

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Revised Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$39,559,500

Project Information:
Name: 3706 San Pablo Apartments
Project Address: 3706 San Pablo Avenue
Project City, County, Zip Code: Emeryville, Alameda, 94608

Project Sponsor Information:
Name: 3706 San Pablo Emeryville, L.P. (3706 San Pablo Emeryville EAH, LLC)
Principals: Mary Murtagh, Alvin Bonnett, Laura Hall, Errol Dominguez and Cathy Macy for 3706 San Pablo Emeryville EAH, LLC
Property Management Company: EAH Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A. (Construction), and California Community Reinvestment Corporation (Permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: January 27, 2017
TEFRA Adoption Date: February 7, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 87
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

3706 San Pablo Apartments is a new construction project located in both the City of Emeryville and the City of Oakland on a 1.125-acre site. The project consists of 86 rental units and 1 unrestricted manager unit. The project will have 4 studios, 8 one-bedroom units, 45 two-bedroom units, 22 three-bedroom units and 7 four-bedroom units. The building will be four stories of wood-framed construction on a two-level podium. Common amenities include a lounge and music/teen room, laundry room and a large community room featuring a demonstration kitchen, a fitness/wellness room and a homework/computer room. Each unit will have a refrigerator, stove and dishwasher. There are 98 parking spaces provided. The project will be pursuing LEED certification. Green features include solar hot water and photovoltaic panels to offset common hot water and energy loads. The construction is expected to begin in April 2017 and to be completed in February 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 98.9%
80.5% (70 units) restricted to 50% or less of area median income households.
18.4% (16 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1,2,3 and 4 bedrooms

The proposed project will be providing service amenities, including an on-site service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	63,791,436	
Estimated Hard Costs per Unit:	\$	456,326	(\$39,700,325 /87 units)
Estimated per Unit Cost:	\$	733,235	(\$63,791,436 /87 units including mgr. units)
Allocation per Unit:	\$	454,707	(\$39,559,500 /87 units)
Allocation per Restricted Rental Unit:	\$	459,994	(\$39,559,500 /86 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 39,559,500	\$ 10,396,100
LIH Tax Credit Equity	\$ 0	\$ 26,844,907
Taxable Bond Proceeds	\$ 1,440,500	
GP Equity	\$ 250,000	\$ 1,027,875
Deferred Developer Fee	\$ 0	\$ 3,000,000
Interest accrued on soft loans	\$ 0	\$ 241,896
LPEquity	\$ 1,500,000	\$ 0
Emeryville land donation	\$ 4,500,000	\$ 4,500,000
HCD Grant	\$ 2,500,000	\$ 2,500,000
HCD AHSC	\$ 0	\$ 5,400,000
City of Oakland	\$ 2,000,000	\$ 2,000,000
City of Emeryville	\$ 4,500,000	\$ 4,500,000
County of Alameda	\$ 2,520,658	\$ 2,520,658
AHP	\$ 860,000	\$ 860,000
Total Sources	\$ 59,630,658	\$ 63,791,436

Uses of Funds:	
Land Cost/Acquisition	\$ 4,587,206
New Construction	\$ 40,637,401
Contractor Overhead & Profit	\$ 1,554,188
Architectural Fees	\$ 1,177,453
Survey and Engineering	\$ 354,550
Construction Interest and Fees	\$ 3,490,222
Permanent Financing	\$ 196,961
Legal Fees	\$ 90,000
Reserves	\$ 780,086
Appraisal	\$ 16,000
Hard Cost Contingency	\$ 2,109,579
Local Development Impact Fees	\$ 1,003,398
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,294,392
Developer Costs	\$ 4,500,000
Total Uses	\$ 63,791,436

Analyst Comments:

Stated reasons for high cost per unit include City of Emeryville Design Objectives, Davis Bacon Wage Rates, Local Hire requirements, and the heated construction market.

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 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$39,559,500 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	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.