

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ken Otrotskyuk

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$37,452,605

Project Information:

Name: Hacienda
Project Address: 1300 Roosevelt Avenue
Project City, County, Zip Code: Richmond, Contra Costa, 94801

Project Sponsor Information:

Name: Richmond Hacienda, L.P. (Richmond Hacienda GP, LLC & CHDC, Richmond Hacienda, LLC)
Principals: Ramie Dare, Barbara Gualco, Ed Holder, Doug Shoemaker, Jennifer Dolin for Richmond Hacienda GP, LLC; Donald Gilmore, Darlene Williams, Vanessa Hawkins for CHDC, Richmond Hacienda, LLC

Property Management Company: Mercy Housing Management Group

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: MUFG Union Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable

Description of Proposed Project:

State Ceiling Pool: Preservation Pool
Total Number of Units: 150
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Hacienda is an existing project located in Richmond on a 1.94-acre site. The project consists of 148 restricted rental units, 0 market rate units and 2 unrestricted managers' units. The project has 24 SRO/Studio units, 113 one-bedroom units and 11 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of full height concrete bracing at the exterior of the building in key locations along the facades structural retrofit, shear walls replacements, collector beams replacements, roof replacement, window replacements. Interior renovations will include an extensive lead/asbestos abatement program of the building, new community room, new mail are, new trash chute, new trash room, new elevators, new mechanical, ventilation, heating, electrical, fire alarm, and security systems, new resident services offices and supportive services offices. Individual apartment units will be updated with a new cabinets, countertops, sinks, and appliances, and new bathrooms, new bathtubs, new toilets, new sinks, new flooring, new baseboard heaters, new bathroom exhaust fans, new wall finishes, balconies will receive new waterproof traffic coating, existing rails repairs and new fresh air ventilation systems. Lastly, common or site area renovations will consist of landscaping areas repairs, parking area repairs and PV system will be installed at the roof. The rehabilitation is expected to begin in April 2021 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

100% (148 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: Studio & 1 bedroom

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:	\$ 73,929,316	
Estimated Hard Costs per Unit:	\$ 250,418	(\$37,562,761 /150 units including mgr. units)
Estimated per Unit Cost:	\$ 492,862	(\$73,929,316 /150 units including mgr. units)
Allocation per Unit:	\$ 249,684	(\$37,452,605 /150 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 253,058	(\$37,452,605 /148 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 37,452,605	\$ 13,132,679
Taxable Bond Proceeds	\$ 11,124,055	\$ 0
LIH Tax Credit Equity	\$ 2,246,457	\$ 23,814,567
Deferred Developer Fee	\$ 1,986,932	\$ 1,986,932
GP - Capital Contribution (Developer Fee)	\$ 3,810,105	\$ 3,810,105
RHA - Seller Carryback	\$ 3,430,000	\$ 3,430,000
Accrued/Deferred Interest - Seller Carryback	\$ 71,283	\$ 71,283
Contra Costa County - HOME/CDBG	\$ 1,800,000	\$ 1,800,000
HCD - Multifamily Housing Program	\$ 0	\$ 17,566,750
Costs Deferred Until Conversion	\$ 3,690,879	\$ 0
GP Loan - Ferguson Foundation	\$ 8,200,000	\$ 8,200,000
Accrued/Deferred Interest - CDBG	\$ 117,000	\$ 117,000
Total Sources	\$ 73,929,316	\$ 73,929,316

Uses of Funds:	
Land Cost/Acquisition	\$ 7,398,297
Rehabilitation	\$ 40,554,742
Relocation	\$ 0
New Construction	\$ 0
Contractor Overhead & Profit	\$ 1,667,998
Architectural Fees	\$ 2,250,000
Survey and Engineering	\$ 590,000
Construction Interest and Fees	\$ 3,840,908
Permanent Financing	\$ 15,296
Legal Fees	\$ 120,000
Reserves	\$ 2,434,502
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 4,550,636
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,694,900
Developer Costs	\$ 7,797,037
Total Uses	\$ 73,929,316

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:

135 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$37,452,605 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	0.00
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	135.00