

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

| | |
|-------------------|---------------------|
| Applicant: | City of Los Angeles |
|-------------------|---------------------|

| | |
|-------------------------------------|--------------|
| Allocation Amount Requested: | |
| Tax-exempt: | \$13,549,000 |

| | |
|--|-------------------------------------|
| Project Information: | |
| Name: | 11010 Santa Monica Boulevard |
| Project Address: | 11010 Santa Monica Boulevard |
| Project City, County, Zip Code: | Los Angeles, Los Angeles, 90025 |

| | |
|-------------------------------------|---|
| Project Sponsor Information: | |
| Name: | 11010 SMB LP (11010 SMB LLC; VH 11010 SMB GP, LLC) |
| Principals: | Kevin Murray, President and CEO; Peter Barker, President of Valued Housing II |
| Property Management Company: | Barker Management Inc. |

| | |
|---------------------------------------|------------------------|
| Project Financing Information: | |
| Bond Counsel: | Kutak Rock LLP |
| Private Placement Purchaser: | Wells Fargo 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 P |
| Total Number of Units: | 51 |
| Manager's Units: | 1 Unrestricted |
| Type: | New Construction |
| Population Served: | 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:

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

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|-------------------------------|----------------------|----------------------|
| 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 |
| Total Sources | \$ 25,210,875 | \$ 25,210,875 |

| Uses of Funds: | |
|---|----------------------|
| 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 |
| Total Uses | \$ 25,210,875 |

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:

120 out of 145 [See Attachment A]

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 |
| Total Points | 145 | 125 | 120.00 |