

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 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
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Allocation Amount Requested:	Tax-exempt: \$42,823,442
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Project Information:	Name: Vista Estero Apartments
	Project Address: 280 8th Avenue
	Project City, County, Zip Code: Oakland, Alameda, 94606

Project Sponsor Information:	Name: Brooklyn Basin Associates II, LP (MP Brooklyn Basin II, LLC)
	Principals: Matthew Franklin, Mardie Oakes, Jan Lindenthal, Art Fatum and Janine Lind
	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.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: August 3, 20108
	TEFRA Adoption Date: September 18, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 110
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Senior Citizens

Vista Estero Apartments is a new construction project located in Oakland on a 0.748-acre site. The project will consist of 109 restricted rental units and 1 unrestricted managers' units. The project will have 106 one-bedroom units and 4 two-bedroom units. The building will be a four-story frame structured building over a two-story podium base. Common amenities include a large community room, lounge, fitness room, management offices, conference space, craft room, computer room and laundry room. Each unit will have a kitchen, bathrooms and closets. There are 82 parking spaces provided. The project will be pursuing LEED certification. Green features include energy and water efficient appliances and fixtures, solar thermal and photovoltaic panels to offset the hot water heating costs and drought-tolerant landscaping. The construction is expected to begin December 2018 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

70% (76 units) restricted to 50% or less of area median income households.

30% (33 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 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:	\$ 75,457,154	
Estimated Hard Costs per Unit:	\$ 377,947	(\$41,574,177 /110 units including mgr. units)
Estimated per Unit Cost:	\$ 685,974	(\$75,457,154 /110 units including mgr. units)
Allocation per Unit:	\$ 389,304	(\$42,823,442 /110 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 392,876	(\$42,823,442 /109 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 42,823,442	\$ 19,499,000
LIH Tax Credit Equity	\$ 2,727,289	\$ 28,307,897
Deferred Developer Fee	\$ 5,700,007	\$ 5,700,007
Deferred Costs	\$ 2,256,166	\$ 0
City of Oakland Environmental Funds	\$ 290,250	\$ 290,250
City of Oakland Development Loan	\$ 12,320,000	\$ 12,320,000
FHLSB SF - AHP	\$ 1,090,000	\$ 1,090,000
City/OHA Below Market Ground Lease	\$ 8,250,000	\$ 8,250,000
Total Sources	\$ 75,457,154	\$ 75,457,154

Uses of Funds:	
Land Cost/Acquisition	\$ 8,388,831
New Construction	\$ 44,433,217
Contractor Overhead & Profit	\$ 1,454,721
Architectural Fees	\$ 1,390,383
Survey and Engineering	\$ 432,500
Construction Interest and Fees	\$ 5,140,311
Permanent Financing	\$ 366,112
Legal Fees	\$ 100,000
Reserves	\$ 500,566
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 2,298,838
Local Development Impact Fees	\$ 70,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,584,168
Developer Costs	\$ 8,290,007
Total Uses	\$ 75,457,154

Analyst Comments:

This project is considered a high cost per unit project. The factors contributing to the high cost per unit are: land value, restrictions and standards in design and accessibility, energy efficiency requirements, 2-level parking accommodation, soil conditions, vapor barrier system installation requirement, prevailing wages, federal Davis wages and local hire requirement.

The subject property will be a part of a 465 multi-phased development for families and seniors in the Brooklyn Basin master planned community.

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 \$42,823,442 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	0
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	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