

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt: \$10,700,000

Project Information:

Name: Viviendas del Valle Apartments
Project Address: 13230 Bromont Ave., 14045 Oxnard St., 7939 Reseda Blvd.
Project City, County, Zip Code: Los Angeles, Los Angeles, 91342, 91401, 91335

Project Sponsor Information:

Name: Viviendas del Valle, LP (Viviendas del Valle GP, LLC)
Principals: Robin Hughes, Rick Saperstein, Holly Benson, Lara Regus and Karl Lauff for Viviendas del Valle GP, LLC
Property Management Company: Abode Communities

Project Financing Information:

Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank, NA (const.), California Community Reinvestment Corporation (perm.)
TEFRA Noticing Date: May 23, 2016
TEFRA Adoption Date: June 17, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 97, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The scattered-site Project is comprised of three sites (Astoria Place, Oxnard Villa, and Reseda Village) located in Los Angeles' San Fernando Valley. Astoria Place contains 17 tenant units (16 three-bedroom units and 1 five-bedroom unit) and a single three-bedroom manager's unit; Oxnard Villa contains 39 tenant units (15 two-bedroom units, 21 three-bedroom units and 3 four-bedroom units) and a single two-bedroom manager's unit and Reseda Village contains 41 tenant units (10 two-bedroom units, 29 three-bedroom units and 2-four bedroom units) and a single three-bedroom manager's unit. Unit amenities include patio/balcony, refrigerator, stove/oven and garbage disposal. Rehabilitation will include accessibility improvements, energy upgrades, roofing repair/replacement and repair/upgrading of HVAC and domestic hot water systems. Additionally, Oxnard Villa will receive courtyard upgrades, asphalt and parking gate repairs and a new seismic joint. Rehabilitation is expected to begin in September 2016 and be completed in September 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (97 units) restricted to 50% or less of area median income households.
Unit Mix: 2, 3, 4 & 5 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:	\$	21,424,732	
Estimated Hard Costs per Unit:	\$	49,811	(\$4,831,643 /97 units)
Estimated per Unit Cost:	\$	220,874	(\$21,424,732 /97 units)
Allocation per Unit:	\$	110,309	(\$10,700,000 /97 units)
Allocation per Restricted Rental Unit:	\$	110,309	(\$10,700,000 /97 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,700,000	\$ 3,659,000
LIH Tax Credit Equity	\$ 427,613	\$ 7,827,813
Deferred Costs	\$ 635,200	\$ 0
Deferred Developer Fee	\$ 1,152,400	\$ 1,152,400
Cash Reserves from Seller	\$ 239,878	\$ 239,878
Seller Carryback Loan	\$ 3,561,146	\$ 3,561,146
Assumed City of LA HCID CDBG Loans	\$ 2,824,344	\$ 2,824,344
Assumed City of LA HCID Sec. 108 Loan	\$ 850,633	\$ 850,633
Accrued/Deferred Interest	\$ 1,033,517	\$ 1,033,517
Income from Operations	\$ 0	\$ 276,000
Total Sources	\$ 21,424,731	\$ 21,424,731

Uses of Funds:	
Land Cost/Acquisition	\$ 9,059,343
Rehabilitation	\$ 5,214,405
Relocation	\$ 208,000
Contractor Overhead & Profit	\$ 387,388
Architectural Fees	\$ 332,805
Survey and Engineering	\$ 85,383
Construction Interest and Fees	\$ 1,256,963
Permanent Financing	\$ 10,000
Legal Fees	\$ 60,960
Reserves	\$ 679,693
Appraisal	\$ 49,500
Contingency Cost	\$ 1,027,369
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 485,182
Developer Costs	\$ 2,567,740
Total Uses	\$ 21,424,731

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in private placement transactions by Union Bank, NA (const.) and Community Reinvestment Corporation (perm.). During the construction financing phase the loan term will be for 18 months with a variable interest rate equal to 65% of the 1-month LIBOR rate plus a spread (with no floor). During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a fixed rate equal to the greater of 4.50% or 15-year muni bond index plus 175 bps.

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: 73.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,700,000 in tax exempt bond allocation.

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	10
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	8.5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	73.5

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.