

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
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: \$15,000,000
Project Information:	Name: Isla de Los Angeles Project Address: 283 W. Imperial Highway Project City, County, Zip Code: Los Angeles, Los Angeles, 90061
Project Sponsor Information:	Name: Isla de Los Angeles, L.P. (Isla LA, LLC; and Isla de Los Angeles, LLC) Principals: Cristian Ahumada for Isla LA, LLC; and Milo Pienemann for Isla de Los Angeles, LLC Property Management Company: Levine Management Group Inc.
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: March 6, 2019 TEFRA Adoption Date: April 16, 2019
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 54 Manager's Units: 1 Unrestricted Type: New Construction Population Served: Family/Special Needs

Isla de Los Angeles is a new construction project located in Los Angeles on a 0.40-acre site. The project will provide 53 restricted rental units and 1 unrestricted manager unit, all of which will be 1-bedroom units. The project will consist of 16 elevator-served towers varying in height between two and five stories, all of which will be connected by elevated walkways. Building materials will consist of recycled shipping containers or prefabricated steel. Common amenities will include a central courtyard, gardens, a community room, community kitchen, office space for the manager and resident service providers, a library/computer lab, laundry facilities, bike storage and four parking spaces. Each unit will provide a full kitchen, furnishing and central AC/heating. Ten percent of all units will be designed to meet ADA accessibility standards. Construction is expected to begin in July 2019 and be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (6 units) restricted to 50% or less of area median income households.

89% (47 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

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:	\$ 25,019,928	
Estimated Hard Costs per Unit:	\$ 229,537	(\$12,395,000 /54 units including mgr. unit)
Estimated per Unit Cost:	\$ 463,332	(\$25,019,928 /54 units including mgr. unit)
Allocation per Unit:	\$ 277,778	(\$15,000,000 /54 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 283,019	(\$15,000,000 /53 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 2,770,000
LIH Tax Credit Equity	\$ 0	\$ 9,253,304
General Partner Equity	\$ 0	\$ 600,000
Deferred Developer Fee	\$ 3,235,830	\$ 736,624
Limited Partner Capital	\$ 1,387,996	\$ 0
General Partner Capital	\$ 100	\$ 0
City of Los Angeles Proposition HHH Loan	\$ 5,396,002	\$ 11,660,000
Total Sources	\$ 25,019,928	\$ 25,019,928

Uses of Funds:	
Land Cost/Acquisition	\$ 977,374
New Construction	\$ 13,556,499
Contractor Overhead & Profit	\$ 1,004,956
Architectural Fees	\$ 638,000
Survey and Engineering	\$ 694,050
Construction Interest and Fees	\$ 1,645,907
Permanent Financing	\$ 463,700
Legal Fees	\$ 110,000
Reserves	\$ 570,300
Appraisal	\$ 100,000
Hard Cost Contingency	\$ 1,053,575
Local Development Impact Fees	\$ 203,940
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,039,847
Developer Costs	\$ 2,961,780
Total Uses	\$ 25,019,928

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:

46 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 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	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	46