

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$20,000,000

Project Information:

Name: Hope on Alvarado Apartments
Project Address: 166 S. Alvarado Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90057

Project Sponsor Information:

Name: Hope on Alvarado, LP (FFAH V Hope on Alvarado, LLC; and LSA Capital)
Principals: Deborrah A. Willard for FFAH V Hope on Alvarado, LLC; and David Iskowitz for LSA Capital
Property Management Company: FPI Management

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: KeyBank, 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: November 21, 2017
TEFRA Adoption Date: December 13, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 84
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Hope on Alvarado Apartments is a new construction project located in Los Angeles on a 0.44-acre site. The project will include 83 restricted rental units and 1 unrestricted manager unit distributed as 52 studio units and 32 one-bedroom units. The building will be a five-story, elevator-served building with stucco exterior and flat roof. Common amenities will include a courtyard with picnic area, library, exercise facility, laundry room and onsite manager. Each unit will feature a small dining table and chairs, refrigerator, cooktop stove, microwave oven, central heating and A/C, wood laminate flooring and ceiling fans. Twenty-five parking spaces will be provided. Construction is expected to begin March 2018 and to be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
24% (20 units) restricted to 50% or less of area median income households.
76% (63 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

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:	\$ 27,075,607	
Estimated Hard Costs per Unit:	\$ 129,283	(\$10,859,800 /84 units including mgr. units)
Estimated per Unit Cost:	\$ 322,329	(\$27,075,607 /84 units including mgr. units)
Allocation per Unit:	\$ 238,095	(\$20,000,000 /84 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 240,964	(\$20,000,000 /83 restricted units)

Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 20,000,000	\$ 16,600,000
LIH Tax Credit Equity	\$ 2,916,474	\$ 7,106,707
Deferred Developer Fee	\$ 2,359,133	\$ 1,568,900
Seller Carryback Loan	\$ 1,800,000	\$ 1,800,000
Total Sources	\$ 27,075,607	\$ 27,075,607

Uses of Funds:

Land Cost/Acquisition	\$ 7,800,000
New Construction	\$ 11,611,388
Contractor Overhead & Profit	\$ 868,784
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 1,314,982
Legal Fees	\$ 107,500
Reserves	\$ 604,658
Appraisal	\$ 7,100
Hard Cost Contingency	\$ 1,238,017
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 439,045
Developer Costs	\$ 2,359,133
Total Uses	\$ 27,075,607

Analyst Comments:

None.

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:

62 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$20,000,000 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	32
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	0
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	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	62