

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,500,000

Project Information:
Name: Mission Village Apartments
Project Address: 4001 N. Mission Road
Project City, County, Zip Code: Los Angeles, Los Angeles, 90032

Project Sponsor Information:
Name: Mission Village II, LP (CHAPA MGP, LLC and VH Mission GP, LLC)
Principals: Ken Robertson and Penny LaRue for CHAPA MGP, LLC ; Peter Barker, Marian Barker, Byron Barker & Ann S. Barker for VH Mission GP, LLC)
Property Management Company: Barker Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Noticing Date: January 22, 2016
TEFRA Adoption Date: February 12, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 83, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Senior Citizens

The Project, constructed in 1998, is located on a 4.19 acre site in Los Angeles. The Project, consisting of one building containing senior-restricted units, five buildings containing family units and 106 surface parking spaces; houses 83 tenant units (34 senior-restricted one-bedroom units, 6 two-bedroom family units and 43 three-bedroom family units) and a single three-bedroom manager's unit. Unit amenities include central heat/AC, blinds, carpeting, coat closet, patio/balcony, refrigerator, stove/oven, dishwasher and garbage disposal. Site amenities include on-site management, community room, a separate seniors community room located in the senior-restricted building, computer room, laundry facilities, picnic area and playground. There is also an on-site child care center that is operated separately from the apartment community. Unit renovations will include complete refurbishment of unit interiors; including new baths, kitchens, energy star appliances, fixtures, hardware and floor coverings. Exterior renovations will include new energy efficient dual pane windows, roofing, painting and landscape upgrades. Rehabilitation is expected to begin in June 2016 and will take approximately 10 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

19% (16 units) restricted to 50% or less of area median income households.

81% (67 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 25,066,230	
Estimated Hard Costs per Unit:	\$ 62,008	(\$5,146,680 /83 units)
Estimated per Unit Cost:	\$ 302,003	(\$25,066,230 /83 units)
Allocation per Unit:	\$ 150,602	(\$12,500,000 /83 units)
Allocation per Restricted Rental Unit:	\$ 150,602	(\$12,500,000 /83 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 6,900,000
Century Housing Corp. Loan	\$ 7,534,040	\$ 7,534,041
LIH Tax Credit Equity	\$ 5,032,190	\$ 8,786,812
NOI During Construction	\$ 0	\$ 82,658
Deferred Developer Fee	\$ 0	\$ 1,762,719
Total Sources	\$ 25,066,230	\$ 25,066,230

Uses of Funds:	
Land Cost/Acquisition	\$ 13,575,000
Rehabilitation Costs	\$ 5,844,480
Relocation	\$ 252,000
Architectural Fees	\$ 224,461
Survey & Engineering Fees	\$ 100,000
Construction Interest & Fees	\$ 720,000
Permanent Financing	\$ 526,250
Legal Fees	\$ 150,000
Reserves	\$ 248,359
Appraisal	\$ 10,000
Contingency	\$ 25,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 295,177
Developer Costs	\$ 3,095,503
Total Uses	\$ 25,066,230

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 24 months with a fixed interest rate estimated to be 5.50% for Tranche A and 3.00% for Tranche B. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate estimated to be 5.50%. There was no underwritten rate provided.

Analyst Comments:

None

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: 66 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,500,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	6.5
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	66

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.