

**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*

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**Applicant:** City of Los Angeles

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

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

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**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

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**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

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**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:**

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

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
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

<b>Uses of Funds:</b>	
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

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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 \$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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>75</b>