

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2009
REVISED
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$18,000,000

Project Information:

Name: Quonset Court Apartments
Project Address: 819 Broadway
Project City, County, Zip Code: Santa Monica, Los Angeles, 90401

Project Sponsor Information:

Name: NMBroadway Studios, LLC (The NMS Family Trust and
Hearthstone Housing Foundation)
Principals: Naum Neil Shekhter, Margo Shekhter for The NMS Family
Trust and Soccoro Vasquez for Hearthstone Housing Foundation

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Hutchinson, Shockey, Erley & Co.
Credit Enhancement Provider: East West Bank
TEFRA Hearing Date: August 11, 2009

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 96, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 21%
21% (20 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 24,833,000	
Estimated Hard Costs per Unit:	\$ 113,799	(\$10,924,721 /96 units)
Estimated per Unit Cost:	\$ 258,677	(\$24,833,000 /96 units)
Allocation per Unit:	\$ 187,500	(\$18,000,000 /96 units)
Allocation per Restricted Rental Unit:	\$ 900,000	(\$18,000,000 /20 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,000,000	\$ 18,000,000
Owner Equity	\$ 6,833,000	\$ 6,833,000
Total Sources	\$ 24,833,000	\$ 24,833,000

Uses of Funds:	
Acquisition Costs	\$ 5,571,461
New Construction Costs	\$ 10,924,721
Architectural	\$ 350,000
Survey & Engineering	\$ 465,000
Contingency Costs	\$ 676,331
Construction Period Expenses	\$ 1,472,304
Permanent Financing Expenses	\$ 470,091
Legal Fees	\$ 115,000
Capitalized Reserves	\$ 204,887
Reports & Studies	\$ 50,000
Other (Marketing, etc)	\$ 792,336
Developer Costs	\$ 3,740,869
Total Uses	\$ 24,833,000

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: 59 out of 98
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$18,000,000 in tax exempt bond allocation on a carryforward basis. The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010

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	6
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	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	59

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.