

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: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$53,247,500

Project Information:
Name: 353 Main Street Family Apartments
Project Address: 353 Main Street
Project City, County, Zip Code: Redwood City, San Mateo, 94063

Project Sponsor Information:
Name: 353 Main Street Apartments, L.P. (353 Main Street Apartments, LLC & Pacific Housing Inc.)
Principals: Mark Wiese for Pacific Housing Inc. & Lucky Bhardwaj for 353 Main Street Apartments LLC
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
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: October 19, 2018
TEFRA Adoption Date: November 6, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 125
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

353 Main Street Family Apartments is a new construction project located in Redwood City on a 1.83-acre site. The project consists of 63 restricted rental units, 61 80% AMI units and 1 unrestricted manager unit. The project will have 15 Studio units, 57 one-bedroom units and 53 two-bedroom units. The building will be 7 of stories (5 stories of residential and over two-levels of above grade parking). The building will be wood frame construction on a two-level concrete podium for 182 parking spaces. Common amenities include a fitness center, resident club room, homework computer room, resident services office, second story resident deck above the leasing office, and an amenity deck complete with a kid's play structure, communal + lounge seating, BBQ; s, fire-pit with resident seating and 42 bicycle racks. The construction is expected to begin April 2019 and be completed in October 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 51%
51% (63 units) restricted to 50% 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:	\$ 87,674,362	
Estimated Hard Costs per Unit:	\$ 346,833	(\$43,354,178 /125 units including mgr. units)
Estimated per Unit Cost:	\$ 701,395	(\$87,674,362 /125 units including mgr. units)
Allocation per Unit:	\$ 425,980	(\$53,247,500 /125 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 845,198	(\$53,247,500 /63 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 53,247,500	\$ 40,113,000
LIH Tax Credit Equity	\$ 8,890,031	\$ 25,697,356
Deferred Developer Fee	\$ 8,401,843	\$ 8,376,870
Deferred Reserve	\$ 875,057	\$ 0
County of San Mateo/ County Loan	\$ 7,000,000	\$ 7,000,000
HEART of SMC/HEART Loan	\$ 3,500,000	\$ 3,500,000
ROEM Development/GP Loan	\$ 4,832,554	\$ 2,059,759
Net Income From Operations	\$ 927,377	\$ 927,377
Total Sources	\$ 87,674,362	\$ 87,674,362

Uses of Funds:	
Land Cost/Acquisition	\$ 18,125,000
New Construction	\$ 43,520,632
Contractor Overhead & Profit	\$ 3,391,145
Architectural Fees	\$ 550,000
Survey and Engineering	\$ 650,000
Construction Interest and Fees	\$ 7,095,540
Permanent Financing	\$ 38,428
Legal Fees	\$ 280,000
Reserves	\$ 875,057
Appraisal	\$ 4,500
Hard Cost Contingency	\$ 1,578,507
Local Development Impact Fees	\$ 1,153,992
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,932,433
Developer Costs	\$ 8,479,128
Total Uses	\$ 87,674,362

Analyst Comments:

This project is considered a high cost per unit project. Contributing to the high costs per unit, according to the Project Sponsor, along with the high cost of Bay Area properties, is the price escalation of labor and materials in the last 12 months, locally required underground parking, small and local business hiring and prevailing wage 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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$53,247,500 in tax-exempt bond allocation.

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	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
Total Points	140	120	75