

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Housing Finance Agency
Allocation Amount Requested:	Tax-exempt: \$15,000,000
Project Information:	Name: Metamorphosis on Foothill Apartments Project Address: 13574 Foothill Boulevard Project City, County, Zip Code: Los Angeles, Los Angeles, 91342
Project Sponsor Information:	Name: Metamorphosis on Foothill, LP (Metamorphosis on Foothill, LLC and Metamorphosis Abbey Road LLC) Principals: Vanessa Luna and Nuccio Patti for both entities Property Management Company: Levine Management Group, Inc.
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: Bank of America, 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: August 9, 2018 TEFRA Adoption Date: September 17, 2018
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 48 Manager's Units: 1 Unrestricted Type: New Construction Population Served: Family/Special Needs

Metamorphosis on Foothill Apartments is a new construction project located in Los Angeles on a 17,000 square foot site. The project consists of 47 restricted rental units and 1 unrestricted managers' unit. The project will have 25 studio units and 23 one-bedroom units. The project will consist of two 3-story elevator accessed buildings. Building 1 will consist of 21 units and building 2 will consist of 27 units with ADA-compliant units on the ground floor. Common amenities include management and support service offices, bike storage, two community rooms, community kitchen, courtyard, a library, computer room and on-site laundry. Each unit will have a full kitchen, bathroom, heating, air conditioning and furnishing. Fifty percent of the units (24 units) will serve individuals who are chronically homeless with severe mental illness and/or frequent users of Department of Health Service services. There are 31 parking spaces provided. The construction is expected to begin December 2018 and be completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
53% (25 units) restricted to 50% or less of area median income households.
47% (22 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	23,635,012	
Estimated Hard Costs per Unit:	\$	290,081	(\$13,923,897 /48 units including mgr. unit)
Estimated per Unit Cost:	\$	492,396	(\$23,635,012 /48 units including mgr. unit)
Allocation per Unit:	\$	312,500	(\$15,000,000 /48 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	319,149	(\$15,000,000 /47 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 0
HCIDLA/ Prop HHH Supportive Hsg Loan	\$ 4,342,800	\$ 10,340,000
LIH Tax Credit Equity	\$ 566,832	\$ 8,834,749
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 2,111,280	\$ 621,163
Column Financial, Inc. Loan	\$ 864,000	\$ 864,000
FHLP AHP Funds	\$ 750,000	\$ 750,000
CalHFA Taxable Small Loan Program	\$ 0	\$ 2,225,000
Total Sources	\$ 23,635,012	\$ 23,635,012

Uses of Funds:	
Land Cost/Acquisition	\$ 135,734
Rehabilitation	\$ 106,025
New Construction	\$ 14,859,749
Contractor Overhead & Profit	\$ 695,603
Architectural Fees	\$ 481,800
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 1,479,781
Permanent Financing	\$ 32,250
Legal Fees	\$ 95,000
Reserves	\$ 486,593
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 1,251,287
Local Development Impact Fees	\$ 227,467
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,076,223
Developer Costs	\$ 2,500,000
Total Uses	\$ 23,635,012

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:

65.0 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 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	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
Large Family Units	5	5	0
Leveraging	10	10	10.0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
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	65.0