

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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| <b>Applicant:</b> | <b>California Municipal Finance Authority</b> |
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| <b>Allocation Amount Requested:</b> |              |
| <b>Tax-exempt:</b>                  | \$41,000,000 |

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| <b>Project Information:</b>            |  |
| <b>Name:</b>                           | <b>Fruitvale Transit Village Phase II-A Apartments</b> |
| <b>Project Address:</b>                | Bounded by 35th Ave, 37th, E.12th & BART               |
| <b>Project City, County, Zip Code:</b> | Oakland, Alameda, 94601                                |

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| <b>Project Sponsor Information:</b> |   |
| <b>Name:</b>                        | Fruitvale Transit Village II-A, L.P. (EBALDC Transit Village LLC and Unity Council Transit Village II-A, LLC)   |
| <b>Principals:</b>                  | Joshua Simon, Jean Bridges and Charise Fong for EBALDC Transit Village LLC; Chris Iglesias and Erin Patch for Unity Council Transit Village II-A, LLC |
| <b>Property Management Company:</b> | East Bay Asian Local Development Corporation (EBALDC)   |

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|---------------------------------------|---|
| <b>Project Financing Information:</b> |   |
| <b>Bond Counsel:</b>                  | Jones Hall, A Professional Law Corporation  |
| <b>Private Placement Purchaser:</b>   | Wells Fargo Bank, N.A. (construction)/California Community Reinvestment Corporation (permanent) |
| <b>Cash Flow Permanent Bond:</b>      | Not Applicable  |
| <b>Public Sale:</b>                   | Not Applicable  |
| <b>Underwriter:</b>                   | Not Applicable  |
| <b>Credit Enhancement Provider:</b>   | Not Applicable  |
| <b>Rating:</b>                        | Not Applicable  |
| <b>TEFRA Noticing Date:</b>           | March 3, 2017   |
| <b>TEFRA Adoption Date:</b>           | April 10, 2017  |

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|---|----------------------|
| <b>Description of Proposed Project:</b> |                      |
| <b>State Ceiling Pool:</b>              | General              |
| <b>Total Number of Units:</b>           | 94                   |
| <b>Manager's Units:</b>                 | 1 Unrestricted       |
| <b>Type:</b>                            | New Construction     |
| <b>Population Served:</b>               | Family/Special Needs |

Fruitvale Transit Village Phase II-A Apartments is a new construction project located in Oakland on a 1.26-acre site. The project consists of 92 restricted rental units, 1 unrestricted rental unit and 1 unrestricted manager's unit. The project will have 24 one-bedroom units, 42 two-bedroom units and 28 three-bedroom units. The building will be Type V-A wood frame construction which will sit atop a parking structure. Common amenities include community room, lobby, laundry facilities, management offices and 24 permanent bike parking spaces & 5 short term bicycle parking spaces. There are 47 parking spaces provided. The construction is expected to begin May 2017 and completed in December 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 99%  
78% (72 units) restricted to 50% or less of area median income households.  
21% (20 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |   |
|---|---------------|---|
| <b>Estimated Total Development Cost:</b>      | \$ 57,643,328 |   |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 334,677    | (\$31,459,656 /94 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>               | \$ 613,227    | (\$57,643,328 /94 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 436,170    | (\$41,000,000 /94 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 440,860    | (\$41,000,000 /93 restricted units)           |

| <b>Sources of Funds:</b>              | <u>Construction</u>  | <u>Permanent</u>     |
|---------------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds              | \$ 41,000,000        | \$ 1,476,800         |
| Tranche B Financing                   | \$ 0                 | \$ 12,739,900        |
| LIH Tax Credit Equity                 | \$ 0                 | \$ 20,006,628        |
| Developer Equity                      | \$ 2,000,000         | \$ 1,500,000         |
| Deferred Developer Fee                | \$ 0                 | \$ 800,000           |
| HCD TOD Grant to City/ Loan           | \$ 4,000,000         | \$ 4,000,000         |
| City of Oakland Loan                  | \$ 0                 | \$ 2,250,000         |
| City Land donation                    | \$ 3,600,000         | \$ 3,600,000         |
| AHP                                   | \$ 920,000           | \$ 920,000           |
| HCD TOD Loan                          | \$ 0                 | \$ 4,000,000         |
| Alameda County Measure A-1 bond funds | \$ 0                 | \$ 6,350,000         |
| Total Sources                         | <u>\$ 51,520,000</u> | <u>\$ 57,643,328</u> |

| <b>Uses of Funds:</b>                  |                      |
|--|----------------------|
| Land Cost/Acquisition                  | \$ 4,110,000         |
| New Construction                       | \$ 34,185,282        |
| Contractor Overhead & Profit           | \$ 1,334,066         |
| Architectural Fees                     | \$ 1,270,000         |
| Survey and Engineering                 | \$ 517,986           |
| Construction Interest and Fees         | \$ 3,273,608         |
| Permanent Financing                    | \$ 152,167           |
| Legal Fees                             | \$ 160,000           |
| Reserves                               | \$ 1,824,341         |
| Appraisal                              | \$ 7,500             |
| Hard Cost Contingency                  | \$ 3,566,935         |
| Local Development Impact Fees          | \$ 1,800,934         |
| Other Project Costs (Soft Costs, etc.) | \$ 1,940,509         |
| Developer Costs                        | <u>\$ 3,500,000</u>  |
| Total Uses                             | <u>\$ 57,643,328</u> |

**Analyst Comments:**

This project has been identified as a high cost per unit project. According to the Developer, the reasons for the high cost per unit were the relocation of the EMUD utility lines along with City of Oakland requirements of prevailing wages and Green building design.

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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:**

100 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$41,000,000 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 |
|--|--|--|---------------|
| Preservation Project   | 20   | 20   | 0             |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 10            |
| Gross Rents  | 5  | 5  | 5             |
| Large Family Units   | 5  | 5  | 0             |
| Leveraging   | 10   | 10   | 10            |
| Community Revitalization Area  | 5  | 5  | 0             |
| Site Amenities   | 10   | 10   | 10            |
| Service Amenities  | 10   | 10   | 10            |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 10            |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>100</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.