

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
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:	\$27,079,526

Project Information:	
Name:	Firmin Court
Project Address:	418 - 430 Firmin Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90026

Project Sponsor Information:	
Name:	Firmin Court, LP (Decro Firmin, LLC and IHO Firmin, LLC)
Principals:	Alexander Nweeia, Paul Pieroth, Warren Avery, Kyla Lee, Vanessa Rios and Randy Wirebaugh for Decro Firmin, LLC; Shola Giwa, Brenda J. Rodriguez, Florita Avila, Betsy Densmore, LaCheryl Porter, Ron Rohrer, Avinash Shah, Helen Smith-Gardner and Mary Waston-Bruce for IHO Firmin, LLC
Property Management Company:	FPI Management, Inc.

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	Sterling Bank
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Rose Community Capital, LLC
Rating:	Not Applicable
TEFRA Noticing Date:	May 3, 2019
TEFRA Adoption Date:	June 11, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	64
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

Firmin Court Apartments is a new construction project located in Los Angeles on a .4-acre site. The project will consist of 63 restricted rental units and 1 unrestricted manager unit. The project will have 28 studio units, 17 one-bedroom units, 15 two-bedroom units and 4 three-bedroom units. The project will be a single, seven-story, elevator serviced building. Common amenities include a 2,200 square foot of on-site supportive service space, an expansive community room with a fully equipped kitchen and a room that can serve after-school programs, library with arts and crafts programs. The project will also include a common laundry room on each residential housing floor, security cameras and lighting both outside and inside. Each unit will have an energy efficient refrigerator, range/oven, water efficient plumbing fixtures, use of low VOC paints, coating and materials and drought-tolerant landscaping throughout the site. The construction is expected to begin September 2019 and be completed in May 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
71% (45 units) restricted to 50% or less of area median income households.
29% (18 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrc

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:	\$ 37,904,637	
Estimated Hard Costs per Unit:	\$ 272,768	(\$17,457,145 /64 units including mgr. unit)
Estimated per Unit Cost:	\$ 592,260	(\$37,904,637 /64 units including mgr. unit)
Allocation per Unit:	\$ 423,118	(\$27,079,526 /64 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 429,834	(\$27,079,526 /63 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 21,044,526	\$ 0
Tranche B Financing	\$ 6,035,000	\$ 6,035,000
LIH Tax Credit Equity	\$ 2,408,000	\$ 12,760,577
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 1,731,000	\$ 1,731,000
Deferred Costs	\$ 1,685,813	\$ 0
City of LA Prop HHH	\$ 4,788,298	\$ 11,700,000
Accrued/Deferred Interest	\$ 211,900	\$ 0
SHMHP	\$ 0	\$ 5,677,960
Total Sources	\$ 37,904,637	\$ 37,904,637

Uses of Funds:	
Land Cost/Acquisition	\$ 3,455,456
Rehabilitation	\$ 19,075,027
Contractor Overhead & Profit	\$ 1,389,162
Architectural Fees	\$ 919,750
Survey and Engineering	\$ 540,000
Construction Interest and Fees	\$ 3,345,201
Legal Fees	\$ 130,000
Reserves	\$ 657,482
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 2,351,913
Local Development Impact Fees	\$ 500,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,299,646
Developer Costs	\$ 4,231,000
Total Uses	\$ 37,904,637

Analyst Comments:

This project is considered a high cost per unit project. According to the Applicant, the factors contributing to the high cost are: CEQA requirement to relocate the historic house that is current located at the project site; construction contingency; interest rate on Bridge Loan (6%); increased development costs; cost of issuance; environmental mitigation; transition reserve; and developer fees.

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:

80 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$27,079,526 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	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	79.5