

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:	County of Contra Costa
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Allocation Amount Requested:	Tax-exempt: \$19,200,000
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Project Information:	Name: Riviera Family Apartments (Scattered Site)
	Project Address: 1515 Riviera Ave.; 1738 Riviera Ave.
	Project City, County, Zip Code: Concord, Contra Costa, 94596

Project Sponsor Information:	Name: Riviera Family Apartments, L.P. (RCD GP, LLC)
	Principals: Daniel Sawislak
	Property Management Company: The John Stewart Company

Project Financing Information:	Bond Counsel: Quint & Thimmig LLP
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Private Placement Purchaser: MUFG Union Bank of California, N.A.
	TEFRA Noticing Date: December 18, 2015
	TEFRA Adoption Date: January 19, 2016

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 57, plus 1 manager unit
	Type: New Construction
	Type of Units: Family

The Riviera Family Apartments will be a scattered-site, family-oriented community of 58 apartments serving households at 30% to 60% of Area Median Income (AMI) at 1515 Riviera and 1738 Riviera Avenue immediately north of the Walnut Creek BART station. This two-site development will include studios, 1-, 2- and 3-bedrooms along with community spaces, including property management and resident services manager offices, community rooms, and shared computer terminals for residents, laundry rooms, and a sidewalk "mini-park." Between the two sites, three bedroom units comprise 30% of the income-restricted apartments. Additionally, eight units are special needs units serving households with a person living with AIDS/HIV under the HOPWA (Housing Opportunities for Persons with AIDS) program. The City of Walnut Creek approved the development plans in March 2015. The total unit mix will consist of 8 studio (of which 4 are reserved for residents living with HIV/AIDS), 24 one-bedroom (of which 3 are reserved for residents living with HIV/AIDS), 7 two-bedroom (of which 1 is reserved for residents living with HIV/AIDS) and 19 three-bedroom units, including 1 manager's unit distributed between the two sites. 1515 Riviera Avenue will have 7 studios, 10 one-bedroom, 7 two-bedroom, and 6 three-bedroom units. 1738 Riviera Avenue will have 1 studio, 14 one-bedroom, and 13 three-bedroom units including one manager's unit. The design concept focuses on large family units, and sustainability through location and building systems.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (6 units) restricted to 50% or less of area median income households.

89% (51 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 36,132,400	
Estimated Hard Costs per Unit:	\$ 369,949	(\$21,087,076 /57 units)
Estimated per Unit Cost:	\$ 633,902	(\$36,132,400 /57 units)
Allocation per Unit:	\$ 336,842	(\$19,200,000 /57 units)
Allocation per Restricted Rental Unit:	\$ 336,842	(\$19,200,000 /57 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,200,000	\$ 3,251,795
LIH Tax Credit Equity	\$ 2,340,987	\$ 16,060,843
Deferred Developer Costs and Fees	\$ 1,956,100	\$ 200,000
City of Walnut Creek Loan	\$ 5,362,682	\$ 6,162,682
CC County HOPWA Loan	\$ 1,031,285	\$ 1,031,285
CC County HOME Loan	\$ 1,031,285	\$ 1,031,285
AHP	\$ 0	\$ 570,000
Infill Grant	\$ 2,800,400	\$ 2,800,400
Enterprise Funds	\$ 15,000	\$ 15,000
LISC Kendada Grant	\$ 7,500	\$ 7,500
MTC Workforce Housing Subgrant	\$ 45,000	\$ 45,000
HCD AHSC Program	\$ 0	\$ 2,614,450
HCD AHSC Grant	\$ 2,342,160	\$ 2,342,160
Total Sources	\$ 36,132,399	\$ 36,132,400

Uses of Funds:	
Land Cost/Acquisition	\$ 4,419,700
Relocation	\$ 2,000
New Construction	\$ 21,087,076
Architectural Fees	\$ 1,261,115
Permanent Financing	\$ 1,646,229
Legal Fees	\$ 170,000
Reserves	\$ 430,101
Appraisal	\$ 11,000
Contingencies	\$ 2,205,152
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,400,027
Developer Costs	\$ 2,500,000
Total Uses	\$ 36,132,400

Description of Financial Structure and Bond Issuance:

This is a Private Placement transaction with bonds being issued by the County of Contra Costa. During the construction financing phase the loan term will be for 21 months (i) Construction Loan Period During the construction loan period the Borrower Loan bears interest at 65% of the 30-day LIBOR rate plus 1.85% (with no floor), computed on a three hundred sixty (360) day year but for the actual number of days outstanding. Interest only shall be payable monthly, in arrears, on the Borrower Loan. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 30 years at a fixed rate equal to the sum of the 2.02% plus a spread of 2.50%, which at the time of application was 4.52%. During the permanent financing phase, Tranche B loan term will be for 15 years with an amortization period of 15 years at a fixed rate equal to the sum of the 1.986% plus a spread of 2.50%, which at the time of application was 4.46%.

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.

Total Points: 67.4 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,200,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	2.4
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	67.4

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.