

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

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$27,540,000

Project Information:
Name: Brooklyn Basin Family Housing Project I Apartments
Project Address: 101 10th Avenue
Project City, County, Zip Code: Oakland, Alameda, 94606

Project Sponsor Information:
Name: Brooklyn Basin Associates V, L.P. (for 4% deal) and
Brooklyn Basin Associates I, L.P. (for 9% deal) (MP
Brooklyn Basin V, LLC)
Principals: Beth Bartlett, Kim Le, Monique Moyer and Daniel Seubert
Property Management Company: MidPen Property Management Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A./California Community Reinvestment
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

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 60
Manager's Units: 0
Type: New Construction
Population Served: Family

Brooklyn Basin Family Housing Project I Apartments is a new construction project located in Oakland on a .98-acre site. The Applicant is applying as a "Hybrid" 9%/4% tax credit application. This request is for the 4% portion of the project. It consists of 60 restricted rental units. It will have 24 one-bedroom units, 6 two-bedroom units and 30 three-bedroom units. The building will be a two elevator serviced four story wood-frame structure over two stories of a concrete podium. Common amenities include a lobby area, a multipurpose room, a computer lounge, fitness rooms, laundry rooms, management & services offices, a landscaped courtyard with playground and a BBQ grilling area. Each unit will have a refrigerator, range/oven and dishwasher. The project will be pursuing LEED certification. The construction is expected to begin December 2018 and be completed in November 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

60% (36 units) restricted to 50% or less of area median income households.

40% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 43,870,682	
Estimated Hard Costs per Unit:	\$ 406,642	(\$24,398,525 /60 units no mgr. unit)
Estimated per Unit Cost:	\$ 731,178	(\$43,870,682 /60 units no mgr. unit)
Allocation per Unit:	\$ 459,000	(\$27,540,000 /60 units no mgr. unit)
Allocation per Restricted Rental Unit:	\$ 459,000	(\$27,540,000 /60 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 27,540,000	\$ 15,425,000
LIH Tax Credit Equity	\$ 1,375,553	\$ 14,862,975
Deferred Developer Fee	\$ 3,442,457	\$ 3,442,457
Deferred Costs	\$ 1,372,422	\$ 0
City of OHA Below Market Ground Lease	\$ 4,500,000	\$ 4,500,000
City of Oakland Development Loan	\$ 5,350,000	\$ 5,350,000
City of Oakland Environmental Funds	\$ 290,250	\$ 290,250
Total Sources	\$ 43,870,682	\$ 43,870,682

Uses of Funds:	
Land Cost/Acquisition	\$ 4,732,964
New Construction	\$ 25,867,935
Contractor Overhead & Profit	\$ 881,454
Architectural Fees	\$ 896,503
Survey and Engineering	\$ 298,248
Construction Interest and Fees	\$ 2,399,519
Permanent Financing	\$ 173,039
Legal Fees	\$ 136,173
Reserves	\$ 369,939
Appraisal	\$ 4,395
Hard Cost Contingency	\$ 1,360,124
Local Development Impact Fees	\$ 270,902
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,535,176
Developer Costs	\$ 4,944,311
Total Uses	\$ 43,870,682

Analyst Comments:

The Applicant is applying as a "hybrid" 9%/4% tax credit application which would leverage both the 9% and 4% credits on the project. As part of the hybrid tax credit application process, the Applicant is subdividing the project between the 9% and 4% tax credits and allocating 41 units to the 9% side and allocating 60 units to the 4% side. The 4% component of Brooklyn Basin Family Housing Project I is the subject of this application.

The proposed project is a high cost per unit project. The factors contributing to the excess costs are: location (San Francisco Bay Area), soil conditions, geotechnical requirements to create a stable foundation, requirement of a passive vapor barrier system to be installed under the foundation, prevailing wage requirement, Federal Davis wages requirement and city of Oakland local hire requirements.

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:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$27,540,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
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	77.5