

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: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$75,000,000

Project Information:

Name: Stoneman Apartments
Project Address: 1201 Stoneman Avenue
Project City, County, Zip Code: Pittsburg, Contra Costa, 94565

Project Sponsor Information:

Name: Pittsburg Pacific Associates, a California Limited Partnership (TPC Holdings V, LLC and Central Valley Coalition for Affordable Housing)

Principals: Caleb Roope for TPC Holdings V, LLC; Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons, Christina Alley for Central Valley Coalition for Affordable Housing.

Property Management Company: U.S. Residential Group, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A. / California Communities Reinvestment Corporation
TEFRA Noticing Date: April 25, 2016
TEFRA Adoption Date: May 11, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 228, plus 2 manager units
Type: New Construction
Type of Units: Family

The proposed development will be a 230-unit rental new construction project. With a mix of 44 one-bedroom units (approximately 631 square feet), 116 two-bedroom units (approximately 1,009 square feet) and 70 three-bedroom units (approximately 1,114 square feet), Stoneman Apartments will provide affordable housing for families earning up to 60% of the area median income (AMI) for Contra Costa County. The buildings will be oriented appropriately throughout the site to create a community concept. For the benefit and welfare of its residents, the project will include an approximately 4,456 square foot community building. The community building will include an office, maintenance room, fitness room, laundry facilities, community room, and a kitchen. The development includes other amenities such as a children's playground, picnic areas with benches and tables, a swimming pool, and plenty of centralized open space which will serve as an excellent setting for family gatherings and play areas for children. Within the units, residents will enjoy standard features such as refrigerators, exhaust fans, dishwashers, disposals, and ranges with ovens. All units feature an outdoor balcony or patio with storage space. The anticipated construction start date is October 2016 with a projected completion date of April 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (23 units) restricted to 50% or less of area median income households.
90% (205 units) restricted to 60% or less of area median income households.
Unit Mix: 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:	\$	95,255,974	
Estimated Hard Costs per Unit:	\$	232,227	(\$52,947,852 /228 units)
Estimated per Unit Cost:	\$	417,789	(\$95,255,974 /228 units)
Allocation per Unit:	\$	328,947	(\$75,000,000 /228 units)
Allocation per Restricted Rental Unit:	\$	328,947	(\$75,000,000 /228 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds Series A	\$ 54,000,000	\$ 25,700,000
Tax-Exempt Bond Proceeds Series B	\$ 16,000,000	\$ 21,000,000
Tax-Exempt Bond Proceeds Series B	\$ 5,000,000	\$ 0
LIH Tax Credit Equity	\$ 8,566,816	\$ 42,455,974
Deferred Developer Fee	\$ 9,900,000	\$ 6,100,000
Deferred Costs	\$ 1,789,158	\$ 0
Total Sources	\$ 95,255,974	\$ 95,255,974

Uses of Funds:	
Land Cost/Acquisition	\$ 1,405,000
New Construction	\$ 60,010,746
Contractor Overhead	\$ 1,125,674
Architectural Fees	\$ 600,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 4,557,500
Permanent Financing	\$ 558,500
Legal Fees	\$ 130,000
Reserves	\$ 1,789,158
Contingency Cost	\$ 3,050,000
Local Development Impact Fees	\$ 10,552,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,386,896
Developer Costs	\$ 9,900,000
Total Uses	\$ 95,255,974

Description of Financial Structure and Bond Issuance:

This is a California Housing Finance Agency private placement bond transaction. Both Citibank, N.A. and California Communities Reinvestment Corporation (CRCC) will be handling the Construction and Permanent financing. For the Citibank, N.A. financing, during the construction phase the loan term will be for 30 months with a variable interest rate of 2.43% . During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate of 4.04%. For the CRCC financing, the construction phase the loan term will be for 30 months with a fixed interest rate of 5.8%. This will be a 40 year residual receipts loan.

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: 65 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$75,000,000 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	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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	65

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.