

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: Sarah Lester

Applicant: County of Alameda

Allocation Amount Requested:
Tax-exempt: \$21,192,500

Project Information:
Name: 3268 San Pablo
Project Address: 3268 San Pablo Avenue
Project City, County, Zip Code: Oakland, Alameda, 94608

Project Sponsor Information:
Name: 3268 San Pablo, L.P. (Satellite AHA Development, Inc.)
Principals: Susan Friedland, Steve Herman, Eve Stewart & Tom Earley
Property Management Company: Satellite Affordable Housing Associates Property

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Silicon Valley Bank/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: September 14, 2018
TEFRA Adoption Date: October 9, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 51
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

3268 San Pablo Apartments is a new construction project located in Oakland on a .26 -acre site. The project consists of 50 restricted rental units and 1 unrestricted manager unit. The project will have 13 Studio units and 38 one-bedroom units. The project will be a single five-story building. Common amenities include large community room with a full kitchen, laundry facilities, management and supportive services offices, a fitness room and a landscaped community terrace. Each unit will include central heating and cooling, window blinds, ceiling fans, a storage closet, a refrigerator and range/oven. The building will be developed with the latest green features and will be GreenPoint rated upon completion. Green features will include water-efficient fixtures, Energy Star appliances and a photovoltaic system. There will be an enclosed garage with 13 parking spaces. The construction is expected to begin spring of 2019 and be completed in summer of 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

62% (31 units) restricted to 50% or less of area median income households.

38% (19 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	35,126,609	
Estimated Hard Costs per Unit:	\$	357,875	(\$18,251,639 /51 units including mgr. unit)
Estimated per Unit Cost:	\$	688,757	(\$35,126,609 /51 units including mgr. unit)
Allocation per Unit:	\$	415,539	(\$21,192,500 /51 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	423,850	(\$21,192,500 /50 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,192,500	\$ 5,369,728
LIH Tax Credit Equity	\$ 1,320,508	\$ 13,250,224
Deferred Costs	\$ 2,906,944	\$ 0
GP Contribution	\$ 0	\$ 1,300,000
Alameda County A1 Funding	\$ 7,180,000	\$ 7,180,000
HCD AHSC Loan	\$ 0	\$ 5,500,000
City of Oakland Loan	\$ 1,000,000	\$ 1,000,000
HCD Infill Loan	\$ 1,222,000	\$ 1,222,000
Accrued/Deferred Interest	\$ 304,657	\$ 304,657
Total Sources	\$ 35,126,609	\$ 35,126,609

Uses of Funds:	
Land Cost/Acquisition	\$ 1,225,742
New Construction	\$ 20,627,673
Contractor Overhead & Profit	\$ 794,116
Architectural Fees	\$ 831,088
Survey and Engineering	\$ 354,285
Construction Interest and Fees	\$ 2,723,786
Permanent Financing	\$ 103,697
Legal Fees	\$ 25,000
Reserves	\$ 466,443
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 2,157,511
Local Development Impact Fees	\$ 1,133,567
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,173,701
Developer Costs	\$ 3,500,000
Total Uses	\$ 35,126,609

Analyst Comments:

This project is considered a high cost per unit project. According to the Applicant, the following factors contribute to this:

- Fixed Costs are spread across a relatively small number of units;
- Construction costs of the concrete podium;
- Cost of elevator accessibility;
- Cost of Service Amenities;
- Green Point Rated GOLD standards (drought-tolerant landscaping, efficient heating and cooling, reduced on-site construction waste, Energy Star appliances, water-efficient fixtures and a photovoltaic system);
- Accrued real estate taxes and site management costs;
- City of Oakland employment & contracting program compliance requirements (i.e. Prevailing Wages, The City of Oakland Living Wage Ordinance and Equal Benefits Ordinance);
- Hard costs inflation; and
- State and Federal Prevailing Wage.

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:

86.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,192,500 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	5
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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	86.5