

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 11, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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<b>Applicant:</b>	<b>California Public Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$90,000,000
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<b>Project Information:</b>	<b>Name:</b> Sepulveda Apartments
	<b>Project Address:</b> 8811-8861 Sepulveda Blvd.; 15430, 15408 Rayen Street, and 8832-8840 Langdon Avenue
	<b>Project City, County, Zip Code:</b> Los Angeles, Los Angeles, 91343

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<b>Project Sponsor Information:</b>	<b>Name:</b> 8811 Sepulveda, L.P. (8811 Sepulveda, LLC and FFAH V Sepulveda Apartments, LLC)
	<b>Principals:</b> John Huskey, Aaron Mandel, Kasey Burke, Tim Soule, Chris Maffris and George Russo for 8811 Sepulveda, LLC; Deborrah A. Willard, Mei Luu, Melissa Vincent and Jason Acosta for FFAH V Sepulveda Apartments, LLC
	<b>Property Management Company:</b> The John Stewart Company

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> Pacific West Bank
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> October 28, 2019
	<b>TEFRA Adoption Date:</b> November 8, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 356
	<b>Manager's Units:</b> 4 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family

Sepulveda Apartments is a new construction project that will be located in Los Angeles on a 4.5-acre site. The project consists of 229 restricted rental units, 123 market rate units and 4 unrestricted manager units. The project will have 28 studio units, 8 one-bedroom units, 126 two-bedroom units, 182 three-bedroom units and 12 four-bedroom units. The project will consist of two buildings. Common amenities include multiple large open community gathering spaces, laundry facilities, storage rooms, management offices and a mail room. Each unit will include a refrigerator, range & oven and hard surface counter tops. The construction is expected to begin June 2020 and be completed June 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 65%

12% (41 units) restricted to 50% or less of area median income households.

53% (188 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1, 2, 3 & 4 bedrooms

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	132,975,130	
<b>Estimated Hard Costs per Unit:</b>	\$	197,014	(\$70,136,929 /356 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	373,526	(\$132,975,130 /356 units including mgr. units)
<b>Allocation per Unit:</b>	\$	252,809	(\$90,000,000 /356 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	393,013	(\$90,000,000 /229 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 90,000,000	\$ 72,493,932
Taxable Bond Proceeds	\$ 8,000,000	\$ 0
LIH Tax Credit Equity	\$ 20,948,457	\$ 46,552,127
Deferred Developer Fee	\$ 0	\$ 11,642,862
Deferred Costs	\$ 12,656,119	\$ 0
Deferred Operating Reserve	\$ 1,370,554	\$ 0
Lease Up Income	\$ 0	\$ 2,000,000
CDLAC Deposit Refund	\$ 0	\$ 286,209
<b>Total Sources</b>	<b>\$ 132,975,130</b>	<b>\$ 132,975,130</b>
<b>Uses of Funds:</b>		
Land Cost/Acquisition	\$ 14,060,000	
New Construction	\$ 74,702,664	
Contractor Overhead & Profit	\$ 4,909,586	
Architectural Fees	\$ 1,370,000	
Survey and Engineering	\$ 1,943,295	
Construction Interest and Fees	\$ 7,514,423	
Permanent Financing	\$ 107,997	
Legal Fees	\$ 295,000	
Reserves	\$ 1,370,554	
Hard Cost Contingency	\$ 3,983,613	
Local Development Impact Fees	\$ 3,049,747	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 4,968,251	
Developer Costs	\$ 14,700,000	
<b>Total Uses</b>	<b>\$ 132,975,130</b>	

**Analyst Comments:**

None

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**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.

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**Total Points:**

47.8 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$90,000,000 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	19
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	0
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	4
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>48</b>