

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

March 21, 2007

Executive Summary

***SUPPLEMENTAL REQUEST FOR ADDITIONAL QUALIFIED PRIVATE ACTIVITY BOND
ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT***

Prepared by Richard Fischer.

Applicant: California Housing Finance Agency

Allocation Amount Requested: \$300,000 (Supplemental)
Originally received \$4,510,000 – ref. application # 04-141

Project Name: **La Flores Apartments**
Project Address: 1063 & 1073 Eastman Ave. and 1074 Rowan Ave.
Project City, County, Zip Code: Los Angeles, Los Angeles, 90023

Project Sponsor Information:
Name: East LA Community Corporation (a nonprofit) and
A Community of Friends (a nonprofit)
Principals: Roberto Barragan, Yolanda Chavez, Lynn Hansen,
Xavier Alvarez Gutierrez, Evangeline Ordaz-Molina,
Solomon Rivera, Alfredo Izmajtovich, Robin M. Billups, and
Roy Jasso for East LA Community Corp.; Philip N. Feder,
Michael S. Linsk, Sean L. Leonard, Marc Binenfeld, Maria
Cabildo, James Preis, Helena L. Jubany, AIA, Jeff Ong-Siong,
and Marvin Weinstein for A Community of Friends.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Lehman Brothers
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Provider: NA

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 24, plus 1 manager's unit
Type: New Construction
Type of Units: Family, Special Needs

Percent of Restricted Rental Units in the Project: 100%
100% (24 units) restricted to 50% or less of area median income households.

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.

COMMENTS: Staff's review has determined that no changes have been made to affect the original public benefits of the Project. The applicant states that the additional allocation is needed to meet the required 50% test.

Recommendation:
Staff recommends that the Committee approve the supplemental request of \$300,000 in tax-exempt bond allocation.

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, since the original September 2004 allocation of tax-exempt bonds, the Project has experienced numerous time delays, increased construction materials costs and additional architectural design costs. Design changes were made to accommodate the lenders and Building and Safety Department's requirements. Upon contract execution 15 months later the additional tax-exempt bond allocation was needed to meet the TCAC 50% test requirements.

REVISED SOURCES AND USES

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$4,510,000	\$ 0
Supplemental Bond Proceeds	\$ 300,000	\$ 0
Taxable Debt Proceeds	\$ 0	\$ 610,000
Deferred Developer Fee/ Equity	\$ 0	\$ 137,150
LIH Tax Credit Equity	\$ 928,800	\$3,996,500
Direct & Indirect Public Funds	\$3,296,396	\$4,968,296
Other (deferred costs)	<u>\$ 676,750</u>	<u>\$ 0</u>
Total Sources	\$9,711,946	\$9,711,946
Uses of Funds:		
Land Purchase	\$ 825,000	
On-Site & Off-Site Costs	\$ 444,765	
Hard Construction Costs	\$4,831,381	
Architect & Engineering Fees	\$ 453,209	
Contractor Overhead & Profit	\$ 411,525	
Developer Fee	\$ 610,200	
Other Soft Costs	<u>\$2,135,866</u>	
Total Uses	\$9,711,946	

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