

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**January 16, 2019**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Ruben Barcelo*

---

|                   |   |
|-------------------|---|
| <b>Applicant:</b> | <b>California Municipal Finance Authority</b> |
|-------------------|---|

---

**Allocation Amount Requested:**

**Tax-exempt:** \$8,643,497

The amount of allocation requested is supplemental to the \$24,356,503 of allocation the Project received on July 18, 2018.

**Project Information:**

|  |   |
|--|---|
| <b>Name:</b>                           | <b>Madison Park Apartments (Supplemental)</b> |
| <b>Project Address:</b>                | 100 9th Street                                |
| <b>Project City, County, Zip Code:</b> | Oakland, Alameda, 94607                       |

---

**Project Sponsor Information:**

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

---

**Project Financing Information:**

|                                     |  |
|-------------------------------------|--|
| <b>Bond Counsel:</b>                | Jones Hall, A Professional Law Corporation |
| <b>Private Placement Purchaser:</b> | MUFG Union Bank, N.A.                      |
| <b>Cash Flow Permanent Bond:</b>    | Not Applicable                             |
| <b>Public Sale:</b>                 | Not Applicable                             |
| <b>Underwriter:</b>                 | Not Applicable                             |
| <b>Credit Enhancement Provider:</b> | Not Applicable                             |
| <b>Rating:</b>                      | Not Applicable                             |
| <b>TEFRA Noticing Date:</b>         | March 9, 2018                              |
| <b>TEFRA Adoption Date:</b>         | April 9, 2018                              |

---

**Description of Proposed Project:**

|                               |                                |
|-------------------------------|--------------------------------|
| <b>State Ceiling Pool:</b>    | General                        |
| <b>Total Number of Units:</b> | 98                             |
| <b>Manager's Units:</b>       | 2 Unrestricted                 |
| <b>Type:</b>                  | Acquisition and Rehabilitation |
| <b>Population Served:</b>     | Family                         |

Madison Park Apartments is an existing project located in Oakland on a 0.34-acre site. The project consists of 96 restricted rental units and 2 unrestricted manager units distributed as 20 studios, 69 one-bedroom units and 9 two-bedroom units. Exterior renovations will include a partial roof replacement, structural/seismic upgrades, fire escape improvements and fresh paint. These renovations will comply with historic building codes. Interior renovations will include corridor ventilation/pressurization, improvements to the community room, addition of a computer lab, reconfiguration of offices for resident services, new carpeting, improvements to bathroom plumbing fixtures and upgrades to the elevator. Individual units will be updated with fresh paint and new kitchen appliances, and kitchens and bathrooms both will be updated with new countertops, cabinets, flooring and plumbing fixtures. Ten percent of project units will be upgraded for ADA accessibility requirements. The rehabilitation is expected to begin in February 2019 and be completed in April 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
49% (47 units) restricted to 50% or less of area median income households.  
51% (49 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 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:** \$ 60,019,659  
**Estimated Hard Costs per Unit:** \$ 163,603 (\$16,033,065 /98 units including mgr. units)  
**Estimated per Unit Cost:** \$ 612,446 (\$60,019,659 /98 units including mgr. units)  
**Allocation per Unit:** \$ 336,735 (\$33,000,000 /98 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 343,750 (\$33,000,000 /96 restricted units)

