CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 14, 2012
REVISED

Project Number CA-12-903

Project Name Denny Place and Willow Wood Apartments
Site Address: 5620 & 5104 Denny Avenue
Los Angeles (North Hollywood), CA 91601 County: Los Angeles
Census Tract: 60371243; 60371255

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$266,483	$0
Recommended:	$266,483	$0

Applicant Information
Applicant: Hampstead North Hollywood Partners, L.P.
Contact: Greg Gossard
Address: 3413 30th Street
San Diego, CA 92104
Phone: (619) 543-4200 Fax: (619) 543-4220
Email: greg@hampstead.com

General partner(s) or principal owner(s): The Hampstead Group, Inc.
CARE Housing Services Corporation
General Partner Type: Joint Venture
Developer: The Hampstead Group, Inc.
Investor/Consultant: Boston Financial Investment Mgmt.
Management Agent: Edgewood Management Corp.

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 7
Total # of Units: 36
No. & % of Tax Credit Units: 36 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 8
Number of Units @ or below 60% of area median income: 28

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	December 14, 2012
Credit Enhancement:	HUD/FHA Risk Share

Information

Housing Type:	Non-Targeted
Geographic Area:	Los Angeles County
TCAC Project Analyst:	Jack Waegell

Unit Mix

36	2-Bedroom Units
36	Total Units

Unit Type & Number		2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8	2 Bedrooms	50%	46%	$875
28	2 Bedrooms*	60%	60%	$1,138

* Each of the 2 sites has a 60% AMI tax credit tenant as an assistant manager on site.

Project Financing	
Estimated Total Project Cost:	$9,285,342
Estimated Residential Project Cost:	$9,285,342

Residential	
Construction Cost Per Square Foot:	$25
Per Unit Cost:	$257,926

Construction Financing

Source	Amount
CalHFA	$4,550,000
CRA/LA - Assumed Loan	$3,161,973
Income During Construction	$139,606
Deferred Developer Fee	$260,156
Tax Credit Equity	$1,173,609

Permanent Financing

Source	Amount
CalHFA	$3,151,832
CRA/LA - Assumed Loan	$3,161,973
LADWP Energy Rebates & Subsidies	$91,640
Income During Construction	$139,606
Deferred Developer Fee	$182,057
Tax Credit Equity	$2,558,234
TOTAL	**$9,285,342**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$2,684,712
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$4,867,932
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,490,126
Qualified Basis (Acquisition):	$4,867,932
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$110,710
Maximum Annual Federal Credit, Acquisition:	$155,773
Total Maximum Annual Federal Credit:	$266,483
Approved Developer Fee (in Project Cost & Eligible Basis):	$991,191
Investor/Consultant:	Boston Financial Investment Mgmt.
Federal Tax Credit Factor:	$0.96000

Per Regulation Section 10322(i)(4)(A), The "as if vacant" land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$7,552,644
Actual Eligible Basis:	$7,552,644
Unadjusted Threshold Basis Limit:	$9,014,400
Total Adjusted Threshold Basis Limit:	$10,997,568

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 22%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.20% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: This project consists of 2 scattered sites approximately 0.5 miles apart. The Denny Place site has 17 two-bedroom townhome units and the Willow Wood site has 19 two-bedroom townhome units.

Local Reviewing Agency:
The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
$266,483	**$0**

Standard Conditions
If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- This project will be rehabilitated to improve energy efficiency to reduce energy use by at least 25% from the modeled energy consumption of the building(s) based on existing conditions, and on the building(s) percentage decrease in the estimated annual energy use (or improvement in energy efficiency) in the building's Home Energy Rating System II (HERS II) rating post-rehabilitation.