

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$29,300,000

Project Information:	
Name:	Sun Valley Senior Veterans Apartments
Project Address:	9041 N. Laurel Canyon Boulevard
Project City, County, Zip Code:	Los Angeles, Los Angeles, 91352

Project Sponsor Information:	
Name:	Sun Valley Senior Veterans, LP (East LA Community Corporation and New Directions Housing, LLC)
Principals:	Isela Gracian, Ernesto Espinoza, Lynn Hansen and Araceli Sandoval for East LA Community Corporation; Yvette J. Kelley, Milo Meinemann and Mark Robeson for New Directions Housing, LLC
Property Management Company:	John Stewart Company

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	JPMorgan Chase Bank, N.A.
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	March 6, 2017
TEFRA Adoption Date:	May 16, 2017

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	96
Manager's Units:	2 Unrestricted
Type:	New Construction
Population Served:	Senior Citizens/Special Needs

Sun Valley Senior Veterans Apartments is a new construction project located in Los Angeles on a 1.5 -acre site. The project consists of 94 rental units and 2 unrestricted managers' units. The project will have 88 one-bedroom units and 8 two-bedroom units. The subject project will be a new Type 5 construction with a total of 73,668 square feet. Common amenities include a lobby, laundry facilities, management offices, two unisex bathrooms, fitness center and a computer lab. Each unit will have a kitchen, living room, bedroom(s) and a bathroom. There are 56 parking spaces provided. The construction is expected to begin September 2017 and completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (94 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 30,945,081	
Estimated Hard Costs per Unit:	\$ 150,868	(\$14,483,321 /96 units including mgr. units)
Estimated per Unit Cost:	\$ 322,345	(\$30,945,081 /96 units including mgr. units)
Allocation per Unit:	\$ \$305,208	(\$29,300,000 /96 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ \$311,702	(\$29,300,000 /94 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 29,300,000	\$ 4,087,083
LIH Tax Credit Equity	\$ 293,457	\$ 9,515,201
Deferred Developer Fee	\$ 0	\$ 673,328
Deferred Costs	\$ 1,351,624	\$ 0
HCD - AHSC Cap and Trade	\$ 0	\$ 7,520,531
HCD - AHSC HRI Grant	\$ 0	\$ 1,148,938
HCD - VHHP	\$ 0	\$ 8,000,000
Total Sources	\$ 30,945,081	\$ 30,945,081

Uses of Funds:	
Land Cost/Acquisition	\$ 3,951,430
New Construction	\$ 15,394,032
Contractor Overhead & Profit	\$ 1,506,266
Architectural Fees	\$ 128,700
Survey and Engineering	\$ 107,699
Construction Interest and Fees	\$ 3,082,782
Permanent Financing	\$ 104,871
Legal Fees	\$ 165,000
Reserves	\$ 869,765
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 845,014
Local Development Impact Fees	\$ 184,800
Other (Soft Costs, Marketing, etc.)	\$ 1,421,395
Developer Costs	\$ 3,173,327
Total Uses	\$ 30,945,081

Analyst

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:

87.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$29,300,000 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	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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	87.5

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.