

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 19, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$17,125,000

Project Information:
Name: Juanita Tate Legacy Towers Apartments
Project Address: 4827 South Central Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90011

Project Sponsor Information:
Name: Juanita Tate Legacy Preservation, LP (Concerned Citizens of South Central Los Angeles)
Principals: Noreen McClendon, Robin Cannon and Tashawna McSwain
Property Management Company: Concerned Citizens of South Central Los Angeles (CCSCLA)

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: BBCN Bank
TEFRA Adopted Date: March 27, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 117, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed Project is an existing 118- unit development with 59 surface parking spaces and is located in the City of Los Angeles. The project was originally developed in 1970 and is a 12-story, elevator-equipped building. The building operates under the HUD Project Based Voucher contract that expires in 2024. However, according to the developer, if Tax Credit funding is received, the HUD contract will be extended for 20 years. The developer plans to offer 48 of the proposed units to household with incomes at or below 50% of the area median income (AMI) and 59 units to households with incomes at or below 60% of the AMI. The project will also include one (1) non-income-producing manager's unit. The unit configuration will consist of studio and 1-bedroom units. According to the application, the rehabilitation will include: a full replacement of roofs and duct system to roof, an upgrade for mechanical, electrical, plumbing, and security systems. In addition to the major building systems, interior work will include electrical outlets, new kitchen and bathroom equipment, flooring and window treatments. Exterior upgrades will include exterior and corridor lighting, window, doors, improved landscaping, wood trims, gutters, down spouts, as well as other various renovations. The application states that rehabilitation will be begin in June 2014 and end in January 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (48 units) restricted to 50% or less of area median income households.
59% (69 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

No service amenities will be provided for the project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 26,967,063
Estimated Hard Costs per Unit: \$ 43,213 (\$5,055,919 /117 units)
Estimated per Unit Cost: \$ 230,488 (\$26,967,063 /117 units)
Allocation per Unit: \$ 146,368 (\$17,125,000 /117 units)
Allocation per Restricted Rental Unit: \$ 146,368 (\$17,125,000 /117 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,125,000	\$ 10,291,153
Developer Equity: Existing Repl. Reserves	\$ 323,736	\$ 875,297
Deferred Developer Fee	\$ 1,875,000	\$ 1,250,000
LIH Tax Credit Equity	\$ 1,634,009	\$ 8,541,295
Direct & Indirect Public Funds	\$ 5,001,988	\$ 5,001,988
Seller Note	\$ 1,007,330	\$ 1,007,330
Total Sources	\$ 26,967,063	\$ 26,967,063

Uses of Funds:	
Acquisition/Land Purchase	\$ 16,000,000
Hard Construction Costs	\$ 5,055,919
Architect & Engineering Fees	\$ 150,000
Contractor Overhead & Profit	\$ 371,838
Developer Fee	\$ 2,500,000
Relocation	\$ 147,500
Cost of Issuance	\$ 542,292
Capitalized Interest	\$ 580,000
Other Soft Costs (Marketing, etc.)	\$ 1,619,514
Total Uses	\$ 26,967,063

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed Project will be a private placement transaction provided by BBCN Bank for construction and permanent financing. During the 24-month construction period, the loan will be in the amount of \$17,125,000 with a fixed rate of 1% over WS Prime with 4.40% floor rate. Payment during this period will be interest only. During the permanent financing period, the loan amount will be for a maximum of up to \$10,291,153 with a loan term of 37 years and an amortization period of 35 years with 18th year call. The interest rate will be a 4.40% fixed rate with a 1.15 debt coverage ratio. The Bonds will be issued by the City of Los Angeles.

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: 65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$17,125,000 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	7.5
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	65

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.