

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 23, 2009
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Crystal Alvarez

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$6,321,766

Project Information:
Name: Vendome Palms Apartments
Project Address: 975 N. Vendome Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90026

Project Sponsor Information:
Name: Vendome Palms, L.P. (A Community of Friends)
Principals: Dora Leong Gallo and Renee DeMent

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo, N.A.
TEFRA Hearing Date: February 4, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 35, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (35 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	13,299,288	
Estimated Hard Costs per Unit:	\$	114,512	(\$4,007,934 /35 units)
Estimated per Unit Cost:	\$	379,980	(\$13,299,288 /35 units)
Allocation per Unit:	\$	180,622	(\$6,321,766 /35 units)
Allocation per Restricted Rental Unit:	\$	180,622	(\$6,321,766 /35 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,321,766	\$ 0
Deferred Developer Fee	\$ 1,971,924	\$ 541,500
LIH Tax Credit Equity	\$ 327,985	\$ 3,280,175
Direct & Indirect Public Funds	\$ 4,420,000	\$ 9,220,000
Equity	\$ 257,613	\$ 257,613
Total Sources	\$ 13,299,288	\$ 13,299,288

Uses of Funds:	
Acquisition Costs	\$ 3,472,318
Rehabilitation Costs	\$ 4,728,738
Architectural	\$ 310,568
Survey & Engineering	\$ 53,350
Contingency Costs	\$ 843,169
Construction Period Expenses	\$ 876,935
Legal Fees	\$ 125,000
Capitalized Reserves	\$ 1,035,939
Reports & Studies	\$ 56,430
Other (Marketing, etc)	\$ 514,341
Developer Costs	\$ 1,282,500
Total Uses	\$ 13,299,288

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: 68 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,321,766 in tax exempt bond allocation on a carryforward basis.

The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010.

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:	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	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	-10
Total Points	118	98	68

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.