

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 10, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$400,000

The amount of allocation requested is supplemental to the \$4,000,000 of allocation the Project received on March 19, 2014.

Project Information:

Name: Figueroa Senior Housing Apartments
Project Address: 5503 S. Figueroa Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:

Name: Figueroa Senior Housing Preservation, LP (Figueroa Economical Housing and Development Corporation)

Principals: Charles Cline

Property Management Company: SK Management Company, LLC

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: July 1, 2014

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 65, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The Figueroa Senior Housing is an existing site located in the City of Los Angeles. The site is a three-story Tax-Credit development that opened in 1996 serving seniors. The Project consists of 66 rental units and a 21 spot surface parking lot. The units are within a single three-story square-shaped building and includes an elevator and on-site security. All of the units will consist of studio/1 bath units, including a non-income producing manager's unit. According to the application, the rehabilitation will include: a full replacement of roofs, hot water boilers, and thermal hot water system, and upgrades for mechanical, electrical, plumbing, and security systems. In addition to the major building systems, interior work will include upgrades for common areas, improved energy efficiency, new kitchen and bathroom equipment, painting, and window treatments. Exterior upgrades will include resurfacing of the parking lot and re-striping of the parking spaces, replacement of windows and patio doors, painting and landscaping. 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%
100% (65 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

There will be no service amenities provided for the Project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 9,376,608	
Estimated Hard Costs per Unit:	\$ 18,321	(\$1,190,895 /65 units)
Estimated per Unit Cost:	\$ 144,256	(\$9,376,608 /65 units)
Allocation per Unit:	\$ 67,692	(\$4,400,000 /65 units)
Allocation per Restricted Rental Unit:	\$ 67,692	(\$4,400,000 /65 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,400,000	\$ 2,179,347
Developer Equity: Existing Repl. Reserves	\$ 0	\$ 100,864
Deferred Developer Fee	\$ 350,055	\$ 350,055
LIH Tax Credit Equity	\$ 415,012	\$ 2,534,801
Direct & Indirect Public Funds	\$ 4,211,541	\$ 4,211,541
Total Sources	\$ 9,376,608	\$ 9,376,608

Uses of Funds:	
Acquisition/Land Purchase	\$ 5,209,302
Hard Construction Costs	\$ 1,190,895
Architect & Engineering Fees	\$ 112,775
Contractor Overhead & Profit	\$ 162,105
Developer Fee	\$ 950,055
Relocation	\$ 82,500
Cost of Issuance	\$ 704,625
Capitalized Interest	\$ 200,000
Other Soft Costs (Marketing, etc.)	\$ 764,351
Total Uses	\$ 9,376,608

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed Project will be a private placement transaction provided by Boston Private Bank & Trust Company for construction and permanent financing with the City of Los Angeles issuing the bonds. The loan will be in the amount of \$4,400,000 and will be comprised of two Series of Bonds as follows: Series A Bonds for approximately \$2,220,653 and Series B Bonds for approximately \$2,179,347. 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 150 basis points. The interest rate will reset on the first day of each month thereafter during the term. The term for the Series B Bonds will be for a term of 16 years, upon completion to perm with an amortization period of 35 years. The interest rate will be a variable rate equal to 65% of the 15 Year Federal Home Loan Bank Classic Advance Regular Advance Rate "Index" plus 230 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.

Recommendation:

Staff recommends that the Committee approve \$400,000 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	0
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	57.5

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.