

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood/Ruben Barcelo

Applicant: California Public Finance Authority

Allocation Amount Requested:

Tax-exempt: \$14,980,000

Project Information:

Name: Leisure Terrace Apartments
Project Address: 1638 E Street
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:

Name: Reliant - East Bay, LP (Gung Ho - East Bay, LLC; and Rainbow - East Bay, LLC)
Principals: Joseph L. Sherman and J. Caskie Collet for Gung Ho - East Bay, LLC; and Flynn Janisse for Rainbow - East Bay, LLC
Property Management Company: Reliant Property Management, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Reliant Cap IX, LLC
Cash Flow Permanent Bond: Reliant Cap IX, LLC
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: February 1, 2019
TEFRA Adoption Date: February 19, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 68
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Leisure Terrace Apartments is an existing project located in Hayward on a 2.54-acre site. The project provides 67 restricted rental units and one unrestricted manager unit distributed as 2 studios, 20 one-bedroom units and 46 two-bedroom units. Building exterior renovations will consist of new roof overlays, new windows and sliding glass doors, siding repair/replacement and fresh paint. Interior renovations will include new energy efficient lighting, community room improvements, new fitness center and upgrades to the elevator as needed. Individual apartment units will be updated with new cabinets and countertops, energy efficient appliances, wall heaters, new plumbing fixtures, plank flooring, ceiling fans, and washers and dryers in selected units. Site renovations will include landscaping upgrades, new community barbeque area, new signage, parking lot repairs and upgrades to the swimming pool areas. The rehabilitation is expected to begin in April 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (7 units) restricted to 50% or less of area median income households.
90% (60 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 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:	\$ 24,904,194	
Estimated Hard Costs per Unit:	\$ 54,377	(\$3,697,644 /68 units including mgr. units)
Estimated per Unit Cost:	\$ 366,238	(\$24,904,194 /68 units including mgr. units)
Allocation per Unit:	\$ 220,294	(\$14,980,000 /68 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 223,582	(\$14,980,000 /67 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,230,000	\$ 12,230,000
Tranche B Financing	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 6,494,360	\$ 6,836,168
Deferred Developer Fee	\$ 2,627,778	\$ 2,285,970
Net Income From Operations	\$ 802,056	\$ 802,056
Total Sources	<u>\$ 22,154,194</u>	<u>\$ 22,154,194</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 15,096,239
Rehabilitation	\$ 3,928,589
Relocation	\$ 23,155
Contractor Overhead & Profit	\$ 258,400
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 8,500
Construction Interest and Fees	\$ 1,529,083
Permanent Financing	\$ 295,445
Legal Fees	\$ 96,500
Reserves	\$ 264,381
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 375,165
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 232,156
Developer Costs	\$ 2,661,581
Total Uses	<u>\$ 24,904,194</u>

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:

51.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,980,000 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]	9
Large Family Units	5	5	0
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	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	51.5