

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,000,000

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**Project Information:**  
**Name:** Rancho Del Valle Apartments  
**Project Address:** 6560 Winnetka Avenue  
**Project City, County, Zip Code:** Woodland Hills, Los Angeles, 91367

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**Project Sponsor Information:**  
**Name:** Rancho Del Valle Preservation, LP (Fegueroa Economical Housing Development Corporation)  
**Principals:** Charles Cline and Estella Brown  
**Property Management Company:** Monfric, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Red Stone Tax-Exempt Funding LLC  
**TEFRA Noticing Date:** March 22, 2016  
**TEFRA Adoption Date:** April 15, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 24, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Rancho Del Valle Apartments is an existing development located approximately 20 miles northwest of Downtown Los Angeles in the city of Woodland Hills and sits on a proximately 1.72 acres. The development was built in 1989 and consists of 25 units of section 8 housing on two floors. The shape of the site is rectangular and the topography is flat. The site amenities include security gates and fencing; onsite parking; a community room; picnic/bbq area; site management; laundry facility; landscaping. The unit configuration is as follows: Rancho Del Valle Apartments has a mix of 24 one bedroom and 1 two bedroom units. The rehabilitation will include upgrade for air conditioning and heating units, mechanical and electrical. Interior upgrades will include new kitchen and bathroom equipment, new cabinets, new kitchen surfaces, new flooring, paint and new window treatments. Exterior upgrades will include replacement of certain patio covers, widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements, parking area improvements and paint. The anticipated start of rehabilitation is August 2016 with a completion date of February 2017.

**Description of Public Benefits:**

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

42% (10 units) restricted to 50% or less of area median income households.

58% (14 units) restricted to 60% or less of area median income households.

**Unit Mix:** 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>	\$ 8,557,261	
<b>Estimated Hard Costs per Unit:</b>	\$ 23,364	(\$560,746 /24 units)
<b>Estimated per Unit Cost:</b>	\$ 356,553	(\$8,557,261 /24 units)
<b>Allocation per Unit:</b>	\$ 250,000	(\$6,000,000 /24 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 250,000	(\$6,000,000 /24 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 3,433,488
LIH Tax Credit Equity	\$ 352,692	\$ 2,351,280
Developer Equity	\$ 229,380	\$ 229,380
Existing HUD Loan	\$ 1,975,189	\$ 1,975,189
NOI During Rehab	\$ 0	\$ 130,893
Deferred Developer Fee	\$ 0	\$ 437,031
<b>Total Sources</b>	<b>\$ 8,557,261</b>	<b>\$ 8,557,261</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,350,000
Rehabilitation	\$ 637,501
Relocation	\$ 37,500
Architectural Fees	\$ 100,000
Survey & Engineering	\$ 80,000
Construction Interest and Fees	\$ 657,500
Permanent Financing	\$ 126,935
Legal Fees	\$ 190,000
Reserves	\$ 167,117
Appraisal	\$ 8,600
Contingency Cost	\$ 62,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 260,918
Developer Costs	\$ 878,691
<b>Total Uses</b>	<b>\$ 8,557,262</b>

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

The financial structure for the proposed project will be a private placement transaction provided by Red Stone Tax-Exempt Funding, LLC. During the construction financing phase the loan term will be for 24 months with a fixed interest only payment at 4.75% . During the permanent financing phase, the loan term and amortization period will be for 40 years at a fixed rate of 4.75%.

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**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:** 52.5 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>52.5</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.