

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 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: \$10,381,000

Project Information:
Name: Hazeltine & Wyandotte Apartments
Project Address: 14630 Hazeltine Ave and 7250 Wyandotte St.
Project City, County, Zip Code: Van Nuys, Los Angeles, 91405

Project Sponsor Information:
Name: Hazeltine & Wyandotte, L.P. (Housing Corporation of America and InSite Development, LLC)
Principals: Ronald H. Olson and Carol Cromar for Housing Corporation of America; Steven Eglash, Dehua Chen and Scott Williams for Insite Development, LLC
Property Management Company: Ironwood Management

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: PNC Bank, N.A.
Credit Enhancement Provider: PNC Bank, N.A. / HUD 223
TEFRA Hearing Date: January 10, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 106, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The project, Hazeltine & Wyandotte, is comprised of two existing multifamily affordable buildings with a total of 108 units: 55 two-bedrooms, 28 three-bedrooms, and 25 four-bedrooms. Both sites are located within 0.9 miles of one another. The rehabilitation for both sites will include common area improvement such as new roofs, flooring and decking as needed, area lighting, photovoltaic solar panels on the roof and landscaping. The project will upgrade each unit to include new flooring, unit entry doors, HVAC units, toilets and appliances all as needed.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
42% (45 units) restricted to 50% or less of area median income households.
58% (61 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

Both sites will provide after school programs and instructor-led educational, health and wellness or skill building classes to residents for a period of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 17,574,281
Estimated Hard Costs per Unit: \$ 17,321 (\$1,836,000 /106 units)
Estimated per Unit Cost: \$ 165,795 (\$17,574,281 /106 units)
Allocation per Unit: \$ 97,934 (\$10,381,000 /106 units)
Allocation per Restricted Rental Unit: \$ 97,934 (\$10,381,000 /106 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,381,000	\$ 10,381,000
GP Equity / Loan	\$ 100	\$ 100
Deferred Developer Fee	\$ 2,073,615	\$ 2,016,227
LIH Tax Credit Equity	\$ 4,732,299	\$ 5,176,954
Total Sources	\$ 17,187,014	\$ 17,574,281

Uses of Funds:	
Acquisition/Land Purchase	\$ 12,213,015
Rehabilitation Costs	\$ 2,147,440
Survey & Engineering	\$ 10,000
Contingency Costs	\$ 239,740
Construction Period Expenses	\$ 308,924
Legal Fees	\$ 90,000
Capitalized Reserves	\$ 387,267
Reports & Studies	\$ 15,000
Other	\$ 89,280
Developer Costs	\$ 2,073,615
Total Uses	\$ 17,574,281

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be credit enhanced through HUD's 223 (f) pilot program and underwritten by PNC Bank, N.A. Enhancement will be in the form of a guaranty by HUD and Mortgage Backed Securities issued by Government National Mortgage Association to support an AAA-rated Loan. The interest rate will be based on the tax-exempt structure and is estimated at 2.50% based on current market conditions. HUD will charge an annual Mortgage Insurance Premium of 0.45% of the unpaid principal balance of the Loan for the life of the Loan. The loan will have an amortization of 35 years.

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: 73.8 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,381,000 in tax exempt bond allocation on a carryforward basis.

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]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	5.8
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	3
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	73.8

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.