

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$28,091,825

Project Information:
Name: Deliverance Temple Apartments I & II (Scattered Site)
Project Address: 4312 Potrero Avenue; 4600 Potrero Avenue
Project City, County, Zip Code: Richmond, Contra Costa, 94804

Project Sponsor Information:
Name: DT Venture, L.P. (DT GP LLC and Pacific Southwest Community Development Corporation)
Principals: Sydne Garchik for DT GP LLC and Robert Laing for Pacific Southwest Community Development Corporation
Property Management Company: Apartment Management Consultants, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: September 23, 2016
TEFRA Adoption Date: October 18, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Deliverance Temple Apartments I & II is an existing scattered site located in Richmond on two non-contiguous parcels totaling approximately 2.63 acres of land. The project has 8 one-bedroom units, 36 two-bedroom units and 36 three-bedroom units. The renovations will include building exterior/interior upgrades as well as common area updates. Building exterior renovations will consist of fence repairs, exterior facade upgrade, siding installations, roof replacement, window replacements and a fresh coat of paint. Individual apartment units will receive new appliances, countertops, cabinets, fixtures, paint and plumbing/electrical updates. Lastly, common area renovations will consist of laundry and community room upgrades, concrete repairs, asphalt replacement/sealing, ADA updates and lighting/signage/landscaping improvements. The building and site renovations planned for the Project will improve the overall curb appeal as well as residents' living conditions. The construction is expected to begin in February 2017 and last approximately 9-10 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
98% (78 units) restricted to 50% or less of area median income households.
3% (2 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: \$ 41,177,080
Estimated Hard Costs per Unit: \$ 71,150 (\$5,691,964 /80 units)
Estimated per Unit Cost: \$ 502,160 (\$41,177,080 /82 units including mgr. units)
Allocation per Unit: \$ 351,148 (\$28,091,825 /80 units)
Allocation per Restricted Rental Unit: \$ 351,148 (\$28,091,825 /80 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 28,091,825	\$ 28,091,825
LIH Tax Credit Equity	\$ 11,316,828	\$ 11,316,828
Developer Equity	\$ 1,768,427	\$ 1,768,427
Total Sources	\$ 41,177,080	\$ 41,177,080

Uses of Funds:	
Land Cost/Acquisition	\$ 22,608,875
Rehabilitation	\$ 5,626,562
Contractor Overhead & Profit	\$ 414,861
Construction Interest and Fees	\$ 2,321,217
Permanent Financing	\$ 780,388
Legal Fees	\$ 1,000,000
Reserves	\$ 2,578,235
Appraisal	\$ 10,000
Contingency Cost	\$ 518,577
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,049,938
Developer Costs	\$ 4,268,427
Total Uses	\$ 41,177,080

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:

82.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$28,091,825 in tax exempt bond allocation on a carryforward basis.

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	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	110	82.5

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.