

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 18, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$29,500,000

Project Information:
Name: Northgate Terrace Apartments
Project Address: 550 24th Street
Project City, County, Zip Code: Oakland, Alameda, 94612

Project Sponsor Information:
Name: Northgate Terrace Community Partners, LP (FFAH – Northgate Terrace, LLC & Northgate Terrace SLP, LLC)
Principals: Thomas E. Willard for FFAH – Northgate Terrace, LLC; Anand Kannan, Matthew Finkle, David Pearson & Michael Antonik for Northgate Terrace SLP, LLC
Property Management Company: Related Management Company, LP

Project Financing Information:
Bond Counsel: Cox, Castle & Nicholson, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: December 2, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 200, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

The Project is located on a 1.14 acre parcel in the Northgate Koreatown district of Central Oakland. The Project, constructed in 1969 and consisting of an 11-story elevator-served building with a 50 space surface parking lot, houses 180 studio units, 20 one-bedroom units and a single two-bedroom manager's unit. All tenant units will be income restricted: 20 units at 50% AMI and 180 units at 60% AMI. Unit amenities include emergency call system, blinds, carpeting, coat closet, refrigerator and stove/oven. Community amenities include a service coordinator, van transportation, community room with a kitchen and lounge area, library room, laundry facilities, exercise room, courtyard/picnic area and on-site management. Unit renovations will include painting the kitchens and baths, window replacement and new kitchen countertops and cabinets. Exterior renovations will include parking lot maintenance, ADA accessibility and replacing/upgrading building systems as necessary. Construction is expected to begin in April 2015 and be completed by December 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (20 units) restricted to 50% or less of area median income households.

90% (180 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 47,068,418	
Estimated Hard Costs per Unit:	\$ 48,387	(\$9,677,419 /200 units)
Estimated per Unit Cost:	\$ 235,342	(\$47,068,418 /200 units)
Allocation per Unit:	\$ 147,500	(\$29,500,000 /200 units)
Allocation per Restricted Rental Unit:	\$ 147,500	(\$29,500,000 /200 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,500,000	\$ 29,500,000
Deferred Developer Fee	\$ 2,500,000	\$ 26,672
LIH Tax Credit Equity	\$ 12,980,431	\$ 15,453,759
Capitalized Interest	\$ 850,000	\$ 850,000
Replacement Reserve	\$ 1,237,987	\$ 1,237,987
Total Sources	\$ 47,068,418	\$ 47,068,418

Uses of Funds:	
Acquisition/Land Purchase	\$ 27,843,750
Hard Construction Costs	\$ 9,677,419
Architect & Engineering Fees	\$ 440,000
Contractor Overhead & Profit	\$ 1,354,838
Developer Fee	\$ 2,500,000
Relocation	\$ 281,638
Cost of Issuance	\$ 442,800
Capitalized Interest	\$ 850,000
Other Soft Costs (Marketing, etc.)	\$ 3,677,973
Total Uses	\$ 47,068,418

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, N.A. The construction phase will be for a period of 30 months, during which the construction loan will bear interest at a fixed rate equal to the 16-Year LIBOR Swap rate plus 1.50%. Upon conversion to permanent phase, the permanent loan will bear interest at a fixed rate equal to the 16-Year LIBOR Swap rate plus 1.50%. The permanent loan will have a 30-year term and a 35-year amortization period.

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: 57.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$29,500,000 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	20
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]	0
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	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	57.5

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.