

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: County of Contra Costa

Allocation Amount Requested:
Tax-exempt: \$17,000,000

Project Information:
Name: Heritage Point Apartments and Retail
Project Address: Fred Jackson Way between Chesley Avenue and Grove Street
Project City, County, Zip Code: Unincorporated North Richmond, Contra Costa, 94801

Project Sponsor Information:
Name: Heritage Point A/G, L.P. (Heritage Point A/G, LLC)
Principals: Donald Gilmore, Darlene Williams, Charles Fowlkes, Joseph Villareal, Annie King-Meredith, Kitty Hoover, Marena Brown and Larry Taylor
Property Management Company: North Richmond Economic Development Corporation

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: February 18, 2017
TEFRA Adoption Date: March 21, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 42
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Heritage Point Apartments and Retail is a new construction project located in unincorporated Contra Costa county adjacent to the city of Richmond on a 0.81-acre site. The project will consist of 41 restricted rental units and 1 unrestricted manager's unit. It will provide 12 one-bedroom units, 17 two-bedroom units and 13 three-bedroom units in a four-story building. Common amenities will include a community room with computer lab and WiFi access, mail center, laundry facilities on each floor, resident storage facility, management offices and a bike storage center. Each unit will feature Energy Star refrigerator, range, range hood and dishwasher. Parking spaces will be provided. Green features will include low-E windows, carpet made from environmentally friendly recycled fibers and low-VOC paints. Construction is expected to begin in February 2018 and to be completed in March 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (41 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing service amenities, including an after-school program and a bona fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,342,777	
Estimated Hard Costs per Unit:	\$ 396,625	(\$16,658,264 /42 units including mgr. units)
Estimated per Unit Cost:	\$ 627,209	(\$26,342,777 /42 units including mgr. units)
Allocation per Unit:	\$ 404,762	(\$17,000,000 /42 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 414,634	(\$17,000,000 /41 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,000,000	\$ 2,391,000
Tranche B Financing	\$ 0	\$ 5,075,000
LIH Tax Credit Equity	\$ 980,518	\$ 9,684,175
General Partner Equity	\$ 0	\$ 1,017,957
Deferred Developer Fee	\$ 0	\$ 1,225,231
Contra Costa Housing Successor	\$ 1,355,970	\$ 2,616,584
Contra Costa County Livable Communities Trust	\$ 1,432,830	\$ 1,432,830
Contra Costa County CDBG	\$ 2,900,000	\$ 2,900,000
Total Sources	\$ 23,669,318	\$ 26,342,777

Uses of Funds:	
Land Cost/Acquisition	\$ 2,030,655
New Construction	\$ 14,880,559
Contractor Overhead & Profit	\$ 1,178,936
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 52,179
Construction Interest and Fees	\$ 1,344,952
Permanent Financing	\$ 22,500
Legal Fees	\$ 80,000
Reserves	\$ 198,963
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 869,475
Local Development Impact Fees	\$ 647,243
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,321,095
Developer Costs	\$ 3,196,220
Total Uses	\$ 26,342,777

Analyst Comments:

This project is considered high cost due to high financing costs that are unique to affordable projects, such as syndication costs. Also, county building codes limited the number of units buildable on this site, resulting in spreading development costs over fewer units. High construction-related costs in the Bay Area was also noted as a contributing factor.

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:

99 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,000,000 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	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	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	99