

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$10,000,000

Project Information:
Name: Samoa Avenue Apartments
Project Address: 10046-56 Samoa Avenue
Project City, County, Zip Code: Tujunga, Los Angeles, 91042

Project Sponsor Information:
Name: Samoa Avenue Housing, L.P. (Milare Housing Investments, Inc.; Deep Green Housing and Community Development)
Principals: Ali Milani, Shakeh Petrossian, Babak Vaziri, Manije Emami for Milare Housing Investments, Inc. JoAnne Yokota, Zoe Ellas, and Diana Rogers for Deep Green Housing and Community
Property Management Company: Deep Green Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Adoption Date: December 10, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 47, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed family apartment community shall be designed to consist of approximately 48 family apartments, with a proposed unit mix of three 2-bedroom units, 27 3-bedroom units and 18 4-bedroom units. The proposed design shall also include a recreation room of approximately 2000 sf, computer/technology room, laundry facilities and off street parking for approximately 81 vehicles in a semi-subterranean parking garage. Five units will be for households at or below 50% AMI level with the remaining 42 units for households at or below 60% AMI level. Each unit in the project will have closet space, heating and air conditioning, window coverings, vinyl/linoleum at kitchen, bathroom and entry areas and wall-to-wall carpeting elsewhere throughout the unit. The kitchens will be furnished with a double-sink, garbage disposal, functional cabinets, self-cleaning electric stove / range with hood and frostfree refrigerator. Appliances will be energy-efficient, with the energy star rating. The units will also have a telephone entry/intercom security system. Most units will have private balconies.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (5 units) restricted to 50% or less of area median income households.
89% (42 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

There will be no service amenities for the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	16,000,000	
Estimated Hard Costs per Unit:	\$	174,511	(\$8,202,000 /47 units)
Estimated per Unit Cost:	\$	340,426	(\$16,000,000 /47 units)
Allocation per Unit:	\$	212,766	(\$10,000,000 /47 units)
Allocation per Restricted Rental Unit:	\$	212,766	(\$10,000,000 /47 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 7,540,000
Deferred Developer Fee	\$ 1,425,000	\$ 1,290,000
LIH Tax Credit Equity	\$ 2,540,000	\$ 5,410,000
Other(Deferred)	\$ 16,000	\$ 0
Other(Solar Note)	\$ 760,000	\$ 760,000
Other(Deferred- Perm Closing)	\$ 95,000	\$ 0
Other(Deferred-Reserves)	\$ 164,000	\$ 0
Other(Seller Note)	\$ 1,000,000	\$ 1,000,000
Total Sources	\$ 16,000,000	\$ 16,000,000

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,000,000
On & Off Site Costs	\$ 650,000
Hard Construction Costs	\$ 7,552,000
Architect & Engineering Fees	\$ 429,000
Contractor Overhead & Profit	\$ 510,000
Developer Fee	\$ 1,630,000
Cost of Issuance	\$ 28,000
Capitalized Interest	\$ 425,000
Other Soft Costs	\$ 1,126,000
Other Soft Costs (Impact Fees.)	\$ 650,000
Total Uses	\$ 16,000,000

Description of Financial Structure and Bond Issuance:

The proposed Financial Structure shall be a private placement purchase provided by Citibank N.A. The construction loan term shall be for 18 months with one possible 6 month extension. The construction period interest rate and the permanent interest rate will be approximately 4%. The permanent loan term will be 15 years with an amortization period 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: 58.7 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	3.7
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	58.7

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.