

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$10,150,000

Project Information:
Name: Orange Wood Court Apartments
Project Address: 5050 North Sepulveda Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 91403

Project Sponsor Information:
Name: Orangewood Court Community Partners, LP (AHDF-Orange Wood Court G/P, LLC and Orange Wood Court G/P, LLC)
Principals: Michael K. Moore, Saverio R. Burdi, Thomas M. Van Vleet and Jack K. Ahrens for AHDF-Orange Wood Court G/P, LLC; Wilfred N. Cooper Jr., Jennifer Elder Cooper, Kay L Cooper for Orangewood Court G/P, LLC
Property Management Company: Professional Property Management, LLC

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A. (constr.)/ Love Funding (perm), FHA 223(f)
TEFRA Hearing Date: April 16, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 91, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Orange Wood Court Apartment is a family project located in the Sherman Oaks area of Los Angeles. The project consists of 92 units (12 studios, 74 one-bedroom, and 6 two-bedroom apartments) that were originally constructed in 1969 and renovated in 1996. The amenities located on-site include a leasing office, laundry facilities, children's playground, BBQ, community room and a swimming pool. The rehabilitation will address ADA issues and deferred maintenance. Each unit will be upgraded with new countertops, cabinetry and windows.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (10 units) restricted to 50% or less of area median income households.
89% (81 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

No services will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	19,355,591	
Estimated Hard Costs per Unit:	\$	29,957	(\$2,726,105 /91 units)
Estimated per Unit Cost:	\$	212,699	(\$19,355,591 /91 units)
Allocation per Unit:	\$	111,538	(\$10,150,000 /91 units)
Allocation per Restricted Rental Unit:	\$	111,538	(\$10,150,000 /91 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,150,000	\$ 9,334,100
Developer Equity	\$ 1,848,719	\$ 980,039
Capitalized Interest Paid from Operation	\$ 250,000	\$ 250,000
LIH Tax Credit Equity	\$ 4,106,872	\$ 5,791,452
Other (Seller Note)	\$ 3,000,000	\$ 3,000,000
Total Sources	\$ 19,355,591	\$ 19,355,591

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,150,000
General Requirements	\$ 163,566
Hard Construction Costs	\$ 2,726,105
Architect & Engineering Fees	\$ 91,000
Contractor Overhead & Profit	\$ 218,088
Developer Fee	\$ 2,287,805
Relocation	\$ 605,000
Cost of Issuance	\$ 88,828
Capitalized Interest	\$ 250,000
Other Soft Costs (Marketing, etc.)	\$ 1,775,199
Total Uses	\$ 19,355,591

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with Citibank, N.A. for a period of 24 months. The construction loan will bear a fixed rate calculated by adding a 0.35% spread to the 2 year MMD index which is currently at 0.34% resulting in a current rate of 0.69%. The FHA 223(f) mortgage insurance is being underwritten by the Love Funding Corporation to insure the permanent mortgage loan for a period of 34 years. The mortgage loan will be financed through the Ginnie Mae Mortgage Backed Securities.

Analyst Comments:

Not Applicable

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: 62.3 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,150,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	9.8
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	15
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	62.3

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.