

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: County of Contra Costa

Allocation Amount Requested: Tax-exempt: \$21,000,000

Project Information:

Name: Hana Gardens Apartments
Project Address: 10848 & 10860 San Pablo Avenue
Project City, County, Zip Code: El Cerrito, Contra Costa, 94530

Project Sponsor Information:

Name: El Cerrito Senior LP (El Cerrito Senior, LLC)
Principals: Timothy Reilly, Ilene Weinreb, Calvin Whitaker, Kathleen Hamm, Linda Mandolini and Jan Peters for El Cerrito Senior, LLC
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:

Bond Counsel: Quint & Thimmig, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, NA (const.), California Community Reinvestment Corporation (perm.)
TEFRA Noticing Date: February 23, 2016
TEFRA Adoption Date: March 29, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 62, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The senior Project will consist of a single four-story residential building and a community building located on a .96 acre parcel in downtown El Cerrito. The Project site also contains an existing vacant flower shop that will be converted into a Japanese history museum and public plaza. The residential building will include 2,300 sq/ft of commercial space and will contain 62 one-bedroom tenant units and a single two-bedroom manager's unit. Unit amenities will include refrigerator, stove/oven, dishwasher, garbage disposal, blinds, patio/balcony and carpeting. Site amenities will include a community room with warming kitchen, classroom/activity room, exercise room, computer lab/library, patio spaces, gardening areas, service coordinator and on-site management. Construction is scheduled to begin in November 2016 and be completed in January 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (62 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will provide a bona fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 28,874,491	
Estimated Hard Costs per Unit:	\$ 258,678	(\$16,038,047 /62 units)
Estimated per Unit Cost:	\$ 465,718	(\$28,874,491 /62 units)
Allocation per Unit:	\$ 338,710	(\$21,000,000 /62 units)
Allocation per Restricted Rental Unit:	\$ 338,710	(\$21,000,000 /62 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,000,000	\$ 4,713,333
LIH Tax Credit Equity	\$ 1,160,010	\$ 12,598,639
Owner Equity	\$ 0	\$ 971,276
Deferred Developer Fee	\$ 0	\$ 900,000
City of El Cerrito Loan	\$ 300,000	\$ 300,000
HCD IIG Funds	\$ 1,399,547	\$ 1,399,547
HCD AHSC Funds	\$ 0	\$ 5,271,696
County of Contra Costa CDBG Funds	\$ 625,000	\$ 625,000
County of Contra Costa HOME Funds	\$ 1,475,000	\$ 1,475,000
Federal Home Loan Bank AHP Funds	\$ 620,000	\$ 620,000
Total Sources	\$ 26,579,557	\$ 28,874,491

Uses of Funds:	
Land Cost/Acquisition	\$ 482,987
New Construction	\$ 16,462,713
Contractor Overhead & Profit	\$ 797,969
Architectural Fees	\$ 1,034,100
Survey and Engineering	\$ 332,761
Construction Interest and Fees	\$ 1,703,471
Permanent Financing	\$ 25,000
Legal Fees	\$ 56,000
Reserves	\$ 481,642
Appraisal	\$ 10,000
Contingency Cost	\$ 1,753,046
Local Development Impact Fees	\$ 1,557,123
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 840,632
Developer Costs	\$ 3,337,047
Total Uses	\$ 28,874,491

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in private placement transactions by Wells Fargo Bank, NA (const.) and California Community Reinvestment Corporation (perm.). During the construction financing phase the loan term will be for 23 months with a variable interest rate equal to 1.70% above the 1-month LIBOR rate. During the permanent financing phase, the loan term and amortization period will both be for 30 years at a fixed rate equal to the greater of 4% or the 15-year muni bond index plus 175 bps for years 1 - 15 and the 15-year muni bond index plus 200 bps for years 16 - 30 (no lower than the rate during the first 15 years).

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: 92.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
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	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	92.5

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.