

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: Richard Fischer

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**

**Tax-exempt:** \$20,000,000  
**Taxable:** \$2,972,864

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**Project Information:**

**Name:** MacArthur Park Metro Apartments Phase A  
**Project Address:** 1901 West 7th Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90057

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**Project Sponsor Information:**

**Name:** MPM Apartments, L.P. (MBA Urban Development Company,  
Los Angeles Housing Partnership and Polis Builders, Inc.)  
**Principals:** Daniel Falcon, Mary Silverstein and Nikolas Patsaouras

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**Project Financing Information:**

**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Not Applicable  
**Private Placement Purchaser:** JP Morgan Chase Bank, N.A.  
**TEFRA Hearing Date:** August 13, 2009

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 89, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
51% (45 units) restricted to 50% or less of area median income households.  
49% (44 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 & 3 bedrooms

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 35,715,264	* Residential Costs
<b>Estimated Hard Costs per Unit:</b>	\$ 158,599	(\$14,115,278 /89 units)
<b>Estimated per Unit Cost:</b>	\$ 401,295	(\$35,715,264 /89 units)
<b>Allocation per Unit:</b>	\$ 224,719	(\$20,000,000 /89 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 224,719	(\$20,000,000 /89 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,000,000	\$ 2,450,000
Taxable Bond Proceeds	\$ 2,972,864	\$ 2,972,864
Deferred Costs	\$ 1,294,441	\$ 0
LIH Tax Credit Equity	\$ 1,991,400	\$ 9,957,000
Direct & Indirect Public Funds	\$ 16,827,307	\$ 27,308,264
Developer Equity	\$ 2,487,428	\$ 2,885,312
<b>Total Sources</b>	<b>\$ 45,573,440</b>	<b>\$ 45,573,440</b>

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 1,600,000
New Construction Costs	\$ 28,600,000
Architectural	\$ 2,001,000
Survey & Engineering	\$ 130,000
Contingency Costs	\$ 3,432,264
Construction Period Expenses	\$ 2,418,815
Permanent Financing Expenses	\$ 127,500
Legal Fees	\$ 410,000
Capitalized Reserves	\$ 719,396
Reports & Studies	\$ 750,000
Other (Marketing, etc)	\$ 2,534,465
Developer Costs	\$ 2,850,000
<b>Total Uses</b>	<b>\$ 45,573,440</b>

**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:** 118 out of 118  
 [See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$20,000,000 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	5
Large Family Units	5	5	5
Leveraging	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
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>118</b>

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.