

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 17, 2013**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$13,000,000

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**Project Information:**  
**Name:** Silverlake Village Apartments  
**Project Address:** 3740 Evans Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90027

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**Project Sponsor Information:**  
**Name:** Silverlake VOA Affordable Housing, L.P. (Volunteers of America National Services)  
**Principals:** Michael King, Robin Keller, Deb Perry, David Bowman, Tom Turnbull and Patrick Sheridan  
**Property Management Company:** Volunteers of America National Housing Corporation

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Red Capital Markets, LLC  
**Credit Enhancement Provider:** Red Mortgage Capital, LLC  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing Date:** November 11, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 87, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Silverlake Village Apartments is situated on 1.6 acres and consists of 88 units within four garden style buildings. There are 21 studios, 53 one-bedroom apartments and 13 two bedroom apartments. Each unit has a Dishwasher, refrigerator, disposal, microwave, stove/oven and a patio or balcony. The site has laundry facilities, limited access gated entry and tuck under parking. Rehabilitation of the site is expected to begin by September 2013 and end by September 2014.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 91%  
47% (41 units) restricted to 50% or less of area median income households.  
44% (38 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedrooms

There are no service amenities included.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	26,018,754	
<b>Estimated Hard Costs per Unit:</b>	\$	84,108	(\$7,317,369 /87 units)
<b>Estimated per Unit Cost:</b>	\$	299,066	(\$26,018,754 /87 units)
<b>Allocation per Unit:</b>	\$	149,425	(\$13,000,000 /87 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	149,425	(\$13,000,000 /79 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 10,500,000
Developer Equity	\$ 1,615,459	\$ 1,615,459
LIH Tax Credit Equity	\$ 3,943,670	\$ 6,443,670
Other (Seller's Note)	\$ 7,459,625	\$ 7,459,625
<b>Total Sources</b>	<b>\$ 26,018,754</b>	<b>\$ 26,018,754</b>
 <b>Uses of Funds:</b>		
Acquisition/Land Purchase	\$ 12,440,908	
On & Off Site Costs	\$ 955,650	
Hard Construction Costs	\$ 6,361,719	
Architect & Engineering Fees	\$ 258,019	
Contractor Overhead & Profit	\$ 517,287	
Developer Fee	\$ 2,500,000	
Relocation	\$ 88,000	
Cost of Issuance	\$ 1,193,837	
Capitalized Interest	\$ 670,313	
Other Soft Costs (Marketing, etc.)	\$ 1,033,021	
<b>Total Uses</b>	<b>\$ 26,018,754</b>	

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

This is a FHA 221(d)4 insured mortgage loan with the financing provided by Red Capital Markets, LLC (RCM). RCM will provide \$13,000,000 with a bond purchase rate of 1% and 24 month interest only term. Interest convention is a 360 day year with non-recourse liability. Collateral used are the cash equivalents/ U.S. Treasuries held by the Trustee.

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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:** 60.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$13,000,000 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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>60.5</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.