

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2017
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: \$21,428,225

Project Information:

Name: Gilbert Lindsay Apartments
Project Address: 601 W. 40th Place
Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:

Name: Gilbert Lindsay Housing LP (Gilbert Lindsay Housing LLC and Housing Corporation of America, a 501(c)(3) non-profit corporation)
Principals: Thomas L. Safran, Andrew Gross and Jordan Pynes for Gilbert Lindsay Housing LLC; Ronald H. Olson and Carol Cromar for Housing Corporation of America, a 501(c)(3) non-profit corporation.
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Wells Fargo Bank (Series B Bond)(construction)
Public Sale: A-Rated or Higher
Underwriter: Citibank Municipal Mortgage, Inc.(Series A Bond)(construction)
Rating: AA+ Standard & Poor's rating
TEFRA Noticing Date: November 14, 2016
TEFRA Adoption Date: November 29, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 135, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project was completed in 1991 and consists of three, five-story structures. Residential area consists of 21 one-bedroom units, 80 two-bedroom units, 32 three-bedroom units, 3 four-bedroom units and 1 five-bedroom unit. The Project's unit amenities include blinds, carpeting, vinyl flooring in kitchen and bathroom, wall heating, and garbage disposal. Common area amenities include central laundry room, community room, two elevators, courtyard space and 260 parking spaces in a subterranean garage. The proposed scope of rehabilitation includes updating appliances (as deemed necessary), building exterior and interiors, common walkways and landscaping, structural upgrades, mechanical system replacement and life and safety upgrades. In addition, security cameras will be upgraded. Common area renovations include new carpets, flooring, window coverings and fresh paint, new electrical and lighting fixtures, and new doors and hardware to all hallways, as well as general repairs and significant life and safety upgrades as needed. Additionally, a new barbecue area will be added in the common outdoor space in the rear of the property. Construction will begin immediately upon closing, and is projected to be completed within approximately 12 months, on or about December 31, 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 87%

30% (41 units) restricted to 50% or less of area median income households.

56% (76 units) restricted to 60% 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:	\$ 41,028,724	
Estimated Hard Costs per Unit:	\$ 43,130	(\$5,822,500 /135 units)
Estimated per Unit Cost:	\$ 299,480	(\$41,028,724 /137 units including mgr. units)
Allocation per Unit:	\$ 158,728	(\$21,428,225 /135 units)
Allocation per Restricted Rental Unit:	\$ 183,147	(\$21,428,225 /117 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds Series A (Citi Pub Offr)	\$ 9,928,225	\$ 0
Tax-Exempt Bond Proceeds Series B (W. F. Priv Place)	\$ 11,500,000	\$ 0
Taxable Debt Proceeds	\$ 2,316,475	\$ 0
Low Income Housing Tax Credit Equity	\$ 2,016,782	\$ 13,516,781
Deferred Developer Fee	\$ 2,704,130	\$ 2,704,130
PNC Bank 221 (d)(4)	\$ 0	\$ 12,244,700
HCID Subordinate Debt	\$ 12,000,000	\$ 12,000,000
Net Income From Operations	\$ 563,113	\$ 563,113
Total Sources	\$ 41,028,725	\$ 41,028,724

Uses of Funds:	
Land Cost/Acquisition	\$ 25,188,000
Rehabilitation	\$ 6,265,075
Relocation	\$ 674,000
Contractor Overhead & Profit	\$ 465,800
Architectural Fees	\$ 215,000
Survey and Engineering	\$ 82,500
Construction Interest and Fees	\$ 1,716,393
Permanent Financing	\$ 86,734
Legal Fees	\$ 155,485
Reserves	\$ 339,242
Appraisal	\$ 4,750
Hard Cost Contingency	\$ 675,410
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 531,861
Developer Costs	\$ 4,628,474
Total Uses	\$ 41,028,724

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: 74.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,428,225 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	32
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	74.5

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.