

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$12,000,000

Project Information:
Name: Firestone Phoenix
Project Address: 7321 Miramonte Blvd.
Project City, County, Zip Code: Unincorporated Los Angeles County, 90001

Project Sponsor Information:
Name: Miramonte PSH, L.P. (Supportive Housing LLC)
Principals: Dora Leong Gallo
Property Management Company: Levine Management Group Inc.

Project Financing Information:
Bond Counsel: Hawkins, Delafield & Wood LLP
Private Placement Purchaser: MUFG Union 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: January 6, 2019
TEFRA Adoption Date: February 19, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Firestone Phoenix is a new construction project located in the unincorporated Florence-Firestone neighborhood on a 0.67-acre site. The project will provide 43 restricted rental units and 1 unrestricted manager unit distributed as 9 studios, 20 one-bedroom units and 15 two-bedroom units. The building will be designed as a single, elevator-served, three-story building. Common amenities include a large community room, computer lab, fitness center, laundry facilities, management offices, resident services offices, community garden, courtyard with barbeque and seating, gated entry with security cameras, bike storage and 21 parking spaces, including one space for a vanpool and electric vehicle. Each unit will feature a refrigerator, stove and cabinets, and the special needs units will be furnished with a full-size bed, dining table and chairs. Green features include solar thermal hot water augmenting an electric heat pump boiler, high efficiency lighting and plumbing fixtures, certified "cool" roof, high performance windows, and Energy Star ceiling fans in each unit. Construction is expected to begin in July 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

100% (43 units) restricted to 50% or less of area median income households.
0% (0 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:	\$ 24,288,298	
Estimated Hard Costs per Unit:	\$ 257,743	(\$11,340,675 /44 units including mgr. unit)
Estimated per Unit Cost:	\$ 552,007	(\$24,288,298 /44 units including mgr. unit)
Allocation per Unit:	\$ 272,727	(\$12,000,000 /44 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 279,070	(\$12,000,000 /43 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 1,567,000
LIH Tax Credit Equity	\$ 991,581	\$ 8,170,285
Deferred Developer Fee	\$ 1,180,000	\$ 1,180,000
Deferred Costs	\$ 691,993	\$ 0
Deferred Interest	\$ 325,800	\$ 325,800
LA CDC/HA - Housing Successor	\$ 278,924	\$ 278,924
LA CDC/HA - HOME	\$ 8,820,000	\$ 8,820,000
HCD - VHHP	\$ 0	\$ 3,946,289
Total Sources	\$ 24,288,298	\$ 24,288,298

Uses of Funds:	
Land Cost/Acquisition	\$ 2,074,566
New Construction	\$ 12,569,577
Contractor Overhead & Profit	\$ 572,900
Architectural Fees	\$ 621,000
Survey and Engineering	\$ 150,000
Construction Interest and Fees	\$ 1,744,518
Permanent Financing	\$ 54,812
Legal Fees	\$ 135,000
Reserves	\$ 684,879
Appraisal	\$ 13,500
Hard Cost Contingency	\$ 1,298,167
Local Development Impact Fees	\$ 371,762
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,417,617
Developer Costs	\$ 2,580,000
Total Uses	\$ 24,288,298

Analyst Comments:

This project exceeds CDLAC's cost per unit threshold. A factor that contributed to the high cost includes a requirement to fund a "capitalized transition reserve" of \$7,126 per unit imposed by the VHHP funding source. Another factor is the project's location in Los Angeles affecting the high cost because of a severe labor shortage caused in part by a reluctance of contractors to accept affordable housing projects over market rate projects.

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:

67 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,000,000 in tax-exempt bond allocation.

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	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	2
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	67