

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: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$19,000,000

Project Information:

Name: Beacon Villa
Project Address: 505 W. 10th St.
Project City, County, Zip Code: Pittsburg, Contra Costa, 94565

Project Sponsor Information:

Name: Beacon Villa, L.P. (Beacon Villa, LLC/FFAH V Beacon Villa, LLC)
Principals: John Huskey, President, Beacon Villa, LLC
Deborah A. Willard, President, FFAH V Beacon Villa, LLC

Property Management Company: Cambridge Real Estate Services

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Cash Flow Permanent Bond: Not Applicable
Public Sale: Rated
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 3, 2020
TEFRA Adoption Date: January 22, 2020

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 54
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Beacon Villa Apartments is a new construction project located in Pittsburg on a 2.36-acre site. The project consists of 53 restricted rental units and 1 market rate unit which is the unrestricted manager's unit. The project will have 14 one-bedroom units and 40 four-bedroom units. The project will consist of five separate buildings consisting of approximately 102,200 SF in total. Each building will have three-stories – Buildings A, B, C and D are three-story walk-up town-home style apartments and Building E is serviced by 1 elevator. Common amenities include a community room, a recreation area, a bicycle repair shop and one transit card per unit. Beacon Villa will also include 2,257 SF of commercial space on the first floor of Building E that will service the residents. Each unit will have a washer/dryer, a refrigerator, a dishwasher and range/oven. There are 106 parking spaces provided. Green features include energy efficiency compliance of at least 7% better than the 2016 Title 24 Energy Standards. The construction is expected to begin in June 2020 and be completed in October 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (6 units) restricted to 50% or less of area median income households.
89% (47 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 4 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: \$ 33,159,987
Estimated Hard Costs per Unit: \$ 300,957 (\$16,251,653 /54 units including mgr. units)
Estimated per Unit Cost: \$ 614,074 (\$33,159,987 /54 units including mgr. units)
Allocation per Unit: \$ 351,852 (\$19,000,000 /54 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 358,491 (\$19,000,000 /53 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Citibank Construction Loan - Tax Exempt	\$ 19,000,000	\$ 10,500,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
0	\$ 0	\$ 0
Tax Credit Equity - Federal	\$ 2,355,435	\$ 1,450,579
LIH Tax Credit Equity	\$ 0	\$ 14,859,408
Tax Credit Equity - State	\$ 616,446	\$ 0
Deferred Reserves	\$ 264,577	\$ 0
Deferred Fees	\$ 2,923,529	\$ 0
0	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Citibank Construction Loan-Taxable	\$ 8,000,000	\$ 6,350,000
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 33,159,987	\$ 33,159,987

Uses of Funds:	
Land Cost/Acquisition	\$ 1,300,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 18,933,612
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,893,250
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 2,248,849
Permanent Financing	\$ 142,500
Legal Fees	\$ 175,000
Reserves	\$ 264,577
Appraisal	\$ 3,800
Hard Cost Contingency	\$ 946,681
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,671,018
Developer Costs	\$ 3,580,701
Total Uses	\$ 33,159,987

Analyst Comments:

The project consists of much large units than a typical multifamily project. 40 of the 54 units are 4-Bedroom units. This is the most significant driver of the higher per unit costs for this project. This development is on a very tight infill site.

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:

95 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	15
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
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	95.00