| <b>Sources of Funds:</b>                          |           | Construction      | Permanent            |
|---|-----------|-------------------|----------------------|
| Tax-Exempt Bond Proceeds                          | \$        | 33,000,000        | \$ 9,947,000         |
| LIH Tax Credit Equity                             | \$        | 0                 | \$ 19,526,800        |
| Historic Tax Credit                               | \$        | 0                 | \$ 3,743,028         |
| General Partner Equity (Reserves)                 | \$        | 1,006,317         | \$ 1,006,317         |
| Limited Partner Equity                            | \$        | 2,187,483         | \$ 0                 |
| Deferred Developer Fee                            | \$        | 4,682,919         | \$ 4,682,919         |
| Deferred Costs                                    | \$        | 3,017,746         | \$ 0                 |
| Seller Carryback Loan                             | \$        | 6,926,814         | \$ 6,926,814         |
| HCD CHRP Loan                                     | \$        | 1,633,914         | \$ 1,633,914         |
| Oakland ORA/NOFA Loans                            | \$        | 6,722,990         | \$ 6,722,990         |
| Sponsor Loan                                      | \$        | 0                 | \$ 4,988,401         |
| Deferred Interest                                 | \$        | 841,476           | \$ 841,476           |
| <b>Total Sources</b>                              | <b>\$</b> | <b>60,019,659</b> | <b>\$ 60,019,659</b> |
| <b>Uses of Funds:</b>                             |           |                   |                      |
| Land Cost/Acquisition                             | \$        | 21,000,000        |                      |
| Predevelopment Interest/ Holding Cost             | \$        | 530,100           |                      |
| Rehabilitation                                    | \$        | 17,613,123        |                      |
| Relocation  | \$        | 2,600,000         |                      |
| Contractor Overhead & Profit                      | \$        | 650,226           |                      |
| Architectural Fees                                | \$        | 750,000           |                      |
| Survey and Engineering                            | \$        | 151,000           |                      |
| Construction Interest and Fees                    | \$        | 2,221,451         |                      |
| Permanent Financing                               | \$        | 83,795            |                      |
| Legal Fees  | \$        | 55,000            |                      |
| Reserves  | \$        | 1,266,271         |                      |
| Appraisal   | \$        | 6,000             |                      |
| Hard Cost Contingency                             | \$        | 2,730,502         |                      |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$        | 3,179,272         |                      |
| Developer Costs                                   | \$        | 7,182,919         |                      |
| <b>Total Uses</b>                                 | <b>\$</b> | <b>60,019,659</b> |                      |

**Analyst Comments:**

The project site was remapped by HUD to be newly located in a DDA area in 2019. By availing itself of the status change and the resultant additional tax credit investor equity, total project costs increased and consequently the project required additional CDLAC allocation to remain compliant with the IRC 50% rule.

The developer cited the following reasons for exceeding CDLAC's cost per unit threshold. While the project's location in Oakland's central business district will benefit residents by providing access to employment and educational opportunities, it contributed materially to the project's acquisition cost. Recently enacted import tariffs also contributed materially to project costs by increasing the cost of building materials, especially steel, aluminum, lumber and stone/granite products. Costs were also driven by the project's commitment to supporting union wages and local businesses.

---

**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.

---

**Recommendation:**

Staff recommends that the Committee approves \$8,643,497 in tax-exempt bond allocation.

**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*

|   |   |
|---|---|
| <b>Applicant:</b>                       | <b>California Municipal Finance Authority</b>   |
| <b>Allocation Amount Requested:</b>     | <b>Tax-exempt:</b> \$24,356,503   |
| <b>Project Information:</b>             | <b>Name:</b> Madison Park Apartments<br><b>Project Address:</b> 100 9th Street<br><b>Project City, County, Zip Code:</b> Oakland, Alameda, 94607  |
| <b>Project Sponsor Information:</b>     | <b>Name:</b> Madison Park Housing Associates II, LP (Madison Park Housing Associates II, LLC)<br><b>Principals:</b> Joshua Simon, Charise Fong, Jean Bridges, Jason Varas and Jill Kunishima for East Bay Asian Local Development Corporation<br><b>Property Management Company:</b> East Bay Asian Local Development Corporation   |
| <b>Project Financing Information:</b>   | <b>Bond Counsel:</b> Jones Hall, A Professional Law Corporation<br><b>Private Placement Purchaser:</b> Citibank, N.A.<br><b>Cash Flow Permanent Bond:</b> Not Applicable<br><b>Public Sale:</b> Not Applicable<br><b>Underwriter:</b> Not Applicable<br><b>Credit Enhancement Provider:</b> Not Applicable<br><b>Rating:</b> Not Applicable<br><b>TEFRA Noticing Date:</b> March 9, 2018<br><b>TEFRA Adoption Date:</b> April 9, 2018 |
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b> General<br><b>Total Number of Units:</b> 98<br><b>Manager's Units:</b> 2 Unrestricted<br><b>Type:</b> Acquisition and Rehabilitation<br><b>Population Served:</b> 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

---

**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:**

82.5 out of 140 [See Attachment A]

---

**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<br>[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<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(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>   |