

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$7,690,000

Project Information:
Name: Rampart Mint Apartments
Project Address: 252 S. Rampart Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 90057

Project Sponsor Information:
Name: 252 Rampart Apartments, L.P. (West Hollywood Community Housing Corporation & Affordable Living for the Aging, Inc.)
Principals: Robin Conerly, Karl Lott, Edward Campbell, Clara Denson, Ken Sofge and James Duke Mason for West Hollywood Community Housing Corporation; David Grunwald, Antonio Manning, Edward Slatkin, Michael Beckson, Jeffrey Dinkin, Matthew C. Gammel, Charles Muttillio, Lawrence H. Parks for Affordable Living for the Aging, Inc.
Property Management Company: Affordable Living for the Aging

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: JP Morgan Chase Bank, NA (construction)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: December 13, 2016
TEFRA Adoption Date: January 18, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 23
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Rampart Mint Apartments is a new construction project located in the City of Los Angeles on a .16-acre site. The project consists of 22 rental units and 1 unrestricted manager's unit. The project will have 22 studio units. The building will be 6 stories tall with five levels of Type III modified wood frame over a Type I concrete podium. Common amenities include a community room, laundry facilities, management offices and mail area. Each unit will have a refrigerator, range, microwave and fully accessible complete bathrooms. The project will be pursuing LEED Gold certification. The construction is expected to begin in June 2017 and to be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 96%
96% (22 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | |
|---|---------------|--|
| Estimated Total Development Cost: | \$ 12,296,486 | |
| Estimated Hard Costs per Unit: | \$ 345,893 | (\$7,609,642 /22 units) |
| Estimated per Unit Cost: | \$ 534,630 | (\$12,296,486 /23 units including mgr. unit) |
| Allocation per Unit: | \$ 349,545 | (\$7,690,000 /22 units) |
| Allocation per Restricted Rental Unit: | \$ 349,545 | (\$7,690,000 /22 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 7,690,000 | \$ 0 |
| Deferred Developer Fee | \$ 0 | \$ 474,469 |
| LIH Tax Credit Equity | \$ 654,482 | \$ 4,363,216 |
| Deferred Costs | \$ 621,944 | \$ 0 |
| MHP | \$ 0 | \$ 3,116,344 |
| HCID/HOPWA | \$ 3,110,060 | \$ 3,110,060 |
| Los Angeles County Department of Mental Health Special Needs Housing Program | \$ 0 | \$ 1,012,397 |
| AHP | \$ 220,000 | \$ 220,000 |
| Total Sources | \$ 12,296,486 | \$ 12,296,486 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 0 |
| New Construction | \$ 6,595,660 |
| Contractor Overhead & Profit | \$ 422,490 |
| Architectural Fees | \$ 520,000 |
| Survey and Engineering | \$ 183,700 |
| Construction Interest and Fees | \$ 747,608 |
| Permanent Financing | \$ 7,500 |
| Legal Fees | \$ 185,000 |
| Reserves | \$ 354,301 |
| Appraisal | \$ 10,000 |
| Hard Cost Contingency | \$ 701,815 |
| Local Development Impact Fees | \$ 83,375 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 992,496 |
| Developer Costs | \$ 1,492,541 |
| Total Uses | \$ 12,296,486 |

Analyst Comments:

The reasons for High Cost Per Unit, according to the Project Sponsor, were due to an increase in costs in the field conditions identified during the plan check process. An exploratory soils investigation revealed that the depth of the footings of the existing retaining wall is shallower than expected. More soil than originally anticipated will have to be excavated and exported to accommodate the revised grading and foundation plan.

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:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,690,000 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 |
| Gross Rents | 5 | 5 | 5 |
| 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 | 0 |
| 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 | 77.5 |

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.