

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: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$12,000,000

Project Information:
Name: High Place West Apartments
Project Address: 2345 Virginia Avenue
Project City, County, Zip Code: Santa Monica, Los Angeles, 90404

Project Sponsor Information:
Name: TBD, L.P. (Community Corporation of Santa Monica Non-profit Public Benefit Corporation)
Principals: Joan Ling, Chris Mobley and Shylesh Viswanathan

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citigroup Global Markets, Inc. (construction)/ California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: December 14, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 46, plus 1 manager unit
Type: New Construction
Type of Units: Family

High Place West is a 47 unit affordable housing development over one level of subterranean parking located on Virginia Avenue in Santa Monica. There will be a community room, children's play area and a laundry room for the tenants. There are seven 7 existing buildings on the site that will be demolished to begin construction in August 2011.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
48% (22 units) restricted to 50% or less of area median income households.
52% (24 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Of the 47 units there are , 32 two-bedroom units and 15 three-bedroom units. In addition, there will be a community room, children's play area and a laundry room for the tenants. The proposed project is within close proximity to public transportation, Ralph's Grocery Store, Stewart Street Park and Edison Elementary School .

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 24,606,439
Estimated Hard Costs per Unit: \$ 267,369 (\$12,298,969 /46 units)
Estimated per Unit Cost: \$ 534,923 (\$24,606,439 /46 units)
Allocation per Unit: \$ 260,870 (\$12,000,000 /46 units)
Allocation per Restricted Rental Unit: \$ 260,870 (\$12,000,000 /46 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 design requirements, Architectural Review Board requires higher glazing requirements, special design elements and increased landscaping requirements.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 1,138,438
LIH Tax Credit Equity	\$ 777,998	\$ 7,779,983
Direct & Indirect Public Funds	\$ 11,019,970	\$ 15,688,018
Total Sources	\$ 23,797,968	\$ 24,606,439

Uses of Funds:	
Acquisition	\$ 2,686,137
New Construction Costs	\$ 14,378,749
Relocation	\$ 177,119
Architectural	\$ 632,588
Survey & Engineering	\$ 113,838
Contingency Costs	\$ 1,613,007
Construction Period Expenses	\$ 2,846,561
Permanent Financing Expenses	\$ 7,185
Legal Fees	\$ 170,000
Capitalized Reserves	\$ 282,364
Reports & Studies	\$ 57,058
Other (Marketing, etc)	\$ 940,358
Developer Costs	\$ 701,475
Total Uses	\$ 24,606,439

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds for the project will be privately placed with Citigroup Global Markets, Inc. Citi will make the construction loan in the amount of \$12,000,000 with a two-year term. The construction loan will be payable on an interest-only basis at a variable rate of SIFMA plus 325 basis points. California Community Reinvestment Corporation is the investor/bond holder of the permanent bonds for the project. The interest rate on the permanent loan is equal to the 30 year AAA muni bond index plus 175 basis points fixed for 30 years.

Analyst Comments:

Not Applicable

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:

80 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,000,000 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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	80

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.