

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 21, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the City of Richmond

Allocation Amount Requested:

Tax-exempt: \$2,000,000

The amount of allocation requested is supplemental to the \$13,536,146 and \$963,854 of allocation the Project received on January 15, 2014 and May 21, 2014 respectively.

Project Information:

Name: Friendship Manor & Triangle Court Apartments Supp.
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: January 5, 2015

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 buildings 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:	\$ 32,135,274	
Estimated Hard Costs per Unit:	\$ 44,730	(\$6,888,403 /154 units)
Estimated per Unit Cost:	\$ 208,671	(\$32,135,274 /154 units)
Allocation per Unit:	\$ 107,143	(\$16,500,000 /154 units)
Allocation per Restricted Rental Unit:	\$ 107,143	(\$16,500,000 /154 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,500,000	\$ 945,496
Deferred Developer Fee	\$ 750,552	\$ 752,210
LIH Tax Credit Equity	\$ 1,891,596	\$ 8,558,713
Direct & Indirect Public Funds	\$ 8,013,110	\$ 18,372,855
Other (Reloc. Tenant Pymnts.+ Val Leased Land)	\$ 3,506,000	\$ 3,506,000
Total Sources	\$ 30,661,258	\$ 32,135,274

Uses of Funds:	
Acquisition/Land Purchase	\$ 13,530,000
On & Off Site Costs	\$ 941,205
Hard Construction Costs	\$ 5,947,198
Architect & Engineering Fees	\$ 634,733
Contractor Overhead & Profit	\$ 812,985
Developer Fee	\$ 2,500,000
Relocation	\$ 996,000
Cost of Issuance	\$ 369,372
Capitalized Interest	\$ 430,052
Other Soft Costs (Marketing, etc.)	\$ 5,973,729
Total Uses	\$ 32,135,274

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 18 months with a floating rate of 1.62 % 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 12.5 maturity 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 \$2,000,000 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]	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.