

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: Ken Otrotsyuk

Applicant:	Los Angeles County Development Authority
Allocation Amount Requested:	
Tax-exempt:	\$27,000,000
Project Information:	
Name:	Corazón del Valle
Project Address:	14545 Lanark St
Project City, County, Zip Code:	Panorama City, Los Angeles, 91402
Project Sponsor Information:	
Name:	CDV, L.P. (Clifford Beers Housing, Inc.)
Principals:	Cristian Ahumada, Mark Rasmussen, Victoria Hunt, Debbie Chafe for Clifford Beers Housing, Inc.
Property Management Company:	Levine Management Group, 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 New Construction P
Total Number of Units:	90
Manager's Units:	2 Unrestricted
Type:	New Construction
Population Served:	Family

Corazon del Valle Apartments is a new construction project located in Panorama City on a 1.08-acre site. The project consists of 88 restricted rental units, 0 market rate units and 2 unrestricted managers' units. The project will have 18 studio units, 26 one-bedroom units, 22 two- bedroom units and 22 three-bedroom units. The building will be 5 of stories and consists of four stories of Type 5A wood construction over 1 story of concrete Type 1 construction. Common amenities include a leasing office, tot lot, laundry room, picnic area, elevator, community room (with computers), surveillance cameras and be gated for added security. Each unit will have window blinds, air conditioning, coat closets, storage closets, and kitchens with refrigerator and stove/oven. There are 90 parking spaces provided. Green features include a photovoltaic system and achieve a minimum GreenPoint Gold rating, large array of small trees and shrubbery as well as vertical plant walls to combat air pollution, high efficiency irrigation system with smart irrigation controls and the units themselves will have fixtures that reduce water consumption by at least 25% through high efficiency faucets, showerheads, and low flow toilets, and Energy Star-rated appliances. The construction is expected to begin April 2021 and be completed in April 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
74% (65 units) restricted to 50% or less of area median income households.
26% (23 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:	\$	47,591,615	
Estimated Hard Costs per Unit:	\$	299,301	(\$26,937,110 /90 units including mgr. units)
Estimated per Unit Cost:	\$	528,796	(\$47,591,615 /90 units including mgr. units)
Allocation per Unit:	\$	300,000	(\$27,000,000 /90 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	306,818	(\$27,000,000 /88 restricted units)

	Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$	27,000,000	\$ 5,447,135
Taxable Bond Proceeds	\$	3,924,093	\$ 0
LIH Tax Credit Equity	\$	3,621,960	\$ 15,397,770
Developer Equity	\$	100	\$ 100
Deferred Developer Fee	\$	5,095,462	\$ 0
Los Angeles County Development Authority	\$	6,950,000	\$ 7,000,000
CIT Bank-AHP loan	\$	1,000,000	\$ 1,000,000
HCD-AHSC	\$	0	\$ 15,943,197
GP Capital Contribution	\$	0	\$ 2,803,413
Total Sources	\$	47,591,615	\$ 47,591,615
	Uses of Funds:		
Land Cost/Acquisition	\$	843,962	
Rehabilitation	\$	0	
Relocation	\$	0	
New Construction	\$	29,166,493	
Contractor Overhead & Profit	\$	1,414,070	
Architectural Fees	\$	1,057,227	
Survey and Engineering	\$	534,757	
Construction Interest and Fees	\$	2,921,680	
Permanent Financing	\$	144,724	
Legal Fees	\$	97,000	
Reserves	\$	831,720	
Appraisal	\$	5,000	
Hard Cost Contingency	\$	3,111,839	
Local Development Impact Fees	\$	584,430	
Other Project Costs (Soft Costs, Marketing, etc.)	\$	1,575,300	
Developer Costs	\$	5,303,413	
Total Uses	\$	47,591,615	

Analyst Comments:

This project is considered a high cost per unit project and per-unit development cost is currently \$528,796, detailed below:

1. Demolition: The current estimated value of demolition work is \$495,684, or \$5,508 per unit.
 2. Environmental Remediation: The cost of designing and constructing vapor barrier system is \$202,605, or \$2,251 per unit.
 3. Greywater system: The project will introduce an estimated \$140,000 greywater system. This increases the per unit cost by \$1,555.
 4. Labor Compliance and Jobs Coordination: The project will engage both a labor compliance consultant and jobs coordinator with a combined total estimated contract of \$50,000: \$556 per unit.
 5. Green Point certification: The total estimated cost of the PV and consultant fees is \$353,300 or \$3,926 per unit.
 6. Transition and Rent Reserves: This is in line with every project CBH develops with a tax credit investor and accounts for an additional \$495,860 in development costs, equivalent to \$5,510 per unit.
 7. Developer Fee: That recontributed amount will be \$2,803,413, or \$31,149 per unit.
- The total per unit added cost of the above items is \$50,455. Reducing the per unit cost by this amount brings the project's total per unit cost to \$478,341, below the CDLAC Regulations of \$500,000.

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:

130 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$27,000,000 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	5.00
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	130.00