

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: Richard Fischer

Applicant:	City of Los Angeles
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Allocation Amount Requested:	Tax-exempt:	\$17,000,000
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Project Information:	Name:	Amani Apartments
	Project Address:	4200 W. Pico Blvd.
	Project City, County, Zip Code:	Los Angeles, Los Angeles, 90019

Project Sponsor Information:	Name:	Amani Apartments LP (Wakeland Amani LLC)
	Principals:	Kenneth L. Sauder, Rebecca Louie, Joan Edelman and Peter Armstrong for Wakeland Amani, LLC
	Property Management Company:	ConAm

Project Financing Information:	Bond Counsel:	Kutak Rock LLP
	Private Placement Purchaser:	Wells Fargo Bank, N.A. (const)/ California Community Reinvestment Corporation (perm)
	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:	54
	Manager's Units:	1 Unrestricted
	Type:	New Construction
	Population Served:	Family/Special Needs

Amani Apartments is a new construction project located in Los Angeles on a .29-acre site. The project consists of 53 restricted rental units and 1 unrestricted manager unit. The project will have 53 studios and 1 one-bedroom unit. The building will be 5-stories of wood frame construction. Common amenities include large community spaces, on site management offices. Each unit will have owner provided furniture, bed kitchen appliances, along with a kitchen, bathroom. The project will be meeting the Green code in addition to California Building Requirements. The construction is expected to begin July 2020 and will be completed in January 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (53 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 2 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:	\$ 32,737,106	
Estimated Hard Costs per Unit:	\$ 277,258	(\$14,971,950 /54 units including mgr. unit)
Estimated per Unit Cost:	\$ 606,243	(\$32,737,106 /54 units including mgr. unit)
Allocation per Unit:	\$ 314,815	(\$17,000,000 /54 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 320,755	(\$17,000,000 /53 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,000,000	\$ 3,212,960
LIH Tax Credit Equity	\$ 1,315,255	\$ 14,615,051
Deferred Developer Fee	\$ 0	\$ 655,890
Deferred Costs	\$ 3,089,146	\$ 0
LACDA NPLH	\$ 2,178,000	\$ 2,420,000
HCIDLA HHH	\$ 8,731,500	\$ 11,410,000
HCIDLA Accrued/deferred Interest	\$ 338,205	\$ 338,205
CDLAC Refundable PD	\$ 85,000	\$ 85,000
Total Sources	\$ 32,737,106	\$ 32,737,106

Uses of Funds:	
Land Cost/Acquisition	\$ 3,515,000
New Construction	\$ 16,638,585
Contractor Overhead & Profit	\$ 971,349
Architectural Fees	\$ 1,110,000
Survey and Engineering	\$ 777,759
Construction Interest and Fees	\$ 2,188,555
Legal Fees	\$ 85,000
Reserves	\$ 933,118
Appraisal	\$ 25,000
Hard Cost Contingency	\$ 880,497
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,456,353
Developer Costs	\$ 3,155,890
Total Uses	\$ 32,737,106

Analyst Comments:

This project is considered a high cost per unit project. Type III construction is more costly than traditional Type V wood framed construction methods, but necessary to support the additional units and building height required. As an infill the site, the site shares the northern property line with a commercial building to ensure no impacts to the neighboring structure. These methods will add project scope and cost, however, they are necessary to maintain the integrity of the neighboring structures. The Site is located in a Methane Zone Design Level II site. As a result, a passive methane mitigation system will be designed and installed. The Phase I and Limited Phase II ESA revealed the presence of cadmium and lead in near surface soil samples. The Phase I and Limited Phase II ESA recommendation is to excavate cadmium and lead-impacted soil and provide for proper offsite disposal. Pursuant to Section 6.6 of the Los Angeles County Development Authority's Notice of Funding Availability (NOFA) for No Place Like Home (NPLH) Round 2019-1 funding, the Project will be subject to the State of California Prevailing Wage laws. This is to certify that contractors and subcontractors will comply with Section 1725.5 of the Labor Code. State Prevailing Wage increases the labor costs associated with construction, and also adds soft cost for monitoring.

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 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rent	5	5	5
Large Family Units	5	5	0
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	140	120	125