

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$36,405,000

Project Information:
Name: PATH Metro Villas - Phase 2 Apartments
Project Address: 320 N Madison Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90004

Project Sponsor Information:
Name: Metro Villas Phase 2 Los Angeles, LP (PV Metro Villas Phase 2 GP, LLC)
Principals: Joel Roberts and Amy Anderson for PV Metro Villas Phase 2 GP, LLC
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Bank of America, N.A. (construction)/California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: May 1, 2017
TEFRA Adoption Date: May 31, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 122
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

PATH Metro Villas - Phase 2 Apartments is a new construction project located in Los Angeles on a 0.84-acre site. The project consists of 120 restricted rental units and 2 unrestricted managers' units. The project will have 60 studios, 60 one-bedroom units and 2 two-bedroom units. The two buildings will be six stories. Common amenities include laundry facilities, community garden and bicycle lockers. Each unit will have vinyl plank flooring, blinds, a refrigerator, range/stove, garbage disposal, microwave oven and central heating and air. There are 70 parking spaces provided. The construction is expected to begin December 2017 and completed in July 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

75% (90 units) restricted to 50% or less of area median income households.

25% (30 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 51,334,230

Estimated Hard Costs per Unit: \$ 226,623 (\$27,647,954 /122 units including mgr. units)

Estimated per Unit Cost: \$ 420,772 (\$51,334,230 /122 units including mgr. units)

Allocation per Unit: \$ 298,402 (\$36,405,000 /122 units including mgr. units)

Allocation per Restricted Rental Unit: \$ 303,375 (\$36,405,000 /120 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 36,405,000	\$ 1,200,000
HCID - LA	\$ 5,580,000	\$ 6,200,000
CalHFA - Special Needs Housing Program	\$ 1,500,000	\$ 1,500,000
LIH Tax Credit Equity	\$ 2,897,278	\$ 20,975,457
Deferred Developer Fee	\$ 1,100,000	\$ 1,100,000
Deferred Costs	\$ 2,604,607	\$ 0
Foundation Grants	\$ 55,000	\$ 55,000
HCD - AHSC Sustainable Transportation	\$ 1,192,345	\$ 1,192,345
HCD - AHSC Affordable Housing	\$ 0	\$ 12,413,648
HCD - VHHP	\$ 0	\$ 6,173,180
City of LA Fee Waiver	\$ 0	\$ 524,600
Total Sources	\$ 51,334,230	\$ 51,334,230

Uses of Funds:	
Land Cost/Acquisition	\$ 6,748,145
New Construction	\$ 27,630,387
Contractor Overhead & Profit	\$ 2,418,776
Architectural Fees	\$ 1,150,000
Survey and Engineering	\$ 320,000
Construction Interest and Fees	\$ 3,425,490
Permanent Financing	\$ 84,500
Legal Fees	\$ 150,000
Reserves	\$ 1,288,608
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 2,564,690
Local Development Impact Fees	\$ 500,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,538,634
Developer Costs	\$ 2,500,000
Total Uses	\$ 51,334,230

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:

70 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$36,405,000 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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	70