

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

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$30,000,000

Project Information:

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

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

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

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:

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

Sources of Funds:	<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
Total Sources	\$ 55,584,273	\$ 55,584,273

Uses of Funds:	
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
Total Uses	\$ 55,584,273

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:

52.5 out of 140 [See Attachment A]

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 [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 (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	110	52.5