

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Richard Fischer.

Background:

The proposed Project received an allocation of \$28,657,153 of tax-exempt bonds (Application #03-068) on March 26, 2003. Bonds in the amount of \$25,000,000 were issued on a “draw-down” basis on July 29, 2003. However, the project was not built. GTS Property Santa Ana, Inc. obtained and redeemed the bonds in December 2005. The following circumstances summarize why the project was not completed:

A legal action against the original developer, American Housing Construction Inc. disputing the ownership of the property halted the work on the Project. The claim was finally dismissed on September 9, 2003. Subsequently, extensive rainfall occurred during the fall/winter of 2003/2004 further delaying the construction of the Project. By this time the developer experienced financial pressure from the delays and commenced discussions to sell the property to GTS Property Santa Ana, Inc.

GTS Property is the current owner. A ground lease has been signed between Palms Residential Care Facility, Inc. (Almond Tree Senior Apartments, L.P.) and GTS Property. American Housing Construction, Inc. is no longer affiliated with the proposed project.

Applicant:

California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$27,000,000

Project Name:

Almond Tree Village Apartments

Project Address: 3300-3400 West 3rd Street

Project City, County, Zip Code: Los Angeles, Los Angeles, 90020

Located in Wilshire Center/ Koreatown Recovery Redevelopment Project Area

Project Sponsor Information:

Name: Almond Tree Senior Apartments, L.P.
(Palms Residential Care Facility, Inc.)

Principals: Kevin Pickett

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP

Underwriter: Alliant Asset Management Company, LLC

Credit Enhancement Provider: Alliant Mortgage Company, Inc. / Fannie Mae

TEFRA Hearing: April 30, 2007

Description of Proposed Project:

State Ceiling Pool: General

Total Number of Units: 261, plus 2 manager units

Type: New Construction

Type of Units: Senior

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (27 units) restricted to 50% or less of area median income households; and
90% (234 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1-, and 2-bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$54,433,047
Estimated Hard Costs per Unit:	\$ 109,766 (\$28,649,027/261 units)
Estimated per Unit Cost:	\$ 208,556 (\$54,433,047/261 units)
Allocation per Unit:	\$ 103,448 (\$27,000,000/261 units)
Allocation per Restricted Rental Unit:	\$ 103,448 (\$27,000,000/261 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$27,000,000	\$27,000,000
Developer Equity	\$ 5,459,515	\$ 5,459,515
Deferred Developer Fee	\$ 2,500,000	\$ 2,500,000
LIH Tax Credit Equity	\$19,323,532	\$19,323,523
Other (Interest from GIC)	\$ 150,000	\$ 150,000
Total Sources	\$54,433,047	\$54,433,047

Uses of Funds:	
Land Purchase	\$ 7,803,093
Hard Construction Costs	\$28,649,027
Architect & Engineering Fees	\$ 683,487
Contractor Overhead & Profit	\$ 1,718,942
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 834,549
Capitalized Interest	\$ 1,941,376
Other Soft Costs	<u>\$10,302,573</u>
Total Uses	\$54,433,407

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: 82.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$27,000,000 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	NA
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	25
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	15
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	82.5

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.