

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 21, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,350,000

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**Project Information:**  
**Name:** New Park Place Apartments  
**Project Address:** 2500 West 4th Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90057

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**Project Sponsor Information:**  
**Name:** To Be Formed L.P. (Park Place Terrace Repurchase, LLC)  
**Principals:** Robin Hughes, Rick Saperstein, Holly Benson, Luz Soto, Lara Regus, Gio Aliano, and Karl Lauff, for Park Place Terrace Repurchase, LLC  
**Property Management Company:** Abode Communities

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Private Placement Purchaser:** MUFG Union Bank (construction) / California Communities Reinvestment Corporation (permanent)  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** February 25, 2016  
**TEFRA Adoption Date:** March 29, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 48, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

New Park Place is an existing 49-unit family development, located in the Westlake area of Los Angeles. The project consists of 2 separate buildings that are interconnected by pathways and elevated walkways. Building B steps up a gradual slope behind Building A. New Park Place consists of 2 three-story wood-framed buildings designed around central courtyards. The project has two laundry rooms, one in each building, a community room and a two story parking structure below the units in building A. The unit amenities include refrigerator, stove/oven, garbage disposals, individual hot water heaters, patio/balcony, and window coverings. The rehabilitation will focus on significant upgrades to the exterior and outdoor areas including: ADA/accessibility upgrades to units as well as outdoor walkways, energy efficient windows, parking structure upgrades, exterior paint, replacement of gutters/downspouts, and landscaping/irrigation upgrades. Renovations are expected to begin in December 2016 and will take approximately 13 months for completion in January 2018.



**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

46% (22 units) restricted to 50% or less of area median income households.

54% (26 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |  |
|---|---------------|--|
| <b>Estimated Total Development Cost:</b>      | \$ 12,235,496 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 44,602     | (\$2,140,882 /48 units)                        |
| <b>Estimated per Unit Cost:</b>               | \$ 249,704    | (\$12,235,496 /49 units including mngr. units) |
| <b>Allocation per Unit:</b>                   | \$ 132,292    | (\$6,350,000 /48 units)                        |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 132,292    | (\$6,350,000 /48 restricted units)             |

| <b>Sources of Funds:</b>      | Construction         | Permanent            |
|-------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds      | \$ 6,350,000         | \$ 2,159,300         |
| LIH Tax Credit Equity         | \$ 591,511           | \$ 3,715,815         |
| Deferred Developer Fee        | \$ 435,433           | \$ 435,433           |
| Deferred Costs                | \$ 590,604           | \$ 0                 |
| GP Sponsor Loan               | \$ 82,900            | \$ 82,900            |
| Itemized Public Funds Sources | \$ 4,096,027         | \$ 5,753,027         |
| Net Income From Operations    | \$ 89,021            | \$ 89,021            |
| <b>Total Sources</b>          | <b>\$ 12,235,496</b> | <b>\$ 12,235,496</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 6,184,157         |
| Rehabilitation                                    | \$ 2,431,592         |
| Relocation  | \$ 65,823            |
| Contractor Overhead                               | \$ 45,387            |
| Architectural Fees                                | \$ 210,000           |
| Survey and Engineering                            | \$ 120,000           |
| Construction Interest and Fees                    | \$ 766,099           |
| Permanent Financing                               | \$ 31,600            |
| Legal Fees  | \$ 135,000           |
| Reserves  | \$ 202,025           |
| Appraisal   | \$ 10,000            |
| Contingency Cost                                  | \$ 376,191           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 407,242           |
| <b>Developer Costs</b>                            | <b>\$ 1,250,380</b>  |
| <b>Total Uses</b>                                 | <b>\$ 12,235,496</b> |

**Analyst Comments:**

None

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**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.

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**Total Points:**

75 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$6,350,000 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   | 20            |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 0             |
| Gross Rents  | 5  | 5  | 5             |
| Large Family Units   | 5  | 5  | 5             |
| Leveraging   | 10   | 10   | 0             |
| Community Revitalization Area  | 5  | 5  | 0             |
| Site Amenities   | 10   | 10   | 10            |
| Service Amenities  | 10   | 10   | 0             |
| New Construction or Substantial Renovation   | 10   | 10   | 0             |
| Sustainable Building Methods   | 10   | 10   | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | 0             |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 0             |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                                       | <b>75</b>     |

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.