

**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: Norma Velarde*

<b>Applicant:</b>	City of Los Angeles
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$13,549,000
<b>Project Information:</b>	<b>Name:</b> 11010 Santa Monica Boulevard <b>Project Address:</b> 11010 Santa Monica Boulevard <b>Project City, County, Zip Code:</b> Los Angeles, Los Angeles, 90025
<b>Project Sponsor Information:</b>	<b>Name:</b> 11010 SMB LP (11010 SMB LLC; VH 11010 SMB GP, LLC) <b>Principals:</b> Kevin Murray, President and CEO; Peter Barker, President of Valued Housing II <b>Property Management Company:</b> Barker Management Inc.
<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Kutak Rock LLP <b>Private Placement Purchaser:</b> Wells Fargo Bank, N.A. <b>Cash Flow Permanent Bond:</b> Not Applicable <b>Public Sale:</b> Not Applicable <b>Underwriter:</b> Not Applicable <b>Credit Enhancement Provider:</b> Not Applicable <b>Rating:</b> Not Applicable
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General New Construction P <b>Total Number of Units:</b> 51 <b>Manager's Units:</b> 1 Unrestricted <b>Type:</b> New Construction <b>Population Served:</b> Family/Special Needs

11010 Santa Monica Boulevard Apartments is a new construction project located in Los Angeles on a 0.24 -acre site. The project consists of 50 restricted rental units and 1 unrestricted managers' units. The project will have 50 studio units. The building will be 1 total, consisting of 5 floors with wood frame construction on a one-story concrete podium. Common amenities include case management offices, management offices, a community room, and laundry rooms. There are 6 parking spaces provided. The project will be pursuing LEED Gold and LEED Green Standards. Green features include nontoxic pest control strategies, water metering, R-4 insulation for hot water piping, drought-resistant landscaping, and EnergyStar appliances. The construction is expected to begin May 2021 and be completed in May 2022.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
100% (50 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

The proposed project will be receiving service amenity points.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

<b>Estimated Total Development Cost:</b>	\$	25,210,875	
<b>Estimated Hard Costs per Unit:</b>	\$	254,819	(\$12,995,751 /51 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	494,331	(\$25,210,875 /51 units including mgr. units)
<b>Allocation per Unit:</b>	\$	265,667	(\$13,549,000 /51 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	270,980	(\$13,549,000 /50 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,549,000	\$ 0
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 2,012,000
LIH Tax Credit Equity	\$ 1,652,895	\$ 8,724,474
Developer Equity	\$ 289,401	\$ 289,401
Deferred Developer Fee	\$ 0	\$ 0
Deferred Costs	\$ 1,969,579	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
HCID HHH	\$ 7,000,000	\$ 7,000,000
FHLB AHP	\$ 750,000	\$ 750,000
HCD VHHP	\$ 0	\$ 6,435,000
<b>Total Sources</b>	<b>\$ 25,210,875</b>	<b>\$ 25,210,875</b>

  

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 52,500
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 13,802,572
Contractor Overhead & Profit	\$ 1,171,040
Architectural Fees	\$ 919,300
Survey and Engineering	\$ 130,000
Construction Interest and Fees	\$ 1,902,358
Permanent Financing	\$ 45,090
Legal Fees	\$ 230,000
Reserves	\$ 666,704
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,847,361
Local Development Impact Fees	\$ 225,219
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,419,430
Developer Costs	\$ 2,789,301
<b>Total Uses</b>	<b>\$ 25,210,875</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$13,549,000 in tax-exempt bond allocation.

**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	0.00
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120.00</b>