

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 25, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$64,186,838

Project Information:

Name: 740 South Olive Street Apartments
Project Address: 740 South Olive Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90014

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

Project Sponsor Information:

Name: Olive Street Preservation, L.P. (Haven for Affordable Housing, Inc. and The Related Companies of California, LLC)
Principals: Christopher White, Howard Cowan and Bruce Steinbaum for Haven for Affordable Housing, Inc. and William A. Witte for The Nicholas Company, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter:
Credit Enhancement Provider: Citibank, N.A. and Freddie Mac
TEFRA Hearing: February 20, 2009

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 308, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (308 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Term of Restrictions:

Income and Rent Restrictions: 55 years

Estimated Total Development Cost:	\$ 78,603,526	
Estimated Hard Costs per Unit:	\$ 33,353	(\$10,272,799 /308 units)
Estimated per Unit Cost:	\$ 255,206	(\$78,603,526 /308 units)
Allocation per Unit:	\$ 208,399	(\$64,186,838 /308 units)
Allocation per Restricted Rental Unit:	\$ 208,399	(\$64,186,838 /308 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 64,186,838	\$ 53,304,650
Developer Equity	\$ 5,650,000	\$ 0
Deferred Developer Fee	\$ 2,500,000	\$ 0
LIH Tax Credit Equity	\$ 2,114,688	\$ 21,146,876
Other (Net Operating Interest)	\$ 4,152,000	\$ 4,152,000
Total Sources	\$ 78,603,526	\$ 78,603,526

Uses of Funds:	
Acquisition Costs	\$ 56,518,735
Hard Construction Costs	\$ 10,272,799
Architect & Engineering Fees	\$ 197,500
Contractor Overhead & Profit	\$ 1,302,852
Developer Fee	\$ 2,500,000
Relocation	\$ 49,440
Cost of Issuance	\$ 206,000
Capitalized Interest	\$ 6,427,880
Other Soft Costs, Marketing	\$ 1,128,320
Total Uses	\$ 78,603,526

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 it currently is an existing building that will be substantially rehabilitated. 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: 88 out of 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$64,186,838 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	20
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	0
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	118	88

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.