

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: Sarah Lester

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt: \$2,704,059

Project Information:
Name: SP7 Apartments (Site 2)
Project Address: 647 S. San Pedro Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90014

Project Sponsor Information:
Name: SP7 Apartments LP (SP7 Apartments GP LLC)
Principals: Mike Alvidrez and Dana Trujillo
Property Management Company: SRHT Management Company

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: MUFJ 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: November 6, 2017
TEFRA Adoption Date: January 22, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 19
Manager's Units: 0*
Type: Acquisition and Rehabilitation
Population Served: Family/Special Needs

*Management services will be provided through a staffing agreement with the adjacent SP7 Apartments (Site 1).

SP7 Apartments (Site 2) is an existing project located in Los Angeles on a 0.09 acre site. The project consists of 19 restricted rental units. The project has 19 studio units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of improvements to the outer facade. Interior renovations will include refinished laundry room, major building systems, interior finishes, sustainability upgrades, modernization of common area and accessibility upgrades. Individual apartment units will be updated with new finishes, furniture and appliances. The rehabilitation is expected to begin in July 2018 and be completed in early 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (19 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% 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:	\$	6,481,754	
Estimated Hard Costs per Unit:	\$	98,143	(\$1,864,715 /19 units)
Estimated per Unit Cost:	\$	341,145	(\$6,481,754 /19 units)
Allocation per Unit:	\$	142,319	(\$2,704,059 /19 units)
Allocation per Restricted Rental Unit:	\$	142,319	(\$2,704,059 /19 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,704,059	\$ 341,502
LIH Tax Credit Equity	\$ 179,859	\$ 1,798,593
GP Equity	\$ 549,054	\$ 549,054
HCIDLA (Recast)	\$ 950,000	\$ 950,000
Deferred Costs	\$ 350,782	\$ 47,462
HCD VHHP	\$ 0	\$ 884,957
LAHCID HHH	\$ 798,000	\$ 675,186
LA Co Dept Mental Health	\$ 380,000	\$ 380,000
FHLP AHP	\$ 0	\$ 285,000
LAHCI HOPWA	\$ 570,000	\$ 570,000
Total Sources	\$ 6,481,754	\$ 6,481,754

Uses of Funds:	
Land Cost/Acquisition	\$ 950,000
Rehabilitation	\$ 2,045,755
Relocation	\$ 36,800
Contractor Overhead & Profit	\$ 108,624
Architectural Fees	\$ 319,129
Survey and Engineering	\$ 36,205
Construction Interest and Fees	\$ 752,043
Permanent Financing	\$ 5,700
Legal Fees	\$ 47,310
Reserves	\$ 54,512
Appraisal	\$ 3,610
Hard Cost Contingency	\$ 430,876
Local Development Impact Fees	\$ 48,766
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 999,667
Developer Costs	\$ 642,757
Total Uses	\$ 6,481,754

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$2,704,059 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
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	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	75