

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	County of Alameda
-------------------	-------------------

Allocation Amount Requested:	Tax-exempt: \$10,117,200
-------------------------------------	---------------------------------

Project Information:	Name: Grayson Street Apartments
	Project Address: 2748 San Pablo Avenue
	Project City, County, Zip Code: Berkeley, Alameda, 94702

Project Sponsor Information:	Name: Grayson Apartments, L.P. (Grayson Street LLC)
	Principals: Mike Jacob, Smitha Seshadri, David Greensfelder for Grayson Street LLC
	Property Management Company: Satellite Affordable Housing Associates Property

Project Financing Information:	Bond Counsel: Kutak Rock LLP
	Private Placement Purchaser: Wells Fargo Bank, N.A. (const.)/California Community Reinvestment Corporation (perm)
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: June 5, 2017
	TEFRA Adoption Date: June 20, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 23
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

Grayson Street Apartments is a new construction project located in Berkeley on a 100 feet x 100 feet lot site. The project consists of 22 restricted rental units and 1 unrestricted manager's unit. The project will have 18 one-bedroom units and 5 two- bedroom units. The building will be 4 stories, new construction. Common amenities include community room, management offices and a computer annex. The Subject's unit amenities will include patio/balconies in select units, blinds, linoleum and carpet flooring, wall air conditioning units, and coat closets. Appliances will include a stove and refrigerator. There are 13 parking spaces provided. The construction is expected to begin August 2017 and completed in February 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

14% (3 units) restricted to 50% or less of area median income households.

86% (19 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 17,869,394	
Estimated Hard Costs per Unit:	\$ 446,865	(\$10,277,901 /23 units including mgr. units)
Estimated per Unit Cost:	\$ 776,930	(\$17,869,394 /23 units including mgr. units)
Allocation per Unit:	\$ 439,878	(\$10,117,200 /23 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 459,873	(\$10,117,200 /22 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,117,200	\$ 1,535,245
HCD AHSC Loan	\$ 0	\$ 2,949,480
HCD MHP Loan	\$ 0	\$ 1,151,553
LIH Tax Credit Equity	\$ 1,784,529	\$ 6,686,867
City of Berkeley	\$ 2,495,000	\$ 2,495,000
Deferred Developer Fee	\$ 125,000	\$ 125,000
Deferred Costs	\$ 421,416	\$ 0
Seller Carryback Loan	\$ 250,000	\$ 250,000
Alameda County HOPWA	\$ 360,000	\$ 360,000
HCD IIG	\$ 1,000,000	\$ 1,000,000
HCD AHSC Grant	\$ 805,846	\$ 805,846
Accrued Interest on Loans	\$ 110,403	\$ 110,403
GP Contribution	\$ 400,000	\$ 400,000
Total Sources	\$ 17,869,394	\$ 17,869,394

Uses of Funds:	
Land Cost/Acquisition	\$ 1,393,407
New Construction	\$ 9,523,261
Contractor Overhead & Profit	\$ 528,285
Architectural Fees	\$ 335,715
Survey and Engineering	\$ 294,059
Construction Interest and Fees	\$ 1,139,715
Permanent Financing	\$ 130,852
Legal Fees	\$ 35,000
Reserves	\$ 99,896
Appraisal	\$ 2,700
Hard Cost Contingency	\$ 805,356
Local Development Impact Fees	\$ 333,671
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,147,477
Developer Costs	\$ 1,100,000
Total Uses	\$ 17,869,394

Analyst Comments:

This project was identified as a high cost per unit project. According to the Project Sponsor, the explanation for the high costs were: relatively small unit count, concrete podium construction, elevator requirement, services office and computer room, LEED Platinum building certification, land costs, State and Federal prevailing wage requirements, market timing, and accrued interest on soft loans.

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:

82 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,117,200 in tax exempt bond allocation on a carryforward basis.

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	27
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	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	0
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	82