

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 21, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City of Richmond Housing Authority

Allocation Amount Requested:

Tax-exempt: \$963,854

The amount of allocation requested is supplemental to the \$13,536,146 of allocation the Project received on January 15, 2014.

Project Information:

Name: Friendship Manor & Triangle Court Supplemental
Project Address: 564 Stege Ave. & 980 Triangle Court
Project City, County, Zip Code: Richmond, Contra Costa, 94804 & 94801

Project Sponsor Information:

Name: RHA RAD LLC (RHA RAD Housing Partners, LP.)
Principals: Tim Jones, LaTanna Jones and Tony Taplin for RHA RAD Housing Partners, LP.
Property Management Company: John Stewart Company

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JP Morgan Chase Bank, N.A.
TEFRA Hearing Date: October 1, 2013

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 154, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family and Senior Citizen

This is a scattered site project in the City of Richmond, California. Friendship Manor is a senior 58-unit five single-story building project on a 3.4 acre site and Triangle Court is a family 98-unit semi attached dwelling units on a 14 acre site. Both projects will have substantial renovations to be completed by May 2015. Friendship Manor has studio, 1,2, and 3 bedroom units and Triangle Court has the same configuration of units. Each site has a clubhouse, picnic area, surveillance cameras, storage area, gated community, and on-site management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (154 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

Service amenities include a bona fide service coordinator/social worker available free of charge for tenants.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | |
|---|---------------|--------------------------------------|
| Estimated Total Development Cost: | \$ 30,135,274 | |
| Estimated Hard Costs per Unit: | \$ 32,361 | (\$4,983,593 /154 units) |
| Estimated per Unit Cost: | \$ 195,684 | (\$30,135,274 /154 units) |
| Allocation per Unit: | \$ 94,156 | (\$14,500,000 /154 units) |
| Allocation per Restricted Rental Unit: | \$ 94,156 | (\$14,500,000 /154 restricted units) |

| Sources of Funds: | Construction | Permanent |
|--|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 14,500,000 | \$ 945,496 |
| Deferred Developer Fee | \$ 552 | \$ 2,210 |
| LIH Tax Credit Equity | \$ 1,891,596 | \$ 8,558,713 |
| Direct & Indirect Public Funds | \$ 8,013,110 | \$ 17,122,855 |
| Other (Reloc. Tenant Pymnts.+ Val Leased Land) | \$ 3,506,000 | \$ 3,506,000 |
| Total Sources | \$ 27,911,258 | \$ 30,135,274 |

| Uses of Funds: | |
|------------------------------------|----------------------|
| Acquisition/Land Purchase | \$ 13,530,000 |
| On & Off Site Costs | \$ 941,205 |
| Hard Construction Costs | \$ 4,042,388 |
| Architect & Engineering Fees | \$ 634,733 |
| Contractor Overhead & Profit | \$ 701,987 |
| Developer Fee | \$ 2,500,000 |
| Relocation | \$ 996,000 |
| Cost of Issuance | \$ 369,372 |
| Capitalized Interest | \$ 430,079 |
| Other Soft Costs (Marketing, etc.) | \$ 5,989,510 |
| Total Uses | \$ 30,135,274 |

Description of Financial Structure and Bond Issuance:

This is a privately placed bond transaction with the bonds being issued by the City of Richmond Housing Authority. JP Morgan Chase Bank, NA will privately place the bonds and will provide construction and permanent financing. Construction terms are 24 months with a floating rate of 1.618 % in excess of the 1-month LIBOR rate. The permanent terms are a 10 year interest rate swap +2.47%, fixed at construction loan closing. This has a 210 month maturity (17.5 years) from construction loan closing.

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.

Recommendation:

Staff recommends that the Committee approve \$963,854 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 | 5 |
| Service Amenities | 10 | 10 | 5 |
| New Construction | 10 | 10 | 0 |
| Sustainable Building Methods | 10 | 10 | 0 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 130 | 100 | 70 |

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.