

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 19, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant:	Housing Authority of the County of Los Angeles
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Allocation Amount Requested:	Tax-exempt: \$27,829,048
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Project Information:	Name: Willowbrook 2 Apartments
	Project Address: 1854 East 118th Street
	Project City, County, Zip Code: Unincorporated, Los Angeles, 90059

Project Sponsor Information:	Name: LINC-WB2 Apts LP (LINC-WB2 Apts LLC)
	Principals: Rebecca Clark, Suny Lay Chang, Nina Dooley, Maria Marquez-Brookes, Samara Larson and Divya Gill
	Property Management Company: John Stewart Company

Project Financing Information:	Bond Counsel: Kutak Rock LLP
	Private Placement Purchaser: Citibank, N.A.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: May 21, 2018
	TEFRA Adoption Date: July 10, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 100
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family/Special Needs

Willowbrook 2 Apartments is a new construction mixed use project located on a 1.31-acre site in the unincorporated community of Willowbrook. The project consists of 99 restricted rental units and 1 unrestricted manager unit distributed as 50 one-bedroom units, 24 two-bedroom units and 26 three-bedroom units. The design will be a single six-story building served by an elevator. Common amenities include a first-floor child day care center, a community room, onsite supportive services offices, laundry facilities and a large outdoor common area with a tot-lot. Units will feature a patio/balcony, ceiling fan, air conditioning and kitchens equipped with a refrigerator, stove/oven, dishwasher and garbage disposal. Forty-five residential parking spaces and 18 commercial parking spaces will be provided. The project will be pursuing LEED certification. Construction is expected to begin in December 2018 and be completed in October 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

61% (60 units) restricted to 50% or less of area median income households.

39% (39 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will receive service amenity points for providing an afterschool program and for providing the services of a bona fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 50,157,695	
Estimated Hard Costs per Unit:	\$ 267,305	(\$26,730,486 /100 units including mgr. units)
Estimated per Unit Cost:	\$ 501,577	(\$50,157,695 /100 units including mgr. units)
Allocation per Unit:	\$ 278,290	(\$27,829,048 /100 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 281,101	(\$27,829,048 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 27,829,048	\$ 3,160,800
Tranche B Financing	\$ 0	\$ 3,808,000
LIH Tax Credit Equity	\$ 702,733	\$ 14,054,652
Developer Equity	\$ 494,059	\$ 0
Deferred Developer Fee	\$ 3,500,000	\$ 3,500,000
Deferred Costs	\$ 1,034,089	\$ 0
AHSC Loan	\$ 2,938,566	\$ 8,530,984
General Partner Contribution	\$ 0	\$ 494,059
County General Fund Loan & Accrued Interest	\$ 7,083,700	\$ 10,127,200
County Land Loan & Accrued Interest	\$ 2,335,500	\$ 2,242,000
HCD IIG Grant	\$ 3,250,000	\$ 3,250,000
FHLB AHP	\$ 990,000	\$ 990,000
Total Sources	\$ 50,157,695	\$ 50,157,695

Uses of Funds:	
Land Cost/Acquisition	\$ 2,940,096
New Construction	\$ 29,234,528
Contractor Overhead & Profit	\$ 1,995,914
Architectural Fees	\$ 1,250,000
Survey and Engineering	\$ 565,000
Construction Interest and Fees	\$ 2,974,138
Permanent Financing	\$ 84,688
Legal Fees	\$ 167,500
Reserves	\$ 248,000
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,532,769
Local Development Impact Fees	\$ 752,560
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,301,563
Developer Costs	\$ 6,095,939
Total Uses	\$ 50,157,695

Analyst Comments:

This project exceeds CDLAC's per unit cost threshold. The developer explained this is due to project costs including a large deferred developer fee of \$3.5 million to generate basis, the project pursuing LEED certification, and cost escalations for materials.

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:

94.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$27,829,048 in tax-exempt bond allocation on a carryforward basis.

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]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	94.5