

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$15,000,000

Project Information: Name: Camino 23 Apartments
Project Address: 1233-1245 23rd Avenue
Project City, County, Zip Code: Oakland, Alameda, 94606

Project Sponsor Information: Name: To be formed, Limited Partnership (Satellite AHA Development Inc.)
Principals: Mike Jacob, Smitha Seshadri and David Greensfelder for Satellite AHA Development, Inc.
Property Management Company: Satellite Affordable Housing Associated Property Management (SAHA PM)

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction) / California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 13, 2017
TEFRA Adoption Date: November 9, 2017

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 37
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Camino 23 Apartments is a new construction project located in Oakland on a 0.29-acre site. The project consists of 36 restricted rental units and one (1) unrestricted managers' unit. The project will have 30 one-bedroom units, six (6) two-bedroom units and one (1) three-bedroom unit. The building will be a five-story L-shaped building. Common amenities include a computer room, a community room with kitchen, laundry facilities, a rear courtyard and management and resident services offices. Each unit will have energy star rated appliances, which include a refrigerator, range/oven with hood, dishwasher and cable hookups. There are 15 parking spaces provided. The project will be pursuing Green Point Rated Program Gold certification. Green features include low-VOC paints, CRI Green Label carpet, low-flow faucets and showerheads, ultra-low or dual flush toilets, fluorescent lighting, solar hot water and photovoltaic systems to offset common hot water and energy loads. The construction is expected to begin April 2018 and be completed in June 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (36 units) restricted to 50% 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:	\$ 25,049,080	
Estimated Hard Costs per Unit:	\$ 291,644	(\$10,790,846 /37 units including mgr. units)
Estimated per Unit Cost:	\$ 677,002	(\$25,049,080 /37 units including mgr. units)
Allocation per Unit:	\$ 405,405	(\$15,000,000 /37 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 416,667	(\$15,000,000 /36 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 3,508,600
Taxable Bond Proceeds	\$ 3,000,000	\$ 0
LIH Tax Credit Equity	\$ 500,000	\$ 9,714,595
GP Equity	\$ 0	\$ 759,687
Deferred Developer Fee	\$ 0	\$ 800,000
HCD IIG Grant Sponsor Loan	\$ 1,698,504	\$ 1,698,504
City of Oakland Loans	\$ 1,200,000	\$ 1,226,816
Alameda County HOPWA	\$ 500,000	\$ 511,173
HCD AHSC	\$ 0	\$ 2,239,705
Alameda Co Measure A1 Funds	\$ 0	\$ 4,200,000
AHP	\$ 390,000	\$ 390,000
Total Sources	\$ 22,288,504	\$ 25,049,080

Uses of Funds:	
Land Cost/Acquisition	\$ 934,675
New Construction	\$ 14,069,917
Contractor Overhead & Profit	\$ 653,544
Architectural Fees	\$ 667,925
Survey and Engineering	\$ 345,247
Construction Interest and Fees	\$ 1,214,203
Permanent Financing	\$ 227,336
Legal Fees	\$ 95,000
Reserves	\$ 300,371
Appraisal	\$ 10,450
Hard Cost Contingency	\$ 1,472,346
Local Development Impact Fees	\$ 473,435
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,569,864
Developer Costs	\$ 3,014,767
Total Uses	\$ 25,049,080

Analyst Comments:

The project has been deemed a high cost per unit project due to the estimated cost per unit of \$671,066. The factors contributing to this cost are: small unit count, construction of concrete podium and services office, project design to meet Green Point Rated Gold standards and inclusion of an elevator to make units accessible. Also, the City of Oakland requires compliance with its Employment and Contracting Programs as well as State and Federal prevailing wages. Further, according to the Applicant, the real estate market is in an upcycle that has contributed to the high demand of construction trades, which has caused the prices to increase accordingly.

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:

86.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 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 [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	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	9
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	86.5