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## Multifamily Builds Still Coming to Downtown

By [Kelsi Maree Borland](#) | Los Angeles

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The property will have 218 apartment units and 4,500 square feet of retail.

LOS ANGELES—A local developer has secured a \$41 million **construction loan** to build **the Valencia**, a 218-unit, class-A **apartment** complex in Downtown Los Angeles. Located on one city block at Wilshire Boulevard and Valencia Street, the project includes 4,500-square-feet of ground-floor **commercial space**.

The interest-only construction loan is **LIBOR**-based and has a 70% loan-to-cost ratio. The funds will be used to cover both the hard and soft construction costs as well as reimbursement for an existing land loan, which was used to purchase the development site. The loan has a three-year term and includes two one-year extension options. “The loans were a great match for the borrower since they were only looking for one lender to close the loan,” **Mitch Paskover, Continental Funding Group** president, tells [GlobeSt.com](#). “Most of the banks we approached wanted to split the loan with another lender given the size. The borrower wanted to avoid that. We found a lender to originate the whole loan and then syndicate a portion of it after we closed.” Paskover secured the funds on behalf of the developer.

Because the borrower invested only 30% equity into the project, Paskover was tasked with convincing the lender to use the current market value of the land site, which reduced the equity requirement to close the loan. “We presented the deal to over 43 banks and found the four banks that were the most aggressive. All four banks presented term sheets and were able to finalize a deal with the lender that was able to meet all of the borrower’s requirements,” Paskover says. The loan was funded through a bank that specializes in multifamily construction debt.

Once complete, the interior units at the property will feature 9-foot ceilings, private balconies and in-unit washers and dryers. The property itself will offer a plethora of amenities, including 20,000 square feet of recreational open space, a fitness center, a 5,000-square-foot outdoor garden, club lounge, and a pool and spa. With a nod toward the property’s green elements, there will also be 244 bicycle parking spaces.

Downtown, of course, is booming with multifamily development. Although many of the units in the pipeline are rental units, like these, there is also an increasing demand for **condo** units in the market. Last month, [GlobeSt.com](#) **reported** that condo sales were up 13% year-over-year with a steady 1% increase month-over-month. The average cost of a condo in the downtown market is \$701 per square foot.

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