

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 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

Allocation Amount Requested: Tax-exempt: \$19,087,000

Project Information:
Name: West Terrace
Project Address: 6576 & 6604 S West Blvd,
Project City, County, Zip Code: Los Angeles, Los Angeles, 90043

Project Sponsor Information:
Name: 6604 West PSH, L.P (Supportive Housing LLC)
Principals: Dora Leong Gallo,
Sean Leonard, Allen Freeman, Mitch Menzer, Norma Dominguez for Supportive Housing LLC.
Property Management Company: A Community of Friends

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: MUFG Union Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 64
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

West Terrace Apartments is a new construction project located in Los Angeles on a .47-acre site. The project consists of 63 restricted rental units and one unrestricted manager unit. The project will have 14 studios, 29 one-bedroom units, 20 two-bedroom units and 1 three-bedroom unit. The building will be a four-story standard type construction. Common amenities include large community room, laundry room, open courtyard and management offices. Each unit will have high efficiency appliances and furniture for the Special Needs units. There are no required parking spaces, due to code. The project will be pursuing LEED certification. Green features include solar hot water to offset common hot water and energy loads. The construction is expected to begin January 2021 and be completed in July 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (63 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedro

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:	\$	34,140,833	
Estimated Hard Costs per Unit:	\$	272,275	(\$17,425,589 /64 units including mgr. units)
Estimated per Unit Cost:	\$	533,451	(\$34,140,833 /64 units including mgr. units)
Allocation per Unit:	\$	298,234	(\$19,087,000 /64 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	302,968	(\$19,087,000 /63 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,087,000	\$ 6,351,000
LIH Tax Credit Equity	\$ 0	\$ 11,827,497
Developer Equity	\$ 1,139,117	\$ 1,070,362
Deferred Costs	\$ 3,289,042	\$ 0
Accrued Interest HHH Loan	\$ 27,074	\$ 27,074
LACDA NPLH	\$ 7,643,600	\$ 7,760,000
HCIDLA HHH	\$ 2,955,000	\$ 6,404,900
FHLB AHP	\$ 0	\$ 700,000
Total Sources	\$ 34,140,833	\$ 34,140,833

Uses of Funds:	
Land Cost/Acquisition	\$ 2,693,171
New Construction	\$ 19,424,931
Contractor Overhead & Profit	\$ 869,280
Architectural Fees	\$ 770,000
Survey and Engineering	\$ 94,500
Construction Interest and Fees	\$ 1,752,470
Permanent Financing	\$ 58,406
Legal Fees	\$ 115,000
Reserves	\$ 756,390
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 2,042,238
Local Development Impact Fees	\$ 207,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,863,085
Developer Costs	\$ 3,485,362
Total Uses	\$ 34,140,833

Analyst Comments:

This project is considered a high cost per unit project. The No Place Like Home program requires a capitalized transition reserve. The total reserve amount is \$492,241 or \$7,691 per unit. The remaining \$25,760 per unit above the threshold is justified by high construction costs in the Los Angeles area.

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 \$19,087,000 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	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