

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2013**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$26,725,000

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**Project Information:**  
**Name:** MacArthur Transit Village Apartments  
**Project Address:** Parcel D of Tentative Tract Map 8047  
**Project City, County, Zip Code:** Oakland, Alameda, 94609

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**Project Sponsor Information:**  
**Name:** MacArthur Telegraph Associates, L.P. (Bridge NorCal LLC)  
**Principals:** Cynthia Parker, Susan M. Johnson, D. Kemp Valentine,  
Rebecca Hlebasko, Kimberly McKay and Rebecca Clark  
**Property Management Company:** BRIDGE Property Management Company

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** U.S. Bank, N.A.  
**TEFRA Hearing Date:** September 20, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 89, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

MacArthur Transit Village is a 90 unit Project for low and very low income households. It is located next to the MacArthur BART station and adjacent to several transit bus lines. This is a five story E shaped building with subterranean parking. Building amenities include shared laundry rooms and a large flexible community room facing the open courtyards.

**Description of Public Benefits:**

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

No service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 43,562,671  
**Estimated Hard Costs per Unit:** \$ 277,375 (\$24,686,368 /89 units)  
**Estimated per Unit Cost:** \$ 489,468 (\$43,562,671 /89 units)  
**Allocation per Unit:** \$ 300,281 (\$26,725,000 /89 units)  
**Allocation per Restricted Rental Unit:** \$ 300,281 (\$26,725,000 /89 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to : 1) off-site costs (improvements, maintenance, sewer fee); 2) landscape plaza required by the City; 3) Project Labor Agreement requirement (use of Union labor on all aspects of construction – prevailing wage) 4) construction costs (dense infill site, underground parking garage and a required five-story parking garage configuration due to the small size of the site; and 5) Transit Village design guidelines, which required higher quality materials.

| <b>Sources of Funds:</b>           | Construction  | Permanent     |
|------------------------------------|---------------|---------------|
| Tax-Exempt Bond Proceeds           | \$ 26,725,000 | \$ 5,122,127  |
| Deferred Developer Fee             | \$ 1,100,000  | \$ 1,100,000  |
| LIH Tax Credit Equity              | \$ 500,000    | \$ 16,705,330 |
| Direct & Indirect Public Funds     | \$ 13,335,214 | \$ 20,635,214 |
| Total Sources                      | \$ 41,660,214 | \$ 43,562,671 |
| <b>Uses of Funds:</b>              |               |               |
| Land Purchase                      | \$ 1,780,407  |               |
| Hard Construction Costs            | \$ 24,686,368 |               |
| Architect & Engineering Fees       | \$ 1,397,500  |               |
| Contractor Overhead & Profit       | \$ 2,051,524  |               |
| Developer Fee                      | \$ 2,500,000  |               |
| Cost of Issuance                   | \$ 453,415    |               |
| Capitalized Interest               | \$ 1,651,513  |               |
| Other Soft Costs (Marketing, etc.) | \$ 9,041,944  |               |
| Total Uses                         | \$ 43,562,671 |               |

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**Description of Financial Structure and Bond Issuance:**

This will be a two tranche transaction. Tranche A Rate is based on the U.S. Bank's Community Investment Pricing for a 15-year term loan with a 30-year amortization, plus a cost adjustment for the 24-month forward commitment (CIP Index), with an adjustment for the tax exempt interest. (an adjusted CIP Index of 150 basis points is added [Spread]). As of 1/3/2013, an indicative rate for Tranche A is 3.88%. Tranche B Rate is based on the U.S. Bank's Community Investment Pricing for a 15 year term loan with a 20 year amortization, plus a cost adjustment for the 24-month forward commitment (CIP Index), with an adjustment for the tax exempt interest. As of 1/3/2013, an indicative rate for Tranche B is 3.88%.

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**Analyst Comments:**

Project is a recipient of TOD HCD Funds.

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**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.

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**Total Points:** 97 out of 120

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$26,725,000 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<br>[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   | 10            |
| Site Amenities  | 10   | 10   | 5             |
| Service Amenities   | 10   | 10   | 0             |
| New Construction  | 10   | 10   | 10            |
| Sustainable Building Methods  | 10   | 10   | 7             |
| Negative Points   | -10  | -10  | 0             |
| <b>Total Points</b>   | <b>120</b>   | <b>100</b>                                       | <b>97</b>     |

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.