

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	City of Los Angeles
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Allocation Amount Requested:	Tax-exempt: \$15,196,222
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Project Information:	Name: The Pointe on Vermont Apartments
	Project Address: 7600-7610 South Vermont Ave & 950 W. 76th Street
	Project City, County, Zip Code: Los Angeles, Los Angeles, 90044

Project Sponsor Information:	Name: The Pointe on Vermont, LP (Pointe on Vermont EAH, LLC & A2Z Enterprises, LLC)
	Principals: Mary Murtagh, Alvin Bonnett, Laura Hall, Welton Jordan and Cathy Macy for Pointe on Vermont EAH, LLC; Theron and Antonia Feemster for A2Z Enterprises, LLC
Property Management Company:	EAH, Inc.

Project Financing Information:	Bond Counsel: Kutak Rock LLP
	Private Placement Purchaser: Citibank, N.A.
	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 5, 2018
	TEFRA Adoption Date: June 8, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 50
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family/Special Needs

The Pointe on Vermont Apartments is a new construction project located in Los Angeles on a .39-acre site. The project consists of 49 restricted rental units and 1 unrestricted manager unit. The project will have 22 studio units, 27 one-bedroom units and 1 two-bedroom unit. The building will be a four-story wood frame construction over a concrete podium deck. Common amenities include a community room, laundry facilities and management offices. Each unit will have a refrigerator, range/oven, dishwasher and linen closets. The construction is expected to begin March 2019 and be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
51% (25 units) restricted to 50% or less of area median income households.
49% (24 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. The Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants with access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council). Services will be provided on-site.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 24,969,189
Estimated Hard Costs per Unit: \$ 301,510 (\$15,075,509 /50 units including mgr. units)
Estimated per Unit Cost: \$ 499,384 (\$24,969,189 /50 units including mgr. units)
Allocation per Unit: \$ 303,924 (\$15,196,222 /50 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 310,127 (\$15,196,222 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,196,222	\$ 2,260,000
LIH Tax Credit Equity	\$ 333,981	\$ 8,792,473
Deferred Developer Fee	\$ 316,716	\$ 316,716
Deferred Costs	\$ 1,622,270	\$ 0
HCID RDA	\$ 0	\$ 2,500,000
LA County CDC	\$ 1,500,000	\$ 1,500,000
HCIDLA HHH	\$ 6,000,000	\$ 7,900,000
HCID HOME	\$ 0	\$ 1,700,000
Total Sources	\$ 24,969,189	\$ 24,969,189
 Uses of Funds:		
Land Cost/Acquisition	\$ 1,245,945	
New Construction	\$ 14,044,705	
Contractor Overhead & Profit	\$ 1,030,804	
Architectural Fees	\$ 706,380	
Survey and Engineering	\$ 217,500	
Construction Interest and Fees	\$ 1,669,166	
Permanent Financing	\$ 37,000	
Legal Fees	\$ 120,000	
Reserves	\$ 313,000	
Appraisal	\$ 15,000	
Hard Cost Contingency	\$ 753,775	
Local Development Impact Fees	\$ 202,000	
Relocation	\$ 491,925	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,305,273	
Developer Costs	\$ 2,816,716	
Total Uses	\$ 24,969,189	

Analyst Comments:

This project is considered a high cost per unit project. According to the Project Sponsor, the reasons for the high costs are the following: HCD's Grant triggered prevailing wage requirement; County LACDC triggered local hire labor requirements, construction cost increased. High relocation costs due to multiple commercial tenants and one single family residence in addition to permanent supportive housing increased costs.

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:

65 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,196,222 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]	0.0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	5
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	65