

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by John Weir

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt \$13,987,189

Project Name: Three Courtyards Apartments

Project Address: 13751 Sherman Way
Project City, County, Zip Code: Van Nuys, Los Angeles, 91405

Project Sponsor Information:

Name: Sherman Way Community Housing, L.P. (Los Angeles
Community Design Center and Design Center
Development Corporation)
Principals: Robin Hughes, and Holly Phillips for President, Ezra
Bolds

Project Financing Information:

Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing: April 18, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 51, plus 1 manager unit
Type: New Construction
Type of Units: Family, Special Needs

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
90% (46 units) restricted to 50% or less of area median income households; and
10% (5 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3, 4 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$23,915,079
Estimated Hard Costs per Unit:	\$262,144 (\$13,369,324 / 51 units)
Estimated per Unit Cost:	\$468,923 (\$23,915,073 / 51 units)
Allocation per Unit:	\$274,259 (\$13,987,189 / 51 units)
Allocation per Restricted Rental Unit:	\$274,259 (\$13,987,189 / 51 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost stems from the narrow width of the site. This necessitates the need to build a parking structure and increases the construction costs related to the staging and sequencing of contractors and their equipment.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$13,987,189	\$1,131,900
Deferred Costs	\$133,000	\$133,000
LIH Tax Credit Equity	\$832,366	\$8,322,761
AHP Funds	\$0	\$280,500
Direct & Indirect Public Funds	<u>\$8,962,524</u>	<u>\$14,046,918</u>
Total Sources	\$23,915,079	\$23,915,079

Uses of Funds:	
Land Purchase	\$3,150,000
On-Site & Off-Site Costs	\$35,000
Hard Construction Costs	\$13,369,324
Contractor Overhead & Profit	\$950,951
Architect & Engineering Fees	\$1,155,046
Developer Fee	\$950,000
Cost of Issuance	\$219,891
Capitalized Interest	\$1,486,914
Other Soft Costs	<u>\$2,632,953</u>
Total Uses	\$23,950,079

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: 106.6 out of 138
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,987,189 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	35
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	7.1
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	7
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	138	118	106.6

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.