Agenda Item No. 8.27
Application No. 20-557

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: Richard Fischer

Applicant:	**Housing Authority of the City of Los Angeles**

Allocation Amount Requested:

Tax-exempt:	$31,700,000

Project Information:

Name:	**Pueblo del Sol Phase 1**
Project Address:	1400 Gabriel Garcia Marquez Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90033

Project Sponsor Information:

Name:	Pueblo del Sol I Housing Partners, L.P. (Related/Pueblo del Sol I Development Co., LLC and LOMOD PDS, LLC)
Principals:	Frank Cardone, William A. Witte and Steven D. Sherman for Related/Pueblo del Sol I Development Co., LLC; Tina Booth, Lisette Belon and Pat Katura for LOMOD PDS, LLC
Property Management Company:	McCormack Baron Management, Inc

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:	November 18, 2019
TEFRA Adoption Date:	November 26, 2019

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	201
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Pueblo del Sol Phase I Apartments is an existing project located in Los Angeles on a 10.42-acre site. The project consists of 200 restricted rental units and 1 unrestricted manager unit. The project has 95 two-bedroom units, 82 three-bedroom units and 24 four-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, electrical fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in July 2020 and will be completed in July 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

51% (101 units) restricted to 50% or less of area median income households.

50% (99 units) restricted to 60% or less of area median income households.

Unit Mix: 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points, such as after school programs and instructor-led educational, health and wellness.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	62,128,137	
Estimated Hard Costs per Unit:	$	57,355	($11,528,310 /201 units including mgr. unit)
Estimated per Unit Cost:	$	309,095	($62,128,137 /201 units including mgr. unit)
Allocation per Unit:	$	157,711	($31,700,000 /201 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	158,500	($31,700,000 /200 restricted units)

Sources of Funds:	Construction		Permanent	
Tax-Exempt Bond Proceeds	$	31,700,000	$	5,771,421
Tranche B Financing	$	0	$	7,756,000
Tranche C Financing	$	0	$	3,984,000
LIH Tax Credit Equity	$	3,826,032	$	21,340,214
Developer Equity	$	304,778	$	304,778
Deferred Developer Fee	$	5,161,532	$	3,406,532
Deferred Costs	$	1,570,603	$	0
HACLA Acquisition Loan	$	17,500,000	$	17,500,000
HACLA Acquisition Loan Int.	$	875,000	$	875,000
Net Income From Operations	$	1,190,192	$	1,190,192
Total Sources	$	62,128,137	$	62,128,137

Uses of Funds:		
Land Cost/Acquisition	$	29,570,000
Rehabilitation	$	12,897,691
Relocation	$	3,043,790
Contractor Overhead & Profit	$	628,292
Architectural Fees	$	1,004,810
Survey and Engineering	$	359,590
Construction Interest and Fees	$	2,879,500
Permanent Financing	$	20,000
Legal Fees	$	300,000
Reserves	$	1,793,381
Appraisal	$	20,000
Hard Cost Contingency	$	1,352,598
Other Project Costs (Soft Costs, Marketing, etc.)	$	1,341,953
Developer Costs	$	6,916,532
Total Uses	$	62,128,137

Analyst Comments:

None

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:

140 out of 145 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approve $31,700,000 in tax-exempt bond allocation.

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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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
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**	**140**