

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2013**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Crystal Alvarez*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$10,707,645

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**Project Information:**  
**Name:** Vistas Apartments  
**Project Address:** 15221 Sherman Way  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 91405

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**Project Sponsor Information:**  
**Name:** Vistas RHF Partners, L.P. (Vistas RHF Housing, LLC and VPH Adult Retirement Center)  
**Principals:** Laverne R. Joseph, John E. Trnka and Tom S. Masuds for Vistas RHF Housing, LLC; Laverne R. Joseph for VPH Adult Retirement Center.  
**Property Management Company:** Foundation Property Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** April 9, 2013

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 83, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The Vistas Apartments is a restricted senior housing facility for low-income residents at least 62 years old. The project is a preservation HUD Section 202 project that has been meeting the needs of the community for the past 26 years. The project is a six-story building with a steel-frame construction and a concrete exterior. The property is approximately 1.4 acres. The rehabilitation of the project will consist of replacing the roof, refurbishing the exterior and interior, resurfacing the parking lot, replacing all windows and a new pipe system. The surrounding area contains a variety of uses ranging from single family tract homes, multifamily apartments, condominium complexes, shopping centers and office buildings.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (26 units) restricted to 50% or less of area median income households.  
69% (57 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The Project Sponsor will provide residents with a service coordinator/social worker free of charge for a period of 10 years.

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

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**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 22,544,445  
**Estimated Hard Costs per Unit:** \$ 42,130 (\$3,496,784 /83 units)  
**Estimated per Unit Cost:** \$ 271,620 (\$22,544,445 /83 units)  
**Allocation per Unit:** \$ 129,008 (\$10,707,645 /83 units)  
**Allocation per Restricted Rental Unit:** \$ 129,008 (\$10,707,645 /83 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,707,534	\$ 7,905,469
Seller Loan	\$ 5,950,289	\$ 6,551,470
Reserves	\$ 522,818	\$ 522,818
LIH Tax Credit Equity	\$ 1,418,881	\$ 6,162,720
GP Equity	\$ 710	\$ 616
Other	\$ 0	\$ 1,070,753
<b>Total Sources</b>	<b>\$ 18,600,232</b>	<b>\$ 22,213,846</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 11,320,000
Rehabilitation Costs	\$ 4,572,808
Relocation	\$ 661,176
Architectural	\$ 250,000
Survey & Engineering	\$ 10,000
Contingency Costs	\$ 516,124
Construction Period Expenses	\$ 1,422,042
Permanent Financing Expenses	\$ 40,000
Reports & Studies	\$ 37,500
Other	\$ 459,501
Developers Costs	\$ 2,066,927
Legal Fees	\$ 240,000
Capitalized Reserves	\$ 617,768
<b>Total Uses</b>	<b>\$ 22,213,846</b>

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**Description of Financial Structure and Bond Issuance:**

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The bank has committed to providing the construction and permanent financing for the project. The construction loan will carry a fixed rate, based on the SIFMA Swap plus 275 for a period of 24 months. The permanent loan will carry a 30 year term and amortization of 35 years. The construction loan will convert to a permanent loan with a fixed rate equal to the sum of an 17 year maturity "AAA" bond rate as published by Thompson Municipal Market Monitor plus a spread of 2.25%. The rate is currently 4.59%.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:** 64.9 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$10,707,645 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]	9.9
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	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>64.9</b>

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.