

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Isaac Clark III

Applicant:	County of Contra Costa
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Allocation Amount Requested:	Tax-exempt: \$40,000,000
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Project Information:	Name: Marina Heights Apartments
	Project Address: 2 Marina Blvd
	Project City, County, Zip Code: Pittsburg, Contra Costa, 94565

Project Sponsor Information:	Name: Marina Heights Apartments, LP (Spira Marina Heights II, LP / FFAH V Marina Heights, LLC / Tax Credit Equity Investor)
	Principals: Stephen Ho and Robert Lee for Spira Marina Heights II, LP / Deborah A. Willard for Affordable Housing V, Inc.
	Property Management Company: Hyder & Company

Project Financing Information:	Bond Counsel: Quint & Thimmig LLP
	Private Placement Purchaser: Capital One
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: July 8, 2019
	TEFRA Adoption Date: January 0, 1900

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 200
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Marina Heights Apartments is a wood-framed construction comprised of 10.18-acre sites. The entire project consists of 198 restricted rental units, 0 market rate units and 2 unrestricted manager units. The entire project has 60 SRO/Studio units, 119 one-bedroom units, 29 two-bedroom units and 16 three-bedroom units. The exterior renovations will include full balconies, seismic wall upgrades, community and laundry room, building roof shingles, window replacement, sliding glass door replacement, full exterior paint, siding replacement and repairs, replace building boilers, asphalt and concrete repairs, exterior building light upgrades, pool repairs, and ADA parking and ADA path of travel repairs. Interior renovations will include upgraded kitchen appliances, cabinetry, bathroom vanities, tub, and shower. The rehabilitation is expected to begin in February 2020 and be completed by August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (20 units) restricted to 50% or less of area median income households.
90% (178 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedroom

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:	\$ 58,992,556	
Estimated Hard Costs per Unit:	\$ 37,500	(\$7,500,000 /200 units including mgr. units)
Estimated per Unit Cost:	\$ 294,963	(\$58,992,556 /200 units including mgr. units)
Allocation per Unit:	\$ 200,000	(\$40,000,000 /200 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 202,020	(\$40,000,000 /198 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 40,000,000	\$ 30,532,800
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 4,468,918	\$ 17,871,671
Income from Operators	\$ 3,595,596	\$ 3,595,596
Deferred Developer Fee	\$ 6,857,617	\$ 5,897,989
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income from Operation	\$ 0	\$ 0
GP Note	\$ 2,975,925	\$ 0
GP Equity	\$ 908,092	\$ 908,092
Short Term Work Reserve	\$ 186,408	\$ 186,408
Total Sources	\$ 58,992,556	\$ 58,992,556

Uses of Funds:	
Land Cost/Acquisition	\$ 36,502,000
Rehabilitation	\$ 8,564,000
Relocation	\$ 324,940
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 4,407,750
Permanent Financing	\$ 272,132
Legal Fees	\$ 73,954
Reserves	\$ 653,850
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 856,400
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 269,913
Developer Costs	\$ 6,857,617
Total Uses	\$ 58,992,556

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:

60 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$40,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	5.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	110	60.05