

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
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: \$1,000,000

The amount of allocation requested is supplemental to the \$16,500,000 of allocation the Project issued in 2015.

Project Information:

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

Project Sponsor Information:

Name: RHA RAD Housing Partners, LP (RHA RAD, LLC; JSCo Friendship Triangle, LLC)
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 Noticing Date: Not Applicable
TEFRA Adoption Date: January 5, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 153, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family and Senior Citizen

This 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 2016. 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: 99%
99% (151 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:	\$	34,854,674	
Estimated Hard Costs per Unit:	\$	70,222	(\$10,743,969 /153 units)
Estimated per Unit Cost:	\$	227,808	(\$34,854,674 /153 units)
Allocation per Unit:	\$	114,379	(\$17,500,000 /153 units)
Allocation per Restricted Rental Unit:	\$	115,894	(\$17,500,000 /151 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,500,000	\$ 1,175,000
LIH Tax Credit Equity	\$ 1,551,837	\$ 12,996,994
RHA Seller Financing	\$ 8,891,500	\$ 8,891,500
RHA Loan	\$ 3,104,143	\$ 5,618,500
City of Richmond	\$ 1,333,182	\$ 5,753,546
Developer Equity	\$ 87,500	\$ 87,500
Deferred Developer Fee	\$ 0	\$ 19,427
Project NOI	\$ 0	\$ 112,207
Total Sources	\$ 32,468,162	\$ 34,654,674

Uses of Funds:	
Land Cost/Acquisition	\$ 14,650,000
Rehabilitation	\$ 10,743,969
Relocation	\$ 1,250,000
Architectural Fees	\$ 1,021,752
Permanent Financing	\$ 1,111,694
Legal Fees	\$ 334,292
Reserves	\$ 741,989
Appraisal	\$ 15,606
Contingencies	\$ 1,074,396
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,210,976
Developer Costs	\$ 2,500,000
Total Uses	\$ 34,654,674

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 year maturity from construction loan closing. There was no underwritten rate provided.

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.

Recommendation:

Staff recommends that the Committee approve \$1,000,000 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	
Exceeding Minimum Income Restrictions:	35	15	
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	
Gross Rents	5	5	
Large Family Units	5	5	
Leveraging	10	10	
Community Revitalization Area	5	5	
Site Amenities	10	10	
Service Amenities	10	10	
New Construction or Substantial Renovation	10	10	
Sustainable Building Methods	10	10	
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	
Negative Points (No Maximum)	-10	-10	
Total Points	140	120	0

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.