

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: County of Contra Costa

Allocation Amount Requested:
Tax-exempt: \$4,800,000

Project Information:
Name: Pinole Grove Senior Apartments
Project Address: 800 John Street
Project City, County, Zip Code: Pinole, Contra Costa, 94564

Project Sponsor Information:
Name: John Street Housing Associates, L.P. (John Street Housing, LLC and Hercules Senior Housing, Inc. wholly owned by Bridge Housing Corporation)
Principals: Cynthia Parker, Susan M. Johnson, D. Kemp Valentine and Rebecca Hlebasko for both entities
Property Management Company: BRIDGE Property Management Company

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: March 15, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Pinole Grove Senior Housing is comprised of 69 units with 1 manager unit of existing 100 percent affordable senior housing. This project seeks to green, rehabilitate and preserve a 17 year old complex in a high cost area located in western Contra Costa County. There will be no resident displacement associated with this project, which will install photovoltaic and/or solar thermal systems; replacing aging building elements with new greener and higher-performing alternative materials.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (36 units) restricted to 50% or less of area median income households.
48% (33 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The neighborhood is pedestrian friendly, with a park, extensive creekside walking trails and greenways throughout the neighborhood, Pinole's civic center, and the historic retail corridor nearby. There is also a large medical facility, full service grocery stores, and Interstate 80 freeway access within a ten-minute drive.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,387,875	
Estimated Hard Costs per Unit:	\$	41,506	(\$2,863,944 /69 units)
Estimated per Unit Cost:	\$	107,071	(\$7,387,875 /69 units)
Allocation per Unit:	\$	69,565	(\$4,800,000 /69 units)
Allocation per Restricted Rental Unit:	\$	69,565	(\$4,800,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,800,000	\$ 1,425,834
SF FHLB AHP	\$ 0	\$ 700,000
Developer Equity	\$ 0	\$ 175,908
LIH Tax Credit Equity	\$ 0	\$ 2,840,133
Direct & Indirect Public Funds	\$ 2,000,000	\$ 2,000,000
Seller Loan Equity	\$ 246,000	\$ 246,000
Total Sources	\$ 7,046,000	\$ 7,387,875

Uses of Funds:	
Acquisition Cost	\$ 2,585,147
On & Off Site Costs	\$ 412,815
Hard Construction Costs	\$ 2,451,129
Architect & Engineering Fees	\$ 159,889
Contractor Overhead & Profit	\$ 275,252
Developer Fee	\$ 631,787
Cost of Issuance	\$ 239,628
Capitalized Interest	\$ 135,725
Other Soft Costs	\$ 496,503
Total Uses	\$ 7,387,875

Description of Financial Structure and Bond Issuance:

The bonds will be a private placement with Wells Fargo Financial National Bank, which will provide construction financing at a variable rate of One-Month LIBOR plus 250bps. After construction, the construction loan will be largely paid down by a Low Income Housing Tax Credit equity pay-in from Wachovia Securities. The remaining loan will convert into an 18/30 first mortgage that will be held by the California Communities Reinvestment Corporation. The rate is the greater of 5.40% or the 15-year AAA muni bond index plus 175 bps for years 1-18.

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: 67.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,800,000 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 [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	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	67.5

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.