

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 21, 2014**  
**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:** \$19,000,000

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**Project Information:**  
**Name:** Pacific Pointe at the Shipyard Apartments  
**Project Address:** 350 Friedell Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94124

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**Project Sponsor Information:**  
**Name:** AMCAL Pacific Pointe Fund, Limited Partnership (AMCAL Multi-Housing Two, LLC)  
**Principals:** Luxmi Vaz and Percival Vaz for AMCAL Multi-Housing Two, LLC  
**Property Management Company:** FPI Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** JP Morgan Chase Bank, N.A.  
**TEFRA Adoption Date:** March 19, 2014

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 59, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

Pacific Pointe's 60 units will serve the residents and their needs by providing high quality affordable housing with modern amenities and on-site services. The one, two, and three bedroom apartment units offer contemporary living for residents with storage space and modern kitchens and bathrooms. To provide the most convenient living environment for families, all kitchens have garbage disposals, dishwashers, and Energy Star Appliances that will help to minimize utility costs for residents. The building is served with a large outdoor courtyard that includes grass covered open space where children can play along with seating areas for parents and residents. Pacific Pointe will include a community room about 1,000 sqft that will have a large space for educational and social services programs along with a kitchenette and computer room. The manager's office is located on the first floor near the main entrance and next to the elevator.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

31% (18 units) restricted to 50% or less of area median income households.

69% (41 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 28,620,715	
<b>Estimated Hard Costs per Unit:</b>	\$ 334,931	(\$19,760,922 /59 units)
<b>Estimated per Unit Cost:</b>	\$ 485,097	(\$28,620,715 /59 units)
<b>Allocation per Unit:</b>	\$ 322,034	(\$19,000,000 /59 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 322,034	(\$19,000,000 /59 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 this project being an inclusionary component of the Hunters Point Shipyard master development. To convert the site from a vacant naval base to a residential community, the project will require approximately \$2.5M of costs (\$42,373/d.u.) of infrastructure work that would be atypical for a standard affordable housing development. In addition, the City and County of San Francisco is implementing a local hire requirement and a Project Labor Agreement, that will further increase costs.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 2,872,197
Developer Equity	\$ 1,975,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 3,750,565	\$ 13,010,642
Other (Residual Receipt Loan)	\$ 3,895,150	\$ 11,737,876
Total Sources	\$ 28,620,715	\$ 28,620,715

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 0
On & Off Site Costs	\$ 2,000,000
Hard Construction Costs	\$ 17,760,922
Architect & Engineering Fees	\$ 1,328,746
Contractor Overhead & Profit	\$ 2,223,347
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 616,189
Capitalized Interest	\$ 587,944
Other Soft Costs (Marketing, etc.)	\$ 1,603,567
Total Uses	\$ 28,620,715

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

This is a JP Morgan Chase Private Placement transaction with the bonds being issued by California Municipal Finance Authority. The construction loan terms shall be one-month LIBOR plus 2% adjusted monthly on a 360 day basis with a 24 month term. Underwriting rate used will be one-month LIBOR + 3.35%. The Permanent Loan financing shall be a 10-year interest rate swap plus 2.71%. This is based on a 30 year amortization for the conversion to the Permanent Loan. The Maturity Date for the Loan will be 20.5 years from date of recordation of the Construction Loan. The Permanent Loan term will be that portion of the term of the years remaining once the Permanent Loan conversion occurs, not to exceed 18 years.

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**Analyst Comments:**

Not Applicable

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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:** 55 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$19,000,000 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	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>55</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.