

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 23, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: California Housing Finance Agency

Allocation Amount Requested: Tax-exempt \$19,900,000

Project Name: Grand Plaza Senior Apartments
Project Address: 601 N. Grand Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90012

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

Project Sponsor Information:

Name: Grand Plaza Preservation, L.P.
(Grand Plaza Preservation GP, LLC [AIMCO Equity Services, Inc., AIMCO and TRG Grand Plaza, LLC] and Las Palmas Foundation)
Principals: David Robertson, Jim Hahn, Derik Hart, Tim Beaudin, John Bezzant, Paul Patierno, Jimmy Arnold and Don Maloy for AIMCO Equity Services, Inc.; Richman Gamily Irrevocable Grantor Trust I, Richman Gamily Irrevocable Grantor Trust II, Kristin Miller, David Salzman, Richard Richman and Pamela Mikus for TRG Grand Plaza, LLC; Joseph Michaels for Las Palmas Foundation

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Merrill Lynch & Co.
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not applicable
TEFRA Hearing: December 20, 2007

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 301, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (92 units) restricted to 50% or less of area median income households; and
69% (209 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:	\$32,304,436
Estimated Hard Costs per Unit:	\$ 12,274 (\$3,694,535/301 units)
Estimated per Unit Cost:	\$ 107,324 (\$32,304,436/301 units)
Allocation per Unit:	\$ 66,113 (\$19,900,000/301 units)
Allocation per Restricted Rental Unit:	\$ 66,113 (\$19,900,000/301 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds (First Mortgage)	\$16,400,000	\$16,400,000
Tax-Exempt Bond Proceeds (Second Mortgage)	\$ 3,500,000	\$ 0
Taxable Debt Proceeds (Second Mortgage)	\$ 0	\$ 3,500,000
Deferred Developer Fee	\$ 2,348,874	\$ 0
Deferred Developer Equity	\$ 0	\$ 2,348,874
LIH Tax Credit Equity	<u>\$ 9,032,562</u>	<u>\$10,055,562</u>
Total Sources	\$31,281,436	\$32,304,436

Uses of Funds:	
Acquisition Cost	\$23,500,000
Hard Construction Costs	\$ 3,694,535
Architect & Engineering Fees	\$ 144,147
Contractor Overhead & Profit	\$ 247,680
Developer Fee	\$ 2,500,000
Relocation	\$ 75,500
Capitalized Interest	\$ 487,900
Other Soft Costs	<u>\$ 1,654,674</u>
Total Uses	\$32,304,436

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 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,900,000 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	35
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	5
Site Amenities	10	10	10
Service Amenities	10	10	0
Sustainable Building Methods	8	8	3
New Construction	10	10	0
Negative Points	NA	NA	NA
Total Points	128	108	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.