

**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*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$13,000,000

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**Project Information:**  
**Name:** Mariposa Lily  
**Project Address:** 1055 South Mariposa Avenue  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90006

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**Project Sponsor Information:**  
**Name:** Mariposa Lily, L.P. (West Hollywood Community Housing Corporation & Mariposa Lily LLC )  
**Principals:** Jesse Slansky for West Hollywood Community Housing Corporation & Mariposa Lily LLC  
**Property Management Company:** Barker Management Incorporated

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

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 41  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Mariposa Lily Apartments is a new construction project located in Los Angeles on a .27-acre site. The project consists of 40 restricted rental units and 1 unrestricted manager unit. The project will have 10 studios, 15 one-bedroom units, 11 two-bedroom units and 5 three-bedroom units. The building will be 5 stories standard construction with a subterranean garage. Common amenities include secured vehicular entrance, secured entrance intercom system, laundry facilities, management offices and bike parking. Each unit will have energy efficient appliances, full bathroom and a private balcony. The project will be pursuing LEED Gold certification. Green features include CalGreen and Title 24 standards, low-flow plumbing, drought tolerant and native planting for landscaping. The construction is expected to begin March 2021 and be completed in October 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

50% (20 units) restricted to 50% or less of area median income households.

50% (20 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 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:**

<b>Estimated Total Development Cost:</b>	\$ 25,477,548	
<b>Estimated Hard Costs per Unit:</b>	\$ 333,104	(\$13,657,250 /41 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 621,404	(\$25,477,548 /41 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 317,073	(\$13,000,000 /41 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 325,000	(\$13,000,000 /40 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 4,400,000
LIH Tax Credit Equity	\$ 1,333,143	\$ 9,411,487
Developer Equity	\$ 441,393	\$ 441,393
Deferred Developer Fee	\$ 0	\$ 814,668
Deferred Costs	\$ 2,263,012	\$ 0
HCID HHH	\$ 3,800,000	\$ 5,120,000
LACDA NPLH	\$ 4,640,000	\$ 4,690,000
FHLBSF AHP	\$ 0	\$ 600,000
<b>Total Sources</b>	<b>\$ 25,477,548</b>	<b>\$ 25,477,548</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 425,000
New Construction	\$ 14,749,830
Contractor Overhead & Profit	\$ 1,092,580
Architectural Fees	\$ 580,000
Survey and Engineering	\$ 400,000
Construction Interest and Fees	\$ 1,865,136
Permanent Financing	\$ 78,500
Legal Fees	\$ 150,000
Reserves	\$ 419,047
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,584,246
Local Development Impact Fees	\$ 157,950
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,132,909
Developer Costs	\$ 2,827,350
<b>Total Uses</b>	<b>\$ 25,477,548</b>

**Analyst Comments:**

This project is considered a high cost per unit project. The development budget includes costs for fully furnishing those 20 units at \$3,000 per homeless unit, which increases the development costs. High construction cost environment. Constraints specific to this site include the project location, requiring the building to be built to the height of 6 stories. Political and community parking concerns required the provision of parking for employees and some family units. When you exclude the apartment furnishings for units targeted at the homeless, the capitalized transition reserve, contributed developer fee, commercial prevailing wage, Type I/Type III construction technique, partially-underground parking, and GP Capital Contribution portion of the developer fee, residential cost per unit is reduced to \$497,566.

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**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.

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**Total Points:**

125 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$13,000,000 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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>125</b>