

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

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| Applicant: | California Housing Finance Agency |
| Allocation Amount Requested: | Tax-exempt: \$19,000,000 |
| Project Information: | Name: Danbury Park Apartments Project Address: 7840 Walerga Road Project City, County, Zip Code: Antelope, Sacramento, 95843 |
| Project Sponsor Information: | Name: Danbury Park Community Partners, LP (WNC-Danbury Park GP, LLC; FFAH Danbury Park, LLC; WNC Housing, LP) Principals: Anand Kannan and Wilfred N. Cooper, Jr. for WNC Danbury Park GP, LLC; Thomas E. Willard for FFAH Danbury Park, LLC; and Wilfred N. Cooper, Jr. for WNC Housing, LP Property Management Company: FPI Management, Inc |
| Project Financing Information: | Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: Citibank, N.A. Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: December 2, 2017 TEFRA Adoption Date: January 8, 2018 |
| Description of Proposed Project: | State Ceiling Pool: General Total Number of Units: 140 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family |

Danbury Park Apartments is an existing project located in Antelope on a 1-acre site. The project consists of 139 restricted rental units and one unrestricted manager's unit. The project has 83 two-bedroom units and 57 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of the repair or replacement of siding and trim, new building signage and a fresh coat of paint. Individual apartment units will be updated with new countertops and lighting, drywall repairs, new flooring and appliances, reglazed tubs and paint. Lastly, common or site area renovations will consist of asphalt work, general concrete repairs and replacement, resurfacing playground areas, new landscaping, and ADA improvements. The rehabilitation is expected to begin in June 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
40% (56 units) restricted to 50% or less of area median income households.
60% (83 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 35,314,956
Estimated Hard Costs per Unit: \$ 25,821 (\$3,614,916 /140 units including mgr. units)
Estimated per Unit Cost: \$ 252,250 (\$35,314,956 /140 units including mgr. units)
Allocation per Unit: \$ 135,714 (\$19,000,000 /140 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 136,691 (\$19,000,000 /139 restricted units)

| Sources of Funds: | Construction | Permanent |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 19,000,000 | \$ 14,166,000 |
| Cash Flow Permanent Bonds | \$ 0 | \$ 0 |
| Tranche B Financing | \$ 0 | \$ 0 |
| Taxable Bond Proceeds | \$ 0 | \$ 0 |
| LIH Tax Credit Equity | \$ 5,080,466 | \$ 11,339,924 |
| Developer Equity | \$ 0 | \$ 0 |
| Deferred Developer Fee | \$ 4,368,451 | \$ 2,992,993 |
| Deferred Costs | \$ 0 | \$ 0 |
| Seller Carryback Loan | \$ 4,500,000 | \$ 4,500,000 |
| Itemized Public Funds Sources | \$ 0 | \$ 0 |
| Net Income From Operations | \$ 2,366,038 | \$ 2,316,039 |
| Misc | \$ 0 | \$ 0 |
| Misc | \$ 0 | \$ 0 |
| Misc | \$ 0 | \$ 0 |
| Total Sources | \$ 35,314,955 | \$ 35,314,956 |
| Uses of Funds: | | |
| Land Cost/Acquisition | \$ 23,000,000 | |
| Rehabilitation | \$ 3,876,596 | |
| Relocation | \$ 105,000 | |
| New Construction | \$ 0 | |
| Contractor Overhead & Profit | \$ 289,434 | |
| Architectural Fees | \$ 75,000 | |
| Survey and Engineering | \$ 62,000 | |
| Construction Interest and Fees | \$ 2,196,082 | |
| Permanent Financing | \$ 203,150 | |
| Legal Fees | \$ 150,000 | |
| Reserves | \$ 342,000 | |
| Appraisal | \$ 7,500 | |
| Hard Cost Contingency | \$ 421,487 | |
| Local Development Impact Fees | \$ 0 | |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 307,148 | |
| Developer Costs | \$ 4,279,559 | |
| Total Uses | \$ 35,314,956 | |

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:

70 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,000,000 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 |
|--|--|--|---------------|
| Preservation Project | 20 | 20 | 10 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 35 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 0 |
| Large Family Units | 5 | 5 | 5 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 10 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 0 |
| Forgone Eligible Developer Fee (Competitive Allocation Process Only) | 10 | 10 | 0 |
| Minimum Term of Restrictions (Competitive Allocation Process Only) | 10 | 10 | 0 |
| Negative Points (No Maximum) | -10 | -10 | 0 |
| Total Points | 140 | 110 | 70 |