

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$4,550,000

Project Information:
Name: Denny Place & Willow Wood Apartments
Project Address: 5620 & 5104 Denny Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 91601

Project Sponsor Information:
Name: Hampstead North Hollywood Partners, L.P. (The Hampstead Group, Inc. & CARE Housing Services Corporation)
Principals: Chris Foster, Jeff Jallo and Greg Gossard for Hampstead Group, Inc. and Garald Parker, Howard Embery, Richard Hufford, Charito Carillo and Jodi Spears for CARE Housing Services Corporation.
Property Management Company: Edgewood Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: US Treasury (NIBP)
TEFRA Hearing Date: October 11, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 36, plus 0 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Projects were originally constructed in 1984 and feature townhome-style two-bedroom units. Denny Place offers 17 of these units and Willow Wood offers 19. The Projects are located in the North Hollywood section of Los Angeles between Burbank Boulevard and Magnolia Boulevard. The unit amenities include patio/balcony, carpeting, blinds and coat closets. Kitchen appliances include a refrigerator, range and microwave. Common area amenities include central laundry facilities, courtyards, and playgrounds. There are 50 off-street parking spaces and 12 carport parking spaces available.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
19% (7 units) restricted to 50% or less of area median income households.
81% (29 units) restricted to 60% or less of area median income households.
Unit Mix: 2 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,466,109	
Estimated Hard Costs per Unit:	\$	31,829	(\$1,145,832 /36 units)
Estimated per Unit Cost:	\$	262,947	(\$9,466,109 /36 units)
Allocation per Unit:	\$	126,389	(\$4,550,000 /36 units)
Allocation per Restricted Rental Unit:	\$	126,389	(\$4,550,000 /36 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,550,000	\$ 3,325,000
Deferred Developer Fee	\$ 0	\$ 411,025
LIH Tax Credit Equity	\$ 387,229	\$ 2,546,114
Direct & Indirect Public Funds	\$ 3,089,924	\$ 3,089,924
Other (\$ during Construction & Energy Subsidies)	\$ 94,046	\$ 94,046
Total Sources	\$ 8,121,199	\$ 9,466,109

Uses of Funds:	
Acquisition/Land Purchase	\$ 5,032,506
On & Off Site Costs	\$ 355,281
Hard Construction Costs	\$ 790,551
Architect & Engineering Fees	\$ 139,950
Contractor Overhead & Profit	\$ 160,417
Developer Fee	\$ 940,308
Relocation	\$ 344,026
Cost of Issuance	\$ 190,801
Capitalized Interest	\$ 182,285
Other Soft Costs (Marketing, etc.)	\$ 1,329,984
Total Uses	\$ 9,466,109

Description of Financial Structure and Bond Issuance:

These New Bond Issuance Program US Treasury bond purchase program projects will have set loan fixed rate a set by CalHFA. The permanent loan will be amortized over 35 years from conversion and carry a fixed rate currently estimated at 5.25%.

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:

65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,550,000 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	30
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
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	65

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.