

**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: Muri Bartkovsky*

|   |  |  |  |
|---|--|--|--|
| <b>Applicant:</b>                       | <b>County of Contra Costa</b>          |  |  |
| <b>Allocation Amount Requested:</b>     | <b>Tax-exempt:</b>                     | \$16,350,000   |  |
| <b>Project Information:</b>             | <b>Name:</b>                           | <b>Hidden Cove Apartments</b>  |  |
|   | <b>Project Address:</b>                | 2900, 2901, 2911, 2921-2931 Mary Ann Ln  |  |
|   | <b>Project City, County, Zip Code:</b> | Bay Point, Contra Costa, 94565   |  |
| <b>Project Sponsor Information:</b>     | <b>Name:</b>                           | Hidden Cove Apartments, LP (Spira Hidden Cove, LP; Foundation for Affordable Housing V, Inc)                             |  |
|   | <b>Principals:</b>                     | Stephen Ho and Robert Lee for Spira Hidden Cove, LP and Deborah A. Willard for Foundation for Affordable Housing V, Inc. |  |
|   | <b>Property Management Company:</b>    | Aperto Property Management, Inc.   |  |
| <b>Project Financing Information:</b>   | <b>Bond Counsel:</b>                   | Quint & Thimmig LLP  |  |
|   | <b>Private Placement Purchaser:</b>    | Capital One, N.A.  |  |
|   | <b>Cash Flow Permanent Bond:</b>       | Not Applicable   |  |
|   | <b>Public Sale:</b>                    | Not Applicable   |  |
|   | <b>Underwriter:</b>                    | Not Applicable   |  |
|   | <b>Credit Enhancement Provider:</b>    | Not Applicable   |  |
|   | <b>Rating:</b>                         | Not Applicable   |  |
|   | <b>TEFRA Noticing Date:</b>            | July 22, 2019  |  |
|   | <b>TEFRA Adoption Date:</b>            | August 6, 2019   |  |
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b>             | General  |  |
|   | <b>Total Number of Units:</b>          | 88   |  |
|   | <b>Manager's Units:</b>                | 1 Unrestricted   |  |
|   | <b>Type:</b>                           | Acquisition and Rehabilitation   |  |
|   | <b>Population Served:</b>              | Family   |  |

Hidden Cove Apartments is an existing project located in Bay Point on a 3.9-acre site. The project serves low-income tenants. The project consists of 87 restricted rental units, and 1 unrestricted manager unit. The project has 28 one-bedroom units and 60 two-bedroom units. Building exterior renovations will consist of; roof overlay/roof deck repairs, window replacement, full exterior paint, siding replacement/repairs, replacement of wall heaters with energy efficient models, landscaping upgrades, asphalt and concrete repairs, lighting upgrades to common hallways and parking areas, upgrading HVAC systems, laundry room upgrades, balcony and screen wall replacement, roof deck repairs, repair and replace stair assemblies, and ADA parking and path of travel repairs. Interior renovations will include new; doors, windows, lighting fixtures throughout the unit, kitchen appliances, plumbing fixtures, toilets, flooring, sliding glass doors, and fresh paint. The rehabilitation is expected to begin in February 2020 and be completed in August 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
21% (18 units) restricted to 50% or less of area median income households.  
79% (69 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 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:** \$ 30,706,915  
**Estimated Hard Costs per Unit:** \$ 174,437 \$15,350,457 /88 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 348,942 (\$30,706,915 /88 units including mgr. unit)  
**Allocation per Unit:** \$ 185,795 (\$16,350,000 /88 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 187,931 (\$16,350,000 /87 restricted units)

| <b>Sources of Funds:</b>                          | Construction         | Permanent            |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                          | \$ 16,350,000        | \$ 16,350,000        |
| Cash Flow Permanent Bonds                         | \$ 0                 | \$ 0                 |
| Tranche B Financing                               | \$ 0                 | \$ 0                 |
| Taxable Bond Proceeds                             | \$ 0                 | \$ 0                 |
| LIH Tax Credit Equity                             | \$ 1,814,230         | \$ 9,066,149         |
| Developer Equity                                  | \$ 0                 | \$ 0                 |
| Deferred Developer Fee                            | \$ 3,625,534         | \$ 3,404,602         |
| Deferred Costs                                    | \$ 0                 | \$ 0                 |
| Seller Carryback Loan                             | \$ 0                 | \$ 0                 |
| Itemized Public Funds Sources                     | \$ 0                 | \$ 0                 |
| Net Income From Operations                        | \$ 1,440,989         | \$ 1,440,989         |
| Misc  | \$ 7,030,987         | \$ 0                 |
| Misc  | \$ 445,175           | \$ 445,175           |
| Misc  | \$ 0                 | \$ 0                 |
| <b>Total Sources</b>                              | <b>\$ 30,706,915</b> | <b>\$ 30,706,915</b> |
| <b>Uses of Funds:</b>                             |                      |                      |
| Land Cost/Acquisition                             | \$ 20,500,000        |                      |
| Rehabilitation                                    | \$ 3,522,560         |                      |
| Relocation  | \$ 125,310           |                      |
| New Construction                                  | \$ 0                 |                      |
| Contractor Overhead & Profit                      | \$ 245,600           |                      |
| Architectural Fees                                | \$ 175,000           |                      |
| Survey and Engineering                            | \$ 0                 |                      |
| Construction Interest and Fees                    | \$ 1,079,138         |                      |
| Permanent Financing                               | \$ 0                 |                      |
| Legal Fees  | \$ 94,563            |                      |
| Reserves  | \$ 325,107           |                      |
| Appraisal   | \$ 10,000            |                      |
| Hard Cost Contingency                             | \$ 376,816           |                      |
| Local Development Impact Fees                     | \$ 0                 |                      |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 627,287           |                      |
| Developer Costs                                   | \$ 3,625,534         |                      |
| <b>Total Uses</b>                                 | <b>\$ 30,706,915</b> |                      |

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**Analyst Comments:**

None

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**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.

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**Total Points:**

70 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$16,350,000 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   | 30            |
| Exceeding Minimum Rent Restrictions<br>[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   | 10            |
| Service Amenities  | 10   | 10   | 0             |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                                       | <b>70</b>     |