

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Oakland Housing Authority

Allocation Amount Requested:
Tax-exempt: \$21,000,000

Project Information:
Name: Cathedral Gardens Apartments
Project Address: 618, 628 & 638 21st Street
Project City, County, Zip Code: Oakland, Alameda, 94612

Project Sponsor Information:
Name: Cathedral Gardens Oakland, L.P. (Cathedral Gardens Oakland, LLC and EAH, Inc.)
Principals: Mary Murtagh, Laura Hall and Cathy Macy for EAH, Inc. and EAH, Inc. subsidiary Cathedral Gardens Oakland, LLC
Property Management Company: EAH, Inc.

Project Financing Information:
Bond Counsel: Ballard Spahr Andrews & Ingersoll, LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JP Morgan Chase Bank, N.A.
TEFRA Hearing Date: December 2, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: New Construction
Type of Units: Family

The development will have a total of 100 units located in two new three and four story wood frame elevator served buildings and in an existing three story Rectory building that was originally part of the St. Francis de Sales Cathedral Complex. The four story building will be constructed over a semi-depressed structured parking garage that will have a landscaped podium deck above. All apartments are furnished with full kitchens and are designed to be ADA compliant. In addition, the project includes a community room, an after school homework center/computer learning center, a work out room, laundry rooms, management offices, a lobby, a reception area, restrooms and maintenance rooms.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (30 units) restricted to 50% or less of area median income households.
70% (69 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Service amenities: Bona fide service coordinator/social worker will be available.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 37,968,302
Estimated Hard Costs per Unit: \$ 241,068 (\$23,865,749 /99 units)
Estimated per Unit Cost: \$ 383,518 (\$37,968,302 /99 units)
Allocation per Unit: \$ 212,121 (\$21,000,000 /99 units)
Allocation per Restricted Rental Unit: \$ 212,121 (\$21,000,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,000,000	\$ 8,489,000
Developer Equity and Deferred Developer Fee	\$ 0	\$ 1,112,177
LIH Tax Credit Equity	\$ 2,000,000	\$ 15,451,759
Direct & Indirect Public Funds	\$ 12,040,000	\$ 12,336,046
Other (PV rebates and LP equity for pv credit)	\$ 0	\$ 579,320
Total Sources	\$ 35,040,000	\$ 37,968,302

Uses of Funds:	
Land Purchase	\$ 20,000
On & Off Site Costs	\$ 1,472,020
Hard Construction Costs	\$ 22,393,729
Architect & Engineering Fees	\$ 1,100,000
Contractor Overhead & Profit	\$ 1,641,500
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 165,500
Capitalized Interest	\$ 1,221,663
Other Soft Costs (Marketing, etc.)	\$ 7,453,890
Total Uses	\$ 37,968,302

Description of Financial Structure and Bond Issuance:

JP Morgan Chase Bank, NA is providing private placement bond financing for this transaction. The construction/permanent financing structuring is the following: The construction loan shall be one-month LIBOR multiplied by the Bank's tax exempt factor (currently 70.88%) plus 1.45%, adjusted monthly on a 360 day basis. The maturity of this loan is 26 months. The permanent loan shall be locked at the construction closing. The Maturity Date for the loan will be 20 years and 2 months from the date of recordation of the construction loan. The permanent loan term will be that portion of the 20 years remaining once permanent loan conversion occurs, not to exceed 18 years.

Analyst Comments:

Not Applicable

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: 98 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	8
Negative Points	-10	-10	0
Total Points	118	100	98

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.