

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$30,000,000

Project Information: Name: Vista Tower Apartments
Project Address: 3000 Leeward Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90005

Project Sponsor Information: Name: Vista Tower Apartments, L.P. (Vista Tower Apartments, LLC)
Principals: Howard Hudson, Chris Jones, Margol Kennison, Roy Haugen,
Karen Ingram, Wayne Moore and Gary Wheeler for Vista Tower
Apartments, LLC
Property Management Company: CARING Housing Ministries, Inc.

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Baptist Service Corporation, a California nonprofit public
benefit corporation (construction)
Public Sale: Cash-Collateralized A-Rated or Higher (construction)
Underwriter: Red Capital Markets, LLC
Rating: AA+ Standard & Poor's
TEFRA Noticing Date: September 2, 2016
TEFRA Adoption Date: September 16, 2016

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 228, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Vista Tower Apartments is an existing project located in Los Angeles on a 0.74 acre lot. The project consists of 228 restricted rental units and 2 manager units. The project has 168 studios and 60 one-bedroom units. The building is a 13 story high rise and is a Type II construction with a total of 62 parking spaces for residents and employees and 7 guest spaces. The common areas of the building include laundry facilities on each floor, community room, lobby area, lounge/library area, outdoor patio and landscaped areas, gated entry and security cameras. Each unit is equipped with a refrigerator, range/oven, garbage disposal, air conditioning unit and window coverings. The complex will undergo a substantial rehabilitation including: bathroom renovations, flooring, painting, lighting, PTAC HVAC & heating units and Energy Star appliances in all apartments, accessibility upgrades including units as well as building access and public areas, fire alarm system upgrades, public area upgrades including flooring, exterior paint and elevator upgrades. The rehabilitation is expected to begin in May 2017 and take approximately 14 months to complete.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (24 units) restricted to 50% or less of area median income households.
89% (204 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:

Estimated Total Development Cost: \$ 57,140,100
Estimated Hard Costs per Unit: \$ 26,430 (\$6,026,000 /228 units)
Estimated per Unit Cost: \$ 248,435 (\$57,140,100 /230 units including mgr. units)
Allocation per Unit: \$ 131,579 (\$30,000,000 /228 units)
Allocation per Restricted Rental Unit: \$ 131,579 (\$30,000,000 /228 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds Series A	\$ 20,232,181	\$ 0
Tax-Exempt Bond Proceeds Series B	\$ 9,767,819	\$ 0
Baptist Service Corporation Note	\$ 0	\$ 9,767,819
Red Capital Mortgage	\$ 1,767,819	\$ 0
Fannie Mae Moderate Rehab Loan Program	\$ 0	\$ 22,000,000
LIH Tax Credit Equity	\$ 0	\$ 16,210,364
Purchased Reserves	\$ 0	\$ 1,400,000
Deferred Developer Fee	\$ 2,761,917	\$ 2,761,917
Deferred Costs	\$ 2,073,628	\$ 0
Alden Torch - Bridge Loan	\$ 5,000,000	\$ 0
Alden Torch - Bridge Loan	\$ 10,536,736	\$ 0
Seller Note	\$ 5,000,000	\$ 5,000,000
Total Sources	\$ 57,140,100	\$ 57,140,100

Uses of Funds:	
Land Cost/Acquisition	\$ 36,466,000
Rehabilitation	\$ 6,960,030
Relocation	\$ 900,000
Contractor Overhead	\$ 120,520
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 2,674,770
Permanent Financing	\$ 15,000
Legal Fees	\$ 85,000
Reserves	\$ 1,854,749
Appraisal	\$ 7,000
Contingency Cost	\$ 638,756
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,280,107
Developer Costs	<u>\$ 5,588,168</u>
Total Uses	\$ 57,140,100

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: 57.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$30,000,000 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	7.5
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
Total Points	140	110	57.5

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.