

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
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

Allocation Amount Requested: Tax-exempt: \$13,700,000

Project Information:

Name: Chesterfield Apartments
Project Address: 4719 South Natomas Normandie Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:

Name: Chesterfield Apartments, LP (Wakefield Chesterfield LLC)
Principals: Kenneth L. Sauder, Rebecca Louie, Joan Edelman and Peter Armstrong
Property Management Company: ConAm Management Corporation

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Wells Fargo Bank, N.A./California Community Reinvestment Corporation
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: November 14, 2019
TEFRA Adoption Date: December 10, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 43
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

Chesterfield Apartments is a new construction project located in Los Angeles on a 0.24-acre site. The project will consist of 42 restricted rental units and 1 unrestricted manager unit. The project will have 42 studio units and 1 two-bedroom unit. The building will be a single five-story elevator-serviced building. Common amenities will include a community room/computer lab, laundry facilities, management offices, lobby/reception area, five other offices for case managers, rooftop deck, landscaped courtyard(s), bicycle storage, public restrooms, a pool, a community garden and a breakroom. Each unit will include central heating/cooling, window coverings, hard surface flooring, kitchen appliances and unit furnishings (provided by the owner). The project will not be providing residential parking spaces. The project will be pursuing the Green Point Rated Program achievement. Green features will include a whole systems approach to develop and promote energy/water sufficiency, durability. Theses systems will include "cool roof" technology, window glazing, building insulation, water conservation appliances & fixtures, EnergyStar rated appliances, high efficiency lighting, a storm water management system, drought tolerant landscaping and allow VOC paints and adhesives. The construction is expected to begin July 2020 and be completed in November 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (42 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 2 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:	\$ 26,590,730	
Estimated Hard Costs per Unit:	\$ 284,136	(\$12,217,855 /43 units including mgr. unit)
Estimated per Unit Cost:	\$ 618,389	(\$26,590,730 /43 units including mgr. unit)
Allocation per Unit:	\$ 318,605	(\$13,700,000 /43 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 326,190	(\$13,700,000 /42 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,700,000	\$ 2,518,240
LIH Tax Credit Equity	\$ 1,098,973	\$ 12,452,234
Developer Equity	\$ 0	\$ 185,510
Deferred Costs	\$ 2,425,111	\$ 0
LACDA NPLH	\$ 1,890,000	\$ 2,100,000
HCIDLA HHH	\$ 7,131,900	\$ 8,990,000
HCIDLA Accrued/Deferred Interest	\$ 276,246	\$ 276,246
Total Sources	\$ 26,522,230	\$ 26,522,230

Uses of Funds:	
Land Cost/Acquisition	\$ 1,865,000
New Construction	\$ 13,578,935
Contractor Overhead & Profit	\$ 772,468
Architectural Fees	\$ 1,110,000
Survey and Engineering	\$ 754,165
Construction Interest and Fees	\$ 1,881,110
Legal Fees	\$ 85,000
Reserves	\$ 739,606
Appraisal	\$ 25,000
Hard Cost Contingency	\$ 1,260,882
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,833,054
Developer Costs	\$ 2,685,510
Total Uses	\$ 26,590,730

Analyst Comments:

This project is considered a high cost per unit project. According to the Applicant, the factors contributing to the high cost per unit are as follows: high construction costs; implementation of shoring or slot cutting methods needed to maintain the integrity of the neighboring structures that the project shares with a commercial building; prevailing wage requirement; federal Davis-Bacon prevailing wage requirement; and location in a high cost metropolitan area (land value).

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,700,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
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	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	125