

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: County of Contra Costa

Allocation Amount Requested:
Tax-exempt: \$74,000,000

Project Information:
Name: Twenty One and Twenty Three Nevin Apartments (S.Site)
Project Address: SW Corner of Nevin Ave. & 23rd St.; 344 21st Street
Project City, County, Zip Code: Richmond, Contra Costa, 94801

Project Sponsor Information:
Name: Richmond Nevin Associates, A CA LP (TPC Holdings V, LLC & Central Valley Coalition for Affordable Housing)
Principals: Caleb Roope for TPC Holdings V, LLC; Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons, Christina Alley for Central Valley Coalition for Affordable Housing
Property Management Company: U.S. Residential Group, LLC

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A. / California Communities Reinvestment Corporation
TEFRA Noticing Date: April 4, 2016
TEFRA Adoption Date: May 10, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 268, plus 3 manager units
Type: New Construction
Type of Units: Family

The proposed development will be a 271-unit rental new construction project with a mix of 104 studio units, 90 one-bedroom units, 37 two-bedroom units, 30 three-bedroom units and 10 four-bedroom units. Within the units, residents will enjoy standard features such as refrigerators, exhaust fans, dishwashers, disposals, and ranges with ovens. All units feature an outdoor balcony or patio. The development will include many sustainable features, while meeting the stringent Minimum Construction Standards of the California Tax Credit Allocation Committee ("TCAC") and California Debt Limit Allocation Committee ("CDLAC"). The project will include approximately 37,291 square feet of community facilities and common areas between the two structures. In addition to the community open space, project amenities will include a playground, covered and secured bike parking, community rooms, private patio space, fitness rooms, and laundry rooms. Both structures will feature interior, secure courtyards that will contain architecturally designed landscaping planters, thoughtfully placed throughout public areas with water-wise plantings and adjacent built-in seating or benches. The anticipated construction phase will be approximately 24 months. The anticipated construction start date is October 2016 with a projected completion date of October 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (27 units) restricted to 50% or less of area median income households.
90% (241 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 ,3 & 4 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: \$ 93,118,055
Estimated Hard Costs per Unit: \$ 196,469 (\$52,653,818 /268 units)
Estimated per Unit Cost: \$ 347,455 (\$93,118,055 /268 units)
Allocation per Unit: \$ 276,119 (\$74,000,000 /268 units)
Allocation per Restricted Rental Unit: \$ 276,119 (\$74,000,000 /268 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds Series A	\$ 53,000,000	\$ 26,000,000
Tax-Exempt Bond Proceeds Series B	\$ 16,000,000	\$ 21,000,000
Tax-Exempt Bond Proceeds Series B	\$ 5,000,000	\$ 0
LIH Tax Credit Equity	\$ 7,833,958	\$ 40,528,055
Deferred Developer Fee	\$ 9,800,000	\$ 5,590,000
Deferred Costs	\$ 1,484,097	\$ 0
Total Sources	\$ 93,118,055	\$ 93,118,055

Uses of Funds:	
Land Cost/Acquisition	\$ 2,023,200
New Construction	\$ 59,673,176
Contractor Overhead	\$ 1,118,207
Architectural Fees	\$ 600,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 5,552,200
Permanent Financing	\$ 610,000
Legal Fees	\$ 110,000
Reserves	\$ 1,484,097
Permits	\$ 600,000
Contingency Cost	\$ 3,100,000
Local Development Impact Fees	\$ 7,402,388
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 854,787
Developer Costs	\$ 9,800,000
Total Uses	\$ 93,118,055

Description of Financial Structure and Bond Issuance:

This is a Contra Costa County private placement bond transaction. Both Citibank, N.A. and California Communities Reinvestment Corporation (CRCC) will be handling the Construction and Permanent financing. For the Citibank, N.A. financing, during the construction phase the loan term will be for 30 months with a variable interest rate of 2.43% . During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate of 4.04%. For the CRCC financing, the construction phase the loan term will be for 30 months with a fixed interest rate of 5.8% . This will be a 40 year residual receipts loan.

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: 55.1 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$74,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	5.1
Gross Rents	5	5	5
Large Family Units	5	5	0
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	120	55.1

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.