

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: City of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$4,687,500

The amount of allocation requested is supplemental to the \$18,750,000 of allocation the Project received on September 19, 2018.

Project Information:

Name: Missouri Place Apartments
Project Address: 11950 Missouri Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90025

Project Sponsor Information:

Name: Missouri and Bundy Housing LP (Missouri and Bundy Housing LLC and Housing Corporation of America)
Principals: Thomas L. Safran and Andrew Goss for Missouri and Bundy Housing, LLC; Ron Olson and Carol Cromar for Housing Corporation of America
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Bank of America, N.A. (construction)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: July 6, 2018
TEFRA Adoption Date: August 14, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 74
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Missouri Place Apartments is a new construction project located in Los Angeles on a 0.75-acre site. The project will provide 38 restricted rental units, 35 market rate units and 1 unrestricted manager unit distributed as 40 one-bedroom, 24 two-bedroom and 10 three-bedroom units. The project will feature a six-story, elevator served building constructed using wood-framing over a concrete podium garage. Common amenities include a community room, a computer lab, a fitness room, laundry facilities, an open courtyard, and office spaces for management and case workers. Each unit will provide a refrigerator, range/oven, dishwasher, durable flooring, window coverings and a patio. Forty-one parking spaces will be provided. Construction is expected to begin in July 2019 and be completed in March 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 52%

51% (37 units) restricted to 50% or less of area median income households.

1% (1 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project is receiving service amenity points for providing instructor-led classes and the services of a bona fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 44,730,992	
Estimated Hard Costs per Unit:	\$ 416,778	(\$30,841,540 /74 units including mgr. units)
Estimated per Unit Cost:	\$ 604,473	(\$44,730,992 /74 units including mgr. units)
Allocation per Unit:	\$ 316,723	(\$23,437,500 /74 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 616,776	(\$23,437,500 /38 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,437,500	\$ 0
Taxable Loan Proceeds	\$ 0	\$ 12,000,000
LIH Tax Credit Equity	\$ 5,615,662	\$ 18,390,042
Deferred Developer Fee	\$ 2,200,000	\$ 1,485,950
Deferred Reserves	\$ 622,830	\$ 0
HCID-LA Proposition HHH Loan	\$ 11,520,000	\$ 11,520,000
HCID-LA Proposition HHH Loan - Additional	\$ 240,000	\$ 240,000
FHLB - AHP	\$ 1,095,000	\$ 1,095,000
Total Sources	\$ 44,730,992	\$ 44,730,992

Uses of Funds:	
Land Cost/Acquisition	\$ 558,983
New Construction	\$ 30,682,840
Contractor Overhead & Profit	\$ 1,212,979
Architectural Fees	\$ 1,160,650
Survey and Engineering	\$ 361,450
Construction Interest and Fees	\$ 2,561,906
Permanent Financing	\$ 140,000
Legal Fees	\$ 175,000
Reserves	\$ 622,830
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 1,967,198
Local Development Impact Fees	\$ 825,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,956,156
Developer Costs	\$ 2,500,000
Total Uses	\$ 44,730,992

Analyst Comments:

The project's cost per unit exceeds the CDLAC threshold, due in part to the City of Los Angeles adopting a new Project Labor Agreement (PLA) after the project had secured funding commitments. This unanticipated event resulted in labor-related cost increases of up to 15%. Other reasons for the high cost include general ongoing cost increases affecting construction-related materials and services, the additional cost associated with having to use a type III construction design due to the 6-story building design, and costs incurred for demolition and environmental remediation at the building site.

The developer explained that this supplemental allocation is needed to accommodate the cost increases described above and to maintain compliance with the requirement to finance at least 50% of the project's aggregate basis with volume cap tax-exempt bonds.

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 approves \$4,687,500 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: Sarah Lester

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$18,750,000

Project Information:	
Name:	Missouri Place Apartments
Project Address:	11950 Missouri Avenue
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90025

Project Sponsor Information:	
Name:	Missouri and Bundy Housing LP (Missouri and Bundy Housing LLC and Housing Corporation of America)
Principals:	Thomas L. Safran and Andrew Goss for Missouri and Bundy Housing, LLC; Ron Olson and Carol Cromar for Housing Corporation of America
Property Management Company:	Thomas Safran & Associates, Inc.

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	Wells Fargo Bank, N.A./California Community Reinvestment Corporation
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	June 26, 2018
TEFRA Adoption Date:	August 15, 2018

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	74
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Missouri Place Apartments is a new construction project located in Los Angeles on a 0.75-acre site. The project consists of 73 restricted rental units and 1 restricted manager unit. The project will have 40 one-bedroom units, 24 two-bedroom units and 10 three-bedroom units. The building will be a six-story elevator serviced building. It will be five levels of Type III-modified wood-framing over a single Type I concrete podium garage. Common amenities include a community room, a computer room, a fitness room, laundry facilities, management offices, leasing office, case worker offices and a courtyard. Each unit will have a refrigerator, range/oven, dishwasher, durable flooring, window coverings and a patio. There are 41 parking spaces provided. The construction is expected to begin the first quarter of 2019 and be completed in third quarter of 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
67% (49 units) restricted to 50% or less of area median income households.
33% (24 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	34,816,833	
Estimated Hard Costs per Unit:	\$	276,351	(\$20,450,000 /74 units including mgr. units)
Estimated per Unit Cost:	\$	470,498	(\$34,816,833 /74 units including mgr. units)
Allocation per Unit:	\$	253,378	(\$18,750,000 /74 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	256,849	(\$18,750,000 /73 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 18,750,000	\$ 7,800,000
Taxable Bond Proceeds	\$ 1,686,688	\$ 13,968,211
Deferred Developer Fee	\$ 2,300,000	\$ 1,528,622
LAHCID - HHH Funds	\$ 11,520,000	\$ 11,520,000
Total Sources	\$ 34,256,688	\$ 34,816,833

Uses of Funds:	
Land Cost/Acquisition	\$ 300,000
New Construction	\$ 22,102,030
Contractor Overhead & Profit	\$ 1,027,500
Architectural Fees	\$ 1,260,650
Survey and Engineering	\$ 333,250
Construction Interest and Fees	\$ 1,883,905
Permanent Financing	\$ 86,150
Legal Fees	\$ 105,000
Reserves	\$ 560,145
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 2,320,300
Local Development Impact Fees	\$ 700,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,631,903
Developer Costs	\$ 2,500,000
Total Uses	\$ 34,816,833

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:

82.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$18,750,000 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	7.5
Service Amenities	10	10	10
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
Total Points	140	120	82.5