

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: \$13,376,067
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Project Information:	Name: Colorado East
	Project Address: 2451 Colorado Boulevard
	Project City, County, Zip Code: Los Angeles, Los Angeles, 90041

Project Sponsor Information:	Name: Colorado East, L.P. (DDCM Incorporated; RCC MGP LLC
	Principals: Kurken Alyanakian for DDCM Incorporated; Kenneth S. Robertson, Craig Gillett and Steward Hall for RCC MGP LLC; Agop Uzis, Hovsep Movsessian and Michael Majian for Coalition for Better Living
Property Management Company:	Solari Enterprises, Inc.

Project Financing Information:	Bond Counsel: Kutak Rock LLP
	Private Placement Purchaser: Citibank, 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: January 14, 2019
	TEFRA Adoption Date: February 6, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 41
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family/Special Needs

Colorado East Apartments is a new construction project located in Los Angeles on a .38-acre site. The project consists of 25 restricted rental units, 15 market rate units and 1 unrestricted manager unit. The project will have 26 one-bedroom units, 14 two-bedroom units and 1 three-bedroom unit. The project will be a mixed-use four-story single elevator operated building with ground floor retail space. Common amenities include a community room with kitchen area, laundry facilities and a management office. Each unit will have a refrigerator, range/oven, dishwasher, window blinds, hard surface flooring, central air conditioning and heating and a hot water heater. There will be a total of 63 parking spaces including 2 handicap accessible spaces. provided. The construction is expected to begin October 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 61%
61% (25 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 24,054,573	
Estimated Hard Costs per Unit:	\$ 285,244	(\$11,695,000 /41 units including mgr. unit)
Estimated per Unit Cost:	\$ 586,697	(\$24,054,573 /41 units including mgr. unit)
Allocation per Unit:	\$ 326,246	(\$13,376,067 /41 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 535,043	(\$13,376,067 /25 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,376,067	\$ 6,663,387
LIH Tax Credit Equity	\$ 0	\$ 7,240,600
Deferred Developer Fee	\$ 2,456,405	\$ 1,350,586
Investor Equity	\$ 2,172,180	\$ 0
Deferred Reserves	\$ 449,921	\$ 0
HCIDLA Soft Loan	\$ 5,600,000	\$ 8,800,000
Total Sources	\$ 24,054,573	\$ 24,054,573

Uses of Funds:	
Land Cost/Acquisition	\$ 3,820,000
New Construction	\$ 12,596,700
Contractor Overhead & Profit	\$ 935,600
Architectural Fees	\$ 943,530
Survey and Engineering	\$ 125,000
Construction Interest and Fees	\$ 836,000
Permanent Financing	\$ 120,000
Legal Fees	\$ 225,000
Reserves	\$ 449,920
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 684,750
Local Development Impact Fees	\$ 380,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 471,668
Developer Costs	\$ 2,456,405
Total Uses	\$ 24,054,573

Analyst Comments:

This project is considered a high cost per unit project. The factors contributing to the high cost are: location of site (urban infill hillside); construction of tall heavy retaining walls; cost of subterranean garage into the hillside; Silver LEED Certification; provision of elevator service in the building; and spiked construction cost due to labor shortages.

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:

71 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,376,067 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	31
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	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	71