

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

*Prepared by: Christine Shephard*

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$25,000,000
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<b>Project Information:</b>	<b>Name:</b> NOVA Apartments
	<b>Project Address:</b> 445 30th Street
	<b>Project City, County, Zip Code:</b> Oakland, Alameda, 94609

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<b>Project Sponsor Information:</b>	<b>Name:</b> Oak Hill PSH, L.P. (Affirmed Housing Group, Inc.; NEXUS For Affordable Housing)
	<b>Principals:</b> James Silverwood, Nick Cometa for Affirmed Housing Group, Inc.; Gina Onweiler for NEXUS for Affordable Housing
	<b>Property Management Company:</b> Solari Enterprises

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Quint & Thimmig LLP
	<b>Private Placement Purchaser:</b> JPMorgan Chase Bank
	<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> April 30, 2019
	<b>TEFRA Adoption Date:</b> May 7, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 57
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family/Special Needs

NOVA Apartments is a new construction project located in Oakland on a .26-acre site zoned as S-1 Medical Center Commercial Zone. The site is currently occupied with a parking lot and a medical building that will be demolished prior to construction. Adjacent land uses are; multifamily, commercial/multifamily and commercial/parking garage. The project targets special needs households with incomes at 0-20% of AMI consisting of 56 restricted rental units and 1 unrestricted manager unit. The project will have 32 studio units, 24 one-bedroom units and 1 two-bedroom manager unit. The building will be 6 stories. Site amenities will include a community room, computer room, case management, on-site management, laundry rooms, surveillance camera and elevator. Common areas will have central air. Unit amenities will include individual PTAC units, blinds, refrigerator, stovetop and microwave. Onsite supportive services will include case management, health and wellness classes, financial literacy, food services and other life skills training. The construction is expected to begin in December 2019 and be completed in December 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (56 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 39,878,863	
<b>Estimated Hard Costs per Unit:</b>	\$ 365,852	(\$20,853,568 /57 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 699,629	(\$39,878,863 /57 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 438,596	(\$25,000,000 /57 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 446,429	(\$25,000,000 /56 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 4,302,385
Tranche B Financing	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 2,764,606	\$ 18,419,017
Deferred Developer Fee	\$ 0	\$ 1,011,690
Deferred Costs	\$ 525,960	\$ 0
Alameda County (Measure 1)	\$ 9,209,302	\$ 13,766,776
City of Oakland	\$ 1,600,000	\$ 1,600,000
AHP	\$ 778,995	\$ 778,995
<b>Total Sources</b>	<b>\$ 39,878,863</b>	<b>\$ 39,878,863</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,512,099
Relocation	\$ 50,000
New Construction	\$ 22,778,568
Contractor Overhead & Profit	\$ 1,700,000
Architectural Fees	\$ 775,000
Survey and Engineering	\$ 300,000
Construction Interest and Fees	\$ 1,724,071
Permanent Financing	\$ 738,692
Legal Fees	\$ 200,000
Reserves	\$ 494,000
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 1,709,117
Local Development Impact Fees	\$ 302,722
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,086,594
Developer Costs	\$ 3,500,000
<b>Total Uses</b>	<b>\$ 39,878,863</b>

**Analyst Comments:**

According to the Applicant, prevailing wages, land and labor costs in Oakland, higher than normal insurance costs and impact fees are all contributing factors to the higher per unit costs.

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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:**

90 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$25,000,000 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	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	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
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>120</b>	<b>90</b>