

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 28, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested: Tax-exempt \$6,400,000

Project Name: **Arrow Plaza Apartments**
Project Address: 20644 E. Arrow Highway
Project City, County, Zip Code: Unincorporated Los Angeles, Los Angeles, 91724

Project Sponsor Information:
Name: Arrow Plaza KBS, L.P. (Housing Corporation of America and KBS Housing, LLC)
Principals: Carol Cromar and Ronald H. Olson for Housing Corporation of America; Thomas L. Safran, Michael Kaplan and Stanley Black for KBS Housing, LLC

Project Financing Information:
Bond Counsel: Hawkins, Delafield & Wood LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citicorp Municipal Mortgage Inc.
TEFRA Hearing: October 5, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 63, 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%
21% (13 units) restricted to 50% or less of area median income households; and
79% (50 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions: 55 years

| | |
|---|--|
| Estimated Total Development Cost: | \$10,010,614 |
| Estimated Hard Costs per Unit: | \$ 33,481 (\$2,109,300/63 units) |
| Estimated per Unit Cost: | \$ 158,899 (\$10,010,614/63 units) |
| Allocation per Unit: | \$ 101,587 (\$6,400,000/63 units) |
| Allocation per Restricted Rental Unit: | \$ 101,587 (\$6,400,000/63 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--------------------------|---------------------|-------------------|
| Tax-Exempt Bond Proceeds | \$ 6,400,000 | \$ 6,400,000 |
| Developer Equity | \$ 1,056,977 | \$ 330,341 |
| LIH Tax Credit Equity | \$ 2,179,909 | \$ 2,906,546 |
| NOI during construction | <u>\$ 373,727</u> | <u>\$ 373,727</u> |
| Total Sources | \$10,010,613 | \$10,010,614 |

| Uses of Funds: | |
|------------------------------|-------------------|
| Acquisition Cost | \$ 5,562,629 |
| On-Site & Off-Site Costs | \$ 500,000 |
| Hard Construction Costs | \$ 1,609,300 |
| Architect & Engineering Fees | \$ 57,500 |
| Contractor Overhead & Profit | \$ 142,400 |
| Developer Fee | \$ 1,181,959 |
| Relocation | \$ 25,000 |
| Cost of Issuance | \$ 144,100 |
| Capitalized Interest | \$ 187,200 |
| Other Soft Costs | <u>\$ 500,526</u> |
| Total Uses | \$10,010,614 |

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: 65.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,400,000 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 | 10 |
| Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project | 35 | 15 | 30 |
| 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] | 0 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 15 | 15 | 0 |
| Site Amenities | 10 | 10 | 7.5 |
| Service Amenities | 10 | 10 | 10 |
| Sustainable Building Methods | 8 | 8 | 3 |
| New Construction | 10 | 10 | 0 |
| Negative Points | NA | NA | 0 |
| Total Points | 128 | 108 | 65.5 |

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.