

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 10, 2014
REVISED
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Devon King

Applicant: City of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$275,000

The amount of allocation requested is supplemental to the \$2,750,000 of allocation the project received on March 19, 2014

Project Information:

Name: One Wilkins Place Apartments
Project Address: 1071 E. 48th Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90011

Project Sponsor Information:

Name: One Wilkins Place Preservation, L.P. (Concerned Citizens of South Central L.A.)
Principals: Noreen McClendon, Robin Cannon and Tashawna McSwain for Concerned Citizens of South Central L.A.
Property Management Company: Concerned Citizens of South Central Los Angeles (CCSCLA)

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Boston Private Bank & Trust Company
TEFRA Adoption Date: July 1, 2014

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 17, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing complex located in the City of Los Angeles. The proposed project targets families earning up to 60% of the area median income. The unit mix is as follows: 9 two-bedroom units, 9 three-bedroom units and a non-income producing manager's unit. The scope of work will include upgrades for mechanical, electrical and plumbing systems, interior upgrades such as new kitchen and bathroom equipment, and flooring and window treatments. Exterior upgrades will include exterior and corridor lighting, windows and doors, improved landscaping, wood trims, gutters and downspouts. Rehabilitation is expected to start in June 2014 and end in January 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

71% (12 units) restricted to 50% or less of area median income households.

29% (5 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 6,433,594	
Estimated Hard Costs per Unit:	\$ 46,086	(\$744,183 /17 units)
Estimated per Unit Cost:	\$ 378,446	(\$6,433,594 /17 units)
Allocation per Unit:	\$ 177,941	(\$0,275,000 /17 units)
Allocation per Restricted Rental Unit:	\$ 177,941	(\$0,275,000 /17 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,025,000.00	\$ 1,174,873.00
Developer Equity- NOI	\$ 0.00	\$ 54,123.04
LIH Tax Credit Equity	\$ 199,555.89	\$ 1,995,558.86
Direct & Indirect Public Funds	\$ 2,804,678.95	\$ 2,804,678.95
Other(Deferred Developers' Fee)	\$ 404,360.70	\$ 404,360.73
Total Sources	\$ 6,433,595.54	\$ 6,433,594.58

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,889,000
Hard Construction Costs	\$ 744,183
Architect & Engineering Fees	\$ 16,000
Contractor Overhead & Profit	\$ 102,289
Developer Fee	\$ 766,000
Relocation	\$ 22,500
Cost of Issuance	\$ 306,493
Capitalized Interest	\$ 116,000
Other Soft Costs (Marketing, etc.)	\$ 471,131
Total Uses	\$ 6,433,595

Description of Financial Structure and Bond Issuance:

This will be a private placement transaction provided by Boston Private Bank & Trust Company for construction and permanent financing. The Bonds will be issued by the City of Los Angeles. The loan will be in the amount of the lesser of \$3,025,000 or 95% of the Standby Letter of Credit(the "SLOC") and paid down to approximately \$1,174,874 through multiple funding sources. The loan will be comprised of two Series of Bonds called Series A and Series B. The term for the Series A Bonds will be for 18 months with a variable interest rate equal to 80% of the Federal Home Loan Bank Classic Advance 1 month Regular Advance Rate (the "FHLB 1 Month Rate") that is current 2 days prior to the closing plus 150 basis points. The term for the Series B Bonds will be for a term of 16 years with an amortization period of 35 years. The interest rate will be a variable interest rate equal to 65% of one month LIBOR plus 230 basis points per annum. There is also the SLOC provided by East West Bank with a 4.3 % interest rate and a 35 year amortization period.

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.

Recommendation:

Staff recommends that the Committee approve \$275,000 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]	0
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	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	55

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.