

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 13, 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:** Oakland Housing Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$18,500,000

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**Project Information:**  
**Name:** Lion Creek Crossings, Phase V Apartments  
**Project Address:** 6710-6760 Lion Way  
**Project City, County, Zip Code:** Oakland, Alameda, 94621

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**Project Sponsor Information:**  
**Name:** Lion Creek Senior Housing Partners, L.P. (Related/Oakland Coliseum V Development Co., LLC And Lion Creek V, LLC)  
**Principals:** William A. Witte, Stephen M Ross, Michael J. Brenner, Susan J. McGuire for Related/Oakland Coliseum V Development Co., LLC and Peter Sopka, K.M. Tom, Emily Lin, Ted Dang, John Benson for East Bay Asian Local Development Corporation sole entity of Lion Creek V, LLC.  
**Property Management Company:** Related Management Company

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**Project Financing Information:**  
**Bond Counsel:** Ballard Spahr Andrews & Ingersoll, LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** October 26, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 127, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens

Lion Creek Crossings Phase V is located on a 1.47 acre site. There are a total of 128 apartments including the manager's unit. The building will contain 2,662 SF of social service and community space consisting of offices for on-site Residential Service Coordinators and a partner social service agency. The space includes a multi-use community room for use by the residents, fitness room and computer lab. The project has been designed with seniors in mind, including unit amenities like storage, dishwashers, disposals secure laundry facilities and mail boxes. The project will meet all Local, State and Federal regulations governing persons with mobility, hearing and visual disabilities.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (127 units) restricted to 50% or less of area median income households.  
 \_\_\_\_\_ (0 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 36,510,520  
**Estimated Hard Costs per Unit:** \$ 192,096 (\$24,396,222 /127 units)  
**Estimated per Unit Cost:** \$ 287,484 (\$36,510,520 /127 units)  
**Allocation per Unit:** \$ 145,669 (\$18,500,000 /127 units)  
**Allocation per Restricted Rental Unit:** \$ 145,669 (\$18,500,000 /127 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 18,500,000	\$ 6,000,588
LIH Tax Credit Equity	\$ 1,467,934	\$ 14,679,336
Direct & Indirect Public Funds	\$ 14,730,596	\$ 14,730,596
Other (Deferred Costs & MGP Capital Contr.)	\$ 1,811,990	\$ 1,100,000
<b>Total Sources</b>	<b>\$ 36,510,520</b>	<b>\$ 36,510,520</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 0
On & Off Site Costs	\$ 1,872,540
Hard Construction Costs	\$ 22,523,682
Architect & Engineering Fees	\$ 2,015,459
Contractor Overhead & Profit	\$ 1,075,469
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 135,000
Capitalized Interest	\$ 1,702,982
Other Soft Costs (Marketing, etc.)	\$ 4,685,388
<b>Total Uses</b>	<b>\$ 36,510,520</b>

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

This is a Citibank, N.A. (Citi) Private Placement transaction. Citi will providing the construction loan as well as the permanent loan. The construction loan period will carry a floating rate based on 2.5% over SIFMA. Currently, SIMFA is approximately .11%, so the total construction interest rate is 2.61%. The permanent period loan will have a term of 15 years and an amortization of 15 years. The interest rate will be dependent upon market conditions at the time of closing the loan, based on 17 year "AAA" municipal bond rates as quoted by Thompson Municipal market Monitor (MMD) plus a spread of 2.25%. The permanent term interest rate will be approximately 4.52% not including any potential issuer fees.

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**Analyst Comments:**

Last Phase of master planned mixed income development for previously existing public housing project in East Oakland.

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

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**Recommendation:**

Staff recommends that the Committee approve \$18,500,000 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	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	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
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>72.5</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.