

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: County of Contra Costa

Allocation Amount Requested:
Tax-exempt: \$19,500,000

Project Information:
Name: Carena Scattered Site Renovation Apartments
Project Address: 2050, 2051, 2061 Riley Court; 112 Alves Lane & 300-310 Water Street;
2501, 2513, 2525, 2530, 2531, 2536, 2537, 2549, 2554, 2555 and 2566
Camara Circle
Project City, County, Zip Code: Concord and Bay Point, Contra Costa, 94520

Project Sponsor Information:
Name: Carena Associates, LP (RCD GP, LLC)
Principals: Dan Sawislak
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of the West
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: February 10, 2017
TEFRA Adoption Date: March 14, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 113
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Carena Scattered Site Renovation Apartments is an existing project located in Concord and Bay Point on three sites totaling 2.82 acres. The project consists of 111 rental units and 2 unrestricted managers' units. The project will provide 41 one-bedroom units, 57 two-bedroom units and 15 three-bedroom units. Building exterior renovations will consist of foundation repair and structural reinforcement, siding/stucco replacement, repair of stairs, landings and walkways, roof replacement, window replacement and new paint. Interior renovations will include renovation of laundry facilities. Individual apartment units will be updated with replacement of kitchen and bathroom plumbing fixtures and cabinets, kitchen appliances, A/C and heating units, doors and flooring, and upgrades to wall insulation. Lastly, common or site area renovations will consist of parking lot and pavement improvements, repairs to walkways, patios and fences, and upgrades to the landscaping and tot-lot. The rehabilitation is expected to begin in December 2017 and to be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
51% (58 units) restricted to 50% or less of area median income households.
47% (53 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 34,994,378	
Estimated Hard Costs per Unit:	\$ 76,631	(\$8,659,257 /113 units including mgr. units)
Estimated per Unit Cost:	\$ 309,685	(\$34,994,378 /113 units including mgr. units)
Allocation per Unit:	\$ 172,566	(\$19,500,000 /113 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 175,676	(\$19,500,000 /111 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 19,500,000	\$ 5,014,000
General Partner Reserves Loan	\$ 625,276	\$ 0
Sponsor Loan	\$ 0	\$ 1,873,109
LIH Tax Credit Equity	\$ 1,000,000	\$ 11,935,609
GP Equity	\$ 0	\$ 2,423,927
Deferred Developer Fee	\$ 0	\$ 700,000
GP Loan of Reserves	\$ 0	\$ 625,276
New Concord City Loan	\$ 0	\$ 1,100,000
New County Loan	\$ 0	\$ 925,000
Net Income From Operations	\$ 0	\$ 142,577
Concord City Assumed Loans	\$ 5,647,153	\$ 5,656,153
County Assumed Loans	\$ 4,598,726	\$ 4,598,727
Total Sources	\$ 31,371,155	\$ 34,994,378

Uses of Funds:	
Land Cost/Acquisition	\$ 14,140,000
Rehabilitation	\$ 9,210,706
Relocation	\$ 814,000
New Construction	\$ 905,476
Contractor Overhead & Profit	\$ 473,638
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 107,000
Construction Interest and Fees	\$ 1,103,601
Permanent Financing	\$ 35,040
Legal Fees	\$ 70,000
Reserves	\$ 704,796
Appraisal	\$ 85,000
Hard Cost Contingency	\$ 1,936,869
Other Project Soft Costs	\$ 542,882
Developer Costs	\$ 4,165,370
Total Uses	\$ 34,994,378

Analyst Comments:

The Riley Court and Elaine Null apartments have commitments for Project-Based Section 8 and RAD vouchers. The commitment is for 15 units at Riley Court and 4 units at Elaine Null.

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:

75.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,500,000 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	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	8.5
Sustainable Building Methods	10	10	2
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	75.5

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.