

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
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**

Allocation Amount Requested:

Tax-exempt: \$1,216,365

The amount of allocation requested is supplemental to the \$24,783,635 of allocation the Project received on September 19, 2018.

Project Information:

Name: **Florence Apartments (Supplemental)**
Project Address: 1600, 1610 and 1616 E. Florence Avenue
Project City, County, Zip Code: Unincorporated, Los Angeles, 90001

Project Sponsor Information:

Name: Florence Fund, L.P. (Women Organizing Resources, Knowledge & Services (WORKS); and AMCAL Multi-Housing Two, LLC)
Principals: Channa Grace, Mary-Jane Wagle and Jacqueline Thomas for WORKS; and Percival Vaz and Luxmi Vaz for AMCAL Multi-Housing Two, LLC
Property Management Company: FPI Management, Inc.

Project Financing Information:

Bond Counsel: Hawkins Delafield & Wood LLP
Private Placement Purchaser: JPMorgan Chase Bank, 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: 109
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Florence Apartments is a new construction project located on a 1.08-acre site in the unincorporated community of Florence-Firestone. The project will provide 108 restricted rental units and 1 unrestricted manager unit distributed as 97 one-bedroom units and 12 two-bedroom units. The design will be a single elevator-served building with four residential stories over a ground floor that will be occupied by a workforce development center. Common amenities include a large outdoor courtyard, a community room, laundry facilities, bike storage and access to the workforce development center. Units will feature kitchens equipped with a refrigerator, stove, dishwasher and garbage disposal. Fifty-five residential parking spaces and eight workforce development center client parking spaces will be provided. The project will be pursuing LEED certification. Construction is expected to begin in April 2019 and be completed in March 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (54 units) restricted to 50% or less of area median income households.
50% (54 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will receive service amenity points for providing health, wellness or skill-building classes and for providing individualized health and wellness services.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 49,459,304	
Estimated Hard Costs per Unit:	\$ 230,557	(\$25,130,743 /109 units including mgr. units)
Estimated per Unit Cost:	\$ 453,755	(\$49,459,304 /109 units including mgr. units)
Allocation per Unit:	\$ 238,532	(\$26,000,000 /109 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 240,741	(\$26,000,000 /108 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,000,000	\$ 6,735,248
LIH Tax Credit Equity	\$ 3,545,561	\$ 17,727,801
Deferred Developer Fee	\$ 2,249,119	\$ 1,351,578
Deferred Costs	\$ 1,097,855	\$ 0
LACDC AHTF Funds	\$ 4,710,000	\$ 4,760,000
LACDC MHF Funds	\$ 5,000,000	\$ 5,000,000
LACDC HOME Funds	\$ 2,500,000	\$ 2,500,000
HCD Infill Infrastructure Grant (IIG)	\$ 4,229,274	\$ 4,229,274
AHSC Program Funds	\$ 127,495	\$ 127,495
SGC AHSC Funds	\$ 0	\$ 7,027,908
Total Sources	\$ 49,459,304	\$ 49,459,304

Uses of Funds:	
Land Cost/Acquisition	\$ 2,901,153
Relocation	\$ 1,011,450
New Construction	\$ 25,217,715
Contractor Overhead & Profit	\$ 2,546,560
Architectural Fees	\$ 1,224,337
Survey and Engineering	\$ 578,000
Construction Interest and Fees	\$ 2,997,591
Permanent Financing	\$ 111,450
Legal Fees	\$ 230,000
Reserves	\$ 3,087,475
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,432,021
Local Development Impact Fees	\$ 1,382,734
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,223,818
Developer Costs	\$ 3,500,000
Total Uses	\$ 49,459,304

Analyst Comments:

Supplemental allocation is required to offset additional costs related to the service amenities that will be provided. These additional costs include a lease-up reserve of 3 months rent for the rent subsidized units, increasing the lease-up conversion period from 5 to 8 months, adding a supplemental operating reserve, fully funding the transit pass reserve through year 25 and increasing the soft cost contingency from 3% to 5%.

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.

Recommendation:

Staff recommends that the Committee approve \$1,216,365 in tax-exempt bond allocation.

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**

Allocation Amount Requested:
Tax-exempt: \$24,783,635

Project Information:
Name: **Florence Apartments**
Project Address: 1600, 1610 and 1616 E. Florence Avenue
Project City, County, Zip Code: Unincorporated, Los Angeles, 90001

Project Sponsor Information:
Name: Florence Fund, L.P. (Women Organizing Resources, Knowledge & Services (WORKS); and AMCAL Multi-Housing Two, LLC)
Principals: Channa Grace, Mary-Jane Wagle and Jacqueline Thomas for WORKS; and Percival Vaz and Luxmi Vaz for AMCAL Multi-Housing Two, LLC
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Hawkins Delafield & Wood LLP
Private Placement Purchaser: JPMorgan Chase Bank, 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: 109
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Florence Apartments is a new construction project located on a 1.08-acre site in the unincorporated community of Florence-Firestone. The project will provide 108 restricted rental units and 1 unrestricted manager unit distributed as 97 one-bedroom units and 12 two-bedroom units. The design will be a single elevator-served building with four residential stories over a ground floor that will be occupied by a workforce development center. Common amenities include a large outdoor courtyard, a community room, laundry facilities, bike storage and access to the workforce development center. Units will feature kitchens equipped with a refrigerator, stove, dishwasher and garbage disposal. Fifty-five residential parking spaces and eight workforce development center client parking spaces will be provided. The project will be pursuing LEED certification. Construction is expected to begin in March 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (54 units) restricted to 50% or less of area median income households.
50% (54 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will receive service amenity points for providing health, wellness or skill-building classes and for providing individualized health and wellness services.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 50,359,551
Estimated Hard Costs per Unit: \$ 230,557 (\$25,130,743 /109 units including mgr. units)
Estimated per Unit Cost: \$ 462,014 (\$50,359,551 /109 units including mgr. units)
Allocation per Unit: \$ 227,373 (\$24,783,635 /109 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 229,478 (\$24,783,635 /108 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 24,783,635	\$ 2,420,923
Tranche B Financing	\$ 0	\$ 1,853,259
Tranche C Financing	\$ 0	\$ 2,139,879
LIH Tax Credit Equity	\$ 3,396,462	\$ 16,982,308
Deferred Developer Fee	\$ 2,380,000	\$ 1,000,000
Deferred Costs	\$ 914,180	\$ 0
HCD IIG Grant	\$ 4,229,274	\$ 4,229,274
HCD AHSC	\$ 0	\$ 7,027,908
LA County AHTF Loan	\$ 4,710,000	\$ 4,760,000
LA County MHHF Loan	\$ 5,000,000	\$ 5,000,000
LA County HOME Loan	\$ 2,500,000	\$ 2,500,000
LA County Land Donation	\$ 2,446,000	\$ 2,446,000
Total Sources	<u>\$ 50,359,551</u>	<u>\$ 50,359,551</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 5,539,036
Relocation	\$ 1,010,000
New Construction	\$ 25,217,716
Contractor Overhead & Profit	\$ 2,546,560
Architectural Fees	\$ 710,257
Survey and Engineering	\$ 1,027,500
Construction Interest and Fees	\$ 2,830,975
Permanent Financing	\$ 316,978
Legal Fees	\$ 205,000
Reserves	\$ 1,055,813
Hard Cost Contingency	\$ 1,432,021
Local Development Impact Fees	\$ 1,343,236
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,624,459
Developer Costs	<u>\$ 3,500,000</u>
Total Uses	<u>\$ 50,359,551</u>

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:

86 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$24,783,635 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]	2
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	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	9
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	86