

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$13,550,000

Project Information:

Name: Whittier Place Apartments Phase II
Project Address: 4101 Whittier Boulevard
Project City, County, Zip Code: Unincorporated Los Angeles, Los Angeles, 90023

Project Sponsor Information:

Name: Whittier PSH Phase II, L.P. (East LA Community Corporation and New Directions Housing, LLC)

Principals: Isela Gracian for East LA Community Corporation and Yvette J. Kelley for New Directions Housing, LLC

Property Management Company: John Stewart Company

Project Financing Information:

Bond Counsel: Kutak Rock 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: April 2, 2018
TEFRA Adoption Date: May 8, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 34
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Whittier Place Apartments Phase II is a new construction project located in unincorporated Los Angeles on about a .5-acre site. The project consists of 33 restricted rental units and 1 unrestricted manager unit. The project will have 13 studios units, 20 one-bedroom units and 1 two-bedroom unit. The building will be 3 stories high and in a L shape configuration. Common amenities include a large community room, laundry facilities, management offices. Each unit is designed with a communal center for the household by keeping the kitchen, living and dining open to each other. The bedrooms have recessed built-in shelving and recessed windows, creating a home like interior space. There are 29 parking spaces provided. The project will be pursuing LEED Silver certification. The construction is expected to begin July 2019 and will be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (33 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will be receiving service amenity points, such as health and wellness services and programs for individualized support for tenants (not group classes) and an available bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 20,597,944	
Estimated Hard Costs per Unit:	\$ 360,400	(\$12,253,593 /34 units including mgr. unit)
Estimated per Unit Cost:	\$ 605,822	(\$20,597,944 /34 units including mgr. unit)
Allocation per Unit:	\$ 398,529	(\$13,550,000 /34 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 410,606	(\$13,550,000 /33 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,550,000	\$ 1,351,733
LIH Tax Credit Equity	\$ 1,303,005	\$ 6,871,706
Deferred Developer Fee	\$ 538,837	\$ 538,837
Deferred Costs	\$ 1,795,206	\$ 0
LA County Comm. Dev. Comm. MHHF	\$ 3,284,655	\$ 6,250,000
LA County Permit Waivers	\$ 126,140	\$ 126,140
GP Capital Contribution	\$ 100	\$ 703,140
HCD-VHHP	\$ 0	\$ 3,926,388
FHLB-AHP	\$ 0	\$ 830,000
Total Sources	\$ 20,597,943	\$ 20,597,944

Uses of Funds:	
Land Cost/Acquisition	\$ 2,268,720
New Construction	\$ 10,703,677
Contractor Overhead & Profit	\$ 883,837
Architectural Fees	\$ 549,725
Survey and Engineering	\$ 100,900
Construction Interest and Fees	\$ 1,598,237
Permanent Financing	\$ 23,517
Legal Fees	\$ 150,000
Reserves	\$ 311,174
Appraisal	\$ 12,500
Hard Cost Contingency	\$ 591,080
Local Development Impact Fees	\$ 253,637
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,098,940
Developer Costs	\$ 2,052,000
Total Uses	\$ 20,597,944

Analyst Comments:

This project is considered a high cost per unit project. The site currently sits atop a storm drain tunnel and the project needs additional pilings in order to support the buildings foundation while protecting the storm drain from the development. Additionally, off-site improvements including significant repaving, ally improvements and access control lines are being required by the County of Los Angeles' Department of Public Works, in addition to the removal and repower of several utility lines power relocation lines. The project is also using HOME funds and project based vouchers, which require payment of Davis-Bacon wages. Further cost increases are due to the requirement of the Department of Housing and Community Development for a transition reserve under its commitment of Veterans Housing and Homelessness Prevention Program and to the requirement to provide full furnishings for all of the units, which will serve homeless persons. Generally, it has been ELACC's experience over the past years that the cost to develop new construction continue to rise in Southern California. This development is also including a parking structure beneath the units, a community room, additional office spaces for supportive services, several gathering spaces, energy efficient appliances and is adhering to the LEED for Homes Mid-Rise energy ratings.

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:

95 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,550,000 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	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	95