

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Housing Authority of the City of Oakland

Allocation Amount Requested:
Tax-exempt: \$19,879,000

Project Information:
Name: 460 Grand Avenue Apartments
Project Address: 460 Grand Avenue
Project City, County, Zip Code: Oakland, Alameda, 94610

Project Sponsor Information:
Name: To be formed limited partnership (BRIDGE Norcal, LLC and OHA Coliseum, LLC)
Principals: Cynthia Parker, Rebecca Hlebasko, Susan Johnson, Kimberly McKay and D. Valentine for BRIDGE Norcal, LLC; Erich Johnson Executive Director of the Housing Authority of the City of Oakland for OHA Coliseum, LLC
Property Management Company: BRIDGE Property Management Company

Project Financing Information:
Bond Counsel: Ballard Spahr, LLP
Private Placement Purchaser: U.S. Bank National Association
TEFRA Hearing Date: March 14, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 67, plus 1 manager unit
Type: New Construction
Type of Units: Family

The 460 Grand Avenue Apartments project will be developed in the Adams Point neighborhood in the City of Oakland. The project will create a total of sixty-eight affordable rental units with a breakdown as follows: twelve (12) studio units, twenty (20) one-bedroom units, fifteen (15) two-bedroom units, and twenty-one (21) three-bedroom units including a manager's unit. The Apartments will be constructed as a five story Mediterranean style building with two levels of parking at grade and four levels above. The ground floor includes 3,000 square feet of commercial and retail space. The project amenities will include a large open courtyard and a community room providing adult wellness, educational and after-school programs. The project is designed to be energy efficient under the GreenPoint rating system.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
72% (48 units) restricted to 50% or less of area median income households.
28% (19 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

No services.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 31,596,910
Estimated Hard Costs per Unit: \$ 269,736 (\$18,072,290 /67 units)
Estimated per Unit Cost: \$ 471,596 (\$31,596,910 /67 units)
Allocation per Unit: \$ 296,701 (\$19,879,000 /67 units)
Allocation per Restricted Rental Unit: \$ 296,701 (\$19,879,000 /67 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 zoning requirements, two level subterranean concrete garage with a zero lot line, impact fees and soil remediation.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,879,000	\$ 6,261,000
Deferred Developer Fee	\$ 1,255,979	\$ 1,255,979
LIH Tax Credit Equity	\$ 1,123,013	\$ 11,230,132
Direct & Indirect Public Funds	\$ 7,789,104	\$ 12,552,104
Other (Accrued/Deferred Interest during Conts.)	\$ 297,695	\$ 297,695
Total Sources	\$ 30,344,791	\$ 31,596,910

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,556,000
On & Off Site Costs	\$ 250,000
Hard Construction Costs	\$ 17,822,290
Architect & Engineering Fees	\$ 1,230,941
Contractor Overhead & Profit	\$ 1,481,628
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 362,360
Capitalized Interest	\$ 1,152,209
Other Soft Costs (Marketing, etc.)	\$ 3,241,482
Total Uses	\$ 31,596,910

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with U.S. Bank National Association. The bank has committed to provide the construction and permanent financing for the project. The construction loan will carry a floating rate that will reset monthly, LIBOR plus 165 basis points for a period of 24 months. A portion of the construction loan will consist of two tranches: Tranche A is supported by the projects California Tax Credit Allocation Committee rent levels and Tranche B will be supported by incremental Section 8 income levels. Both Tranches will carry the Bank's Community Investment Pricing "CIP" for a 15 year term with a 30 year amortization, plus 200 basis points. As of March 1, 2013 the rate was 4.64%. The Tranches will convert to a permanent loan with a term of 15 years and an amortization of 30 years. The interest rate will be fixed based on the CIP index plus 200 basis points. The current rate as of March was 5.10%.

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: 95 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,879,000 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	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	95

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.