

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 16, 2015**  
**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:** \$7,000,000

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**Project Information:**

**Name:** E. Victor Villa  
**Project Address:** 555 West 92nd Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90044

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**Project Sponsor Information:**

**Name:** E. Victor Villa, L.P. ( E. Victor Villa GP, LLC [Abode Communities])  
**Principals:** Robin Hughes, Rick Saperstein, and Holly Benson for E. Victor Villa GP, LLC  
**Property Management Company:** Abode Communities

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**Project Financing Information:**

**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** J.P. Morgan Chase Bank , N.A.  
**TEFRA Adoption Date:** November 10, 2015

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 45, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The building is three-stories with a single, double-loaded corridor. All levels are served by an elevator. There are 42 surface parking spaces. Site amenities include a landscaped courtyard, a barbecue area, common laundry room, community room, game room, 2 public restrooms and an on-site property management office. The current unit mix of 29 studio apartments and 17 one-bedroom apartments will remain unchanged after the rehabilitation is completed. The studio units are approximately 500 square feet and the one-bedroom units are approximately 800 square feet. The rehabilitation will focus on significant upgrades to the building systems to improve the longevity of the property and improve the energy efficiency of the overall building. The scope of work includes: Upgrade all community areas, including parking lot, courtyard and barbecue area, entrance lobby, community rooms, laundry room, and public restroom to meet accessibility standards. Modernize elevator equipment. Install energy efficient water boiler and lighting. Install water efficient irrigation and landscaping. Renovate unit kitchens and bathrooms by replacing cabinetry, countertops, bathtubs, toilets and sinks, and installing water efficient fixtures. Upgrade to EnergyStar appliances. Replace unit flooring. Replace unit windows and window coverings. Paint unit interiors. Renovate five units (3 mobility and 2 communications) to meet current accessibility standards. Rehabilitation construction is expected to begin in March 2016 and will take approximately 8 months for completion in November 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

31% (14 units) restricted to 50% or less of area median income households.

69% (31 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio & 1 bedroom

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |                                    |
|---|---------------|------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ 10,290,360 |                                    |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 59,362     | (\$2,671,296 /45 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ 228,675    | (\$10,290,360 /45 units)           |
| <b>Allocation per Unit:</b>                   | \$ 155,556    | (\$7,000,000 /45 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 155,556    | (\$7,000,000 /45 restricted units) |

| <b>Sources of Funds:</b>                        | Construction         | Permanent            |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                        | \$ 7,000,000         | \$ 4,273,000         |
| Developer Equity                                | \$ 100               | \$ 100               |
| LIH Tax Credit Equity                           | \$ 253,737           | \$ 3,265,239         |
| Deferred Developer Fee                          | \$ 313,321           | \$ 313,321           |
| Deferred Costs/ Income During Rehab             | \$ 516,502           | \$ 232,000           |
| Other (Seller Carryback; E. Victor Villa, Inc.) | \$ 800,800           | \$ 800,800           |
| Other (Seller Carryback; Abode Communities)     | \$ 1,405,900         | \$ 1,405,900         |
| <b>Total Sources</b>                            | <b>\$ 10,290,360</b> | <b>\$ 10,290,360</b> |

| <b>Uses of Funds:</b>                           |                      |
|---|----------------------|
| Acquisition/Land Purchase                       | \$ 4,680,000         |
| Hard Construction Costs                         | \$ 2,671,296         |
| Architect & Engineering Fees                    | \$ 125,410           |
| Contractor Overhead & Profit                    | \$ 125,580           |
| Developer Fee                                   | \$ 1,081,900         |
| Legal Fees                                      | \$ 150,000           |
| Relocation                                      | \$ 192,000           |
| Cost of Issuance                                | \$ 315,050           |
| Operating Reserve                               | \$ 135,000           |
| Capitalized Interest                            | \$ 340,292           |
| Other Soft Costs (Marketing, Contingency, etc.) | \$ 473,832           |
| <b>Total Uses</b>                               | <b>\$ 10,290,360</b> |

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

This is a private placement transaction with JP Morgan Chase, N.A. for both construction and permanent financing. During the construction financing phase the loan term will be for a max of 26 months (14 mos+ two 6 mos extensions) with a (variable) interest rate of one month LIBOR rate plus 3.30%, adjusted monthly on a 360 day basis. During the permanent financing phase, the loan term will be for 18 years with an amortization of 35 years at a (fixed) rate of the converted construction loan, currently 5%. The indicative rate is 5%. The underwritten rate provided is the indicative rate plus 25 bps.

**Analyst Comments:**

None

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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:** 55 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$7,000,000 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<br>[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   | 0             |
| Community Revitalization Area   | 15   | 15   | 0             |
| Site Amenities  | 10   | 10   | 10            |
| Service Amenities   | 10   | 10   | 0             |
| New Construction  | 10   | 10   | 0             |
| Sustainable Building Methods  | 10   | 10   | 5             |
| Negative Points   | -10  | -10  | 0             |
| <b>Total Points</b>   | <b>130</b>   | <b>100</b>                                       | <b>55</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.