

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2011
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

Allocation Amount Requested:
Tax-exempt: \$17,625,055

Project Information:
Name: Vineland Avenue Senior Housing Apartments
Project Address: 4900 Vineland Avenue
Project City, County, Zip Code: North Hollywood, Los Angeles, 91601

Project Sponsor Information:
Name: Menorah Housing Foundation
Principals: Anne Friedrich, David Goldman and Sandra King

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank, N.A.
TEFRA Hearing Date: April 1, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 81, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project is a new construction senior housing project located in North Hollywood in the County of Los Angeles. It will be situated on a .671 acre property located on a commercial street with a mix of three and four-story residential building and one and two-story commercial uses. The project is comprised of 82 total units (81 affordable units plus 1 manager's unit). The affordable units will be restricted to very low-income seniors age 62 and older earning no greater than 50% of the area median income.

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (81 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 21,964,605	
Estimated Hard Costs per Unit:	\$ 142,609	(\$11,551,356 /81 units)
Estimated per Unit Cost:	\$ 271,168	(\$21,964,605 /81 units)
Allocation per Unit:	\$ 217,593	(\$17,625,055 /81 units)
Allocation per Restricted Rental Unit:	\$ 217,593	(\$17,625,055 /81 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,625,055	\$ 0
Developer Equity	\$ 10,000	\$ 10,000
LIH Tax Credit Equity	\$ 1,798,023	\$ 7,192,093
Direct & Indirect Public Funds	\$ 1,600,212	\$ 14,553,512
Other (Deferred Cost & Rent Reserve)	\$ 931,315	\$ 209,000
Total Sources	\$ 21,964,605	\$ 21,964,605

Uses of Funds:	
Land Purchase	\$ 4,482,240
On & Off Site Costs	\$ 618,115
Hard Construction Costs	\$ 10,936,241
Architect & Engineering Fees	\$ 561,500
Contractor Overhead & Profit	\$ 1,642,590
Developer Fee	\$ 1,185,460
Cost of Issuance	\$ 402,557
Capitalized Interest	\$ 867,600
Other Soft Costs	\$ 1,268,302
Total Uses	\$ 21,964,605

Description of Financial Structure and Bond Issuance:

The financing for the Vineland Avenue Senior Housing Apartments project will be structured using a private placement of tax-exempt bonds issued by the City of Los Angeles. Union Bank, N.A. will purchase the bonds. During the construction period, which will be for a term of 22 months, the bonds will carry a variable interest rate (uncapped) based on the 30-day LIBOR index (trailing average) plus 400 basis points. Upon completion of initial lease-up and stabilization, 100% of the bonds will be redeemed following the completion of construction, achievement of stabilization operations, and disbursement of the Section 202 Capital Grant proceeds. There will be no permanent debt on the project. The anticipated issuance date is February 2012.

Analyst Comments:

N/A

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: 70 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$17,625,055 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	70

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.