

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: County of Contra Costa

Allocation Amount Requested:
Tax-exempt: \$9,260,000

Project Information:
Name: Antioch Scattered Site Renovation Apartments
Project Address: 1945 and 1949 Cavallo Road; 35-107 W. 20th Street and 104-106 W. 20th Street
Project City, County, Zip Code: Antioch, Contra Costa, 94509

Project Sponsor Information:
Name: Antioch Recap, L.P. (RCD GP III LLC)
Principals: Kattye Giles and Janet Kennedy
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of the West
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 19, 2018
TEFRA Adoption Date: March 20, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 56
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Antioch Scattered Site Renovations Apartments is an existing scattered site project consisting of Terrace Glen Apartments and Pinecrest Apartments. Antioch Scattered Site Renovations are located on an aggregate 1.12 acre site. The project consists of 54 restricted rental units and 2 unrestricted managers' units. The project has 26 one-bedroom units, 26 two-bedroom units and 4 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of improved lighting, gutter repair, repair/replacement of fencing, drainage improvements, sewer line repairs and the addition of security gates. Interior renovations will include a new warming kitchen, services coordinator room and window replacements. Individual apartment units will be updated with replacement of heaters and air conditioners, addition of bathroom fans and replacement of some kitchens and baths. Lastly, common or site area renovations will consist of ADA updates. Each property will reduce its energy use by at least 5% with a minimum improvement of 10% across both projects. The rehabilitation is expected to begin at the end of 2018 and be completed at the end of 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
72% (39 units) restricted to 50% or less of area median income households.
28% (15 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 16,907,622	
Estimated Hard Costs per Unit:	\$ 63,780	(\$3,571,657 /56 units including mgr. units)
Estimated per Unit Cost:	\$ 301,922	(\$16,907,622 /56 units including mgr. units)
Allocation per Unit:	\$ 165,357	(\$9,260,000 /56 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 171,481	(\$9,260,000 /54 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,260,000	\$ 2,376,000
Tranche B Financing	\$ 0	\$ 1,247,000
Income From Operations	\$ 0	\$ 127,591
LIH Tax Credit Equity	\$ 552,207	\$ 5,359,576
Deferred Developer Fee	\$ 707,981	\$ 707,981
Deferred Costs	\$ 442,960	\$ 0
GP Equity	\$ 0	\$ 500,000
Accrued/Deferred Interest	\$ 227,730	\$ 227,730
Contra Costa Additional HOME Funds	\$ 0	\$ 500,000
City of Antioch - Terrace Glen	\$ 2,197,808	\$ 2,197,808
City of Antioch - Pinecrest	\$ 1,325,728	\$ 1,325,728
County of Contra Costa HOME funds Site 1	\$ 1,381,488	\$ 1,381,488
County of Contra Costa HOME funds Site 2	\$ 956,720	\$ 956,720
Total Sources	\$ 17,052,622	\$ 16,907,622

Uses of Funds:	
Land Cost/Acquisition	\$ 6,926,572
Rehabilitation	\$ 3,785,000
Relocation	\$ 400,000
Contractor Overhead & Profit	\$ 522,000
Architectural Fees	\$ 375,000
Survey and Engineering	\$ 90,180
Construction Interest and Fees	\$ 1,114,795
Permanent Financing	\$ 74,673
Legal Fees	\$ 80,000
Reserves	\$ 281,616
Appraisal	\$ 21,000
Hard Cost Contingency	\$ 646,050
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 582,755
Developer Costs	\$ 2,007,981
Total Uses	\$ 16,907,622

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,260,000 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	10
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	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	55