Agenda Item No. 6.22
Application No. 16-542

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: **California Housing Finance Agency**

Allocation Amount Requested:

Tax-exempt:	$36,000,000

Project Information:

Name:	**St. Marks Apartments**
Project Address:	392-394 12th Street
Project City, County, Zip Code:	Oakland, Alameda, 94607

Project Sponsor Information:

Name:	St. Marks Preservation, LP (AOF St. Marks LLC and St. Marks Preservation GP, LLC)
Principals:	Raman Nayar, Philip Kennedy for AOF St. Marks LLC; and Jeffrey Goldberg, Stuart Feldman, William Blodgett and John Tatum for St. Marks Preservation GP, LLC
Property Management Company:	FPI Management Inc.

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, N.A.
Public Sale:	Not Applicable
Underwriter:	Not Applicable
TEFRA Noticing Date:	August 18, 2016
TEFRA Adoption Date:	September 19, 2016

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	100, plus 2 manager units
Type:	Acquisition and Rehabilitation
Type of Units:	Family

St. Marks Apartments ("Project") is an existing 102-unit Section 8 multifamily development that was constructed in 1908 originally as a hotel, and converted to apartments in 1986. The site is improved with a nine-story elevator serviced residential building and is located in downtown Oakland, CA. The Project currently operates with a HAP contract that covers 100 units. The property offers 4,865 square feet of commercial space in five rental suites on the ground floor. Four of the commercial suites, which accounts for 3,525 square feet of available space, are currently occupied. The remaining space is currently being utilized as a community space for residents. The Project is the acquisition, rehabilitation and preservation of 100 units of Section 8 housing. This new renovation will address the long-term capital needs of the property, complete a variety of seismic retrofits, and add 11 ADA units. The scope of renovations will include new mechanical, plumbing and electrical systems. Doors and windows will be replaced. Insulation will be installed. The interiors of all units will be painted. Bathroom renovations will include replacing existing toilets, tubs, showerheads, faucets and replacing all plumbing fixtures. Kitchens will receive new Energy Star refrigerators, electric range, hood and new countertops. Cabinets and hardware will be replaced in the kitchen and bathroom. Additional security cameras will be installed throughout the site as needed. Additionally, the building will be renovated to comply with current seismic codes. It is expected that the rehab will take 12-18 months and will begin in December 2016 with an anticipated completion set for June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (11 units) restricted to 50% or less of area median income households.
89% (89 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	46,874,943	
Estimated Hard Costs per Unit:	$	56,650	($5,665,000 /100 units)
Estimated per Unit Cost:	$	459,558	($46,874,943 /102 units including mgr. units)
Allocation per Unit:	$	360,000	($36,000,000 /100 units)
Allocation per Restricted Rental Unit:	$	360,000	($36,000,000 /100 restricted units)

Sources of Funds:		Construction		Permanent
Tax-Exempt Bond Proceeds	$	36,000,000	$	28,000,000
LIH Tax Credit Equity	$	5,481,700	$	15,698,000
Deferred Developer Fee	$	5,598,200	$	3,176,943
Total Sources	$	47,079,900	$	46,874,943

Uses of Funds:		
Land Cost/Acquisition	$	29,973,125
Rehabilitation	$	6,004,900
Contractor Overhead & Profit	$	453,200
Architectural Fees	$	745,000
Construction Interest and Fees	$	1,760,167
Permanent Financing	$	355,093
Legal Fees	$	190,000
Reserves	$	563,848
Appraisal	$	7,500
Contingency Costs	$	566,500
Other Project Costs (Soft Costs, Marketing, etc.)	$	591,910
Developer Costs	$	5,663,700
Total Uses	$	46,874,943

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Analyst Comments:

None

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: 64 out of 140

[See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $36,000,000 in tax exempt bond allocation on a carryforward basis.

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ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	**140**	**110**	**64**

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.