

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
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: | California Municipal Finance Authority |
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| Allocation Amount Requested: | Tax-exempt: \$40,397,200 |
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| Project Information: | Name: La Villa Puente Apartments |
| | Project Address: 17351 East Main Street |
| | Project City, County, Zip Code: La Puente, Los Angeles, 91744-5155 |

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|-------------------------------------|--|
| Project Sponsor Information: | Name: La Villa Puente Housing, LP (La Villa Puente Housing, LLC and AHA Los Angeles MGP, LLC) |
| | Principals: Rick Siebert for La Villa Puente Housing, LLC and Jonathan B. Webb for AHA Los Angeles MGP, LLC |
| | Property Management Company: USRG (California), Inc. |

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| Project Financing Information: | Bond Counsel: Orrick, Herrington & Sutcliffe LLP |
| | Private Placement Purchaser: Citibank, 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: July 25, 2017 |
| | TEFRA Adoption Date: August 8, 2017 |

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| Description of Proposed Project: | State Ceiling Pool: General |
| | Total Number of Units: 121 |
| | Manager's Units: 1 Unrestricted |
| | Type: Acquisition and Rehabilitation |
| | Population Served: Family |

La Villa Puente Apartments is an existing project located in La Puente on a 5.82-acre site. The project consists of 120 restricted rental units and 1 unrestricted manager unit. The project has 16 one-bedroom units, 60 two-bedroom units, 37 three-bedroom units and 8 four-bedroom units. Building exterior renovations will consist of window replacements, door replacements and a fresh coat of paint. Interior renovations will include leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, paint and electrical updates. Lastly, common or site area renovations will consist of new property and community area security entrances, security camera system, new BBQ areas and Wi-Fi system. The rehabilitation is expected to begin in December 2017 and completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

38% (46 units) restricted to 50% or less of area median income households.

62% (74 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 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: | \$ 55,520,138 | |
| Estimated Hard Costs per Unit: | \$ 60,000 | (\$7,260,000 /121 units including mgr. units) |
| Estimated per Unit Cost: | \$ 458,844 | (\$55,520,138 /121 units including mgr. units) |
| Allocation per Unit: | \$ 333,861 | (\$40,397,200 /121 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 336,643 | (\$40,397,200 /120 restricted units) |

| Sources of Funds: | Construction | Permanent |
|----------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 33,397,200 | \$ 33,397,200 |
| Tranche B Financing | \$ 7,000,000 | \$ 0 |
| LIH Tax Credit Equity | \$ 5,178,632 | \$ 16,183,228 |
| Developer Equity | \$ 100 | \$ 0 |
| Deferred Developer Fee | \$ 4,303,695 | \$ 4,303,695 |
| Deferred Costs | \$ 818,888 | \$ 0 |
| Net Income From Operations | \$ 0 | \$ 1,636,015 |
| Total Sources | \$ 50,698,515 | \$ 55,520,138 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 34,000,000 |
| Rehabilitation | \$ 9,104,040 |
| Contractor Overhead & Profit | \$ 580,800 |
| Architectural Fees | \$ 315,000 |
| Survey and Engineering | \$ 145,000 |
| Construction Interest and Fees | \$ 2,931,798 |
| Permanent Financing | \$ 440,700 |
| Legal Fees | \$ 145,000 |
| Reserves | \$ 673,813 |
| Appraisal | \$ 10,000 |
| Hard Cost Contingency | \$ 395,296 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 405,610 |
| Developer Costs | \$ 6,373,081 |
| Total Uses | \$ 55,520,138 |

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:

67.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$40,397,200 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 | 35 |
| 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 | 5 |
| 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 | N/A |
| Minimum Term of Restrictions (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Negative Points (No Maximum) | -10 | -10 | 0 |
| Total Points | 140 | 110 | 67.5 |