

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$1,500,000

The amount of allocation requested is supplemental to the \$10,000,000 of allocation the Project received in March of 2006. According to the Project Sponsor, additional allocation is needed to meet the 50% test consideration for their 4% tax credits.

Project Name: Poppyfield Estates
Project Address: 530 W. Jackman Street
Project City, County, Zip Code: Lancaster, Los Angeles, 93534

The proposed Project is located in a Community Revitalization area, more specifically in the North Downtown Neighborhood Revitalization Transit Village Project Area.

Project Sponsor Information:
Name: Leaps and Bounds, LP (Mental Health America of Los Angeles and InSite Development, LLC)
Principals: Richard Van Horn and Ann Stone for Mental Health of Los Angeles; Scott Williams, Steven Eglash and Dehua Chen for InSite Development, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: East West Bank
TEFRA Hearing: June 10, 2008

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: New Construction
Type of Units: Family, Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (99 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$23,988,885		
Estimated Hard Costs per Unit:	\$156,226.00 (\$15,466,341 /	99 units)
Estimated per Unit Cost:	\$241,807.00 (\$23,938,885 /	99 units)
Allocation per Unit:	\$116,162.00 (\$11,500,000 /	99 units)
Allocation per Restricted Rental Unit:	\$116,162.00 (\$11,500,000 /	99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$11,500,000	\$2,400,000
Deferred Developer Fee	\$0	\$1,955,074
LIH Tax Credit Equity	\$8,250,000	\$10,102,978
Direct & Indirect Public Funds	\$1,580,000	\$8,555,833
City Fee Waiver & Donated Land	\$925,000	\$925,000
Total Sources	<u>\$22,255,000</u>	<u>\$23,938,885</u>

Uses of Funds:	
Land Purchase	\$425,000
On-Site & Off-Site Costs (Contingency)	\$900,000
Hard Construction Costs	\$14,566,341
Architect & Engineering Fees	\$608,000
Contractor Overhead & Profit	\$2,031,000
Developer Fee	\$2,500,000
Cost of Issuance	\$224,000
Capitalized Interest	\$867,006
Other Soft Costs	\$1,817,538
Total Uses	<u>\$23,938,885</u>

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: 110.5 out of 138

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve the supplemental request of \$1,500,000 in tax-exempt bond allocation.

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
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	5
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	138	118	110.5

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.