

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Muri Bartkovsky

Applicant: Los Angeles County Development Authority

Allocation Amount Requested: Tax-exempt: \$8,000,000

Project Information:

Name: El Monte Metro Apartments
Project Address: 3650 Center Avenue
Project City, County, Zip Code: El Monte, Los Angeles, 91731

Project Sponsor Information:

Name: Vista Del Monte Affordable Housing, Inc. (Parent Company: Cesar Chavez Foundation) (El Monte Metro Veterans Housing, LLC (Parent Company: Vista Del Monte Affordable Housing); Step Up on Second Street, Inc.)
Principals: Paul F. Chavez, Paul S. Park, and Luis Conde of El Monte Metro Veterans Housing, LLC. Tod Lipka of Step Up on Second Street, Inc.
Property Management Company: Hyder & Company

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank
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 2, 2019
TEFRA Adoption Date: June 11, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 28
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

El Monte Metro Apartments is a Tax Credit Hybrid, new construction project located in El Monte on a 0.683-acre site. The October allocation in combination with 4% Tax Credits cover costs for 28 of the 53 units being developed for families and veterans. The project consists of 51 restricted rental units and 2 manager units. The project will have 25 one-bedroom units, 14 two-bedroom units, and 14 three-bedroom units. The building will be four-stories over an on-grade concrete parking garage. Common amenities include 2 courtyards, 2 laundry facilities, 2 management offices, and rooms and private office spaces for social services and providers. Amenities include a recreational/after school room, lounges, a community garden, and a warming kitchen for demonstrations. Each unit will have 1 bath, kitchen, closet, storage space, and a balcony. Social services include; individualized service plans, mental health referrals, substance abuse counseling, employment & training, physical health care, benefits assistance, and recreational activities. 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%
0% (0 units) restricted to 50% or less of area median income households.
100% (27 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 16,461,359	
Estimated Hard Costs per Unit:	\$ 20,996	\$587,906 /28 units including mgr. unit)
Estimated per Unit Cost:	\$ 587,906	(\$16,461,359 /28 units including mgr. unit)
Allocation per Unit:	\$ 285,714	(\$8,000,000 /28 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 296,296	(\$8,000,000 /27 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 1,415,056
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 492,534	\$ 4,925,126
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 800,777
Deferred Costs	\$ 2,998,425	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 4,970,400	\$ 9,320,400
Net Income From Operations	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 16,461,359	\$ 16,461,359

Uses of Funds:	
Land Cost/Acquisition	\$ 1,610,400
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 7,252,296
Contractor Overhead & Profit	\$ 1,617,709
Architectural Fees	\$ 896,352
Survey and Engineering	\$ 126,016
Construction Interest and Fees	\$ 769,438
Permanent Financing	\$ 98,453
Legal Fees	\$ 648,509
Reserves	\$ 1,180,412
Appraisal	\$ 0
Hard Cost Contingency	\$ 514,368
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,747,406
Developer Costs	\$ 0
Total Uses	\$ 16,461,359

Analyst Comments:

These units are considered high cost per unit. They are designed with strict accordance to 2010 ADA Standards for Accessible Design and will meet all requirements of the California Building Code (Chapters 11A and 11B), the assumption is that there will be a higher percentage of units that will be accessible. The project is also using HOME funds and project based vouchers, which require payment of Davis-Bacon wages. Further cost increases are due to the requirement of the Los Angeles County Development Authority's NOFA 24-A to provide full furnishings for all of the units, which will serve homeless persons. The additional costs to fully furnishing the units is \$5,000/unit. As an urban infill development, the proposed project is faced with unique challenges. The City of El Monte's Trolley Bus Stop is currently operating at the site. As part of the conditions of approval for the proposed project, the developer is required to relocate the Trolley Bus Stop to the City of El Monte/Metro parking lot directly across the street on Center Avenue (APN: 8575-019-900). The temporary relocation of the local transit is \$17,000/unit. Costs were also incurred for street improvements needed in order for the Los Angeles County Fire Department to maintain fire apparatus access within 150 feet of all portions of the exterior walls of the first story of the building.

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:

87 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,000,000 in tax-exempt bond allocation.

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	20
Exceeding Minimum Income Restrictions:	35	15	20
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
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	110	87