

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: City of Los Angeles

Allocation Amount Requested:

Tax-exempt: \$28,150,000

Project Information:

Name: Bell Creek Apartments
Project Address: 6940-6958 Owensmouth Avenue and 21616 Hart Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 91303

Project Sponsor Information:

Name: Owensmouth 6940, L.P. (Owensmouth 6940, LLC/WCH Affordable
Principals: John Huskey, President, Owensmouth 6940, LLC
Graham Espley-Jones, President, WCH Affordable XLVI, LLC
Eric McClelland, Founder, Red Stone Equity
Partners-Affiliated Entity

Property Management Company: The John Stewart Company

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, 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: January 7, 2020
TEFRA Adoption Date: February 5, 2020

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 80
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Bell Creek Apartments is a new construction development located on a 0.73-acre site. The Project is designed for low-income families and special needs populations. The restricted units consist of 40 one-bedroom units, 20 two-bedroom units and 20 three-bedroom units, including one non-restricted manager unit, for a total of 140 units. The Project is a single, five story building serviced by two elevators. The construction type is four stories of Type V-A over one level of Type I-A for the podium parking garage. The facade incorporates a "Contemporary Spanish" design which utilizes stone veneer, stucco, decorative wrought iron, pitched tile roofs, recessed windows and arches. There will be a total of 67 surface parking spaces. The Project will be designed within the GreenPoint Rated Program Certified parameters. Common amenities include multiple outdoor courtyards, a tot lot, community room, onsite laundry on every floor, a mailroom, areas for dogs and a management office for services. Each unit will have high efficiency lighting and an ENERGY STAR labeled appliance package. The construction is expected to begin in September of 2020 and be completion in April of 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (41 units) restricted to 50% or less of area median income households.
48% (38 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

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: \$ 49,726,211
Estimated Hard Costs per Unit: \$ 339,233 (\$27,138,613 /80 units including mgr. units)
Estimated per Unit Cost: \$ 621,578 (\$49,726,211 /80 units including mgr. units)
Allocation per Unit: \$ 351,875 (\$28,150,000 /80 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 356,329 (\$28,150,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Citibank - Construction Loan	\$ 28,150,000	\$ 14,929,362
Cash Flow Permanent Bonds	\$ 0	\$ 0
0	\$ 0	\$ 0
City of LA - Prop HHH	\$ 5,292,564	\$ 6,226,546
LIH Tax Credit Equity	\$ 0	\$ 17,280,303
LACDA - AHTF & MHHP	\$ 4,750,000	\$ 5,000,000
Federal Tax Credit Equity	\$ 3,456,061	\$ 0
Deferred Reserves	\$ 804,038	\$ 0
Deferred Developer Fee & Costs	\$ 1,298,048	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
LACDA-NPLH	\$ 5,975,500	\$ 6,290,000
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 49,726,211	\$ 49,726,211

Uses of Funds:	
Land Cost/Acquisition	\$ 4,823,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 30,424,702
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 833,100
Survey and Engineering	\$ 1,644,324
Construction Interest and Fees	\$ 2,735,111
Permanent Financing	\$ 182,470
Legal Fees	\$ 313,500
Reserves	\$ 804,038
Appraisal	\$ 13,400
Hard Cost Contingency	\$ 1,577,798
Local Development Impact Fees	\$ 347,994
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,526,773
Developer Costs	\$ 2,500,000
Total Uses	\$ 49,726,211

Analyst Comments:

This project is located on a very tight infill sight and is designed with larger units and fire-resistant construction types as required by local code. The construction typology is very expensive, and a significant cost factor. The City of Los Angeles is requiring street widening on Owensmouth Avenue which has also generated additional utility relocation costs.

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 approve \$28,150,000 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]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00