

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
March 24, 2010  
Staff Report  
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Brady Hill

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$21,100,000

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**Project Information:**  
**Name:** Lincoln Walk Apartments  
**Project Address:** 1447 Lincoln Blvd.  
**Project City, County, Zip Code:** Santa Monica, Los Angeles, 90401

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**Project Sponsor Information:**  
**Name:** To be formed, LP (Hearthstone Housing Foundation and Lincoln Studios, LLC)  
**Principals:** Socorro Vasquez and Juan Maldonado for Hearthstone Housing Foundation; Naum Neil Shekter for Lincoln Studios, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Hutchinson, Shockey, Erley & Co.  
**Credit Enhancement Provider:** PNC Bank  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing Date:** August 11, 2009

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**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

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**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

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 29,430,000	
<b>Estimated Hard Costs per Unit:</b>	\$ 115,115	(\$11,051,000 /96 units)
<b>Estimated per Unit Cost:</b>	\$ 306,563	(\$29,430,000 /96 units)
<b>Allocation per Unit:</b>	\$ \$219,792	(\$21,100,000 /96 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 1,055,000	(\$21,100,000 /20 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,100,000	\$ 21,100,000
Developer Equity	\$ 8,330,000	\$ 8,330,000
Total Sources	\$ 29,430,000	\$ 29,430,000

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 7,868,000
New Construction Costs	\$ 12,796,694
Architectural	\$ 550,000
Survey & Engineering	\$ 625,000
Contingency Costs	\$ 1,119,000
Construction Period Expenses	\$ 2,521,091
Permanent Financing Expenses	\$ 862,909
Legal Fees	\$ 90,000
Capitalized Reserves	\$ 155,000
Reports & Studies	\$ 60,000
Other (Marketing, etc)	\$ 1,735,000
Developer Costs	\$ 1,047,306
Total Uses	\$ 29,430,000

**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 \$21,100,000 in tax exempt bond allocation on a carryforward basis.

**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
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>59</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.