

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Evan Kass

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt: \$11,934,756

Project Information: Name: **Rose Apartments**
Project Address: 720 Rose Avenue
Project City, County, Zip Code: Venice, Los Angeles, 90291

Project Sponsor Information: Name: 720 Rose, LP (Venice Community Housing Corporation)
Principals: Becky Dennison
Property Management Company: Venice Community Housing Corporation

Project Financing Information: Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Bank of America, 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: July 20, 2019
TEFRA Adoption Date: August 27, 2019

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 35
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Rose Apartments is a new construction project located in Los Angeles on a 28,607 Square foot site. The Project is a supportive housing development for transition aged youth, chronically homeless individuals, and for populations with chronic mental health concerns. The project consists of 34 restricted rental units, and 1 unrestricted manager unit. The project will have 30 Studios units, 3 one bedroom units and 1 two-bedroom unit. The building will be 3 levels. Common amenities include; 40 long-term and 7 short-term biking spaces, a central laundry room, two case manager offices, a recreation room, laundry room, office space, conference room, reception area, open work stations, 3 private offices, and 3,577 sf of open space. There are 16 parking spaces and 1 ADA stall. The project is pursuing LEED Silver certification. Green features include; drought tolerant, native-inspired landscaping using smart irrigation technology.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (34 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

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:	\$ 20,639,982	
Estimated Hard Costs per Unit:	\$ 307,914	(\$10,776,977 /35 units including mgr. unit)
Estimated per Unit Cost:	\$ 589,714	(\$20,639,982 /35 units including mgr. unit)
Allocation per Unit:	\$ 340,993	(\$11,934,756 /35 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 351,022	(\$11,934,756 /34 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,934,756	\$ 770,943
LIH Tax Credit Equity	\$ 648,245	\$ 6,363,449
GP Capital Contribution	\$ 100	\$ 0
Deferred Developer Costs	\$ 1,512,636	\$ 0
HCID-LA	\$ 0	\$ 7,308,489
SNHP	\$ 0	\$ 3,307,101
GP Capital Contribution	\$ 100	\$ 0
LA County CDA-NPLH	\$ 2,890,000	\$ 2,890,000
HCID-HHH	\$ 3,654,245	\$ 0
Total Sources	\$ 20,640,082	\$ 20,639,982

Uses of Funds:	
Land Cost/Acquisition	\$ 1,124,727
New Construction	\$ 9,950,297
Contractor Overhead & Profit	\$ 550,689
Architectural Fees	\$ 860,000
Survey and Engineering	\$ 100,000
Construction Interest and Fees	\$ 1,706,786
Permanent Financing	\$ 32,709
Legal Fees	\$ 55,000
Reserves	\$ 1,710,041
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,017,814
Local Development Impact Fees	\$ 73,607
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,223,126
Developer Costs	\$ 2,225,186
Total Uses	\$ 20,639,982

Analyst Comments:

The total project cost per unit is \$589,714 primarily, due to high escalating construction costs. Contributing to this are labor shortages and increasing material costs such as lumber increasing by 25% last year. The high development cost is indicative of the challenging development landscape of Venice.

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:

85 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,934,756 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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	85