

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 2012
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$6,500,000

Project Information:

Name: Logan's Plaza Apartments
Project Address: 2019 E. 122nd Street
Project City, County, Zip Code: Compton, Los Angeles, 90222

Project Sponsor Information:

Name: Logan's Plaza, LP (Logan's Plaza, LLC and Watts Labor
Communtiy Action Committee)
Principals: Timothy Watkins President
Property Management Company: Barker Management Incorprated

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: CalHFA Preservation Loan Program/ NIBP
TEFRA Hearing Date: September 18, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 60, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Logan's Plaza Apartments is an affordable rental housing development consisting of 61 units located in five buildings with one additional building which comprises a community room. The structures are 2-story walk-up configuration Type V wood frame construction. The area is densely populated, and exhibits a wide variety of land uses with improvements ranging from fair to average conditions. The site is in close proximity to healthcare, employment, public transportation and retail. The primary market area generally consists of irregular portions of the City of Compton. The rehab scope has been designed to provide general upgrades and eliminate issues associated with deferred maintenance associated with the unit interiors. Exterior improvements include landscaping, paint, roofing, PV and Solar-thermal for DHW, paving and window replacement. The renovations have been designed to implement as many elements of sustainable design as feasible and are anticipated to achieve a 17% reduction to the Project's energy usage.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
35% (21 units) restricted to 50% or less of area median income households.
65% (39 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The Project Sponsor has committed to provide instructor-led educational, health and wellness or skill building classes for a minimum of 84 hour per hour for 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	12,483,128	
Estimated Hard Costs per Unit:	\$	53,453	(\$3,207,188 /60 units)
Estimated per Unit Cost:	\$	208,052	(\$12,483,128 /60 units)
Allocation per Unit:	\$	108,333	(\$6,500,000 /60 units)
Allocation per Restricted Rental Unit:	\$	108,333	(\$6,500,000 /60 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,500,000	\$ 4,520,000
Seller Note	\$ 3,531,000	\$ 3,531,000
Deferred Developer Fee	\$ 496,667	\$ 0
LIH Tax Credit Equity	\$ 883,500	\$ 4,133,045
Project NOI During Construction	\$ 24,169	\$ 24,169
Capitalized Reserve	\$ 274,000	\$ 274,000
Total Sources	\$ 11,709,336	\$ 12,482,214

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,060,000
Rehabilitation Costs	\$ 3,726,399
Relocation	\$ 182,300
Architectural	\$ 190,000
Survey & Engineering	\$ 31,606
Contingency Costs	\$ 342,043
Construction Period Expenses	\$ 282,000
Legal Fees	\$ 100,000
Capitalized Reserves	\$ 155,060
Reports & Studies	\$ 30,961
Other	\$ 193,611
Developer Costs	\$ 1,188,234
Total Uses	\$ 12,482,214

Description of Financial Structure and Bond Issuance:

The tax-exempt bond loan is provided by the California Housing Finance Agency (CalHFA's) through the Portfolio Loan Preservation Program utilizing HUD Risk Share in conjunction with CalHFA's New Issue Bond Program (NIBP). The proposed financing structure is a 12-month, interest-only loan along with a permanent loan amortized for 35 years with a maturity of 16 years. The initial interest rate for both loans is 5.25% (underwriting rate of 5.25%) under the NIBP, the interest rate lock date shall be determined 120 days prior to the Agency's release date of December 12, 2012.

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:

61 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,500,000 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	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	61

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.