

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 15, 2014
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Leslie J. Campaz

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$8,050,000

Project Information:
Name: The Park Plaza Apartments
Project Address: 960 W. 62nd Place
Project City, County, Zip Code: Los Angeles, Los Angeles, 90044

Project Sponsor Information:
Name: Vermont Park Plaza, LP (TSA Park Plaza LLC; Coalition for Responsible Community)
Principals: Andrew Gross for TSA Park Plaza LLC and Grant Sunoo for Coalition for Responsible Community.
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: JPMorgan Chase Bank, NA (Construction) & California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: October 2, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 78, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing development in the City of Los Angeles. Of the 79 units, 78 will be restricted to households with incomes no greater than 50% of the area median income and 1 three-bedroom unit will be reserved as a manager's unit. The units are configured as 1, 2, and 3 bedroom apartments. The subject property will offer gated, underground parking with 2 spaces per unit and will provide a safe, secure living environment and necessary commercial services nearby.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (78 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

After school programs and instructor-led educational, health and wellness or skill building classes will be included as service amenities for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 17,690,483	
Estimated Hard Costs per Unit:	\$ 56,939	(\$4,441,295 /78 units)
Estimated per Unit Cost:	\$ 226,801	(\$17,690,483 /78 units)
Allocation per Unit:	\$ 103,205	(\$8,050,000 /78 units)
Allocation per Restricted Rental Unit:	\$ 103,205	(\$8,050,000 /78 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,050,000	\$ 2,181,000
LAHD Acquisition Loan 1	\$ 4,650,000	\$ 4,650,000
City of LA NSP Loan	\$ 2,500,000	\$ 2,500,000
LAHD Acquisition Loan 2	\$ 1,000,000	\$ 2,500,000
City of LA Centerline Loan	\$ 0	\$ 375,000
LIH Tax Credit Equity	\$ 250,000	\$ 4,753,841
TSA Equity Park Donation	\$ 100,000	\$ 100,000
Deferred Developer Fee Loan	\$ 1,140,483	\$ 630,642
Total Sources	\$ 17,690,483	\$ 17,690,483

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,782,000
Rehabilitation Costs	\$ 5,182,702
Relocation	\$ 132,600
Architectural	\$ 201,661
Survey & Engineering	\$ 103,654
Contingency Costs	\$ 95,150
Construction Period Expenses	\$ 355,703
Permanent Financing Expenses	\$ 397,851
Legal Fees	\$ 85,000
Capitalized Reserves	\$ 177,087
Reports and Studies	\$ 65,000
Other	\$ 442,075
Developer Costs	\$ 1,670,000
Total Uses	\$ 17,690,483

Description of Financial Structure and Bond Issuance:

This will be a private placement bond transaction with the bonds being purchased by JPMorgan Chase Bank, NA. The bonds will be issued by the City of Los Angeles. The construction phase will be for a term of 18 months. The bonds will carry a fixed rate of interest, reset every 30 days at 145 basis points in excess of the 30 day LIBOR rate. The permanent loan interest rate will be equal to the greatest of 5.00% or the 15-year muni bond index plus 175 bps, fixed for a term of 17 years with an amortized period of 30 years.

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: 75 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,050,000 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	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	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	75

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.