

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 26, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$13,500,000

Project Information:
Name: Menlo Family Apartments
Project Address: 1230, 1236 and 1240 S. Menlo Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90006

Project Sponsor Information:
Name: Yet to be formed, L.P. (LTSC Community Development Corporation and Koreatown Youth and Community Center)
Principals: Yoshiyuki Bill Watanabe, Johng Ho Song and Joseph St. John

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A (Construction)
California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: December 17, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, 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% (59 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 25,829,360	
Estimated Hard Costs per Unit:	\$ 201,573	(\$11,892,824 /59 units)
Estimated per Unit Cost:	\$ 437,786	(\$25,829,360 /59 units)
Allocation per Unit:	\$ 228,813	(\$13,500,000 /59 units)
Allocation per Restricted Rental Unit:	\$ 228,813	(\$13,500,000 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,500,000	\$ 2,699,000
Developer Equity	\$ 0	\$ 175,000
LIH Tax Credit Equity	\$ 350,000	\$ 6,547,695
Direct & Indirect Public Funds	\$ 9,801,096	\$ 16,407,665
Deferred Costs	\$ 2,178,264	\$ 0
Total Sources	\$ 25,829,360	\$ 25,829,360

Uses of Funds:	
Acquisition	\$ 3,767,030
New Construction Costs	\$ 13,510,789
Relocation	\$ 800,000
Architectural	\$ 743,429
Survey & Engineering	\$ 43,000
Contingency Costs	\$ 909,722
Construction Period Expenses	\$ 2,359,640
Permanent Financing Expenses	\$ 94,226
Legal Fees	\$ 125,000
Capitalized Reserves	\$ 1,418,250
Reports & Studies	\$ 44,500
Marketing, etc.	\$ 863,774
Developer Costs	\$ 1,150,000
Total Uses	\$ 25,829,360

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: 90.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,500,000 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	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	0	8
Negative Points	-10	-10	0
Total Points	118	98	90.5

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.