

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
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: \$950,000

The amount of allocation requested is supplemental to the \$8,050,000 of allocation the Project received on January 15, 2014.

Project Information:

Name: 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
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, NA
TEFRA Adoption 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. The project is scheduled to start rehabilitation in December of 2013, and the rehab will be complete in September of 2014.

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:	\$ 17,631,790	
Estimated Hard Costs per Unit:	\$ 79,035	(\$6,164,766 /78 units)
Estimated per Unit Cost:	\$ 226,049	(\$17,631,790 /78 units)
Allocation per Unit:	\$ 12,179	(\$0,950,000 /78 units)
Allocation per Restricted Rental Unit:	\$ 12,179	(\$0,950,000 /78 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 2,397,110
Deferred Developer Fee	\$ 304,418	\$ 13,247
LIH Tax Credit Equity	\$ 50,000	\$ 5,823,433
Direct & Indirect Public Funds	\$ 8,277,372	\$ 9,298,000
Other	\$ 0	\$ 100,000
Total Sources	\$ 17,631,790	\$ 17,631,790

Uses of Funds:	
Acquisition/Land Purchase	\$ 7,150,000
On & Off Site Costs	\$ 540,000
Hard Construction Costs	\$ 5,624,766
Architect & Engineering Fees	\$ 349,713
Contractor Overhead & Profit	\$ 381,664
Developer Fee	\$ 1,670,117
Relocation	\$ 250,000
Cost of Issuance	\$ 425,848
Capitalized Interest	\$ 255,426
Other Soft Costs (Marketing, etc.)	\$ 984,256
Total Uses	\$ 17,631,790

Description of Financial Structure and Bond Issuance:

The proposed financial structure shall be a private placement purchase provided by JPMorgan Chase Bank. The loan terms shall be for 18 months with 2 six month extension options. There shall be a fixed rate of interest which shall be 145 basis points in excess of the 30 day LIBOR rate. Permanent financing will not be apart of this supplemental request.

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.

Recommendation:

Staff recommends that the Committee approve \$950,000 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	0
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	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
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	0

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.