

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$6,850,000

Project Information:
Name: Slauson Station Apartments
Project Address: 1707-1717 East 61st Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90001

Project Sponsor Information:
Name: Slauson Station Apartments, L.P. (Beyond Shelter Housing Development Corporation and APEC International, LLC)
Principals: JoAnne Yokota, Zoe Ellas and Diana Rodgers for Beyond Shelter Housing Development Corporation; Eugene Kim, Keely Hahn, Costantino Lanza for APEC International, LLC.
Property Management Company: Beyond Shelter Housing Mangement

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: NARA Bank
TEFRA Hearing Date: July 5, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 29, plus 1 manager unit
Type: New Construction
Type of Units: Family

Slauson Station Apartments will be developed as 30 units of newly constructed affordable family housing. This multi-family community will use a "green" affordable housing strategy to further social and economic objectives, as well as improving the quality of life for all low-income families. The three story building served by an elevator will be built on top of a podium over subterranean parking for 41 cars. The building will have an 800 square foot community room with a full kitchen, central laundry room on the second floor, and an office for the on-site manager. The unit breakdown is as follows: 5 one bedrooms with one bathroom; 13 two bedrooms with 1 bathroom; and 11 three-bedrooms with 2 bathrooms. The building is designed as a secure building entrances locked and CCTV security cameras on the perimeter. The individual units will feature high speed data outlets, energy efficient appliances, low-flow water utilities and individual heat and air conditioning units.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (29 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

High-speed internet service will be provided in each unit of an ongoing nature and a contract with a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 13,466,442	
Estimated Hard Costs per Unit:	\$ 233,628	(\$6,775,204 /29 units)
Estimated per Unit Cost:	\$ 464,360	(\$13,466,442 /29 units)
Allocation per Unit:	\$ 236,207	(\$6,850,000 /29 units)
Allocation per Restricted Rental Unit:	\$ 236,207	(\$6,850,000 /29 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to the site being a former metal fabrication factory, galvanizing operation and pipe storage yard. Total costs of the remediation, including environmental reports, permits, proper disposal of hazardous liquids and materials, demolition of factory buildings, soil excavation, shoring up along the north property line and monitoring of compliance during the remediation work.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,850,000	\$ 1,006,227
Deferred Developer Fee	\$ 0	\$ 62,964
LIH Tax Credit Equity	\$ 1,520,732	\$ 5,069,106
Direct & Indirect Public Funds	\$ 4,698,845	\$ 7,328,145
Other (Deferred costs during construction)	\$ 396,865	\$ 0
Total Sources	\$ 13,466,442	\$ 13,466,442

Uses of Funds:	
Acquisition	\$ 775,264
New Construction Costs	\$ 8,443,972
Architectural	\$ 443,400
Survey & Engineering	\$ 60,000
Contingency Costs	\$ 756,727
Construction Period Expenses	\$ 1,075,778
Permanent Financing Expenses	\$ 32,657
Legal Fees	\$ 135,000
Capitalized Reserves	\$ 61,964
Reports & Studies	\$ 124,500
Other (Marketing, etc)	\$ 697,980
Developer Costs	\$ 859,200
Total Uses	\$ 13,466,442

Description of Financial Structure and Bond Issuance:

The bond transaction is a private placement by NARA Bank for the Construction and Permanent phases of the Project. The construction loan is set at 2% over WS Prime with a 6.50% floor rate. The 30-year Permanent Loan is set at 6.50 % fixed with a 1.15 DCR.

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:

90.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,850,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	90.5

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.