

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Norma Velarde

Applicant:	City of Los Angeles
Allocation Amount Requested:	Tax-exempt: \$15,761,456
Project Information:	Name: Asante Project Address: 11001 S. Broadway Project City, County, Zip Code: Los Angeles, Los Angeles, 90061
Project Sponsor Information:	Name: S. Broadway SH, LP (AHG Asante LLC; Las Palmas Foundation) Principals: James Silverwood, President; Nicki Cometa, Chief Financial Officer; Joseph M. Michaels, President Property Management Company: Solari Enterprises Inc.
Project Financing Information:	Bond Counsel: Kutak Rock LLP Private Placement Purchaser: Not Applicable 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 New Construction P Total Number of Units: 55 Manager's Units: 1 Unrestricted Type: New Construction Population Served: Family/Special Needs

Asante Apartments is a new construction project located in Los Angeles on a 0.29 -acre site. The project consists of 54 restricted rental units and 1 unrestricted managers' units. The project will have 35 studio bedroom units and 19 one-bedroom units. The building will be one total, which includes four stories of wood over concrete podium. Common amenities include a community room, computer room, laundry room, and a secured room for bicycle parking. Each unit will have a range, microwave, cabinets/pantry, breadboard and refrigerator. There are 7 parking spaces provided. The project will be pursuing GreenPoint Gold Rated Construction. 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%
100% (54 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: Studio & 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:	\$ 27,559,987	
Estimated Hard Costs per Unit:	\$ 275,455	(\$15,150,000 /55 units including mgr. units)
Estimated per Unit Cost:	\$ 501,091	(\$27,559,987 /55 units including mgr. units)
Allocation per Unit:	\$ 286,572	(\$15,761,456 /55 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 291,879	(\$15,761,456 /54 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,761,456	\$ 0
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 6,026,050
LIH Tax Credit Equity	\$ 965,394	\$ 9,653,937
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 0
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
HHH Funds (HCIDLA)	\$ 10,833,137	\$ 11,880,000
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 27,559,987	\$ 27,559,987

Uses of Funds:	
Land Cost/Acquisition	\$ 1,739,130
New Construction	\$ 16,010,881
Contractor Overhead & Profit	\$ 1,300,000
Architectural Fees	\$ 725,000
Survey and Engineering	\$ 300,000
Construction Interest and Fees	\$ 1,418,968
Permanent Financing	\$ 450,000
Legal Fees	\$ 237,500
Reserves	\$ 194,000
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,441,009
Local Development Impact Fees	\$ 145,694
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,082,805
Developer Costs	\$ 2,500,000
Total Uses	\$ 27,559,987

Analyst Comments:

Asante is considered a high cost project at \$501,090 per unit. The units are designed as single resident occupancy units (35) and one-bedroom units (19), which results in higher costs due primarily to the ratio of bathrooms and kitchens to number of units. The project will include accessible and adaptable ADA standards and higher energy standards (GreenPoint Rated) than a typical apartment building. The construction type is four stories of wood over concrete podium to accommodate the first floor layout that is designed to include the leasing office, community room, computer room, case managers' offices, and laundry facility. The cost of a concrete podium is a little higher than a building constructed completely out of wood, but creates a more enjoyable environment for the residents. The project includes a roof floor deck that serves to meet open space requirements of City of LA zoning. While a nice amenity, the deck also adds cost to the project. Finally, the project is required to pay prevailing wages, per the City of Los Angeles funding requirements and federal vouchers. A recent study funded by the California Home Building Foundation notes that prevailing wages increase hourly labor costs by 89%, resulting in an overall construction cost increase of 37%.

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 \$15,761,456 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