit: \$ 113,483 (\$10,100,000 /89 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,100,000	\$ 0
Taxable Debt Proceeds	\$ 1,811,600	\$ 11,911,600
Developer Equity	\$ 1,896,162	\$ 1,896,162
LIH Tax Credit Equity	\$ 6,796,547	\$ 6,796,547
Other (NOI)	\$ 461,516	\$ 461,516
Total Sources	\$ 21,065,825	\$ 21,065,825

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,500,000
On & Off Site Costs	\$ 0
Hard Construction Costs	\$ 5,432,940
Architect & Engineering Fees	\$ 259,500
Contractor Overhead & Profit	\$ 341,765
Developer Fee	\$ 2,472,622
Relocation	\$ 70,000
Cost of Issuance	\$ 595,413
Capitalized Interest	\$ 434,773
Other Soft Costs (Marketing, etc.)	\$ 958,812
Total Uses	\$ 21,065,825

Description of Financial Structure and Bond Issuance:

The project will be financed with a first lien HUD insured construction and perm loan by Greystone Funding Corporation. The loan will be underwritten at 1.11 DCR with a 40 year term. According to the HUD commitment, the loan shall bear interest at the rate of 3.3 percent per annual payable on the first day of each month on the outstanding balance of principal. The loan shall be payable on a level annuity basis by 480 monthly payments of principal and interest.

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 \$10,100,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25
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	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	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.