

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 24, 2008
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:** \$12,500,000

Project Information:

Name: Bonnie Brae Apartment Homes
Project Address: 501-511 South Bonnie Brae Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90057

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

Project Sponsor Information:

Name: 505 Bonnie Brae Partners, LP (Central Valley Coalition for Affordable Housing and American Communities, LLC)
Principals: Alan Jenkins, Steve Simmons, Sid McIntyre, Christina Alley, Jennifer Bertuccio and Renee Downum for Central Valley Coalition for Affordable Housing; Frank Fonseca and Mark Walther for American Communities, LLC

Project Financing Information:

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

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 52, plus 1 manager's unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (27 units) restricted to 50% or less of area median income households.
48% (25 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 and 4 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$24,697,055	
Estimated Hard Costs per Unit:	\$236,346	(\$12,290,000 / 52 units)
Estimated per Unit Cost:	\$474,943	(\$24,697,055 / 52 units)
Allocation per Unit:	\$240,385	(\$12,500,000 / 52 units)
Allocation per Restricted Rental Unit:	\$240,385	(\$12,500,000 / 52 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to Project Sponsor, the high cost is due to 1) the project is an urban Infill site with subterranean parking; and 2) P Wage.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 0
Deferred Developer Fee	\$ 2,314,535	\$ 1,382,769
LIH Tax Credit Equity	\$ 3,422,520	\$ 8,280,353
Direct & Indirect Public Funds	\$ 6,460,000	\$ 15,033,933
Total Sources	\$ 24,697,055	\$ 24,697,055

Uses of Funds:	
Acquisition Costs	\$ 3,276,500
New Construction Costs	\$ 14,170,600
Relocation	\$ 553,000
Architectural	\$ 625,000
Survey & Engineering	\$ 120,000
Contingency Costs	\$ 737,400
Construction Period Expenses	\$ 1,474,024
Permanent Financing Expenses	\$ 312,000
Legal Fees	\$ 150,000
Capitalized Reserves	\$ 139,535
Reports & Studies	\$ 201,100
Other	\$ 437,896
Development Costs	\$ 2,500,000
Total Uses	\$ 24,697,055

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: 128 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,500,000 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
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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	128	108	128

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.