Agenda Item No. 8.28
Application No. 19-507

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**
Allocation Amount Requested:	
Tax-exempt:	$17,890,000
Project Information:	
Name:	**PATH Villas Montclaire-Gramercy (Site 1)**
Project Address:	4220 W. Montclair Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90018
Project Sponsor Information:	
Name:	Montclair LA LP (Montclair GP LLC)
Principals:	Joel Roberts and Amy Anderson
Property Management Company:	The 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 9, 2019
TEFRA Adoption Date:	June 5, 2019
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	46
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

PATH Villas Montclair-Gramercy (Site 1) Apartments is a new construction project located in Los Angeles on a .31-acre site. The project will consists of 45 restricted rental units and 1 unrestricted manager unit. The project will have 45 Studio units and 1 two-bedroom unit. The building will be five-stories. Common amenities include a community room, laundry facilities, management offices, a trash room, a mechanical room, courtyard with BBQ grill, benches, tables and large planters, a roof terrace and an elevator. Each unit will have a refrigerator, range/oven, microwave, solid surface countertops, a full bathroom and a storage cabinet. There are 14 parking spaces provided. The project will be pursuing LEED Silver certification. According to the Applicant, Green features include green building technologies, the use of more resource-efficient modes of construction, adhere to principles of energy efficiency, water conservation environmentally, preferrable building materials and overall waste reduction. The construction is expected to begin January 2020 and be completed in July 2021.

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Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

40% (18 units) restricted to 50% or less of area median income households.

60% (27 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 2 bedroom

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:	$	30,786,422	
Estimated Hard Costs per Unit:	$	291,552	$13,535,445 /46 units including mgr. unit)
Estimated per Unit Cost:	$	669,270	($30,786,422 /46 units including mgr. unit)
Allocation per Unit:	$	388,913	($17,890,000 /46 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	397,556	($17,890,000 /45 restricted units)

Sources of Funds:	Construction		Permanent	
Tax-Exempt Bond Proceeds	$	17,890,000	$	877,118
LIH Tax Credit Equity	$	1,216,872	$	9,873,179
Developer Equity	$	77	$	77
Developer Fee	$	0	$	1,234,549
Deferred Costs	$	1,889,864	$	0
LA HCID HHH	$	4,839,609	$	9,900,000
LA Co MHHP & AHTF Funds	$	4,950,000	$	0
LACDC	$	0	$	5,000,000
HCD MHP Supportive Hsg	$	0	$	3,901,499
Total Sources	$	30,786,422	$	30,786,422

Uses of Funds:		
Land Cost/Acquisition	$	4,519,702
New Construction	$	14,994,624
Contractor Overhead & Profit	$	670,570
Architectural Fees	$	885,190
Survey and Engineering	$	218,250
Construction Interest and Fees	$	2,323,622
Permanent Financing	$	11,138
Legal Fees	$	120,740
Reserves	$	804,098
Appraisal	$	3,800
Hard Cost Contingency	$	1,566,519
Local Development Impact Fees	$	140,176
Other Project Costs (Soft Costs, Marketing, etc.)	$	1,376,462
Developer Costs	$	3,151,531
Total Uses	$	30,786,422

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Analyst Comments:

This project is considered a high cost per unit project. The Applicant states that the factors that contribute to the high cost are: acquisition cost (site was already entitled by the seller, which warranted a higher price); increase in construction costs; LEED Gold Certification design; furnishing for all units and offices; transition reserve required by HCD and the size of the project.

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:

50 out of 140 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $17,890,000 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
Total Points	**140**	**120**	**50**