

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$22,810,000

Project Information:
Name: Gramercy Place Apartments
Project Address: 2339-2375 W. Washington Blvd. and 1849 S. Gramercy Place
Project City, County, Zip Code: Los Angeles, Los Angeles, 90018

Project Sponsor Information:
Name: Gramercy Place Apartments, L.P. (Hollywood Community Housing Corporation)
Principals: Sarah Letts, Jerold B. Neuman and Kyle Arndt
Property Management Company: Barker Management Incorporated

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction)/
California Community Reinvestment Corporation (permanent)
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 5, 2018
TEFRA Adoption Date: June 11, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 64
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Gramercy Place Apartments is a new construction mixed-use project located in Los Angeles on a 0.94-acre site. The project consists of 62 restricted rental units and 2 unrestricted manager units distributed as 58 one-bedroom units and 6 two-bedroom units. The single building features six wings rising three or four stories above a below-grade parking garage. Common amenities include a community room, three laundry facilities, security features and two elevators. Units feature a refrigerator, stove/range, garbage disposal, central heating/AC and private patio/balcony. Fifty-two parking spaces will be reserved for residential tenants and 11 for commercial tenants. Construction will begin in April 2019 and will be completed in February 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
55% (34 units) restricted to 50% or less of area median income households.
45% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The project will provide the services of a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 35,132,294	
Estimated Hard Costs per Unit:	\$ 305,672	(\$19,563,026 /64 units including mgr. units)
Estimated per Unit Cost:	\$ 548,942	(\$35,132,294 /64 units including mgr. units)
Allocation per Unit:	\$ 356,406	(\$22,810,000 /64 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 367,903	(\$22,810,000 /62 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,810,000	\$ 760,000
Tranche B Financing	\$ 0	\$ 2,338,000
LIH Tax Credit Equity	\$ 0	\$ 12,813,270
General Partner Equity	\$ 0	\$ 1,621,024
Deferred Costs	\$ 1,426,967	\$ 0
Limited Partner Contribution	\$ 1,281,327	\$ 0
Los Angeles City HCID Funds	\$ 4,000,000	\$ 4,000,000
Los Angeles City HCID HHH Loan	\$ 1,984,000	\$ 9,920,000
Los Angeles County CDC Loan	\$ 2,950,000	\$ 3,000,000
FHLB SF AHP	\$ 680,000	\$ 680,000
Total Sources	\$ 35,132,294	\$ 35,132,294

Uses of Funds:	
Land Cost/Acquisition	\$ 178,970
New Construction	\$ 21,818,802
Contractor Overhead & Profit	\$ 978,152
Architectural Fees	\$ 1,188,500
Survey and Engineering	\$ 109,999
Construction Interest and Fees	\$ 2,632,891
Permanent Financing	\$ 15,000
Legal Fees	\$ 90,000
Reserves	\$ 372,434
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,220,500
Local Development Impact Fees	\$ 219,538
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,176,484
Developer Costs	\$ 4,121,024
Total Uses	\$ 35,132,294

Analyst Comments:

In addition to general market factors driving up labor and material costs in Southern California, there were other specific reasons for this project exceeding the CDLAC per unit cost threshold. Project plans require a full level of subterranean parking that requires additional excavation, shoring, concrete work and waterproofing. Project design calls for unusual architectural building features, including six wings of three or four stories each, connected by elevated walkways at each level. This design requires additional materials and structural engineering-related costs. Electrical and communications utility poles and distribution lines that run through the center of the parcel require relocation off the parcel, also adding to the cost.

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 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$22,810,000 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]	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	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	9
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	89