

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 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
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Allocation Amount Requested:	
Tax-exempt:	\$11,718,017

Project Information:	
Name:	Casa del Sol Apartments
Project Address:	10966-10970 Ratner Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 91352

Project Sponsor Information:	
Name:	Sun Valley Housing, LP (Supportive Housing, LLC)
Principals:	Dora Leong Gallo, Mitchell Menzer and Norma Dominguez
Property Management Company:	Levine Management Group, Inc.

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	Bank of America, N.A. (construction only)
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	March 7, 2018
TEFRA Adoption Date:	April 16, 2018

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	44
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Senior Citizens/Special Needs

Casa del Sol Apartments is a new construction project located in Los Angeles on a 17,500 square foot lot. The project consists of 43 restricted rental units and 1 unrestricted manager unit. The project will have 15 studio units, 28 one-bedroom units and 1 two-bedroom unit. Of the 43 restricted units, the project will provide permanent supportive housing for 22 seniors who are experiencing chronic homelessness and 15 of who are living with a mental illness. The units will be contained within one 4-story elevator serviced building. Common amenities include a community room, fitness room, laundry facilities, gardening area, learning center, courtyard/BBQ area, management offices and 44 long-term bike parking spaces. Each unit will have a refrigerator, range/oven, ceiling fan and coat/linen closet. There are 15 parking spaces provided. The project will be pursuing LEED certification. The construction is expected to begin in August 2018 and be completed in January 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (43 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

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:	\$ 21,801,107	
Estimated Hard Costs per Unit:	\$ 216,824	(\$9,540,248 /44 units including mgr. units)
Estimated per Unit Cost:	\$ 495,480	(\$21,801,107 /44 units including mgr. units)
Allocation per Unit:	\$ 266,319	(\$11,718,017 /44 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 272,512	(\$11,718,017 /43 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,718,017	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 1,812,800
LIH Tax Credit Equity	\$ 654,668	\$ 7,356,681
Deferred Developer Fee	\$ 460,583	\$ 460,583
Accrued Deferred Interest	\$ 105,900	\$ 105,900
HCIDLA - PSH	\$ 3,940,457	\$ 8,065,143
LACDC MHHF	\$ 3,000,000	\$ 3,000,000
FHLB AHP	\$ 1,000,000	\$ 1,000,000
Deferred Costs	\$ 921,482	\$ 0
Total Sources	\$ 21,801,107	\$ 21,801,107

Uses of Funds:	
Land Cost/Acquisition	\$ 1,925,000
Rehabilitation	\$ 317,000
New Construction	\$ 10,830,719
Contractor Overhead & Profit	\$ 538,754
Architectural Fees	\$ 703,000
Survey and Engineering	\$ 130,000
Construction Interest and Fees	\$ 1,764,123
Permanent Financing	\$ 20,000
Legal Fees	\$ 30,000
Reserves	\$ 294,684
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,136,947
Local Development Impact Fees	\$ 182,431
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,482,473
Developer Costs	\$ 2,430,976
Total Uses	\$ 21,801,107

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:

89.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,718,017 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	8
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
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	89.5