

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 John Weir

Applicant: The Community Redevelopment Agency of the City of Los Angeles

Allocation Amount Requested: Tax-exempt \$65,654,667

Project Name: Angelus Plaza Apartments
Project Address: 255 South Hill Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90012

Project Sponsor Information:
Name: Hill RHF Housing Partners, L.P.
(RHF Bunker Hill)
Principals: Laverne R. Joseph, President, Deborah J. Stouff,
Secretary, Tom S. Masuda, Treasurer

Project Financing Information:
Bond Counsel: Hawkins, Delafield & Wood LLP
Underwriter: To Be Determined
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank
TEFRA Hearing: February 22, 2008

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 757 plus 4 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
30% (227 units) restricted to 50% or less of area median income households; and
70% (530 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions: 55 years

Estimated Total Development Cost: \$140,087,010
Estimated Hard Costs per Unit: \$ 33,426 (\$25,303,250/757 units)
Estimated per Unit Cost: \$ 185,055 (\$140,087,010/757 units)
Allocation per Unit: \$ 86,730 (\$65,654,667/757 units)
Allocation per Restricted Rental Unit: \$ 86,730 (\$65,654,667/757 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 65,654,667	\$ 53,700,022
Developer Equity	\$ 3,621	\$ 3,621
LIH Tax Credit Equity	\$ 9,050,609	\$ 36,202,434
Seller Loan	\$ 46,720,492	\$ 46,720,492
Debt Service Savings	\$ 168,950	\$ 168,950
Reserves	\$ 3,291,492	\$ 3,291,492
Deferred Costs	<u>\$ 15,197,179</u>	<u>\$ 0</u>
Total Sources	\$140,087,010	\$140,087,010

Uses of Funds:	
Land Acquisition	\$ 87,900,000
On-Site & Off-Site Costs	\$ 2,663,500
Hard Construction Costs	\$ 22,639,750
Architect & Engineering Fees	\$ 1,542,549
Contractor Overhead & Profit	\$ 2,397,150
Developer Fee	\$ 2,500,000
Relocation	\$ 3,450,000
Cost of Issuance	\$ 627,309
Capitalized Interest	\$ 6,893,740
Other Soft Costs	<u>\$ 9,473,102</u>
Total Uses	\$140,087,010

The Project Sponsor has requested an exception to the \$30 million cap per project imposed by Section 17.IV of the CDLAC Procedures on the basis that (a) it would not be possible to meet the 50% TCAC test if the project was bifurcated, (b) likely erosion of favorable committed interest rates and tax-credit pricing, (c) the loss of bank loan approval if project were bifurcated, (d) large public benefits to the community as the seller of the project (Retirement Housing Foundation) will utilize the sales proceeds to directly re-invest into additional affordable units throughout Los Angeles and California (approximately \$58,000,000) per their agreement with CRA/LA. In addition the project has received letters of support from Los Angeles Mayor Antonio R. Villaraigosa and Los Angeles Councilwoman Jan Perry, both of whom attest that in addition to the reasons stated above, the project provides much needed subsidized housing and essential social services to seniors in Los Angeles as evident by the nearly 2,000 individuals [confirmed by independent market study] who are on the waiting list for the project. In accordance with Section 17.IV.B, the Executive Director is recommending that the Committee approve the exception as requested.

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 out of 128) [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$65,654,667 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	0
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	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	128	108	65

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.