

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 18, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:** Tax-exempt: \$24,356,503

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**Project Information:**

**Name:** Madison Park Apartments  
**Project Address:** 100 9th Street  
**Project City, County, Zip Code:** Oakland, Alameda, 94607

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**Project Sponsor Information:**

**Name:** Madison Park Housing Associates II, LP (Madison Park Housing Associates II, LLC)  
**Principals:** Joshua Simon, Charise Fong, Jean Bridges, Jason Varas and Jill Kunishima for East Bay Asian Local Development Corporation  
**Property Management Company:** East Bay Asian Local Development Corporation

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**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Citibank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** March 9, 2018  
**TEFRA Adoption Date:** April 9, 2018

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 98  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Madison Park Apartments is an existing project located in Oakland on an approximately 80,597 gross square foot site. The project consists of 96 restricted rental units and 2 unrestricted manager units. The project has 20 studio units, 69 one-bedroom units and 9 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of life safety systems, fire escapes and elevator. Interior renovations will include corridor ventilation and pressurization, addition of a computer lab, reconfiguration of offices for resident services, improvements to plumbing features in bathrooms and ventilation and reconfiguration of the trash system. Individual apartment units will be updated with a new appliance package, countertops, cabinets, flooring and accessibility upgrades to 10% of the units. Lastly, common or site area renovations will consist of modernization to common area finishes to comply with historical building code. The rehabilitation is expected to begin in November 2018 and be completed in October 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

25% (24 units) restricted to 50% or less of area median income households.

75% (72 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1 & 2 bedroom

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 48,972,022	
<b>Estimated Hard Costs per Unit:</b>	\$ 111,365	(\$10,913,788 /98 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 499,715	(\$48,972,022 /98 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 248,536	(\$24,356,503 /98 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 253,714	(\$24,356,503 /96 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,251,493	\$ 8,724,000
LIH Tax Credit Equity	\$ 1,341,426	\$ 12,978,596
GP Equity	\$ 1,006,317	\$ 1,006,317
Deferred Developer Fee	\$ 3,164,626	\$ 3,164,626
Deferred Costs	\$ 3,293,644	\$ 0
Seller Carryback Loan	\$ 5,908,898	\$ 5,908,898
HCD CHRP	\$ 1,633,914	\$ 1,633,914
Net Income From Operations	\$ 0	\$ 353,302
City of Oakland ORA/NOFA Combine	\$ 6,722,990	\$ 6,722,990
Historic Tax Credit Equity	\$ 0	\$ 1,830,665
Accrued Project Reserves	\$ 1,006,317	\$ 1,006,317
Sponsor Perm Loan	\$ 0	\$ 5,000,000
Accrued Deferred Interest Combined	\$ 642,397	\$ 642,397
<b>Total Sources</b>	<b>\$ 48,972,022</b>	<b>\$ 48,972,022</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 21,530,100
Rehabilitation	\$ 10,313,588
Relocation	\$ 1,000,000
Contractor Overhead & Profit	\$ 600,200
Architectural Fees	\$ 1,330,000
Survey and Engineering	\$ 151,000
Construction Interest and Fees	\$ 1,739,875
Permanent Financing	\$ 181,035
Legal Fees	\$ 45,000
Reserves	\$ 1,783,231
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 1,628,068
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,999,299
Developer Costs	\$ 5,664,626
<b>Total Uses</b>	<b>\$ 48,972,022</b>

**Analyst Comments:**

None

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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:**

82.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$24,356,503 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	20
Exceeding Minimum Income Restrictions:	35	15	33
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	0
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>82.5</b>