

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie Campaz

Applicant: Contra Costa County

Allocation Amount Requested:
Tax-exempt: \$6,000,000

Project Information:
Name: Oak Ridge Family Apartments
Project Address: 73 Carol Lane
Project City, County, Zip Code: Oakley, Contra Costa, 94561

Project Sponsor Information:
Name: 73 Carol Ln., LP (Corporation for Better Housing)
Principals: Gwendy Silver Egnater and David Sclafani for Corporation for Better Housing
Property Management Company: CBH Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Hunt Capital Partners, LLC
TEFRA Hearing Date: March 12, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 29, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a new construction project that will be located in the City of Oakley, County of Contra Costa. Of the 30 apartments planned for this development, 18 will be restricted to households with incomes no greater than 50% of the area median income, 11 will be restricted to households with incomes no greater than 60% of the area median income, and the remaining 1 unit will be a manager's unit. The apartments will be located in one 4-story building with an elevator and parking spaces for residents and visitors. The development will consist of eight one-bedroom units, ten two-bedroom units, and twelve three-bedroom units. The estimated construction period is from October 2012 through October 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
62% (18 units) restricted to 50% or less of area median income households.
38% (11 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 7,223,595
Estimated Hard Costs per Unit: \$ 124,130 (\$3,599,761 /29 units)
Estimated per Unit Cost: \$ 249,089 (\$7,223,595 /29 units)
Allocation per Unit: \$ 206,897 (\$6,000,000 /29 units)
Allocation per Restricted Rental Unit: \$ 206,897 (\$6,000,000 /29 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 2,159,445
Deferred Developer Fee	\$ 0	\$ 599,783
LIH Tax Credit Equity	\$ 162,528	\$ 2,561,606
Direct & Indirect Public Funds	\$ 0	\$ 1,550,000
Other	\$ 352,761	\$ 352,761
Total Sources	\$ 6,515,289	\$ 7,223,595

Uses of Funds:	
Acquisition/Land Purchase	\$ 352,761
On & Off Site Costs	\$ 234,567
Hard Construction Costs	\$ 3,365,207
Architect & Engineering Fees	\$ 214,250
Contractor Overhead & Profit	\$ 235,496
Developer Fee	\$ 746,000
Cost of Issuance	\$ 209,200
Other Soft Costs (Marketing, etc.)	\$ 1,866,114
Total Uses	\$ 7,223,595

Description of Financial Structure and Bond Issuance:

This a private placement bond transaction with the bonds being purchased by Hunt Capital Partners LLC. The bonds will provide permanent debt of \$2,159,445 through Hunt Capital Partners, LLC. The balance of the development costs will be funded from: a \$1,300,000 HOME loan from Contra Costa County, a \$250,000 Summer Lake Affordable Housing Trust loan from Contra Costa County, Hunt Capital Tax Credit Equity of \$2,561,606, and deferred developer fee (\$599,783). The construction phase will be for a term 24 months plus one 6 month extension with a variable interest rate for the entire term of the construction loan. The rate is based on PRIME plus 175 basis points. The loan term during the permanent phase will be for 30 years amortized and the rate will be set and rate locked at the time of construction loan closing and is based on a spread of approximately 340 basis points above the 10-year Treasury Bill. The rate is projected to be 5.25%.

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: 75 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,000,000 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
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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	75

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.