

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
December 11, 2013  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: *Leslie J. Campaz*

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**Applicant:** Area Housing Authority of the County of Ventura

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,500,000

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**Project Information:**  
**Name:** Los Feliz Phase II Apartments  
**Project Address:** 1972 Los Feliz Drive  
**Project City, County, Zip Code:** Thousand Oaks, Ventura, 91320

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**Project Sponsor Information:**  
**Name:** Los Feliz 20, LP (Area Housing Authority of the County of Ventura)  
**Principals:** Douglas Tapping for Area Housing Authority of the County of Ventura  
**Property Management Company:** Area Housing Authority of the County of Ventura

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Private Placement Purchaser:** Bank of America, N.A.  
**TEFRA Hearing Date:** November 5, 2013

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 19, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

Los Feliz Phase II Apartments will consist of 20 new large family rental apartments, situated in three buildings, located within the boundaries of the airspace lease granted by the owner of the first 36 apartment units constituting Phase 1 of the project. The Project targets low income large families earning 60% of the area median income and less. The dwelling units include both townhouse designs for the 3 bedroom units, as well as stacked flats for the 2 bedroom units and several 3 bedroom units. There are 12 two-bedroom units and 8 three-bedroom units, and a resident manager will occupy one of the units. The project is intended to be highly energy efficient, and to incorporate additional recycled and recyclable elements and other sustainability features under the Cal-Green program for building construction and monitoring.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
11% (2 units) restricted to 50% or less of area median income households.  
89% (17 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 & 3 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>	\$ 8,303,138	
<b>Estimated Hard Costs per Unit:</b>	\$ 232,558	(\$4,418,614 /19 units)
<b>Estimated per Unit Cost:</b>	\$ 437,007	(\$8,303,138 /19 units)
<b>Allocation per Unit:</b>	\$ 289,474	(\$5,500,000 /19 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 289,474	(\$5,500,000 /19 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to: 1) Developer has elected to include substantial solar photoelectric panels and switch gear to eliminate 90% of the common electrical usage from public power sources, 2) They must pay the higher of federal or State prevailing wage rates for construction, in a high labor cost county, and 3) They will need to provide another manager's unit in Phase 2, because they have two separate limited partnership ownership entities. This is required under their interpretation of State law requiring an on-site manager's units for every project with 16 or more units.

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 2,573,521
Deferred Developer Fee	\$ 0	\$ 481,193
LIH Tax Credit Equity	\$ 750,000	\$ 3,275,271
Direct & Indirect Public Funds	\$ 1,603,138	\$ 1,887,653
RDA Pre-dev Loan & Solar Credits	\$ 450,000	\$ 85,500
<b>Total Sources</b>	<b>\$ 8,303,138</b>	<b>\$ 8,303,138</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 11,720
On & Off Site Costs	\$ 166,534
New Construction Costs	\$ 4,252,080
Architect & Engineering Fees	\$ 565,779
Contractor Overhead & Profit	\$ 183,724
Developer Fee	\$ 981,193
Cost of Issuance	\$ 193,424
Capitalized Interest	\$ 31,530
Other Soft Costs (Marketing, etc.)	\$ 1,917,154
<b>Total Uses</b>	<b>\$ 8,303,138</b>

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

This a private placement bond transaction with the bonds being purchased by Bank of America, N.A. (the "Bank"). The bank will purchase no more than \$5,500,000 in floating rate tax-exempt bonds issued through the Area Housing Authority of the County of Ventura. During the construction and stabilization period of the Property, debt service on the Bonds will be interest-only. The Bonds will convert to the Fixed Rate on the Rate Conversion Date. During the construction phase the bonds shall bear interest at a fluctuating rate of interest equal to the LIBOR Daily Floating Rate plus 2.25% per annum. At the permanent financing phase, interest will be calculated on a 30/360 day basis. The interest rate after the Rate Conversion Date will remain in effect for 17 years. The permanent financing will have two tranches. Tranche A (\$1,499,850): amortized for a period of 360 months. Tranche B (\$1,073,671): amortized for a period of 180 months.

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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:**

82.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$5,500,000 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	25
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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>82.5</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.