

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: Anthony Wey

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$13,398,178

Project Information:	
Name:	La Guadalupe
Project Address:	110 South Boyle Street, Los Angeles, CA
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90033

Project Sponsor Information:	
Name:	110 SOUTH BOYLE, L.P. (110 SOUTH BOYLE AGP LLC / 110 SOUTH BOYLE MGP LLC / Many Mansions)
Principals:	Rick Schroeder for 110 South Boyle MGP LLC and Many Mansions; Vanessa Delgado for 110 South Boyle AGP LLC
Property Management Company:	Many Mansions, a California nonprofit public benefit corporation

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	MUFG Union Bank, 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 Pool
Total Number of Units:	44
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

La Guadalupe is a new construction project located in Los Angeles, CA on a 0.35-acre site. The project consists of 43 restricted rental units and 1 unrestricted manager's unit. The project will have 19 single room units, 19 one-bedroom units, and 6 two-bedroom units. The building will be 5 stories. Common amenities include 38 bike parking spaces, viewing decks, a central courtyard, on-site laundry, a community room, and offices for property management and supportive services. Each unit will include full bath, kitchen, air conditioning, refrigerator, range, microwave, and window coverings. There are 24 parking spaces provided. The construction is expected to begin July 2021 and be completed in April 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (43 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:	\$ 25,989,899	
Estimated Hard Costs per Unit:	\$ 342,163	(\$15,055,152 /44 units including mgr. units)
Estimated per Unit Cost:	\$ 590,680	(\$25,989,899 /44 units including mgr. units)
Allocation per Unit:	\$ 304,504	(\$13,398,178 /44 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 311,586	(\$13,398,178 /43 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,398,178	\$ 2,760,000
LIH Tax Credit Equity	\$ 0	\$ 9,074,825
Developer Equity	\$ 450,000	\$ 0
Deferred Developer Fee	\$ 519,478	\$ 519,477
Deferred Costs	\$ 1,396,964	\$ 110,000
General Partner - Capital Contribution	\$ 0	\$ 429,797
HCID - HHH	\$ 9,460,000	\$ 9,460,000
Limited Partner - Capital Contributions	\$ 765,279	\$ 0
MHP	\$ 0	\$ 3,635,800
Total Sources	\$ 25,989,899	\$ 25,989,899

Uses of Funds:	
Land Cost/Acquisition	\$ 28,089
New Construction	\$ 17,022,455
Contractor Overhead & Profit	\$ 517,174
Architectural Fees	\$ 463,085
Survey and Engineering	\$ 163,853
Construction Interest and Fees	\$ 1,770,289
Permanent Financing	\$ 60,700
Legal Fees	\$ 114,634
Reserves	\$ 348,699
Appraisal	\$ 7,650
Hard Cost Contingency	\$ 1,134,035
Local Development Impact Fees	\$ 93,630
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,335,809
Developer Costs	\$ 2,929,797
Total Uses	\$ 25,989,899

Analyst Comments:

La Guadalupe's price per unit is at \$594,270. This development is an infill site with a ground level commercial/retail component. The residential parking is subterranean, in order to meet the parking goals of the project's multiple components. Additionally, the site will require some remediation of soil contaminates which contributes to increased costs. Furthermore, the construction industry has been incredibly volatile throughout the last few years and due to the political landscape and other factors expanding from this such as tariffs, construction pricing has been rising exponentially. This has made projecting hard costs for developments especially difficult. We have seen upwards of 20% increases in construction costs from schematic design stages to later construction documents.

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:

124 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,398,178 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	9.00
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	124.00