

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: Isaac Clark III

Applicant:	City of Los Angeles
-------------------	----------------------------

Allocation Amount Requested:	Tax-exempt: \$17,726,282
-------------------------------------	---------------------------------

Project Information:	Name: Main Street Apartments
	Project Address: 5501 & 5511 South Main Street
	Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:	Name: Main 50 Housing, LP (WCH Affordable XXXV, LLC / Highridge Costa Development Company, LLC / Victoria Capital, LLC)
	Principals: WCH Affordable XXXV, LLC / Highridge Costa Development Company, LLC / Victoria Capital, LLC
	Property Management Company: FPI 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

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 57
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family/Special Needs

Main Street Apartments is a new construction project located in Los Angeles on a 0.39-acre site. The project consists of 56 restricted rental units and 1 unrestricted manager unit. The project will have 42 Studio units, 1 one-bedroom units and 14 two- bedroom units. The Project consists of a single interior corridor, 5-story elevator serviced building with 57-units and covered, on grade parking. There will be four stories of residential units of Type-V construction over a ground floor Type-I podium deck. The Project will participate in the GreenPoint Rated Program and will be 7 percent, at a minimum, more energy efficient than the 2016 Title 24 requirements of the California Building Code. The facades of the building will be a mix stucco finishes offered in neutral and orange pantones, patterned vertical cement boards and hardy siding. Additional on-site amenities include a community room, a residential courtyard, roof terraces, native California plant landscaping, bike storage, and a laundry facility. The Project will offer 7 covered parking spaces for the on-site property manager. The construction is expected to begin December 2020 and be completed in August 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (56 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:	\$ 33,187,280	
Estimated Hard Costs per Unit:	\$ 327,041	(\$18,641,349 /57 units including mgr. units)
Estimated per Unit Cost:	\$ 582,233	(\$33,187,280 /57 units including mgr. units)
Allocation per Unit:	\$ 310,987	(\$17,726,282 /57 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 316,541	(\$17,726,282 /56 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,726,282	\$ 8,179,330
LIH Tax Credit Equity	\$ 2,884,231	\$ 10,682,339
Deferred Developer Fee	\$ 0	\$ 76,049
Costs Deferred Until Conversion	\$ 4,064,767	\$ 0
Prop HHH Loan (City of Los Angeles)	\$ 8,512,000	\$ 8,512,000
NPLH Loan (Los Angeles County)	\$ 0	\$ 5,060,000
Capital Contribution (GP)	\$ 0	\$ 677,562
Total Sources	\$ 33,187,280	\$ 33,187,280

Uses of Funds:	
Land Cost/Acquisition	\$ 3,405,530
New Construction	\$ 17,591,159
Contractor Overhead & Profit	\$ 875,743
Architectural Fees	\$ 1,320,000
Survey and Engineering	\$ 425,000
Construction Interest and Fees	\$ 1,934,191
Permanent Financing	\$ 10,000
Legal Fees	\$ 320,000
Reserves	\$ 1,390,799
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,116,986
Local Development Impact Fees	\$ 650,000
Other Project Costs	\$ 955,310
Developer Costs	\$ 3,177,562
Total Uses	\$ 33,187,280

Analyst Comments:

This is a high cost project and have three significant factors that contribute to Main Street Apartments' high total development cost per-unit: i.) the cost of construction in the Los Angeles area, ii.) the Project is required to pay prevailing wages, and iii.) the Project's sustainable building measures.

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 \$17,726,282 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
Gross Rents	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	145	125	125