

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: Leslie J. Campaz

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$2,750,000

Project Information:
Name: One Wilkins Place Apartments
Project Address: 1071 E. 48th Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90011

Project Sponsor Information:
Name: One Wilkins Place Preservation, L.P. (Concerned Citizens of South Central L.A.)
Principals: Noreen McClendon, Robin Cannon and Tashawna McSwain for Concerned Citizens of South Central L.A.
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: Boston Private Bank & Trust Company
TEFRA Adoption Date: March 27, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 17, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing complex located in the City of Los Angeles. The proposed project targets families earning up to 60% of the area median income. The unit mix is as follows: 9 two-bedroom units, 9 three-bedroom units and a non-income producing manager's unit. The scope of work will include upgrades for mechanical, electrical and plumbing systems, interior upgrades such as new kitchen and bathroom equipment, and flooring and window treatments. Exterior upgrades will include exterior and corridor lighting, windows and doors, improved landscaping, wood trims, gutters and downspouts. Rehabilitation is expected to start in June 2014 and end in January 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

71% (12 units) restricted to 50% or less of area median income households.

29% (5 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	6,087,558	
Estimated Hard Costs per Unit:	\$	46,086	(\$783,464 /17 units)
Estimated per Unit Cost:	\$	358,092	(\$6,087,558 /17 units)
Allocation per Unit:	\$	161,765	(\$2,750,000 /17 units)
Allocation per Restricted Rental Unit:	\$	161,765	(\$2,750,000 /17 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,750,000	\$ 1,218,887
Developer Equity - NOI	\$ 0	\$ 52,179
LIH Tax Credit Equity	\$ 261,027	\$ 1,754,003
Direct & Indirect Public Funds	\$ 2,729,488	\$ 2,729,488
Other (Deffered Developers' Fee)	\$ 347,043	\$ 333,000
Total Sources	\$ 6,087,558	\$ 6,087,558

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,889,000
Hard Construction Costs	\$ 783,464
Architect & Engineering Fees	\$ 26,000
Contractor Overhead & Profit	\$ 58,450
Developer Fee	\$ 694,085
Relocation	\$ 22,500
Cost of Issuance	\$ 257,738
Capitalized Interest	\$ 43,798
Other Soft Costs (Marketing, etc.)	\$ 312,522
Total Uses	\$ 6,087,558

Description of Financial Structure and Bond Issuance:

This will be a private placement transaction provided by Boston Private Bank & Trust Company for construction and permanent financing. The Bonds will be issued by the City of Los Angeles. The loan will be in the amount of \$2,750,000 and will be comprised of two Series of Bonds as follows: Series A Bonds for approximately \$1,531,113 and Series B Bonds for approximately \$1,218,887. The term for the Series A Bonds will be for 18 months with a variable interest rate equal to 80% of the Federal Home Loan Bank Classic Advance 1 month Regular Advance Rate (the "FHLB 1 Month Rate") that is current 2 days prior to the closing plus 195 basis points. The term for the Series B Bonds will be for a term of 18 years with an amortization period of 35 years. The interest rate will be a fixed rate equal to 80% of the 15 Year Federal Home Loan Bank Classic Advance Regular Advance Rate "Index" plus 85 basis points, with a floor about 4.40% - fixed rate to be fixed at time of loan documentation based on the index rate at that time.

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: 55 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,750,000 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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
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	55

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.