

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

---

**Applicant:** County of Contra Costa

---

**Allocation Amount Requested:**  
**Tax-exempt:** \$5,800,000

---

**Project Information:**  
**Name:** Golden Oak Manor Apartments  
**Project Address:** 5000 Kelsey Lane  
**Project City, County, Zip Code:** Oakley, Contra Costa, 94561

---

**Project Sponsor Information:**  
**Name:** Golden Oak Manor II, LP (Golden Oak Manor EAH, LLC)  
**Principals:** Matthew Steinle, Laura Hall and Mary Murtagh for Golden Oak Manor EAH, LLC  
**Property Management Company:** EAH, Inc.

---

**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Adoption Date:** June 9, 2015

---

**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 49, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The Project is located on a 1.91 acre parcel in Oakley. The Project, consisting of 5 two-story, elevator served, interconnected buildings located around a landscaped courtyard, houses 49 one-bedroom tenant units and a single two-bedroom manager's unit. All units will be income-restricted, 15 units at 50% Area Median Income ("AMI") and 34 units at 60% AMI. Unit amenities include blinds, carpeting, balcony/patio with storage closet, refrigerator, range/oven, garbage disposal and individual heat/AC system. Community amenities include on-site management, surface parking, gated security, laundry facility, organized activities and a community room with kitchen, television and piano. Unit renovations will include new HVAC system, smoke/CO2 detectors, water heater; as-needed replacement of cabinets, countertops, flooring, paint, plumbing fixtures, doors, hardware and appliances; as-needed repair of patios/balconies and ADA accessibility conversion of some units. Exterior renovations will include roof replacement, water damage repair, new lighting, upgrading of fire alarm and emergency lighting systems, parking lot restriping, ADA accessibility, drought tolerant landscaping and improvements to common areas and amenities. Rehabilitation is expected to begin January 2016 and be completed in September 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (15 units) restricted to 50% or less of area median income households.  
69% (34 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 bedroom

There will be no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |    |           |                                    |
|---|----|-----------|------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ | 9,450,930 |                                    |
| <b>Estimated Hard Costs per Unit:</b>         | \$ | 41,179    | (\$2,017,791 /49 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ | 192,876   | (\$9,450,930 /49 units)            |
| <b>Allocation per Unit:</b>                   | \$ | 118,367   | (\$5,800,000 /49 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ | 118,367   | (\$5,800,000 /49 restricted units) |

| <b>Sources of Funds:</b>       | Construction        | Permanent           |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds       | \$ 5,800,000        | \$ 1,738,600        |
| Seller Carryback Loan          | \$ 458,856          | \$ 471,429          |
| Project Reserves               | \$ 56,173           | \$ 56,173           |
| Sponsor Loan                   | \$ 0                | \$ 1,300,000        |
| Deferred Developer Fee         | \$ 0                | \$ 172,125          |
| LIH Tax Credit Equity          | \$ 300,000          | \$ 3,399,234        |
| Direct & Indirect Public Funds | \$ 2,359,389        | \$ 2,259,389        |
| GP Equity                      | \$ 0                | \$ 340              |
| Operating Income               | \$ 53,640           | \$ 53,640           |
| <b>Total Sources</b>           | <b>\$ 9,028,058</b> | <b>\$ 9,450,930</b> |

| <b>Uses of Funds:</b>              |                     |
|------------------------------------|---------------------|
| Acquisition/Land Purchase          | \$ 4,675,273        |
| On & Off Site Costs                | \$ 23,500           |
| Hard Construction Costs            | \$ 1,994,291        |
| Architect & Engineering Fees       | \$ 296,677          |
| Contractor Overhead & Profit       | \$ 229,291          |
| Developer Fee                      | \$ 1,125,446        |
| Relocation                         | \$ 40,000           |
| Cost of Issuance                   | \$ 212,286          |
| Construction & Permanent Financing | \$ 215,523          |
| Reserves                           | \$ 190,790          |
| Legal                              | \$ 55,500           |
| Other Soft Costs (Marketing, etc.) | \$ 392,353          |
| <b>Total Uses</b>                  | <b>\$ 9,450,930</b> |

---

**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased as a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 18 months with a variable interest rate equal to 1 month LIBOR plus a spread of 2.00%. During the permanent financing phase, the loan term will be for 32 years with an amortization period of 35 years at a fixed interest rate equal to the sum of 18 year LIBOR swap rates plus a spread of 2.15%. There was no underwritten rate provided.

---

**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:** 65.5 out of 130  
[See Attachment A]

---

**Recommendation:**

Staff recommends that the Committee approve \$5,800,000 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   | 35            |
| Exceeding Minimum Rent Restrictions<br>[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   | 10            |
| Community Revitalization Area   | 15   | 15   | 0             |
| Site Amenities  | 10   | 10   | 2.5           |
| Service Amenities   | 10   | 10   | 0             |
| New Construction  | 10   | 10   | 0             |
| Sustainable Building Methods  | 10   | 10   | 3             |
| Negative Points   | -10  | -10  | 0             |
| <b>Total Points</b>   | <b>130</b>   | <b>100</b>                                       | <b>65.5</b>   |

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.