

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Evan Kass

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$25,014,000

Project Information:	
Name:	11408 S Central Ave
Project Address:	11408 S Central Ave
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90059

Project Sponsor Information:	
Name:	LINC-Central LP (LINC Housing Corporation)
Principals:	Rebecca Clark and Suny Lay Chang
Property Management Company:	John Stewart Companies

Project Financing Information:	
Bond Counsel:	Kutak Rock 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:	July 20, 2019
TEFRA Adoption Date:	August 20, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	64
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

11408 S Central Avenue is a new construction project located in Los Angeles on a 0.61 -acre site. The project consists of 63 restricted rental units and 1 unrestricted managers' unit. The project will have 63 one-bedroom units and 1 three-bedroom unit. The project consists of 2 connected 4 story wood frame buildings. The ground floor of both buildings will consist of aluminum and glass storefronts. The project will provide ample community room space, private offices, on-site laundry, common outdoor space, and bicycle parking.. There are 9 parking spaces provided. The construction is expected to begin April 2020 and be completed in November 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (63 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

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:	\$	40,394,828	
Estimated Hard Costs per Unit:	\$	314,943	(\$22,413,761 /64 units including mgr. unit)
Estimated per Unit Cost:	\$	631,169	(\$40,394,828 /64 units including mgr. units)
Allocation per Unit:	\$	390,844	(\$25,014,000 /64 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	397,048	(\$25,014,000 /63 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,014,000	\$ 6,151,000
LIH Tax Credit Equity	\$ 0	\$ 14,198,222
Developer Equity	\$ 1,275,822	\$ 0
Deferred Developer Fee	\$ 2,144,644	\$ 2,144,644
Deferred Costs	\$ 1,221,582	\$ 0
Itemized Public Funds Sources	\$ 10,748,680	\$ 17,910,862
GP Contribution	\$ 100	\$ 100
Total Sources	\$ 40,404,828	\$ 40,404,828

Uses of Funds:	
Land Cost/Acquisition	\$ 3,040,000
New Construction	\$ 22,052,811
Contractor Overhead & Profit	\$ 1,430,544
Architectural Fees	\$ 750,000
Survey and Engineering	\$ 660,000
Construction Interest and Fees	\$ 2,628,316
Permanent Financing	\$ 66,510
Legal Fees	\$ 154,000
Reserves	\$ 741,332
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,843,601
Local Development Impact Fees	\$ 1,024,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,354,071
Developer Costs	\$ 4,644,643
Total Uses	\$ 40,404,828

Analyst Comments:

The project cost per unit is \$631,325. Reasons for this high cost include: a deferred developer fee of \$2,144,644, pursuit of sustainability measures set forth by the Los Angeles County Development Authority, furnished units and required services for the homeless population as required with funding from No Place Like Home and HHH, paying prevailing wage, and escalated construction costs due to high market demand and tariffs placed on materials.

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:

77.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,014,000 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]	7.4
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	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
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	77.4