

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$31,671,960

Project Information:

Name: Delta Pines Apartments
Project Address: 2301 Sycamore Drive
Project City, County, Zip Code: Antioch, Contra Costa, 94509

Project Sponsor Information:

Name: LIH Delta Pines Antioch, LP (Central Valley Coalition for Affordable Housing and LIH Delta Pines Antioch LLC)
Principals: Chris Alley, Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum and Steve Simmons for Central Valley Coalition for Affordable Housing; Shaoul Levy, Jacob Levy and Sofiya Machulskaya for LIH Delta Pines Antioch LLC
Property Management Company: Platinum Realty Management

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A. (construction)/Jones Lang LaSalle Multifamily LLC (permanent)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: September 23, 2016
TEFRA Adoption Date: October 11, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 185, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing development that consists of 21 two-story garden style buildings. The property was originally built in 1973 and received significant renovations in 2000 utilizing Low Income Housing Tax Credits (LIHTC). There are a total of 186 units, of which 185 will be restricted to households with income no greater than 60% of the Area Median Income. In August of 2015, a fire damaged 32 units; 12 of these units have been completely demolished. As such, the project is currently operating with 174 units. The developer plans to renovate the property and replace the demolished units utilizing LIHTC. The site will be improved with surface parking, as well as a one-story community/leasing office building, centralized laundry facilities, basketball court, playground and swimming pool. Construction/renovation is expected to be completed December 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (21 units) restricted to 50% or less of area median income households.
89% (164 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 45,764,769
Estimated Hard Costs per Unit: \$ 41,470 (\$7,671,954 /185 units)
Estimated per Unit Cost: \$ 246,047 (\$45,764,769 /186 units including mgr. units)
Allocation per Unit: \$ 171,200 (\$31,671,960 /185 units)
Allocation per Restricted Rental Unit: \$ 171,200 (\$31,671,960 /185 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 31,671,960	\$ 22,300,000
LIH Tax Credit Equity	\$ 4,487,212	\$ 14,957,372
Deferred Developer Fee	\$ 5,298,845	\$ 4,200,645
Seller Carryback Loan	\$ 2,500,000	\$ 2,500,000
Net Income From Operations	\$ 1,806,752	\$ 1,806,752
Total Sources	\$ 45,764,769	\$ 45,764,769
Uses of Funds:		
Land Cost/Acquisition	\$ 26,758,112	
Rehabilitation	\$ 8,312,319	
Relocation	\$ 85,000	
Contractor Overhead & Profit	\$ 650,581	
Architectural Fees	\$ 17,500	
Survey and Engineering	\$ 17,500	
Construction Interest and Fees	\$ 2,079,292	
Permanent Financing	\$ 363,000	
Legal Fees	\$ 225,000	
Reserves	\$ 628,064	
Appraisal	\$ 5,000	
Contingency Cost	\$ 926,537	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 358,760	
Developer Costs	\$ 5,338,104	
Total Uses	\$ 45,764,769	

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: 53.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$31,671,960 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	10
Exceeding Minimum Income Restrictions:	35	15	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	53.5

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.