

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2012
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: *Narisha Bonakdar*

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$4,000,000

Project Information:
Name: Hamlin Estates Apartments
Project Address: 11735 Hamlin Street
Project City, County, Zip Code: West Hollywood, Los Angeles, 91606

Project Sponsor Information:
Name: Hampstead Hamlin Estates Partners, L.P. (Hampstead Hamlin Estates, LLC; Care Housing Services)
Principals: Chris Foster, Jeff Jallo, and Greg Gossard for Hampstead Hamlin Estates, LLC; Garald Parker, Andy Parker, Howard Embry, Eric Miller, Robert Griswold, John Lowell, and Charito Carillo for Care Housing Services
Property Management Company: Edgewood Management Corporation

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: February 2, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 29, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Hamlin Estates Apartments is a proposed acquisition and rehabilitation of an existing 29-unit development located in the city of West Hollywood. The property consists of 6 one-bedroom units, 20 two-bedroom units, and 3 three-bedroom units on approximately 1.13 acres. All of the units will be income-restricted to households earning between 50 and 60 percent of Area Median Income. Each unit will include energy efficient appliances, air conditioning, and a patio/balcony. The property will include a community room, tot lot, courtyard, laundry facilities and a parking lot. The property will continue to operate with a Section 8 Contract post-renovation.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
17% (5 units) restricted to 50% or less of area median income households.
83% (24 units) restricted to 60% 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:	\$	6,141,254	
Estimated Hard Costs per Unit:	\$	34,138	(\$990,000 /29 units)
Estimated per Unit Cost:	\$	211,767	(\$6,141,254 /29 units)
Allocation per Unit:	\$	137,931	(\$4,000,000 /29 units)
Allocation per Restricted Rental Unit:	\$	137,931	(\$4,000,000 /29 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,000,000	\$ 3,161,874
Income During Construction	\$ 317,008	\$ 317,008
Deferred Developer Fee	\$ 325,727	\$ 85,190
LIH Tax Credit Equity	\$ 591,741	\$ 1,625,387
Direct & Indirect Public Funds	\$ 847,223	\$ 847,223
Existing Reserves	\$ 59,555	\$ 59,555
Other: Energy Subsidy	\$ 0	\$ 45,018
Total Sources	\$ 6,141,254	\$ 6,141,254

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,949,382
Hard Construction Costs	\$ 990,000
Architect & Engineering Fees	\$ 194,317
Contractor Overhead & Profit	\$ 138,600
Developer Fee	\$ 590,930
Relocation	\$ 45,000
Cost of Issuance	\$ 220,297
Capitalized Interest	\$ 186,933
Other Soft Costs (Marketing, etc.)	\$ 825,795
Total Uses	\$ 6,141,254

Description of Financial Structure and Bond Issuance:

Citi Community Capital will provide a private placement of tax-exempt private activity bonds in the amount of \$4,000,000 that will serve as both the construction and permanent loans. The construction loan term will be 18 months and will carry a variable interest rate based on SIFMA plus a 300 basis points. The permanent loan will be at a fixed rate equal to the 17-year MMD plus 250 basis points. The permanent loan will have a 15-year term and 35-year amortization.

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: 61.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,000,000 in tax exempt bond allocation on a carryforward basis.

ATTACHMENT A

ON 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	29
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	5
Large Family Units	5	5	0
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	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	61.5

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.