

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (H.R. 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City of Los Angeles

Allocation Amount Requested: **Tax-exempt:** \$10,000,000

Project Information:

Name: Taylor Terrace Apartments
Project Address: 2307 West 6th Street
Project City, County, Zip Code: Los Angeles, Los Angeles 90057

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

Project Sponsor Information:

Name: Melba Toast, L.P. (Insight Development, LLC and Housing Corporation of America, Inc.)
Principals: Steven Eglash, Dehuah Chen and Scott Williams for Insight Development, LLC; Ronald H. Olson, Carol Chromar, Mark Maltzman and Scott L. Bringhurst Jr. for Housing Corporation of America, Inc.

Project Financing Information:

Bond Counsel: Hawkins, Delafield & Wood LLP
Underwriter: Not Applicable
Private Placement Purchaser: East West Bank
TEFRA Hearing: October 29, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 101, plus 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the P 100%
80% (81 units) restricted to 50% or less of area median income households.
20% (20 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$17,715,282		
Estimated Hard Costs per Unit:	\$19,802	(\$2,000,000 /	101 units)
Estimated per Unit Cost:	\$175,399	(\$17,715,282 /	101 units)
Allocation per Unit:	\$99,010	(\$10,000,000 /	101 units)
Allocation per Restricted Rental Unit:	\$99,010	(\$10,000,000 /	101 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 700,000
Deferred Developer Fees	\$ 239,911	\$ 1,807,732
Developer Equity Loan	\$ 233,164	\$
LIH Tax Credit Equity	\$ 4,848,742	\$ 5,229,541
Direct & Indirect Public Funds	\$	\$ 9,978,009
Other	\$	\$
Total Sources	\$ 15,321,817	\$ 17,715,282

Uses of Funds:	
Acquisition Costs	\$ 11,250,000
Rehabilitation Costs	\$ 2,280,000
Architectural	\$ 55,000
Survey & Engineering	\$ 13,000
Contingency Costs	\$ 190,000
Construction Period Expenses	\$ 1,345,000
Permanent Financing Expenses	\$ 69,383
Legal Fees	\$ 62,500
Capitalized Reserves	\$ 170,528
Reports & Studies	\$ 28,000
Other (Marketing, etc)	\$ 98,317
Developer Costs	\$ 2,153,554
Total Uses	\$ 17,715,282

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: 95 out of 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	95

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.