

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$19,500,000

Project Information:
Name: Villa Del Sol Apartments
Project Address: 9158 Telfair Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 91352

Project Sponsor Information:
Name: Villa Del Sol Apartments, LP (Spira Villa Del Sol, LP & FFAH V Villa Del Sol, LLC)
Principals: Stephen Ho & Robert Lee for Spira Villa Del Sol, LP;
Deborah Willard for FFAH V Villa Del Sol, LLC
Property Management Company: Aperto Property Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Capital One
Cash Flow Permanent Bond: Not Applicable
Public Sale: Unenhanced
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: AA+

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 103
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Villa Del Sol Apartments is an existing project located in Los Angeles on a 5.01-acre site. The project consists of 102 restricted rental units and 1 unrestricted manager unit. The project has 7 one-bedroom units, 24 two-bedroom units and 72 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, window replacement, stucco repairs, repair and replacement of weep screens and a fresh coat of paint. Interior renovations will include upgrades to the laundry room, leasing office and community room. Individual apartment units will be updated with new bath accessories and showerheads, new kitchen and bath countertops, garbage disposals for all units, new kitchen and bath cabinets, new carpets, new vinyl plank flooring, interior paint, installation of smoke detectors and CO2 detectors, new bath fans with humidistat controls and ADA unit conversions. Lastly, common or site area renovations will consist of grind and overlay of asphalt in parking areas, restripe of parking lot and curb painting, exterior lighting upgrades to building and parking areas, ADA parking and path of travel repairs, and new code compliant guard and cane rails. The rehabilitation is expected to begin in January 2021 and be completed in January of 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (31 units) restricted to 50% or less of area median income households.

70% (71 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:	\$ 37,365,091	
Estimated Hard Costs per Unit:	\$ 62,500	(\$6,437,500 /103 units including mgr. unit)
Estimated per Unit Cost:	\$ 362,768	(\$37,365,091 /103 units including mgr. unit)
Allocation per Unit:	\$ 189,320	(\$19,500,000 /103 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 191,176	(\$19,500,000 /102 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,750,000	\$ 15,750,000
Tranche B Financing	\$ 3,750,000	\$ 0
Taxable Bond Proceeds	\$ 3,250,000	\$ 7,000,000
LIH Tax Credit Equity	\$ 5,598,903	\$ 11,197,805
Deferred Developer Fee	\$ 3,950,876	\$ 1,478,618
Solar Tax Credit Equity	\$ 0	\$ 49,696
Net Income From Operations	\$ 944,440	\$ 944,440
Short Term Work Reserve	\$ 97,295	\$ 97,295
GP Equity	\$ 847,237	\$ 847,237
GP Note	\$ 3,176,340	\$ 0
Total Sources	\$ 37,365,091	\$ 37,365,091

Uses of Funds:	
Land Cost/Acquisition	\$ 22,701,000
Rehabilitation	\$ 6,984,687
Relocation	\$ 135,000
Contractor Overhead & Profit	\$ 515,000
Architectural Fees	\$ 207,450
Survey and Engineering	\$ 4,600
Construction Interest and Fees	\$ 891,450
Legal Fees	\$ 153,500
Reserves	\$ 373,386
Hard Cost Contingency	\$ 733,875
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 714,267
Developer Costs	\$ 3,950,876
Total Uses	\$ 37,365,091

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:

140 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,500,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	140