

**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

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**Allocation Amount Requested:**  
**Tax-exempt:** \$19,000,000

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**Project Information:**  
**Name:** Danbury Park Apartments  
**Project Address:** 7840 Walerga Road  
**Project City, County, Zip Code:** Antelope, Sacramento, 95843

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**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

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**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

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**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:**

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

<b>Sources of Funds:</b>	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
<b>Total Sources</b>	<b>\$ 35,314,955</b>	<b>\$ 35,314,956</b>

<b>Uses of Funds:</b>	
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
<b>Total Uses</b>	<b>\$ 35,314,956</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

70 out of 140 [See Attachment A]

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**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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>70</b>