

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 11, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** County of Contra Costa

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**Allocation Amount Requested:** Tax-exempt: \$31,121,520

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**Project Information:**

<b>Name:</b>	<b>Coggins Square Apartments</b>
<b>Project Address:</b>	1316 La Juntas Way
<b>Project City, County, Zip Code:</b>	Walnut Creek, Contra Costa, 94597

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**Project Sponsor Information:**

<b>Name:</b>	Coggins Square Apartments, L.P. (Coggins Square Apartments LLC)
<b>Principals:</b>	Cynthia Parker, Brad Wiblin, Kimberly McKay, Susan Johnson, Smitha Seshadri, James Valva, Rebecca Hlebasko, Damon Harris, Joanna Young, Katherine Fleming, Lyn Hikida, Marie Debor, Simone Robinson and Susan Neufeld.
<b>Property Management Company:</b>	BRIDGE Property Management Co.

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**Project Financing Information:**

<b>Bond Counsel:</b>	Quint & Thimmig LLP
<b>Private Placement Purchaser:</b>	Wells Fargo Bank, N.A. (Cons't)/ California Community Reinvestment Corporation (Perm)
<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>	September 23, 2019
<b>TEFRA Adoption Date:</b>	October 8, 2019

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**Description of Proposed Project:**

<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	87
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Family

Coggins Square Apartments is an existing project located in Walnut Creek on a 1.54-acre site. The project consists of 86 restricted rental units and 1 unrestricted manager unit. The project has 30 one-bedroom units, 31 two-bedroom units and 26 three-bedroom units. The renovations will include building exterior upgrades. Building exterior renovations will consist of balcony repairs, roof replacement, window replacements and a fresh coat of paint. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in April 2020 and will be completed in June 2021.



**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
64% (55 units) restricted to 50% or less of area median income households.  
36% (31 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:** \$ 47,056,209  
**Estimated Hard Costs per Unit:** \$ 114,417 (\$9,954,270 /87 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 540,876 (\$47,056,209 /87 units including mgr. unit)  
**Allocation per Unit:** \$ 357,719 (\$31,121,520 /87 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 361,878 (\$31,121,520 /86 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 31,121,520	\$ 6,411,100
LIH Tax Credit Equity	\$ 2,156,251	\$ 16,437,511
Developer Equity	\$ 405,214	\$ 2,980,186
Deferred Developer Fee	\$ 0	\$ 1,695,068
Sponsor Loan	\$ 0	\$ 11,548,157
Seller Carryback Loan	\$ 1,075,000	\$ 1,075,000
Contra Costa County CDBG/HOME	\$ 3,839,814	\$ 3,839,814
Contra Costa County CDBG	\$ 2,370,000	\$ 2,370,000
Contra Costa County (Successor Agency)	\$ 552,573	\$ 552,573
CalHFA Proposition 1A	\$ 146,800	\$ 146,800
<b>Total Sources</b>	<b>\$ 41,667,172</b>	<b>\$ 47,056,209</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 20,780,000
Rehabilitation	\$ 11,153,603
Relocation	\$ 784,000
Contractor Overhead & Profit	\$ 429,648
Architectural Fees	\$ 1,500,361
Survey and Engineering	\$ 109,400
Construction Interest and Fees	\$ 3,104,672
Permanent Financing	\$ 50,000
Legal Fees	\$ 100,000
Reserves	\$ 673,997
Appraisal	\$ 14,000
Hard Cost Contingency	\$ 1,749,282
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 837,206
Developer Costs	\$ 5,770,040
<b>Total Uses</b>	<b>\$ 47,056,209</b>

**Analyst Comments:**

This project is considered a high cost per unit project. It is believed that prevailing wage will add up to a 40% cost premium. There is substantial water damage at unit balcony entrances due to poor design during initial construction. The Project's acquisition price is relatively high. High acquisition price is due to its close proximity to transit in a desirable part of the region, within a region with unprecedented growth in real estate prices. This cost is being largely covered by a seller note and a sponsor loan.

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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:**

89.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$31,121,520 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	10
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	2
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>89.5</b>