

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$23,100,000

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

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

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank N.A.
TEFRA Hearing Date: August 19, 2011

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, 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:	\$ 43,320,268	
Estimated Hard Costs per Unit:	\$ 326,009	(\$29,014,814 /89 units)
Estimated per Unit Cost:	\$ 486,745	(\$43,320,268 /89 units)
Allocation per Unit:	\$ 259,551	(\$23,100,000 /89 units)
Allocation per Restricted Rental Unit:	\$ 259,551	(\$23,100,000 /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.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,100,000	\$ 4,667,542
Deferred Developer Fee	\$ 1,100,000	\$ 1,100,000
LIH Tax Credit Equity	\$ 1,937,130	\$ 16,866,115
Direct & Indirect Public Funds	\$ 14,973,760	\$ 20,373,760
Deferred loan interest and Deferred Closing Costs	\$ 2,209,378	\$ 312,851
Total Sources	\$ 43,320,268	\$ 43,320,268

Uses of Funds:	
Land Purchase	\$ 1,780,407
On & Off Site Costs	\$ 2,679,418
Hard Construction Costs	\$ 26,335,396
Architect & Engineering Fees	\$ 1,517,000
Contractor Overhead & Profit	\$ 2,047,223
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 408,616
Capitalized Interest	\$ 1,452,371
Other Soft Costs (Marketing, etc.)	\$ 4,599,837
Total Uses	\$ 43,320,268

Description of Financial Structure and Bond Issuance:

This bond transaction is a private placement US Bank N.A. transaction. The Construction loan will be a floating rate based on 1.25% plus 30-day LIBOR multiplied by the Bank's tax-exempt equivalency factor (estimated to be 80%). The all-in rate used for underwriting is 3.44%. Permanent bond financing will be in two tranches and will be fixed rate. The permanent period bonds will price at 1.50% plus the CPI index multiplied by the Bank's tax-exempt equivalency factor (estimated to be 80%). Estimated underwriting rate is 5.30 %.

Analyst Comments:

Project is a recipient of TOD HCD Funds.

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: 90 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$23,100,000 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	5
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	90

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.