

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
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: \$17,500,000

Project Information:
Name: PATH Metro Villas I Apartments
Project Address: 340 N. Madison Ave. (proposed 345 N. Westmorland Ave.)
Project City, County, Zip Code: Los Angeles, Los Angeles, 90004

Project Sponsor Information:
Name: Metro Villas 345, LP (AHG Metro 345, LLC and PATH VENTURES 345, LLC)
Principals: James Silverwood and Nicki Cometa for AHG Metro 345, LLC; Amy Anderson and Hewsu Cobb-Phillips for PATH VENTURES 345, LLC
Property Management Company: John Stewart Company

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
TEFRA Noticing Date: March 18, 2016
TEFRA Adoption Date: April 19, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 64, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

The proposed project is the first phase of a three-phase, 187-unit, transit-oriented development that is being developed on the rear parking lot of the PATH Mall and the lot adjacent to the PATH Mall. The project is composed of 33 studio units, 31 one-bedroom units and a single two-bedroom manager's unit. The project will contain social service programming space, a community room and 72 parking spaces. The County of Los Angeles will have leasing preference and will provide operating subsidies and services to the 51 Supportive Housing Units designated for homeless individuals with a history of mental illness, substance abuse and/or chronic health conditions. Site amenities include a large park, a plaza with seating and BBQ areas, a communal kitchen, a rooftop deck, lounges on each residential floor, laundry facilities, bicycle parking and security cameras. Construction is expected to start in November 2016 and should be complete by February 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

50% (32 units) restricted to 50% or less of area median income households.

50% (32 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	28,238,472	
Estimated Hard Costs per Unit:	\$	201,116	(\$12,871,428 /64 units)
Estimated per Unit Cost:	\$	441,226	(\$28,238,472 /64 units)
Allocation per Unit:	\$	273,438	(\$17,500,000 /64 units)
Allocation per Restricted Rental Unit:	\$	273,438	(\$17,500,000 /64 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,500,000	\$ 0
HCID LA	\$ 7,290,678	\$ 8,472,548
LIH Tax Credit Equity	\$ 2,608,693	\$ 10,256,685
Partial Land Contribution	\$ 0	\$ 1,945,000
MHP	\$ 0	\$ 5,581,877
Def. Dev. Fee	\$ 836,100	\$ 839,100
GP Equity Contribution	\$ 0	\$ 1,143,262
Total Sources	\$ 28,235,471	\$ 28,238,472

Uses of Funds:	
Land Cost/Acquisition	\$ 2,945,000
New Construction	\$ 15,312,988
Architectural Fees	\$ 950,000
Survey & Engineering	\$ 160,000
Construction Interest and Fees	\$ 1,158,200
Legal Fees	\$ 150,000
Reserves	\$ 1,018,000
Appraisal	\$ 23,500
Contingency Cost	\$ 1,454,300
Local Development Impact Fees	\$ 470,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,528,622
Developer Costs	\$ 3,067,862
Total Uses	\$ 28,238,472

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by JPMorgan Chase Bank, N.A. for a construction only loan. During the construction financing the loan term will be for 21 months (plus one 6-month extension option) with a fixed rate of interest reset every 30 days at 160 basis points in excess of the 30 day LIBOR rate. Draws funded between rate reset days will bear interest at a floating rate that approximately equals the fixed rate. Changes in the rate environment subsequent to closing may create a difference between the fixed and floating rates. However, all loan balances outstanding on the 30 day reset date will be adjusted to the fixed rate. The current indicative fixed rate is 2.04%. The Bonds will be issued by the City of Los Angeles.

Analyst Comments:

None

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:

70 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$17,500,000 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	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
Gross Rents	5	5	5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	70

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.