

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 12, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$30,000,000

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**Project Information:**

**Name:** Miramar Tower Apartments  
**Project Address:** 2000 Miramar Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90057

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**Project Sponsor Information:**

**Name:** Miramar Tower Preservation, LP (RCH Miramar Tower GP, LLC; Wakeland Miramar, LLC; and Community Opportunity Fund)  
**Principals:** Jonathan F.P. Rose, Michael Daly, Michael Arman and Nathan Taft for RCH Miramar Tower GP, LLC; Ken Sauder for Wakeland Miramar, LLC; and Jonathan F.P. Rose, Susan B. Plum and Julie Appel for Community Opportunity Fund  
**Property Management Company:** Rose Community Management, LLC

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Not Applicable  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Rated  
**Underwriter:** Stifel, Nicolaus & Company, Inc.  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** AA+  
**TEFRA Noticing Date:** May 29, 2018  
**TEFRA Adoption Date:** June 13, 2018

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 157  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Senior Citizens

Miramar Tower Apartments is an existing project located in Los Angeles on a 2.74-acre site. The project consists of 156 restricted rental units and 1 unrestricted manager unit, all of which are one-bedroom units. Building exterior renovations will include fresh paint and replacement of roof, windows and sliding glass doors. Interior renovations will include a new security system, boiler system upgrades and the addition of a fitness center and learning center to the community room. Individual units will be updated with new kitchen cabinets and countertops, Energy Star refrigerator and range, bathroom vanities and sinks, plumbing fixtures, A/C units and thermostats, and ADA upgrades to 32 units. Site area renovations will consist of landscape and hardscape/asphalt upgrades. The rehabilitation is expected to begin in April 2019 and be completed in April 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (16 units) restricted to 50% or less of area median income households.  
90% (140 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 bedroom

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>      | \$ 55,584,273 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 31,750     | (\$4,984,750 /157 units including mgr. units)  |
| <b>Estimated per Unit Cost:</b>               | \$ 354,040    | (\$55,584,273 /157 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 191,083    | (\$30,000,000 /157 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 192,308    | (\$30,000,000 /156 restricted units)           |

| <b>Sources of Funds:</b>                | <u>Construction</u>  | <u>Permanent</u>     |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                | \$ 30,000,000        | \$ 0                 |
| Bridge Loan-U.S. Bancorp                | \$ 4,119,039         | \$ 0                 |
| Taxable Loan-Hunt Mortgage Capital, LLC | \$ 500,000           | \$ 30,500,000        |
| LIH Tax Credit Equity                   | \$ 8,636,006         | \$ 15,724,000        |
| Deferred Developer Fee                  | \$ 0                 | \$ 3,094,527         |
| Deferred Costs                          | \$ 6,063,482         | \$ 0                 |
| Seller Carryback Loan                   | \$ 6,000,000         | \$ 6,000,000         |
| Net Income From Operations              | \$ 265,746           | \$ 265,746           |
| <b>Total Sources</b>                    | <b>\$ 55,584,273</b> | <b>\$ 55,584,273</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 39,200,000        |
| Rehabilitation                                    | \$ 5,283,835         |
| Relocation  | \$ 628,000           |
| Contractor Overhead & Profit                      | \$ 398,780           |
| Architectural Fees                                | \$ 203,000           |
| Survey and Engineering                            | \$ 20,800            |
| Construction Interest and Fees                    | \$ 1,308,715         |
| Permanent Financing                               | \$ 234,830           |
| Legal Fees  | \$ 215,000           |
| Reserves  | \$ 1,079,896         |
| Appraisal   | \$ 9,000             |
| Hard Cost Contingency                             | \$ 568,262           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 461,490           |
| Developer Costs                                   | \$ 5,972,665         |
| <b>Total Uses</b>                                 | <b>\$ 55,584,273</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:**

52.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$30,000,000 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   | 20            |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 25            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 0             |
| Large Family Units   | 5  | 5  | 0             |
| Leveraging   | 10   | 10   | 0             |
| Community Revitalization Area  | 5  | 5  | 0             |
| Site Amenities   | 10   | 10   | 7.5           |
| 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   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                                       | <b>52.5</b>   |