

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 22, 2009
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Brady Hill

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$5,700,000

Project Information:
Name: 36th Street and Broadway Apartments
Project Address: 157 E. 36th St. (36th Street Site)
4775 S. Broadway (Broadway Site)
Project City, County, Zip Code: Los Angeles, Los Angeles, 90011 (36th Street Site)
Los Angeles, Los Angeles, 90037 (Broadway Site)

Project Sponsor Information:
Name: 36th Street and Broadway Apartments, L.P. (LTSC Community Development and Coalition for Responsible Community Development)
Principals: Bill Watanabe and Scarlet Sy for LTSC Community Development Corporation; Mark Wilson and Selerin Ntahitagabira for Coalition for Responsible Community Development

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: June 3, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 25, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (25 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,277,342	
Estimated Hard Costs per Unit:	\$ 106,923	(\$2,673,084 /25 units)
Estimated per Unit Cost:	\$ 451,094	(\$11,277,342 /25 units)
Allocation per Unit:	\$ 228,000	(\$5,700,000 /25 units)
Allocation per Restricted Rental Unit:	\$ 228,000	(\$5,700,000 /25 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,700,000	\$ 0
Deferred Developer Fee	\$ 0	\$ 150,000
LIH Tax Credit Equity	\$ 792,818	\$ 2,642,726
Direct & Indirect Public Funds	\$ 3,638,772	\$ 8,484,616
Total Sources	\$ 10,131,590	\$ 11,277,342

Uses of Funds:	
Acquisition Costs	\$ 2,991,250
Rehabilitation Costs	\$ 3,523,570
Relocation	\$ 1,157,897
Architectural	\$ 175,676
Survey & Engineering	\$ 40,000
Contingency Costs	\$ 467,487
Construction Period Expenses	\$ 1,005,852
Permanent Financing Expenses	\$ 19,094
Legal Fees	\$ 105,000
Capitalized Reserves	\$ 340,000
Reports & Studies	\$ 110,902
Other (Marketing, etc)	\$ 569,614
Developer Costs	\$ 771,000
Total Uses	\$ 11,277,342

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: 84.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,700,000 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]	10
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	9
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	84.5

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.