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RESOLUTION 87-33

RESOLUTION AUTHORIZING AN INITIAL/FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency staff has reviewed a loan application from El Pueblo Community Development Corp. under the 80/20 State/Local Rental Housing Program for Villa Guadalupe Apartments and has recommended to the of the Board of Directors such loan be approved; and

WHEREAS, the Board of Directors has reviewed that loan application and concurs in the recommendation of the staff; and

WHEREAS, based upon the recommendation of staff, the Board of Directors has determined that an initial/final loan commitment be made for such project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency:

- (1) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency is hereby authorized to transmit an initial/final commitment letter, subject to the recommended terms and conditions set forth in the attached report of CHFA staff dated June 17, 1987 in relation to a multifamily housing development described as follows:

PROJECT NUMBER	DEV. NAME/ LOCALITY	# UNITS	MORTGAGE AMOUNT
86-04-S	Villa Guadalupe Apartments Los Angeles	22	\$770,000 184,000 (2nd Mortgage)

- (2) The initial/final commitment letter shall specifically state that the commitment is subject to the Agency's ability to sell its bonds in an amount sufficient to fund the commitment.

- (3) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency has the authority to modify the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval. All other changes, including changes in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval.

Resolution 87-33
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I hereby certify that this is a true and correct copy of Resolution 87-33 adopted at a duly constituted meeting of the Board of Directors of the California Housing Finance Agency held on July 9, 1987 at Sacramento, California.

ATTEST: *Mi*
Secretary

State of California

M E M O R A N D U M

To : Lending/Insurance Committee Date : June 17, 1987

From : Roger A. Kollias
: CALIFORNIA HOUSING FINANCE AGENCY

Subject : Villa Guadalupe Apartments
Los Angeles, Los Angeles
CHFA #86-004-S

Action Requested

The purpose of this memorandum is to recommend an Initial/Final Loan Commitment under the Agency's 80/20 State-Local Rental Housing program in the amount of \$770,000 in primary financing and an amount up to \$184,000 in secondary/feasibility financing to fund the development of a twenty-two unit family housing project in the El Sereno area of the City of Los Angeles, Los Angeles County. The developer has received a construction loan commitment from First Interstate Mortgage Company.

Background

Villa Guadalupe Apartments, formerly known as Guardia Avenue Apartments, received an Initial Loan Commitment from CHFA's Board of Directors at the January, 1987 Board Meeting. The loan was approved for \$794,000 in primary financing and an amount up to \$187,000 in secondary/feasibility financing. The primary financing was to be funded from proceeds of the Housing Revenue Bonds (Insured), 1985 Series B Bond Indenture. Due to extenuating circumstances, it has been determined that the project will not be completed, and the permanent loan funded, within the remaining time allotted for funding under the indenture. It is for this reason that this loan is being presented for an Initial/Final Loan Commitment at this time.

Market Study - MAI Appraisal

William S. Hart, Jr., MAI, SREA, has completed an independent market study and MAI appraisal dated May 20, 1987. The value of this property as determined by this

appraisal is \$1,196,000 which results in a 64.4% loan to value. The appraisal is summarized on page 5 of the Application for Mortgage Financing (CHFA 3).

When the permanent loan is funded by CHFA, the developer will be required to provide CHFA with the following escrows:

Rent-up Period Escrow	\$30,078
Operating Expense Escrow	\$12,031

Prior to commencement of construction the developer will be required to establish a development cost escrow with the construction lender.

Financial Rquirements

Pursuant to the terms of the State-Local program, in addition to the developer's minimum 10% equity requirement, the locality or other third party entity must provide a minimum 20% equity to the project. The Agency's secondary/feasibility financing is used to write-down the interest rate to allow 80% of the units to be affordable to low income households (50% to 80% of median income) and 20% of the units affordable to very low income households (incomes not exceeding 50% of median income). In this instance the financial contribution of the developer, local government agencies and other entities is \$997,528 or 56% of cost; and approximately 36% of the units will be affordable to very low income households.

Secondary Financing

The Community Redevelopment Agency of the City of Los Angeles (CRA) has committed to provide up to \$874,000 in secondary financing to assist the project in attaining feasibility. A portion of these funds may be provided from a Housing Development Grant (HDG) provided by the U.S. Department of Housing and Urban Development (HUD). The CRA loan shall bear interest at 6% non-cumulative, and be repayable from the available cash flow which will be shared equally between CRA and CHFA, after payment of a preferred non-cumulative return to the developer.