

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: Isaac Clark III

Applicant: County of Contra Costa

Allocation Amount Requested: Tax-exempt: \$11,434,610

Project Information: Name: Veterans Square
Project Address: 901 Los Medanos Street, 295 E. 10th Street
Project City, County, Zip Code: Pittsburg, Contra Costa, 94565

Project Sponsor Information: Name: Satellite Affordable Housing Associates (Satellite AHA Development, Inc)
Principals: Susan Friedland, CEO for Satellite AHA Development, Inc.
Property Management Company: Satellite Affordable Housing Associates Property Management

Project Financing Information: Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 11, 2020
TEFRA Adoption Date: February 4, 2020

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 30
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Veterans Square is a new construction project located in Pittsburg on a 0.46-acre site. The project consists of 29 restricted rental units, and 1 unrestricted manager unit. The project will have 28 one-bedroom units and 2 two-bedroom units. The project consists of two sites that are across the street from each other. The residential building will be located at 901 Los Medanos Street. The site at 295 E. 10th Street will be used as a gated surface parking lot for residents. Unit amenities will include heating, air conditioning, blinds, refrigerator, stove/oven, dishwasher, and microwave. Project amenities will include a community room, bicycle storage, storage room, community vegetable garden planters, private courtyard, shared laundry equipment, surveillance cameras and elevator. The complex will have 30 parking spaces, including 2 accessible spaces. The construction is expected to begin July 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (29 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 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:	\$ 22,477,409	
Estimated Hard Costs per Unit:	\$ 337,684	(\$10,130,523 /30 units including mgr. unit)
Estimated per Unit Cost:	\$ 749,247	(\$22,477,409 /30 units including mgr. unit)
Allocation per Unit:	\$ 381,154	(\$11,434,610 /30 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 394,297	(\$11,434,610 /29 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,434,610	\$ 1,102,000
LIH Tax Credit Equity	\$ 0	\$ 9,336,778
HCD MHP+NPLH Capital+NPLH COSR	\$ 0	\$ 8,037,493
Deferred Developer Fee	\$ 727,296	\$ 727,296
Costs Deferred Until Conversion	\$ 3,771,629	\$ 2,200,400
Contra Costa HOME	\$ 2,200,400	\$ 0
City of Pittsburg CDBG	\$ 101,541	\$ 101,541
Accrued Deferred Interest-Seller Carryback	\$ 60,542	\$ 60,542
City of Pittsburg Loan	\$ 0	\$ 780,000
Impact & Utility Fee Waiver	\$ 131,359	\$ 131,359
Capital Contribution (LP)	\$ 4,050,032	\$ 0
Total Sources	\$ 22,477,409	\$ 22,477,409

Uses of Funds:	
Land Cost/Acquisition	\$ 329,394
New Construction	\$ 11,483,489
Contractor Overhead & Profit	\$ 510,862
Architectural Fees	\$ 678,660
Survey and Engineering	\$ 439,605
Construction Interest and Fees	\$ 1,302,426
Permanent Financing	\$ 38,265
Legal Fees	\$ 165,000
Reserves	\$ 2,246,064
Hard Cost Contingency	\$ 1,402,510
Local Development Impact Fees	\$ 848,268
Other Project Costs	\$ 805,569
Developer Costs	\$ 2,227,297
Total Uses	\$ 22,477,409

Analyst Comments:

Projects with a relatively small unit count like Veterans Square cost more on a per unit basis because fixed costs are spread across a relatively small number of units. Several featured amenities that not all projects have adding to the high cost.

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,434,610 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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	125