

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	\$ 373,727	\$ 373,727
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	\$ 500,526
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.