

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 20, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:** Tax-exempt: \$17,546,237

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**Project Information:** Name: Six Four Nine Lofts Apartments (fka 649 Lofts Apartments)  
Project Address: 649 S. Wall Street  
Project City, County, Zip Code: Los Angeles, Los Angeles, 90014

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**Project Sponsor Information:** Name: 649 Lofts, LP (649 Lofts GP LLC)  
Principals: Mike Alvidrez and Dana Trujillo  
Property Management Company: SRHT Property Management Company

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**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: May 1, 2017  
TEFRA Adoption Date: May 31, 2017

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**Description of Proposed Project:** State Ceiling Pool: General  
Total Number of Units: 55  
Manager's Units: 1 Unrestricted  
Type: New Construction  
Population Served: Family

Six Four Nine Lofts Apartments (fka 649 Lofts Apartments) is a new construction project located in Los Angeles on a 0.35-acre site. The project consists of 54 restricted rental units and 1 unrestricted manager unit. The project will have 54 studio units and 1 two-bedroom unit for the on-site property manager. The building will be 7 stories tall. Common amenities include a large community room and management office. The project will be pursuing LEED Gold rating. The project will promote sustainable living by incorporating energy-efficient systems and appliances, recycled materials, low-VOC materials, renewable energy through solar PV and solar thermal systems, as well as reduced and efficient water usage throughout the project. The construction is expected to begin October 2017 and completed in April 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
98% (54 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:**

<b>Estimated Total Development Cost:</b>	\$ 27,279,715	
<b>Estimated Hard Costs per Unit:</b>	\$ 217,558	(\$11,965,681 /55 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 495,995	(\$27,279,715 /55 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 319,022	(\$17,546,237 /55 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 324,930	(\$17,546,237 /54 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,546,237	\$ 1,476,000
LIH Tax Credit Equity	\$ 911,501	\$ 9,115,006
GP Equity	\$ 0	\$ 200,000
Deferred Developer Fee	\$ 758,683	\$ 758,683
Deferred Costs	\$ 771,300	\$ 0
FHLB AHP	\$ 0	\$ 1,340,000
LA HCID HHH Funds	\$ 5,500,000	\$ 5,500,000
CDC Co of LA AHT Funds	\$ 1,500,000	\$ 1,500,000
Accrued/Deferred Interest	\$ 291,994	\$ 291,994
HCD MHP	\$ 0	\$ 3,898,032
HCD AHSC	\$ 0	\$ 3,200,000
<b>Total Sources</b>	<b>\$ 27,279,715</b>	<b>\$ 27,279,715</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 2,240,120
Relocation	\$ 704,517
New Construction	\$ 13,171,251
Contractor Overhead & Profit	\$ 723,340
Architectural Fees	\$ 1,282,715
Survey and Engineering	\$ 145,290
Construction Interest and Fees	\$ 1,894,900
Permanent Financing	\$ 10,000
Legal Fees	\$ 270,300
Reserves	\$ 463,195
Appraisal	\$ 2,500
Hard Cost Contingency	\$ 1,147,690
Local Development Impact Fees	\$ 81,270
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,180,228
Developer Costs	\$ 2,962,399
<b>Total Uses</b>	<b>\$ 27,279,715</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

60 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$17,546,237 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]	0
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	0
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>60</b>