

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: Isaac Clark III

Applicant:	Housing Authority of the City of Los Angeles
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Allocation Amount Requested:	Tax-exempt:	\$25,000,000
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Project Information:	Name:	Pueblo del Sol Phase II
	Project Address:	1300 Plaza Del Sol E
	Project City, County, Zip Code:	Los Angeles, Los Angeles, 90033

Project Sponsor Information:	Name:	Pueblo del Sol II Housing Partners, L.P. (Related/Pueblo del Sol II Development Co., LLC / LOMOD PDS, LLC / Housing Promise Corporation / Related Futures, LLC)
	Principals:	Frank Cardone, William A. Witte, Steven D. Sherman for Related/Pueblo del Sol II Development Co., LLC & Related Futures, LLC / Tina Smith-Booth, Ed Holder for Housing Promise Corporation
	Property Management Company:	McCormack Baron 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:	176
	Manager's Units:	1 Unrestricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Family

Pueblo Del Sol Phase II is located in Los Angeles on a 10.57-acre site. The entire project consists of 175 restricted rental units and 1 unrestricted manager unit. The entire project has 78 two-bedroom units, 69 three-bedroom units and 29 four-bedroom units. Exterior renovations will include multiple tot-lots/playgrounds, a management building with a swimming pool, a community center with programmed interior spaces, and a public park. Unit renovations will include window coverings/blinds, exterior decks or patios, energy efficient windows, bulk storage cabinet, solid surface countertops, central air/heat, carpet, garbage disposals, refrigerators, washers and dryers. The rehabilitation is expected to begin in May 2021 and be completed in November 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
51% (90 units) restricted to 50% or less of area median income households.
49% (85 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

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: \$ 50,867,145
Estimated Hard Costs per Unit: \$ 66,949 (\$11,782,936 /176 units including mgr. unit)
Estimated per Unit Cost: \$ 289,018 (\$50,867,145 /176 units including mgr. unit)
Allocation per Unit: \$ 142,045 (\$25,000,000 /176 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 142,857 (\$25,000,000 /175 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 9,710,000
Tranche B Financing	\$ 0	\$ 2,430,000
LIH Tax Credit Equity	\$ 0	\$ 15,762,715
Def. Operating Reserve	\$ 1,184,280	\$ 0
Def. Developer Fee	\$ 3,763,000	\$ 2,133,000
NOI During Construction	\$ 1,064,112	\$ 1,064,112
Deferred TCAC Fees	\$ 72,000	\$ 0
Goldman Sachs Bank	\$ 1,576,271	\$ 0
GP Capital Contribution	\$ 100	\$ 100
HACLA Acq. Loan	\$ 16,568,464	\$ 18,128,300
HACLA Acq. Loan Interest	\$ 1,359,623	\$ 1,359,623
LOMOD PDS, LLC	\$ 279,295	\$ 279,295
Total Sources	<u>\$ 50,867,145</u>	<u>\$ 50,867,145</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 19,680,000
Rehabilitation	\$ 12,731,174
Relocation	\$ 2,890,000
Contractor Overhead & Profit	\$ 915,178
Architectural Fees	\$ 892,915
Survey and Engineering	\$ 307,685
Construction Interest and Fees	\$ 3,336,201
Permanent Financing	\$ 20,000
Legal Fees	\$ 425,000
Reserves	\$ 1,463,575
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 1,854,635
Local Development Impact Fees	\$ 0
Other Project Costs	\$ 937,782
Developer Costs	\$ 5,393,000
Total Uses	<u>\$ 50,867,145</u>

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:

140 out of 150 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	10	10	0
Gross Rents	5	5	5
Large Family Units	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)	0	0	0
Total Points	150	130	140