

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 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: \$18,439,838

Project Information:
Name: St. James Park Apartment
Project Address: 34 St. James Park; 44 St. James; 825 West Adams Boulevard and
839 West Adams Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 90007

Project Sponsor Information:
Name: St. James Park RHF Partners L.P. (St. James Park RHF Housing,
LLC and R4 Capital, LLC)
Principals: Laverne R. Joseph for St. James Park RHF Housing, LLC; Jay
Segal for R4 Capital, LLC
Property Management Company: Foundation Property Management

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank N.A.
TEFRA Adoption Date: November 10, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 102, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

St. James Park is a 105 unit affordable family community with a HAP contract for 102 units (3 units are non-revenue). It consists of four individual buildings located on two lots, encompassing the entire square block. Both Building A and B are three-story, wood frame and stucco buildings, built in 1974. There is one laundry room in Building A. BUILDING C, with 59 rental units, is three-story, wood frame and stucco walkup, built in 1906. It also has one hydraulic elevator servicing all floors. In addition, it has two laundry rooms. Finally, BUILDING D, with 16 rental units, is a converted historic single family mansion, originally built in circa 1900. With the rehabilitation of the St. James Park, there will be eighty-two parking spaces including four tandem and four code compliant accessible spots. The four buildings will be completely renovated. The scope of work includes new unit windows and exterior French door systems at BUILDINGS A & B, new guard rails at windows in BUILDINGS C&D, new flooring (including carpeting in bedrooms, base, and sheet vinyl in kitchens and bathrooms), new kitchen and bathroom cabinets, new appliances (including refrigerators, stoves, ventilation hoods, and garbage disposals), new bathroom fixtures, grab bar backing, new toilets and toilet seats, new bathtubs, replaced electrical outlets/switches, GFIs in bathrooms and kitchens, new electrical panels, new LED lighting, ceiling fans, interior door hardware replacement, drywall repair, paint, new interior doors, repaired fire doors, removed security screens, refurbished lobbies, new furniture and art in corridors, new carpet and paint in corridors, new corridor ceilings and lighting, elevator upgrades, replaced fire alarms, new fire sprinkler systems in BUILDINGS A, B, and D. The developer's projected rehabilitation start date is February 2016, with an estimated completion date of January 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

32% (33 units) restricted to 50% or less of area median income households.

68% (69 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	37,360,931	
Estimated Hard Costs per Unit:	\$	112,136	(\$11,437,863 /102 units)
Estimated per Unit Cost:	\$	366,284	(\$37,360,931 /102 units)
Allocation per Unit:	\$	180,783	(\$18,439,838 /102 units)
Allocation per Restricted Rental Unit:	\$	180,783	(\$18,439,838 /102 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,439,838	\$ 9,879,228
Seller Takeback Loan	\$ 14,394,914	\$ 14,394,914
Reserve for Replacement	\$ 507,826	\$ 507,826
Developer Equity	\$ 1,258	\$ 1,258
LIH Tax Credit Equity	\$ 2,767,095	\$ 12,577,705
Deferred Developer Fee	\$ 1,250,000	\$ 0
Total Sources	\$ 37,360,931	\$ 37,360,931

Uses of Funds:	
Acquisition/Land Purchase	\$ 15,210,000
Hard Construction Costs	\$ 11,437,863
Architect & Engineering Fees	\$ 980,525
Contractor Overhead & Profit	\$ 528,113
Developer Fee	\$ 2,500,000
Impact Fees and Building Permits	\$ 1,200,000
Legal Fees	\$ 200,000
Relocation	\$ 1,362,362
Cost of Issuance	\$ 297,584
Operating Reserve	\$ 554,332
Construction and Permanent Financing	\$ 988,552
Construction Contingency	\$ 764,689
Other Soft Costs (Marketing, etc.)	\$ 1,336,911
Total Uses	\$ 37,360,931

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement bond transaction provided by Citibank N.A. During the construction financing phase the loan term will be for 24 months with a variable interest rate of a one month LIBOR plus a spread of 1.90%. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate equal to the sum of the 17 year LIBOR swap index plus a spread of 1.90%. At the time of the lender's commitment the 17 year LIBOR swap index was 2.45%. There was no underwritten rate provided.

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: 57.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$18,439,838 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
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	57.5

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.