

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
December 12, 2012  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: *Narisha Bonakdar*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$10,276,152

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**Project Information:**  
**Name:** MacArthur Apartments  
**Project Address:** 9800 MacArthur Avenue  
**Project City, County, Zip Code:** Oakland, Alameda, 94605

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**Project Sponsor Information:**  
**Name:** AMCAL MacArthur Fund, L.P. (AMCAL Multi-Housing, Inc. and Las Palmas Foundation)  
**Principals:** Percival Vaz, Arjun Nagarkatti, Luxmi Vaz for AMCAL Multi-Housing, Inc.; Joseph Michaels, Donald Regan, Naomi Pines for Las Palmas Foundation  
**Property Management Company:** FPI Property Management

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** November 13, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 31, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

MacArthur Apartments is a proposed 31-unit development located in the city of Oakland. The property consists of 14 one-bedroom units, 7 two-bedroom units, and 10 three-bedroom units on approximately .57 acres. All of the units will be income-restricted to households earning between 30 and 60 percent of Area Median Income. Each unit will include standard appliances and electric space heating. The property will include 1,041 square feet of retail space, a community room, tot lot and barbecue area, and laundry facilities.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
97% (30 units) restricted to 50% or less of area median income households.  
3% (1 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The project will include instructor led educational, health and wellness or skill building classes.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 17,397,394  
**Estimated Hard Costs per Unit:** \$ 300,940 (\$9,329,132 /31 units)  
**Estimated per Unit Cost:** \$ 561,206 (\$17,397,394 /31 units)  
**Allocation per Unit:** \$ 331,489 (\$10,276,152 /31 units)  
**Allocation per Restricted Rental Unit:** \$ 331,489 (\$10,276,152 /31 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 several factors related to the local hiring requirements, previously unknown site conditions, a utility provide and the project's small size.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,276,152	\$ 2,860,000
Deferred Developer Fee	\$ 1,840,326	\$ 3,346,852
LIH Tax Credit Equity	\$ 92,916	\$ 6,002,542
Direct & Indirect Public Funds	\$ 5,188,000	\$ 5,188,000
Total Sources	\$ 17,397,394	\$ 17,397,394
<b>Uses of Funds:</b>		
Acquisition/Land Purchase	\$ 1,100,000	
On & Off Site Costs	\$ 795,425	
Hard Construction Costs	\$ 8,533,707	
Architect & Engineering Fees	\$ 700,000	
Contractor Overhead & Profit	\$ 998,097	
Developer Fee	\$ 1,840,326	
Cost of Issuance	\$ 541,164	
Capitalized Interest	\$ 348,362	
Other Soft Costs (Marketing, etc.)	\$ 2,540,313	
Total Uses	\$ 17,397,394	

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

Citibank will provide a private placement of tax-exempt private activity bonds in the amount of \$10,276,152 that will serve as both the construction and permanent loans. The construction loan term will be 18 months and will carry a variable interest rate based on SIFMA plus a 2.50% spread. The permanent loan will be at a fixed rate equal to the 17-year MMD plus a spread of 2.30%. The permanent loan will have a 15-year term and 35-year amortization.

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

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**Recommendation:**

Staff recommends that the Committee approve \$10,276,152 in tax exempt bond allocation on a carryforward basis.

**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]	0
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	5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>85</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.