

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$5,600,000

Project Information:
Name: Figueroa Senior Housing Apartments
Project Address: 7621 South Figueroa Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90044

Project Sponsor Information:
Name: Figueroa 7621, L.P. (Western Community Housing Affordable V, LLC and Figueroa Senior Housing, LLC)
Principals: John Huskey, Kasey Burke, George Russo and Rutzel Castillo for Figueroa Senior Housing, LLC; Graham Espley-Jones, David Connelley, Sandra Gibbons and Leanne Truofreh for WCH V, LLC

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: JP Morgan Chase Bank, N.A.
TEFRA Hearing Date: February 4, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 34, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Figueroa Senior Housing Apartments will be new construction of 35 rental apartments for seniors on a .3 acre lot in South Los Angeles. The units will be restricted to individuals earning no more than 45% of the area median income. Figueroa Senior Housing will be designed to complement the neighborhood while providing a high-quality and safe environment for the senior residents. The community will comply with the Enterprise Community Partners, Green Communities Criteria. The property will be gated and management will utilize a video and intercom system to monitor the entrance.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (34 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

All 34 of the units will be one-bedroom units of approximately 525 sqft. The secure site offers community amenities such as a community room, lounge area, community gardens, bbq area and laundry facilities. The project is located in close proximity to the metro line, Mt. Carmel Park, Ascot Branch Library and Watts Health Center.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,663,775	
Estimated Hard Costs per Unit:	\$ 182,590	(\$6,208,058 /34 units)
Estimated per Unit Cost:	\$ 313,640	(\$10,663,775 /34 units)
Allocation per Unit:	\$ 164,706	(\$5,600,000 /34 units)
Allocation per Restricted Rental Unit:	\$ 164,706	(\$5,600,000 /34 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,600,000	\$ 1,169,800
Developer Equity	\$ 0	\$ 375,797
LIH Tax Credit Equity	\$ 0	\$ 3,943,178
Direct & Indirect Public Funds	\$ 4,450,000	\$ 5,175,000
Deferred Costs	\$ 613,775	\$ 0
Total Sources	\$ 10,663,775	\$ 10,663,775

Uses of Funds:	
Land Purchase	\$ 500,000
On & Off Site Costs	\$ 414,209
Hard Construction Costs	\$ 5,793,849
Architect & Engineering Fees	\$ 845,980
Contractor Overhead & Profit	\$ 326,452
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 133,000
Capitalized Interest	\$ 222,400
Other Soft Costs (Marketing, etc.)	\$ 1,427,885
Total Uses	\$ 10,863,775

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with JP Morgan Chase Bank, NA and will be available during construction. The construction loan will have a variable rate at LIBOR times the tax-exempt factor of 70.88%. At the end of the 24 month construction period, the bonds will be paid down from a combination of sources; the limited partner equity proceeds, Neighborhood Stabilization Funds and Affordable Housing Program funds. California Community Reinvestment Corporation will purchase the remaining \$1,169,800 tax-exempt bond debt from Wells Fargo. The bonds will amortize over a 30 year period. The permanent bonds will have a forward committed interest rate, set at construction loan closing based on the greater of 6.00% or the AAA rated muni bonds plus 200 basis points.

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: 89.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,600,000 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]	6.5
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	5
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	89.5

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.