

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$2,300,000

Project Information:
Name: Villa Nueva RHCP Apartments
Project Address: 658-668 South Ferris Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90022

Project Sponsor Information:
Name: Santa Monica-Villa Nueva LP (Los Angeles County Housing Development Corporation)
Principals: Richard Wirth and Marlon L. Thompson
Property Management Company: Levine Management Group, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 9, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 20, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The project was originally constructed in 1968 and is comprised of five 2-story buildings. All apartments feature kitchens with range and refrigerator, one bathroom, individual forced air heating units and individual electric meters. Hot water is provided by the owner through centralized hot water heaters in each building. The majority of the renovation will focus onsite upgrades including new paint, new parking lot paving, site upgrades to emphasize low-water planting material, improved site lighting, replacement of single pane aluminum windows with double paned system, and upgrades to the community seating area and play area.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (20 units) restricted to 50% or less of area median income households.
Unit Mix: 2 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 4,291,693	
Estimated Hard Costs per Unit:	\$ 34,206	(\$684,115 /20 units)
Estimated per Unit Cost:	\$ 214,585	(\$4,291,693 /20 units)
Allocation per Unit:	\$ 115,000	(\$2,300,000 /20 units)
Allocation per Restricted Rental Unit:	\$ 115,000	(\$2,300,000 /20 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 2,300,000	\$ 1,230,000
Deferred Developer Fee	\$ 0	\$ 150,000
LIH Tax Credit Equity	\$ 300,949	\$ 1,111,693
Direct & Indirect Public Funds	\$ 1,300,000	\$ 1,800,000
Other (Deferred Costs)	\$ 390,744	\$ 0
Total Sources	\$ 4,291,693	\$ 4,291,693

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,310,000
On & Off Site Costs	\$ 234,800
Hard Construction Costs	\$ 449,315
Architect & Engineering Fees	\$ 85,000
Contractor Overhead & Profit	\$ 85,975
Developer Fee	\$ 431,489
Relocation	\$ 21,000
Cost of Issuance	\$ 232,874
Capitalized Interest	\$ 32,956
Other Soft Costs (Marketing, etc.)	\$ 408,284
Total Uses	\$ 4,291,693

Description of Financial Structure and Bond Issuance:

The bonds will be non-rated and will be secured by first deed of trust on the property. Repayment will be guaranteed by the partner until completion of rehab when stabilized operations are achieved. The bonds will initially bear interest at a variable rate based on the Citibank Prime Rate or LIBOR plus a margin. Upon completion of construction and stabilized occupancy, a portion of the bonds will be repaid from permanent sources and the remainder will convert to a fixed rate of approximately 6.1%. The permanent bonds will be repaid on fully amortized basis over a 15 year term.

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: 61.8 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,300,000 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]	9.3
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	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	61.8

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.