

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: Ken Otrotsyuk

Applicant: Los Angeles County Development Authority

Allocation Amount Requested: Tax-exempt: \$8,000,000

Project Information: Name: Essex Tower
Project Address: 44948 10th Street West
Project City, County, Zip Code: Lancaster, Los Angeles, 93534

Project Sponsor Information: Name: Cherry On Top, LP (Housing Corporation of America, Inc. & InSite Development LLC)
Principals: Ronald Olson, Carol Cromar for Housing Corporation of America, Inc.; Steven Eglash, Scott Williams, Dehua Chen for InSite Development LLC.
Property Management Company: Ironwood Management - Scott Williams

Project Financing Information: Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: California Bank & Trust - Taxable financing
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: 70
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens/Special Needs

Essex Tower Apartments is a new construction project located in Lancaster on a 1.15-acre site. The project consists of 69 restricted rental units and 1 unrestricted manager units. The project will have 70 one-bedroom units. The building will be 3 stories. Common amenities include library/game rooms, leasing/management offices, landscaped courtyard, secured access, courtesy patrol, security cameras, elevator and laundry facilities. Each unit will have a refrigerator, range/oven (30"), disposal, microwave, central heating and A/C, window coverings and carpeting. There are 73 parking spaces provided (70 residential parking spaces with 4 of those being accessible spaces and 3 non-residential parking spaces with 1 of those being accessible spaces). The project will be pursuing LEED certification. Green features include photovoltaic system. The construction is expected to begin in November of 2020 and be completed in May of 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (69 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% or less of area median income households.
Unit Mix: 1 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:	\$ 15,576,375	
Estimated Hard Costs per Unit:	\$ 98,850	(\$6,919,511 /70 units including mgr. units)
Estimated per Unit Cost:	\$ 222,520	(\$15,576,375 /70 units including mgr. units)
Allocation per Unit:	\$ 114,286	(\$8,000,000 /70 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 115,942	(\$8,000,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 0
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 2,100,000	\$ 2,100,000
LIH Tax Credit Equity	\$ 210,851	\$ 5,649,425
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 1,734,068	\$ 826,950
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
LACDA Nofa 25A	\$ 3,531,456	\$ 7,000,000
Net Income From Operations	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 15,576,375	\$ 15,576,375

Uses of Funds:	
Land Cost/Acquisition	\$ 0
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 8,928,000
Contractor Overhead & Profit	\$ 580,500
Architectural Fees	\$ 450,000
Survey and Engineering	\$ 125,000
Construction Interest and Fees	\$ 820,000
Permanent Financing	\$ 35,000
Legal Fees	\$ 60,000
Reserves	\$ 895,303
Appraisal	\$ 11,000
Hard Cost Contingency	\$ 750,000
Local Development Impact Fees	\$ 450,944
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 736,560
Developer Costs	\$ 1,734,068
Total Uses	\$ 15,576,375

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,000,000 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]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00