

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 17, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**  
Tax-exempt: \$74,000,000

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**Project Information:**  
Name: Noble Towers  
Project Address: 1515 Lakeside Drive  
Project City, County, Zip Code: Oakland, Alameda, 94612

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**Project Sponsor Information:**  
Name: Lakeside Drive Senior Housing, L.P. (EBALDC 1515 Lakeside, LLC and Lakeside Drive Senior Housing GP, LLC)  
Principals: Josh Simon, EBALDC 1515 Lakeside, LLC; Frank Cardone, William A. Witte, Steven D. Sherman and David Pearson for Lakeside Drive Senior Housing GP, LLC  
Property Management Company: Related Management Company, L.P.

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**Project Financing Information:**  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: Not Applicable  
Cash Flow Permanent Bond: Not Applicable  
Public Sale: Wells Fargo Bank/Freddie TEL  
Underwriter: Wells Fargo Bank  
Credit Enhancement Provider: Wells Fargo Bank/Freddie TEL  
Rating: AAA  
TEFRA Noticing Date: May 10, 2019  
TEFRA Adoption Date: June 14, 2019

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**Description of Proposed Project:**  
State Ceiling Pool: General  
Total Number of Units: 195  
Manager's Units: 1 Unrestricted  
Type: Acquisition and Rehabilitation  
Population Served: Senior Citizens

Noble Towers Apartments is an existing project located in Oakland on a .67-acre site. The project consists of 194 restricted rental units and 1 unrestricted manager unit. The project has all 194 one-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of waterproofing, exterior paint, and window repair and sealing. Interior renovations will include updating the leasing office, common rooms and amenity spaces. Individual apartment units will be updated with new flooring, fixtures, appliances, window blinds, light fixtures, hardware, paint, HVAC maintenance, kitchen cabinetry and high speed wifi throughout the building. The Applicant proposes to meet current Chapter 11B accessibility requirements. These units will require moving walls and reconfiguring kitchens and bathrooms to meet current code. The project will offer 28 surface parking spaces and 17 carport spaces for a total of 45 off-street parking spaces. The rehabilitation is expected to begin in September 2019 and be completed in October 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

20% (39 units) restricted to 50% or less of area median income households.

80% (155 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 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>	\$ 127,666,257	
<b>Estimated Hard Costs per Unit:</b>	\$ 69,605	(\$13,573,036 /195 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 654,699	(\$127,666,257 /195 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 379,487	(\$74,000,000 /195 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 381,443	(\$74,000,000 /194 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 74,000,000	\$ 74,000,000
LIH Tax Credit Equity	\$ 39,858,360	\$ 39,858,360
Developer Equity	\$ 0	\$ 11,968,089
Deferred Costs	\$ 13,271,297	\$ 0
Net Income From Operations	\$ 144,600	\$ 1,447,371
Existing Replacement Reserves	\$ 392,000	\$ 392,437
<b>Total Sources</b>	<b>\$ 127,666,257</b>	<b>\$ 127,666,257</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 85,000,000
Rehabilitation	\$ 14,724,033
Relocation	\$ 243,750
Contractor Overhead & Profit	\$ 1,085,843
Architectural Fees	\$ 230,000
Survey and Engineering	\$ 370,000
Construction Interest and Fees	\$ 4,290,200
Legal Fees	\$ 310,000
Reserves	\$ 1,500,660
Appraisal	\$ 6,500
Hard Cost Contingency	\$ 1,609,743
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,877,439
Developer Costs	\$ 15,418,089
<b>Total Uses</b>	<b>\$ 127,666,257</b>

**Analyst Comments:**

This project is considered a high cost per unit project. According to the Applicant, the factors contributing to the high cost are: location, converting units to meet current ADA requirements, replacement of windows and sliding glass doors and upgrading the heating system.

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**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.

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**Total Points:**

67.6 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$74,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
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	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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>67.6</b>