

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$7,800,000

Project Information:
Name: The Courtyard at La Brea Apartments
Project Address: 1145-1151 N. La Brea Avenue
Project City, County, Zip Code: West Hollywood, Los Angeles, 90046

Project Sponsor Information:
Name: The Courtyard at La Brea, L.P. (West Hollywood Community Housing Corporation and Inclusive Homes, Inc.)
Principals: Robin Conerly, Ramon Mendez, Clara Denson, Michael Allderdice, Patrick Spillane for the West Hollywood Community Housing Corporation; Perla Eston and Kevin Melia for Inclusive Homes, Inc.
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank, N.A.
TEFRA Hearing Date: July 5, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 31, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Project is a new construction 32 affordable unit building on .27 acre infill lot. Fifteen (15) units will be reserved for those with special needs. Seven studios, 24 one bedroom units and 1 two bedroom manager's unit. Project includes a community room, with communal kitchen, reading area, television lounge, laundry facilities, Mail room, property management office, and an exterior courtyard with lush landscaping and seating areas.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (31 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Contract for services such as assistance with daily living activities, or provision of senior counseling services and a bona fide service coordinator/social worker will be on site and available to the tenants.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	14,805,137	
Estimated Hard Costs per Unit:	\$	227,521	(\$7,053,161 /31 units)
Estimated per Unit Cost:	\$	477,585	(\$14,805,137 /31 units)
Allocation per Unit:	\$	251,613	(\$7,800,000 /31 units)
Allocation per Restricted Rental Unit:	\$	251,613	(\$7,800,000 /31 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 the project being an infill project and that it involves demolition of existing structures that will require lead removal and asbestos abatement.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,800,000	\$ 0
Deferred Developer Fee	\$ 451,705	\$ 351,705
LIH Tax Credit Equity	\$ 103,433	\$ 4,903,433
Direct & Indirect Public Funds	\$ 6,450,000	\$ 9,550,000
Total Sources	\$ 14,805,138	\$ 14,805,138
 Uses of Funds:		
Land Purchase	\$ 1,981,252	
On & Off Site Costs	\$ 230,525	
Hard Construction Costs	\$ 6,822,636	
Architect & Engineering Fees	\$ 721,500	
Contractor Overhead & Profit	\$ 464,570	
Developer Fee	\$ 1,587,837	
Cost of Issuance	\$ 310,802	
Capitalized Interest	\$ 438,750	
Other Soft Costs (Marketing, etc.)	\$ 2,247,265	
Total Uses	\$ 14,805,137	

Description of Financial Structure and Bond Issuance:

This is a Private Placement transaction. Union Bank, N.A will be conducting the construction loan transaction. The Public Funds committed to the project and Low Income Tax Equity will pay off the bonds. The Construction Loan is at 65% of LIBOR rate plus 2.5% computed on a 360 day year, but for the actual number of days outstanding. Until conversion, interest only she payable monthly, in arrears, on the Bonds. A Rate of 4.5% has been utilized for underwriting purposes.

Analyst Comments:

None.

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: 105 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,800,000 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	105

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.