

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Muri Bartkovsky

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$27,333,716

Project Information:

Name: Childs & B Street TOD Affordable Housing
Project Address: 1137 B Street (also known as 905 B Street)
Project City, County, Zip Code: Merced, Merced, 95341

Project Sponsor Information:

Name: Central Valley Coalition for Affordable Housing (Central Valley
Principals: Richard Richman, David Salzman, Kristin Miller, Luke Daniels, Rick Westberg, and Samantha Anderes of The Richman Group of California Development Company, LLC. Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Steve Simmons, Christina Alley, and Renee Downum of Central Valley Coalition for Affordable Housing.
Property Management Company: Richman Property Services

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: December 2, 2019
TEFRA Adoption Date: December 16, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 119
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

The Childs & B Street T-O-D project is a development partnership of The Richman Group and the Central Valley Coalition for Affordable Housing. The project location is in the city of Merced, on a 4-acre site. The courtyard-style community is comprised of five 3-story wood frame with type V-A Wood Frame, slab on grade buildings with an offsite panelized wall. It includes a manufactured roof truss fabrication and masonry with metal roof structure also. Efficient sprinklers to NFPA 13 and a fire alarm system to NFPA 72 will be installed. There will be 119 restricted units with a mix of one, two and three bedroom apartments and a non-restricted two bedroom manager unit. The community center includes a common room, a manager's office, a multi-purpose room, a fitness room, mailboxes, restrooms, and laundry facilities. The central courtyard has a patio and barbeque area, a swimming pool and children's play areas. Other outdoor spaces provide for recreation and gardening. The project provides 122 off-street parking spaces. Each unit will have an energy efficient appliance package. The construction is expected to begin in September of 2020 and completion in March of 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (118 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 47,136,705
Estimated Hard Costs per Unit: \$ 163,401 (\$19,444,697 /119 units including mgr. units)
Estimated per Unit Cost: \$ 396,107 (\$47,136,705 /119 units including mgr. units)
Allocation per Unit: \$ 229,695 (\$27,333,716 /119 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 231,642 (\$27,333,716 /118 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Bank of America Merrill Lynch	\$ 27,333,716	\$ 3,000,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Richman Affordable Housing Corporation	\$ 0	\$ 0
City of Merced	\$ 6,580,000	\$ 2,500,000
LIH Tax Credit Equity	\$ 0	\$ 21,762,305
Central Valley Coalition	\$ 2,500,000	\$ 11,087,000
Deferred Developer Fee	\$ 5,700,000	\$ 100,000
Deferred Permits & Fees	\$ 1,606,500	\$ 3,200,000
Deferred Operating Defecit	\$ 1,244,743	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Richman Affordable Housing Corporation	\$ 3,264,346	\$ 6,580,000
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 48,229,305	\$ 48,229,305

Uses of Funds:	
Land Cost/Acquisition	\$ 1,755,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 29,734,354
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 2,048,140
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 2,807,000
Permanent Financing	\$ 108,000
Legal Fees	\$ 85,000
Reserves	\$ 1,244,743
Appraisal	\$ 12,000
Hard Cost Contingency	\$ 1,500,468
Local Development Impact Fees	\$ 2,142,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 0
Developer Costs	\$ 5,700,000
Total Uses	\$ 47,136,705

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:

130 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$27,333,716 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	130.00