Agenda Item No. 7.34
Application No. 20-733

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 21, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: **California Housing Finance Agency**

Allocation Amount Requested:

Tax-exempt:	$29,500,000

Project Information:

Name:	**Residency at the Mayer Hollywood**
Project Address:	5500 Hollywood Blvd.
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90028

Project Sponsor Information:

Name:	Residency at the Mayer, LP (ABS Properties, Inc. / Kingdom
Principals:	Samir Srivasta, President CEO for Kingdom Development, Inc. / William Leach, President CEO for Boston Financial
Property Management Company:	Genessy Management and Development, LLC

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Walker and Dunlop
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	AAA

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	79
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Senior Citizens

Residency at the Mayer Hollywood is a new construction project located in Los Angeles on a 0.29-acre site. The project consists of 39 restricted rental units, 39 market rate units and 1 unrestricted manager unit. The project will have 79 studio units. The rehabilitation of the Mayer building will be comprised of Seismic upgrade while adhering to the standards of Historic Preservation that apply to the Structure. Additional renovations will be comprised of upgrades of the building systems including fire, life and safety, upgrade of elevators and all mechanical systems, plumbing and electrical systems, new green roof and renewable energy systems for residential units and common areas (Solar). The construction is expected to begin March 2021 and be completed in December 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 50%

50% (39 units) restricted to 50% or less of area median income households.

Unit Mix: Studio

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:	$	66,964,328	
Estimated Hard Costs per Unit:	$	147,878	($11,682,367 /79 units including mgr. unit)
Estimated per Unit Cost:	$	847,650	($66,964,328 /79 units including mgr. unit)
Allocation per Unit:	$	373,418	($29,500,000 /79 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	756,410	($29,500,000 /39 restricted unit)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 29,500,000	$ 19,875,000
Taxable Bond Proceeds	$ 11,650,450	$ 9,650,450
LIH Tax Credit Equity	$ 0	$ 18,592,403
Deferred Developer Fee	$ 4,201,727	$ 4,201,727
Costs Deferred Until Conversion	$ 3,248,923	$ 0
Seller Carryback Loan	$ 14,644,748	$ 14,644,748
Boston Financial (Tax Cr. Equity)	$ 3,718,480	$ 0
Total Sources	$ 66,964,328	$ 66,964,328

Uses of Funds:	
Land Cost/Acquisition	$ 38,057,352
New Construction	$ 10,884,127
Contractor Overhead & Profit	$ 798,240
Architectural Fees	$ 650,000
Survey and Engineering	$ 145,000
Construction Interest and Fees	$ 4,784,001
Permanent Financing	$ 424,296
Legal Fees	$ 230,000
Reserves	$ 315,654
Appraisal	$ 37,500
Hard Cost Contingency	$ 1,500,000
Other Project Costs	$ 2,271,431
Developer Costs	$ 6,701,727
Total Uses	$ 66,964,328

Analyst Comments:

This project is considered a high cost per unit project. This high cost is due in part to labor costs driven by prevailing wages. Additionally, this proposed project is an adaptive reuse of an existing Historical Resource, major costs attributed to Seismic Upgrades and preservation of Historic resources are required to achieve a change of use from Commercial to Residential Use while maintaining the buildings integrity and historical relevance. Continued escalation in construction prices (specifically related to labor costs in Renovation/Rehab) are also a major driver of the costs. Other factors include high holding/capital costs for the Project related to keeping the commercial building vacant during the financing and predevelopment stages.

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 $29,500,000 in tax-exempt bond allocation.

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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
Gross Rents	5	5	5
Large Family Units	5	5	0
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)	-10	-10	0
Total Points	**145**	**125**	**125**