

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Broadway Apartments
Project Address: 301 West 49th Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:
Name: Broadway Apartments Preservation, L.P. (Figueroa Economical Housing Development Corporation; Veterans Housing Partnership, LLC and Step Up on Second, Inc.)
Principals: Kendall Walker, Kenneth Cline and Lyndale Frison for Figueroa Economical Housing Development Corporation; Andrew Meyers for Veterans Housing Partnership, LLC
Property Management Company: Step Up On Second Street

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Red Stone Tax Exempt Funding LLC
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: August 3, 2018
TEFRA Adoption Date: September 7, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 35
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

The Broadway Apartments is an existing project located in Los Angeles on a 0.6-acre site. The project consists of 34 restricted rental units and 1 unrestricted managers' unit. The project has 26 studio units, 8 one-bedroom units and 1 two-bedroom unit. The renovations include building upgrades to air conditioning units and heating units, mechanical, electrical and plumbing upgrades. Building exterior upgrades include widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements and paint. Individual apartment upgrades include new kitchen and bathroom equipment, new cabinets, new kitchen surfaces, new flooring, paint and new window treatments. The rehabilitation 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%
41% (14 units) restricted to 50% or less of area median income households.
59% (20 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 11,520,534
Estimated Hard Costs per Unit: \$ 33,429 (\$1,170,000 /35 units including mgr. units)
Estimated per Unit Cost: \$ 329,158 (\$11,520,534 /35 units including mgr. units)
Allocation per Unit: \$ 200,000 (\$7,000,000 /35 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 205,882 (\$7,000,000 /34 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 3,324,669
LIH Tax Credit Equity	\$ 1,012,372	\$ 3,374,575
Deferred Developer Fee	\$ 0	\$ 377,810
City of Los Angeles HHH	\$ 3,508,162	\$ 4,443,480
Total Sources	\$ 11,520,534	\$ 11,520,534

Uses of Funds:	
Land Cost/Acquisition	\$ 7,000,000
Rehabilitation	\$ 1,258,200
Contractor Overhead & Profit	\$ 93,600
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 93,500
Construction Interest and Fees	\$ 649,000
Permanent Financing	\$ 121,947
Legal Fees	\$ 130,000
Reserves	\$ 237,219
Appraisal	\$ 8,600
Hard Cost Contingency	\$ 133,380
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 382,605
Developer Costs	\$ 1,287,483
Total Uses	\$ 11,520,534

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,000,000 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	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	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	75