

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt: \$28,000,000

Project Information:

Name: Jordan Downs Phase 1a Apartments
Project Address: 9901 S. Alameda Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90002

Project Sponsor Information:

Name: To be formed, L.P. (TBF LLC whose sole member is MCB Family Housing Inc)
Principals: Cynthia Parker, Susan M. Johnson, D. Kemp Valentine, Rebecca Hlebasko and Kimberly McKay for TBF LLC whole sole member is MCB.
Property Management Company: Interstate Realty Management Company (IRM)

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Noticing Date: May 23, 2016
TEFRA Adoption Date: June 6, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 114, plus 1 manager unit
Type: New Construction
Type of Units: Family

Jordan Downs Phase 1a is a new construction project located in Watts, Los Angeles and will occupy 3 acres of the 21 acre HACLA owned land adjacent to the Jordan Downs Public Housing Project. The project consists of 13 one-bedroom units, 59 two-bedroom units, 32 three-bedroom units, 9 four-bedroom units, and 1 five-bedroom unit. Unit amenities include central air conditioning, refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer, patio or balcony, coat closet, and walk-in closets. The project will include 3 story garden style buildings with open space amenities. The design incorporates an approximately 2,000 square foot community space that will serve as an interim community amenity until the larger community center is complete. This community space will be available for civic gatherings and resident meetings, and will include a kitchen, TV lounge and computer room. Open space is an integral part of the site and building concept which includes a landscaped outdoor space with picnic and barbeque areas, community gardens and a children's playground ideal for outdoor events and social gatherings. The construction is expected to begin November 2016 and complete July 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 87%
87% (99 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2, 3, 4 & 5 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 43,707,703
Estimated Hard Costs per Unit: \$ 207,386 (\$23,641,973 /114 units)
Estimated per Unit Cost: \$ 383,401 (\$43,707,703 /114 units)
Allocation per Unit: \$ 245,614 (\$28,000,000 /114 units)
Allocation per Restricted Rental Unit: \$ 245,614 (\$28,000,000 /99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 28,000,000	\$ 9,820,000
AHSC - HRI Loan	\$ 500,000	\$ 500,000
AHSC - Cap & Trade	\$ 0	\$ 6,000,000
LIH Tax Credit Equity	\$ 0	\$ 16,002,929
HACLA (Ground Lease Loan)	\$ 1,150,000	\$ 1,150,000
HACLA RHF	\$ 7,718,581	\$ 6,630,910
Deferred Costs	\$ 3,869,122	\$ 0
Deferred Developer Fee/GP Equity	\$ 0	\$ 2,503,864
Limited Partner	\$ 1,470,000	\$ 0
AHP Loan	\$ 1,000,000	\$ 1,000,000
Refunds	\$ 0	\$ 100,000
Total Sources	\$ 43,707,703	\$ 43,707,703
 Uses of Funds:		
Land Cost/Acquisition	\$ 1,710,000	
New Construction	\$ 26,871,491	
Contractor Overhead	\$ 501,210	
Architectural Fees	\$ 1,070,000	
Survey and Engineering	\$ 463,000	
Construction Interest and Fees	\$ 1,653,800	
Permanent Financing	\$ 141,200	
Legal Fees	\$ 400,000	
Reserves	\$ 1,018,694	
Appraisal	\$ 20,000	
Contingency Cost	\$ 1,368,635	
Local Development Impact Fees	\$ 432,314	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,903,495	
Developer Costs	\$ 5,153,864	
Total Uses	\$ 43,707,703	

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in a private placement transaction by Bank of America N.A. During the construction financing phase the loan term will be for 24 months with a variable interest rate equal to the LIBOR Daily Floating Rate plus 2.25% per annum . During the permanent financing phase, the loan term will be for 17 years with an amortization period of 30 years. The permanent interest rate will be a fixed rate determined immediately prior to bond closing based upon the 10 Year Interest Rate Swap Rate plus 3.20%.

Analyst Comments:

None

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: 50 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$28,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	50

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.