

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$24,440,000

Project Information:	
Name:	PATH Villas Hollywood
Project Address:	5627 West Fernwood Avenue
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90028

Project Sponsor Information:	
Name:	PVH LA LP (PVH GP LLC)
Principals:	Joel Roberts and Amy Anderson
Property Management Company:	John Stewart Company

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 3, 2019
TEFRA Adoption Date:	June 5, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	60
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

PATH Villas Hollywood Apartments is a new construction project located in Los Angeles on a .33-acre site. The project will consist of 59 restricted rental units and 1 unrestricted manager unit. The project will have 45 Studio units, 14 one-bedroom units and 1 two-bedroom units. The project will be a six story building. Common amenities include a 1,548 square foot community room with a kitchen, a management office, laundry facilities and several social services offices. Each unit will have central heating and air conditioning, a refrigerator, range/oven, microwave and furnished with a double bed, dresser, night stand and a small dining table with two chairs. There will be 14 parking spaces provided. The construction is expected to begin December 2019 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (59 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 40,350,749	
Estimated Hard Costs per Unit:	\$ 350,007	(\$21,000,398 /60 units including mgr. unit)
Estimated per Unit Cost:	\$ 672,512	(\$40,350,749 /60 units including mgr. unit)
Allocation per Unit:	\$ 407,333	(\$24,440,000 /60 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 414,237	(\$24,440,000 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,440,000	\$ 2,029,000
LIH Tax Credit Equity	\$ 0	\$ 15,101,370
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 2,127,900	\$ 2,127,900
Deferred Costs	\$ 1,707,024	\$ 0
Prop HHH Housing Loan	\$ 11,434,724	\$ 12,320,000
Affordable Housing & Sustainable Com.	\$ 0	\$ 4,837,217
LP Capital Contribution	\$ 641,000	\$ 0
National Housing Trust Fund	\$ 0	\$ 3,935,162
Total Sources	\$ 40,350,748	\$ 40,350,749

Uses of Funds:	
Land Cost/Acquisition	\$ 3,280,500
New Construction	\$ 22,570,917
Contractor Overhead & Profit	\$ 1,763,140
Architectural Fees	\$ 556,381
Survey and Engineering	\$ 245,000
Construction Interest and Fees	\$ 2,997,109
Permanent Financing	\$ 40,300
Legal Fees	\$ 120,000
Reserves	\$ 410,335
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 2,006,748
Local Development Impact Fees	\$ 214,667
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,502,752
Developer Costs	\$ 4,627,900
Total Uses	\$ 40,350,749

Analyst Comments:

This project is considered a high cost per unit project. The Applicant states that the following factors contribute to the high cost: increase in construction costs: prevailing wages; temporary construction elevator (cost nearly \$500,000); subterranean garage; relocation/undergrounding of existing utilities due to need of subterranean garage; costs associated with upgraded HVAC and sound deadening systems to mitigate noise and air quality concerns due to location within 500 feet of the US-101 Highway; affordable housing lenders requirements to pay interest during construction loans that are otherwise paid back on a residual receipt basis; large reserves requirement in case project's operating subsidies are discontinued; and increase in attorney and consulting costs due to one year project delay for challenges related to entitlements and securing financing.

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$24,440,000 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
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	-10
Total Points	140	120	55