

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Brady Hill.*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** Tax-exempt \$70,000,000

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**Project Name:** San Pedro Apartments  
**Project Address:** 235 S. San Pedro Street  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90012

The proposed Project is located in a Community Revitalization Area, more specifically the Little Tokyo Redevelopment Project Area.

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**Project Sponsor Information:**

**Name:** To be formed affiliate of The Related Companies of California, LLC (The Related Companies of California, LLC, Nicholas Real Estate Investments, LLC, Related General IV, LP)  
**Principals:** William A. Witte for Nicholas Real Estate Investments, LLC; Stephen M. Ross and Michael J. Brenner for Related General IV, L.P.

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**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not applicable  
**Credit Enhancement Provider:** Not applicable  
**Private Placement Purchaser:** Goldman, Sachs & Co.  
**TEFRA Hearing:** February 5, 2007

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**Description of Proposed Project:**

**State Ceiling Pool:** Mixed Income  
**Total Number of Units:** 229, 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: 20%**  
20% (46 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1 and 2 bedrooms

**Term of Restrictions:** 55 years

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<b>Estimated Total Development Cost:</b>	\$74,782,037
<b>Estimated Hard Costs per Unit:</b>	\$ 183,976 (\$42,130,417/229 units)
<b>Estimated per Unit Cost:</b>	\$ 326,559 (\$74,782,037/229 units)
<b>Allocation per Unit:</b>	\$ 305,677 (\$70,000,000/229 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 1,521,739 (\$70,000,000/46 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$70,000,000	\$70,000,000
LIH Tax Credit Equity	\$ 239,102	\$ 4,782,037
Deferred Costs	<u>\$ 4,542,935</u>	<u>\$ 0</u>
<b>Total Sources</b>	<b>\$74,782,037</b>	<b>\$74,782,037</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 5,740,000
On-Site & Off-Site Costs	\$ 794,375
Hard Construction Costs	\$41,336,042
Architect & Engineering Fees	\$ 3,201,300
Contractor Overhead & Profit	\$ 6,180,843
Developer Fee	\$ 2,418,000
Cost of Issuance	\$ 595,500
Capitalized Interest	\$ 4,309,500
Other Soft Costs	<u>\$10,206,476</u>
<b>Total Uses</b>	<b>\$74,782,037</b>

The Project Sponsor has requested an exception to the \$30 million cap per project imposed by Section 17.IV of the CDLAC Procedures on the basis that San Pedro Apartments is a large urban infill mixed-use project, which is located on a very small constrained site. The construction of the project cannot be phased. More specifically, the subject property is a 6-story mid-rise building located in the heart of downtown Los Angeles, which will have two layers of underground parking. In accordance with Section 17.IV.B, the Executive Director is recommending that the Committee approve the exception as requested.

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**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.

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**Total Points:** 51.5 out of 108  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$70,000,000 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	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	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	7.5
Service Amenities	10	10	0
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>51.5</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.