

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 18, 2011  
Staff Report  
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT*

*Prepared by: Richard Fischer*

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**Applicant:** City of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$15,025,000

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**Project Information:**  
**Name:** Dunbar Village Apartments  
**Project Address:** 4201-4263 South Central Avenue  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90011

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**Project Sponsor Information:**  
**Name:** Dunbar Village L.P. a California limited partnership (Dunbar Village, LLC and Coalition for Responsible Community Development)  
**Principals:** Thomas L. Safran as Sole Member for Dunbar Village, LLC and Mark A. Wilson for The Coalition for Responsible Community Development.

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Private Placement Purchaser:** Wells Fargo Bank, N.A. & California Community Reinvestm  
**TEFRA Hearing Date:** April 1, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 81, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The proposed project will transform the three existing parcels into one cohesive, activated, mixed use, intergenerational community that honors South Los Angeles and the historic Dunbar Hotel. Together Dunbar Village will have 81 units, including 40 senior units in the Dunbar Hotel and 18 and 23 family units in the Sommerville I and II sites respectively.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (81 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1, 2, 3 & 4 bedrooms

The Project will be providing; after school programs; educational classes such as English as a Second Language and computer training, but which are not the same as after school programs and contract for services such as assistance with daily living activities or provision of senior counseling services.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	28,769,051	
<b>Estimated Hard Costs per Unit:</b>	\$	178,886	(\$14,489,790 /81 units)
<b>Estimated per Unit Cost:</b>	\$	355,173	(\$28,769,051 /81 units)
<b>Allocation per Unit:</b>	\$	185,494	(\$15,025,000 /81 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	185,494	(\$15,025,000 /81 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,025,000	\$ 2,672,000
Developer Equity	\$ 1,875,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 846,066	\$ 8,460,657
Historic Tax Credit Equity	\$ 197,800	\$ 1,977,998
GP Equity	\$ 100	\$ 101
Direct & Indirect Public Funds	\$ 10,825,085	\$ 14,658,295
<b>Total Sources</b>	<b>\$ 28,769,051</b>	<b>\$ 28,769,051</b>

<b>Uses of Funds:</b>	
Acquisition Cost	\$ 5,440,000
On & Off Site Costs	\$ 1,310,380
Hard Construction Costs	\$ 13,179,410
Architect & Engineering Fees	\$ 1,072,488
Contractor Overhead & Profit	\$ 891,284
Developer Fee	\$ 2,500,000
Relocation	\$ 561,220
Cost of Issuance	\$ 312,321
Capitalized Interest	\$ 688,646
Other Soft Costs (Marketing, etc.)	\$ 2,813,302
<b>Total Uses</b>	<b>\$ 28,769,051</b>

**Description of Financial Structure and Bond Issuance:**

Upon issuance, Wells Fargo will purchase the bonds. The bond proceeds will be loaned to the Dunbar Village Apartments, L.P. to fund the rehabilitation of the Project. The construction loan administered by Wells Fargo is anticipated to be \$15,025,000 secured by a Multifamily Deed of Trust in the first position . The permanent loan administered by both Wells Fargo nad California Community Reinvestment Corporation (co-terminus) is anticipated to be \$2,652,000 secured by a Multifamily Deed of Trust in the first position. The permananent loan anticipated all-in tax exempt fixed rate of 5.86%.

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**Analyst Comments:**

N.A.

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**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.

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**Total Points:** 71.75 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,025,000 in tax exempt bond allocation. Please note: Staff's recommendation is conditioned upon the Committee's approval of May 18 Agenda Item #5.

**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	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	8.75
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>71.75</b>

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.