

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
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
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Allocation Amount Requested:	Tax-exempt: \$11,500,000
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Project Information:	Name: Woods Grove Apartments
	Project Address: 850 East Leland Road
	Project City, County, Zip Code: Pittsburg, Contra Costa, 94565

Project Sponsor Information:	Name: Reliant-Woods Grove, LP (Gung Ho-Woods Grove, LLC and Rainbow Housing Assistance Corporation)
	Principals: Joseph L. Sherman, J. Caskie Collet for Gung Ho-Woods Grove, LLC; Flynnann Janisse for Rainbow Housing Assistance Corporation
	Property Management Company: Reliant Property Management, LLC

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: R4 Capital Funding/Reliant CAP VIII, LLC
	Cash Flow Permanent Bond: Reliant CAP VIII, LLC
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: July 15, 2017
	TEFRA Adoption Date: August 8, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 80
	Manager's Units: 1 Restricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Woods Grove Apartments is an existing project located in Pittsburg on a 5.75-acre site. The project consists of 79 restricted rental units and 1 restricted manager unit. The project has 8 one-bedroom units, 32 two-bedroom units, 28 three-bedroom units and 12 four-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, window replacements and a fresh coat of paint. Interior renovations will include leasing office and common area updating. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. The rehabilitation is expected to begin in October 2017 and completed in August 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

14% (11 units) restricted to 50% or less of area median income households.

86% (69 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 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:

Estimated Total Development Cost:	\$ 18,436,976	
Estimated Hard Costs per Unit:	\$ 46,737	(\$3,738,999 /80 units including mgr. units)
Estimated per Unit Cost:	\$ 230,462	(\$18,436,976 /80 units including mgr. units)
Allocation per Unit:	\$ 143,750	(\$11,500,000 /80 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 143,750	(\$11,500,000 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 8,000,000
Cash Flow Permanent Bonds	\$ 3,500,000	\$ 3,500,000
LIH Tax Credit Equity	\$ 4,493,044	\$ 5,285,935
Deferred Developer Fee	\$ 0	\$ 851,041
Assumed HOME Loan	\$ 800,000	\$ 800,000
Total Sources	\$ 16,793,044	\$ 18,436,976
 Uses of Funds:		
Land Cost/Acquisition	\$ 10,800,000	
Rehabilitation	\$ 3,163,160	
Relocation	\$ 26,681	
Contractor Overhead & Profit	\$ 235,930	
Architectural Fees	\$ 75,000	
Survey and Engineering	\$ 7,000	
Construction Interest and Fees	\$ 1,097,636	
Permanent Financing	\$ 86,800	
Legal Fees	\$ 267,000	
Reserves	\$ 118,750	
Appraisal	\$ 8,500	
Hard Cost Contingency	\$ 339,909	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 249,553	
Developer Costs	\$ 1,961,057	
Total Uses	\$ 18,436,976	

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:

78.9 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,500,000 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	20
Exceeding Minimum Income Restrictions:	35	15	27
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	4.9
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	7
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	110	78.9