

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Public Finance Authority

Allocation Amount Requested:
Tax-exempt: \$35,000,000

Project Information:
Name: Lakeview Terrace
Project Address: 12500 Filmore Street
Project City, County, Zip Code: Pacoima, Los Angeles, 91331

Project Sponsor Information:
Name: Lakeview Terrace Housing, LP (AHA Lakeview Terrace MGP, LLC; Lakeview Terrace Housing, LLC)
Principals: William Hirsch & Vasilios Salamandrakis for AHA Lakeview Terrace MGP, LLC; Richard Siebert for Lakeview Terrace Housing, LLC
Property Management Company: VMP Management, Inc

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: April 19, 2019
TEFRA Adoption Date: May 7, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 128
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Lakeview Terrace Apartments is an existing project located in Pacoima on a 6.41-acre site. The project consists of 126 restricted rental units and 2 unrestricted managers' units. The project has 28 one-bedroom units, 84 two-bedroom units, and 16 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of new roofing. Interior renovations will include the laundry room, a new community gathering area with a computer room, TV lounge, gym, leasing office and meeting areas. Individual apartment units will be updated with refrigerator, range, disposal, ceiling fans, vertical blinds, smoke detectors, and carbon monoxide detectors. The rehabilitation is expected to begin in October 2019 and be completed in October 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (39 units) restricted to 50% or less of area median income households.
69% (87 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 45,125,636
Estimated Hard Costs per Unit: \$ 40,000 (\$5,120,000 /128 units including mgr. units)
Estimated per Unit Cost: \$ 352,544 (\$45,125,636 /128 units including mgr. units)
Allocation per Unit: \$ 273,438 (\$35,000,000 /128 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 277,778 (\$35,000,000 /126 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 28,000,000	\$ 28,000,000
Tranche B Financing	\$ 7,000,000	\$ 0
LIH Tax Credit Equity	\$ 3,520,132	\$ 12,343,356
Deferred Developer Fee	\$ 4,000,000	\$ 2,709,605
Deferred Costs	\$ 530,000	\$ 0
Property Net Income From Operations	\$ 1,351,941	\$ 1,351,941
General Partner Equity	\$ 702,675	\$ 702,675
Replacement Reserve Account (Existing)	\$ 18,059	\$ 18,059
Total Sources	\$ 45,122,807	\$ 45,125,636

Uses of Funds:	
Land Cost/Acquisition	\$ 28,020,000
Rehabilitation	\$ 5,536,768
Relocation	\$ 38,866
Contractor Overhead & Profit	\$ 409,600
Architectural Fees	\$ 220,000
Survey and Engineering	\$ 95,000
Construction Interest and Fees	\$ 2,691,920
Permanent Financing	\$ 360,200
Legal Fees	\$ 245,000
Reserves	\$ 537,934
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 891,955
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 878,183
Developer Costs	\$ 5,190,210
Total Uses	\$ 45,125,636

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:

68 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$35,000,000 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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
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	0.00
Total Points	140	120	67.5