

**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: Louise Eller*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:** Tax-exempt: \$15,700,000

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**Project Information:**

**Name:** Barrett Plaza Apartments  
**Project Address:** 510 Barrett Avenue, 515 7th St, Barrett Avenue  
**Project City, County, Zip Code:** Richmond, Contra Costa, 94801

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**Project Sponsor Information:**

**Name:** Barrett Plaza Housing LP (CHDC Barrett Plaza, LLC)  
**Principals:** Donald Gilmore, Charles Fowlkes, Joseph Villareal, Norma Thompson, Marena Brown  
**Property Management Company:** North Richmond Economic Development Corporation

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**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Noticing Date:** January 16, 2016  
**TEFRA Adoption Date:** February 9, 2016

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 57, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Barrett Plaza is an existing 58-unit apartment community located on Barrett Avenue in Richmond. The project has 46 three bedroom units, 11 four bedroom units, and one manager's unit. The project occupies a total of 3.07 acres across 3 parcels along Barrett Avenue and 7th Street. It consists of 14 two-story buildings, containing between three and six units each. Parking is provided in uncovered surface lots that are fenced and equipped with power-operated gates. The site also has three tot lots and three BBQs. All building are wood-framed structures covered in stuccos and built on reinforced concrete slabs. All units are two-story with stairway access to second floor and have their own front and back entrance. The physical needs assessment concluded that multiple items need to be replaced such as furnaces, exhaust fans, water heaters, stucco patio walls and retrofitted windows. Full gut rehabilitation of the interior of 49 units including new flooring, bathroom fixtures, bathroom and kitchen cabinets, etc. New landscaping for grounds is also needed. Construction will be phased with residents relocated either to vacant units on-site or to off-site housing while their building is being rehabbed. The rehabilitation is expected to start in July 2016 and complete in April 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (57 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 3 & 4 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 27,364,915	
<b>Estimated Hard Costs per Unit:</b>	\$ 75,487	(\$4,302,757 /57 units)
<b>Estimated per Unit Cost:</b>	\$ 480,086	(\$27,364,915 /57 units)
<b>Allocation per Unit:</b>	\$ 275,439	(\$15,700,000 /57 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 275,439	(\$15,700,000 /57 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,700,000	\$ 6,102,000
Seller Carryback Note	\$ 9,433,135	\$ 9,433,135
LIH Tax Credit Equity	\$ 862,158	\$ 9,809,577
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 545,756	\$ 545,756
Community Housing Dev. Corp. GP Loan	\$ 0	\$ 800,000
Income From Operations	\$ 0	\$ 145,890
Accrued/Deferred Interest During Contr.	\$ 528,457	\$ 528,457
<b>Total Sources</b>	<b>\$ 27,069,606</b>	<b>\$ 27,364,915</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 15,160,228
Rehabilitation	\$ 4,625,288
Relocation	\$ 800,000
Construction Interest and Fees	\$ 956,927
Architectural Fees	\$ 475,000
Permanent Financing	\$ 74,765
Legal Fees	\$ 172,500
Reserves	\$ 626,344
Appraisal Costs	\$ 30,589
Contingency Cost	\$ 929,916
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,013,358
Developer Costs	\$ 2,500,000
<b>Total Uses</b>	<b>\$ 27,364,915</b>

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**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased in a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 18 months, plus one 6-month extension with a variable rate equal to 1 month LIBOR plus a spread of 2.00%. During the permanent phase, the loan term will be for 32 years with an amortization period of 35 years at a fixed rate equal to the sum of 17 year LIBOR swap rates plus a spread of 2.25%. There was no underwritten rate provided.

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**Analyst Comments:**

None

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**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.

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**Total Points:** 86.5 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,700,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>86.5</b>

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.