

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 19, 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: \$25,000,000

Project Information:
Name: Warm Springs TOD Village #1 Apartments
Project Address: 44960 Warm Springs Blvd. Parcel A1
Project City, County, Zip Code: Fremont, Alameda, 94539

Project Sponsor Information:
Name: Warm Springs Village Four, LP (Eden Investments, Inc.)
Principals: Linda Mandolini, Tatiana Blank, Andy Madeira and Pauline Weaver
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A./California Community Reinvestment Corporation
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 26, 2018
TEFRA Adoption Date: July 10, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 71
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Warm Sprints TOD Village #1 Apartments is a new construction project located in Fremont on a 1.08 acre site. The project consists of 70 restricted rental units and 1 unrestricted manager unit. The project will have 19 one-bedroom units, 32 two- bedroom units and 20 three-bedroom units. The building will be five stories with four residential floors over a podium style parking structure. The construction type will be Type V Wood frame construction over a Type I podium. Common amenities include a large community room, courtyard, laundry facilities, management offices and a computer room. Each unit will have a refrigerator, range/oven, dishwasher and low VOC paints. There are 111 parking spaces provided including the required number of accessible parking spaces. The project will be incorporating the following sustainable design elements: solar photovoltaic panels, solar thermal system, drought resistant landscaping, smart timer irrigation systems, shading systems, low VOC paints for indoor air quality, high efficiency light fixtures, energy star appliances, low flow toilets and showerheads and electric vehicle charging stations. The construction is expected to begin March 2019 and be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
60% (42 units) restricted to 50% or less of area median income households.
40% (28 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 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:	\$ 46,815,241	
Estimated Hard Costs per Unit:	\$ 293,242	(\$20,820,170 /71 units including mgr. unit)
Estimated per Unit Cost:	\$ 659,370	(\$46,815,241 /71 units including mgr. unit)
Allocation per Unit:	\$ 352,113	(\$25,000,000 /71 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 357,143	(\$25,000,000 /70 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 5,182,000
LIH Tax Credit Equity	\$ 1,553,317	\$ 15,431,166
GP Equity	\$ 0	\$ 3,049,453
Deferred Developer Fee	\$ 0	\$ 941,446
Master Developer Inclusionary Contribution	\$ 8,766,574	\$ 15,111,176
Land Donation	\$ 7,100,000	\$ 7,100,000
Total Sources	\$ 42,419,891	\$ 46,815,241

Uses of Funds:	
Land Cost/Acquisition	\$ 7,260,000
New Construction	\$ 23,669,666
Contractor Overhead & Profit	\$ 755,198
Architectural Fees	\$ 953,000
Survey and Engineering	\$ 320,000
Construction Interest and Fees	\$ 2,532,617
Permanent Financing	\$ 81,820
Legal Fees	\$ 75,000
Reserves	\$ 312,672
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,129,984
Local Development Impact Fees	\$ 1,784,988
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,965,618
Developer Costs	\$ 4,964,678
Total Uses	\$ 46,815,241

Analyst Comments:

This project is considered a high cost per unit project. The following factors contribute to this cost: land value; construction contingencies; developer fee; design features (ample short and long-term bicycle parking to support the project being a transit-oriented development located across the street from the new Warm Springs BART station); and the project's location within a HUD-designated Small Difficult to Development Area.

The proposed project, Warm Springs TOD Village Affordable #1, with 71 family units is the 4% portion of the Warm Springs TOD Village Affordable Hybrid application. Warm Springs TOD Village #2 is the 9% portion of the Hybrid application, with 61 family units. Both portions are expected to be built simultaneously.

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:

74.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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	0
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	7
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	74.5