

**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*

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<b>Applicant:</b>	City of Los Angeles
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$5,525,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>PATH Villas Montclair-Gramercy (Site 2)</b>
<b>Project Address:</b>	3317 W. Washington Blvd.
<b>Project City, County, Zip Code:</b>	Los Angeles, Los Angeles, 90018

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	Montclair LA LP (Montclair GP LLC)
<b>Principals:</b>	Joel Roberts and Amy Anderson
<b>Property Management Company:</b>	The John Stewart Company

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Kutak Rock LLP
<b>Private Placement Purchaser:</b>	Citibank, N.A.
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Not Applicable
<b>Underwriter:</b>	Not Applicable
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	Not Applicable
<b>TEFRA Noticing Date:</b>	May 9, 2019
<b>TEFRA Adoption Date:</b>	June 5, 2019

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	17
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Family/Special Needs

PATH Villas Montclair-Gramercy (Site 2) Apartments is an existing project located in Los Angeles on a .43-acre site. The project consists of 16 restricted rental units and 1 unrestricted manager unit. There will be a total of 16 studio units in the project and 1 two-bedroom unit. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of new accessible entrance doors to the lobby and ground floor accessible units, minor maintenance work on the existing storefront windows and doors (including changing hardware sets and weather striping), replacement of roofing, provide a new fire sprinkler system, patch and repair damaged exterior brick walls, and new roller shades on the existing storefront. Interior renovations will include replacing the existing childcare facility with a two-bedroom unit for the property manager, management office, two case manager offices and an ground floor laundry room. Individual apartment units will be updated with expansion of bathrooms for some units, new plumbing fixtures and new kitchen. The rehabilitation is expected to begin in Janaury 2020 and be completed in January 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (16 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 10,517,078	
<b>Estimated Hard Costs per Unit:</b>	\$ 162,818	\$2,767,908 /17 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 618,652	(\$10,517,078 /17 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 325,000	(\$5,525,000 /17 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 345,313	(\$5,525,000 /16 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,525,000	\$ 270,882
LIH Tax Credit Equity	\$ 353,412	\$ 2,869,134
Developer Equity	\$ 23	\$ 23
Developer Fee	\$ 0	\$ 375,467
Deferred Costs	\$ 601,198	\$ 0
Seller Carryback Loan	\$ 1,333,722	\$ 1,333,722
HCD Home Funds (Existing)	\$ 1,466,278	\$ 1,466,278
Cash Reserves from Seller	\$ 0	\$ 58,736
HCD HOME & HOPWA	\$ 1,237,445	\$ 0
HCID HTF	\$ 0	\$ 1,600,000
HCD MHP Supportive Hsg	\$ 0	\$ 2,542,836
Total Sources	\$ 10,517,078	\$ 10,517,078

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,015,325
Rehabilitation	\$ 3,111,681
Relocation	\$ 791,896
Contractor Overhead & Profit	\$ 138,396
Architectural Fees	\$ 459,867
Survey and Engineering	\$ 125,000
Construction Interest and Fees	\$ 575,790
Permanent Financing	\$ 2,462
Legal Fees	\$ 25,260
Reserves	\$ 297,406
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 485,882
Local Development Impact Fees	\$ 600
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 521,028
Developer Costs	\$ 958,485
Total Uses	\$ 10,517,078

**Analyst Comments:**

This project is considered a high cost per unit project. The Applicant states that the factors contributing to the high cost are: small project (17 total units); a gut rehabilitation of PATH's Family Solutions Center (community services facility approximately 4,000 square feet; and construction of a two-bedroom apartment.

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**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.

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**Total Points:**

50 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$5,525,000 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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>50</b>