

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 Brady Hill.

Applicant: City of Los Angeles

Allocation Amount Requested: Tax-exempt \$1,592,500

The amount of allocation requested is supplemental to the \$10,300,000 of allocation the Project received in September of 2002 (02-135). According to the Project Sponsor, additional allocation is needed, because of significant cost increases and damages due to flooding and rain.

Project Name: L.A. Colorado Terrace Apartments
Project Address: 2455 Colorado Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 90041

Project Sponsor Information:
Name: L.A. Colorado Terrace, L.P. (DDCM, Inc.; Coalition for Better Living; and AEGON, USA Realty Advisors)
Principals: Kurken Alyanakian for DDCM, Inc.; Manuk Melkonyan and Hovsep Movsessian for Coalition for Better Living

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Red Capital Markets, Inc.
Credit Enhancement Provider: Capmark Finance, Inc.
Private Placement Purchaser: Not applicable
TEFRA Hearing: February 2, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: New Construction
Type of Units: Senior

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 61%
20% (14 units) restricted to 50% or less of area median income households; and
41% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$26,994,563
Estimated Hard Costs per Unit:	\$ 189,855 (\$13,100,000/69 units)
Estimated per Unit Cost:	\$ 391,226 (\$26,994,563/69 units)
Allocation per Unit:	\$ 172,355 (\$11,892,500/69 units)
Allocation per Restricted Rental Unit:	\$ 283,155 (\$11,892,500/42 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond -Original	\$10,300,000	\$10,300,000
Tax-Exempt Bond -Supplemental	\$ 1,592,500	\$ 1,592,500
Developer Equity	\$ 3,386,377	\$ 1,177,991
Deferred Developer Fee	\$ 2,000,000	\$ 2,000,000
LIH Tax Credit Equity	\$ 3,200,000	\$ 5,408,386
Direct & Indirect Public Funds	<u>\$ 6,515,686</u>	<u>\$ 6,515,686</u>
Total Sources	\$26,994,563	\$26,994,563

Uses of Funds:	
Land Purchase	\$ 1,365,000
On-Site & Off-Site Costs	\$ 1,000,000
Hard Construction Costs	\$12,100,000
Architect & Engineering Fees	\$ 1,450,000
Contractor Overhead & Profit	\$ 1,900,000
Developer Fee	\$ 2,000,000
Cost of Issuance	\$ 904,000
Capitalized Interest	\$ 600,000
Other Soft Costs	<u>\$ 5,675,563</u>
Total Uses	\$26,994,563

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: 75.5 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$1,592,500 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	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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	75.5

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.