

**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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<b>Applicant:</b>	City of Los Angeles
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$29,030,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>Jordan Downs Phase S2</b>
<b>Project Address:</b>	2045 E. 101st Street
<b>Project City, County, Zip Code:</b>	Los Angeles, Los Angeles, 90002

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	Jordan Downs Phase S2, LP (Jordan S2-Michaels, LLC & La Cienega LOMOD, Inc.)
<b>Principals:</b>	Michael J. Levitt for Jordan S2-Michaels, LLC; Housing Authority of the City of Los Angeles for La Cienega LOMOD, Inc.
<b>Property Management Company:</b>	Michaels Management Affordable

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Kutak Rock LLP
<b>Private Placement Purchaser:</b>	Greystone Servicing Company LLC
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Not Applicable
<b>Underwriter:</b>	Not Applicable
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	Not Applicable

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	81
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	New Construction
<b>Population Served:</b>	Family

Jordan Downs Phase S2 Apartments is a new construction project located in Los Angeles on a 1.89 -acre site. The project consists of 80 restricted rental units and 1 unrestricted manager unit. The project will have 18 one-bedroom units, 33 two-bedroom units, 29 three-bedroom units and 1 four-bedroom unit. There will be 1 five-story building and 4 two-story walk up buildings. Common amenities include a large community room, play areas, outside barbeques and management offices. Each unit will have a refrigerator, range and oven, dishwasher, garbage disposal, and laundry hook ups. There are 61 parking spaces provided. The project will be pursuing LEED certification. The construction is expected to begin February 2021 and be completed in August 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (80 units) restricted to 50% 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>	\$ 58,557,920	
<b>Estimated Hard Costs per Unit:</b>	\$ 370,370	(\$30,000,000 /81 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 722,937	(\$58,557,920 /81 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 358,395	(\$29,030,000 /81 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 362,875	(\$29,030,000 /80 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,030,000	\$ 14,750,000
Taxable Bond Proceeds	\$ 13,750,000	\$ 0
LIH Tax Credit Equity	\$ 5,910,984	\$ 19,703,280
Developer Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 1,300,000	\$ 1,300,000
Deferred Costs	\$ 2,283,611	\$ 0
HACLA Loan of TCC Grant Funds	\$ 0	\$ 13,200,000
HACLA/ Geound Lease Note	\$ 3,400,000	\$ 3,400,000
HACLA/ Infill Infrastructure Grant	\$ 2,600,000	\$ 2,600,000
Accrued Interest	\$ 283,325	\$ 283,325
FHL Bank of San Francisco	\$ 0	\$ 526,215
<b>Total Sources</b>	<b>\$ 58,557,920</b>	<b>\$ 58,557,920</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 6,077,500
New Construction	\$ 33,533,250
Contractor Overhead & Profit	\$ 2,481,699
Architectural Fees	\$ 850,000
Survey and Engineering	\$ 305,000
Construction Interest and Fees	\$ 3,984,720
Permanent Financing	\$ 952,525
Legal Fees	\$ 533,500
Reserves	\$ 1,481,941
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,888,247
Local Development Impact Fees	\$ 607,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,347,038
Developer Costs	\$ 3,500,000
<b>Total Uses</b>	<b>\$ 58,557,920</b>

**Analyst Comments:**

This project is considered a high cost per unit project. This current phase requires relocation and upgrade of existing underground utilities and installation of new underground utilities to serve Jordan Downs Phase S2 and future planned housing. Included in the Jordan Downs Phase S2 budget is \$2 million related to the reconstruction of portions of two public streets including installation of new landscaping and irrigation, road resurfacing and new sidewalks, relocation and installation on of water and sewer lines, installation of new storm water infrastructure and electric power utilities. Multiple buildings of different types, some potential efficiencies are lost which drive up construction cost. The overall construction cost is also estimated to be 15% higher due to the requirement to pay prevailing wages.

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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:**

129 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$29,030,000 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	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	9
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>129</b>