

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: ABAG Finance Authority for Nonprofit Corporation

Allocation Amount Requested:
Tax-exempt: \$100,000,000

Project Information:
Name: Lakeside Village Apartments
Project Address: 4170 Springlake Drive
Project City, County, Zip Code: San Leandro, Alameda, 94578

Project Sponsor Information:
Name: Standard Lakeside I, LP (Standard Lakeside GP, LLC and Pacific Southwest Community Development Corporation)
Principals: Scott Alter, Jeffrey Jaeger, Thomas Coates and Curtis Gardner for Standard Lakeside GP, LLC; Robert Laing and Juan Arroyo for Pacific Southwest Community Development Corporation
Property Management Company: Apartment Management Consultants, LLC (AMC)

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citigroup Global Markets, Inc.
Credit Enhancement Provider: Citibank, N.A. / Freddie Mac
TEFRA Hearing Date: June 7, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 830, plus 10 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Lakeside Village Apartments consists of 840 units with approximately 25 units per acre. The site currently has two fitness centers, twenty-five laundry rooms, one clubhouse, three pools, assigned parking spaces, a game room and scenic waterways. The construction will take place over three years and will be completed in three phases. The first phase will begin in June of 2012 and the expected final phase will be completed in December of 2014. Renovations will be scheduled during the day allowing residence to continue to reside in their units. The scope of the renovation will include interior upgrades in the bathrooms and kitchens consisting of new flooring, appliances, cabinetry, countertops, light fixtures and paint. The exterior of the building will receive a facelift that will enhance the curb appeal of the property.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (84 units) restricted to 50% or less of area median income households.
90% (746 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The project has committed to providing on site after school programs and educational classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	143,040,057	
Estimated Hard Costs per Unit:	\$	18,939	(\$15,719,452 /830 units)
Estimated per Unit Cost:	\$	172,337	(\$143,040,057 /830 units)
Allocation per Unit:	\$	120,482	(\$100,000,000 /830 units)
Allocation per Restricted Rental Unit:	\$	120,482	(\$100,000,000 /830 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 100,000,000	\$ 100,000,000
Developer Equity	\$ 4,304	\$ 4,304
LIH Tax Credit Equity	\$ 43,035,753	\$ 43,035,753
Total Sources	\$ 143,040,057	\$ 143,040,057

Uses of Funds:	
Acquisition Costs	\$ 114,450,000
Hard Construction Costs	\$ 15,719,452
Architect & Engineering Fees	\$ 250,000
Contractor Overhead & Profit	\$ 1,414,751
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 5,850,000
Capitalized Interest	\$ 2,000,000
Other Soft Costs (Marketing, etc.)	\$ 855,854
Total Uses	\$ 143,040,057

Description of Financial Structure and Bond Issuance:

Citibank, N.A. shall arrange for the credit enhancement of the tax-exempt bonds to finance the acquisition and rehabilitation of the Property. The credit enhancement facility will be provided by Freddie Mac under the Freddie Mac Targeted Affordable Housing for Tax-Exempt Bond Execution Program. The credit enhancement agreement which will enable the bonds to receive an "AAA" rating for a term of 30 years amortized over a period of 35 years.

Analyst Comments:

Standard Property Company and Jackson Square Properties are first-time CDLAC tax-exempt developers. The developers have more than 20 than combined years of experience in the real estate investment industry. They have successfully developed more than 2,000 apartment units of quality workforce/affordable housing across the U.S.

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: 60 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$100,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	7
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	60

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.