

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 5, 2007
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill .

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt \$7,000,000

The amount of allocation requested is supplemental to the \$10,000,000 of allocation the Project received in August of 2001 (01-184). According to the Project Sponsor, additional allocation is needed, because the General Contractor declared bankruptcy after completing approximately 50% of construction. Construction has remained idle pending legal settlement with the Contractor and surety, which settlement is now in place. In addition, construction costs have gone up considerably in the interim.

Project Name: Broadway Plaza Apartments
Project Address: 901 South Broadway Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90015

The proposed Project is located in a Community Revitalization area, more specifically in the City Center Redevelopment Project Area.

Project Sponsor Information:
Name: 901 South Broadway Limited Partnership
(Standard Development, LLC)
Principals: Allen Gross

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Citi Group
Credit Enhancement Provider: Capmark Finance Inc. / Department of Housing &
Urban Development (\$1.5 million)
Private Placement Purchaser: Hanmi Bank (\$5.5 million)
TEFRA Hearing: September 7, 2007

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 81, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 21%
21% (17 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 and 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$30,625,872
Estimated Hard Costs per Unit:	\$ 134,512 (\$10,895,500/81 units)
Estimated per Unit Cost:	\$ 378,097 (\$30,625,872/81 units)
Allocation per Unit:	\$ 209,877 (\$17,000,000/81 units)
Allocation per Restricted Rental Unit:	\$ 1,000,000 (\$17,000,000/17 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$17,000,000	\$11,500,000
Developer Equity	\$ 1,518,513	\$ 1,518,513
Deferred Costs & Fee	\$ 4,328,594	\$ 4,328,594
LIH Tax Credit Equity	\$ 1,216,471	\$ 1,216,471
Investor Equity	\$ 3,051,871	\$ 8,551,871
Direct & Indirect Public Funds	<u>\$ 3,510,423</u>	<u>\$ 3,510,423</u>
Total Sources	\$30,625,872	\$30,625,872

Uses of Funds:	
Land Purchase	\$ 4,155,133
On-Site & Off-Site Costs	\$ 225,000
Hard Construction Costs	\$10,670,500
Architect & Engineering Fees	\$ 695,918
Contractor Overhead & Profit	\$ 990,000
Developer Fee	\$ 4,245,081
Cost of Issuance	\$ 392,262
Capitalized Interest	\$ 3,276,888
Other Soft Costs	<u>\$ 5,975,090</u>
Total Uses	\$30,625,872

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: 65.5 out of 108
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	6
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	7.5
Service Amenities	10	10	0
Sustainable Building Methods	8	8	7
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	65.5

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.