

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

Applicant:	California Municipal Finance Authority	
Allocation Amount Requested:	Tax-exempt:	\$19,000,000
Project Information:	Name:	BFHP Hope Center Permanent Supportive Housing
	Project Address:	2012 Berkeley Way
	Project City, County, Zip Code:	Berkeley, Alameda, 94704
Project Sponsor Information:	Name:	BFHP Hope Center LP (Hope Center Housing LLC)
	Principals:	Smitha Seshardri
	Property Management Company:	John Stewart Company
Project Financing Information:	Bond Counsel:	Quint & Thimmig LLP
	Private Placement Purchaser:	Wells Fargo Bank, 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:	August 16, 2019
	TEFRA Adoption Date:	September 10, 2019
Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	53
	Type:	New Construction
	Population Served:	Family/Special Needs

BFHP Hope Center Permanent Supportive Housing is a new construction project located in Berkeley on a .81-acre site. The project consists of 53 studio units of permanent supportive housing with multiple housing options for the homeless. The project is part of the larger Hope Center that includes a 44 temporary bed shelter, 89 units of affordable housing by BRIDGE, a multi-purpose room and kitchen. The project is 6 stories with 2 levels of Type IA concrete construction and 4 levels of Type IIIA wood frame above. Common amenities include bike parking, on-site laundry facilities, on-site property management with resident services, a landscaped courtyard with seating areas and security controlled access. Each unit is furnished and includes: storage closet, refrigerator, cooktop and microwave. The project will be pursuing a Green Point score equivalent to a LEED Gold Certification. Green features include LED lighting, PV solar arrays, solar hot water system, continuous exterior insulation and permeable pavers in the courtyard. Construction is expected to begin in March 2020 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (53 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

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:	\$	39,113,352	
Estimated Hard Costs per Unit:	\$	416,236	(\$22,060,501 /53 units)
Estimated per Unit Cost:	\$	737,988	(\$39,113,352 /53 units)
Allocation per Unit:	\$	358,491	(\$19,000,000 /53 units)
Allocation per Restricted Rental Unit:	\$	358,491	(\$19,000,000 /53 restricted units)

Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 0
LIH Tax Credit Equity	\$ 1,283,058	\$ 12,706,703
GP Equity	\$ 0	\$ 566,440
City of Berkeley	\$ 4,600,134	\$ 9,797,207
Alameda County A1	\$ 6,362,839	\$ 6,362,839
HCD AHSC	\$ 0	\$ 2,238,142
HCD NPLH	\$ 0	\$ 3,590,816
HCD SHMHP	\$ 0	\$ 3,854,205
Total Sources	\$ 31,246,031	\$ 39,116,352

Uses of Funds:

Land Cost/Acquisition	\$ 97,528
New Construction	\$ 21,394,766
Contractor Overhead & Profit	\$ 665,734
Architectural Fees	\$ 1,008,587
Survey and Engineering	\$ 188,188
Construction Interest and Fees	\$ 2,397,328
Permanent Financing	\$ 143,748
Legal Fees	\$ 33,063
Reserves	\$ 7,168,290
Appraisal	\$ 3,000
Hard Cost Contingency	\$ 1,103,025
Local Development Impact Fees	\$ 121,013
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,792,082
Developer Costs	\$ 1,000,000
Total Uses	\$ 39,116,352

Analyst Comments:

This project is considered a high cost per unit project. According to the application, the factors contributing to the high cost per unit are as follows: capitalized operating deficit reserve, prevailing wage and PLA requirements, constrained urban infill site, design of the concrete podium building, planning requirements, BART zone of influence, sustainable building practices, additional site work, offsite utility improvements and local market cost escalation.

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:

84 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,000,000 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	0
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	9
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	84