

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Norma Velarde

Applicant:	City of Los Angeles	
Allocation Amount Requested:	Tax-exempt:	\$41,230,000
Project Information:	Name:	Weingart Tower I
	Project Address:	555-561 S. Crocker Street
	Project City, County, Zip Code:	Los Angeles, Los Angeles, 90013
Project Sponsor Information:	Name:	Weingart Tower, LP (WC Towers LLC; CIC Weingart Tower, LLC)
	Principals:	Kevin Murray, President & CEO of Weingart Center Association; Cheri Hoffman, President of Chelsea Investment Corporation
	Property Management Company:	Barker Management, Inc.
Project Financing Information:	Bond Counsel:	Kutak Rock LLP
	Private Placement Purchaser:	Citibank, N.A.
	Cash Flow Permanent Bond:	Not Applicable
	Public Sale:	Not Applicable
	Underwriter:	Not Applicable
	Credit Enhancement Provider:	Not Applicable
	Rating:	Not Applicable
Description of Proposed Project:	State Ceiling Pool:	General New Construction Pool
	Total Number of Units:	134
	Manager's Units:	1 Unrestricted
	Type:	New Construction
	Population Served:	Family/Special Needs

Weingart Tower I Apartments is a new construction project located in Los Angeles on a 0.41 -acre site. The project consists of 133 restricted rental units and 1 unrestricted managers' units. The project will have 106 studio units and 27 one-bedroom units. The building will be 1 total with 19 stories of Type I construction with one level of subterranean parking. Common amenities include a training room, case management and property management office, art, music, fitness and computer rooms for resident use. Each unit will have a refrigerator, sink, range/oven and pantry. There are 18 parking spaces provided. The project will be pursuing GreenPoint Gold Standard. Green features include solar power generation and drought tolerant landscaping. The construction is expected to begin June 2021 and be completed in May 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
<u>100%</u> (133 units) restricted to 50% or less of area median income households.	
<u>0%</u> (0 units) restricted to 60% or less of area median income households.	
Unit Mix:	Studio & 1 bedroom

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:	\$	82,212,374	
Estimated Hard Costs per Unit:	\$	344,389	(\$46,148,139 /134 units including mgr. units)
Estimated per Unit Cost:	\$	613,525	(\$82,212,374 /134 units including mgr. units)
Allocation per Unit:	\$	307,687	(\$41,230,000 /134 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	310,000	(\$41,230,000 /133 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 41,230,000	\$ 0
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 14,480,204	\$ 6,948,251
LIH Tax Credit Equity	\$ 2,740,842	\$ 27,408,415
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 6,599,030
Deferred Costs	\$ 5,299,745	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
City of Los Angeles Land Value	\$ 843,525	\$ 843,525
Land Value	\$ 1,718,058	\$ 1,718,058
Prop HHH	\$ 14,400,000	\$ 16,000,000
Total Sources	\$ 80,712,374	\$ 59,517,279

Uses of Funds:	
Land Cost/Acquisition	\$ 3,450,355
New Construction	\$ 50,399,985
Contractor Overhead & Profit	\$ 3,213,400
Architectural Fees	\$ 1,338,090
Survey and Engineering	\$ 842,578
Construction Interest and Fees	\$ 5,632,228
Permanent Financing	\$ 73,598
Legal Fees	\$ 381,996
Reserves	\$ 2,177,361
Appraisal	\$ 8,953
Hard Cost Contingency	\$ 3,027,927
Local Development Impact Fees	\$ 393,121
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,473,752
Developer Costs	\$ 8,799,030
Total Uses	\$ 82,212,374

Analyst Comments:

This project is considered a high cost project at \$618,138 per unit. Land Costs: The City of Los Angeles and the Weingart Center Association are donating/providing acquisition carry-back loans for the land costs for the high density, urban project. These are shown at appraised value but should be subtracted from the cost of the project as the net effect is zero. If the land cost of \$2,561,584 is deducted from the Total Residential Cost/Unit, it reduces the cost per unit. State Prevailing Wage and a Project Labor Agreement brings construction costs high.

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$41,230,000 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]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00