

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: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$37,335,000

Project Information:	
Name:	Bridge Berkeley Way Affordable
Project Address:	2012 Berkeley Way
Project City, County, Zip Code:	Berkeley, Alameda, 94704

Project Sponsor Information:	
Name:	Bridge Berkeley Way, LP (Bridge Berkeley Way, LLC)
Principals:	Smitha Seshadri, VP for Bridge Berkeley Way, LLC
Property Management Company:	Bridge Property Management 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:	September 10, 2019
TEFRA Adoption Date:	January 0, 1900

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	89
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

Bridge Berkeley Way Affordable is part of a larger project, the Berkeley Way Hope Center, consisting of three separate and individual projects. Bridge Berkeley Way Affordable is a new construction project located in Berkeley on a 0.81-acre site. The project consists of 88 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will consist of 34 SRO/Studio units, 35 one-bedroom units, and 19 two-bedroom units. Tenant amenities include bike parking, on-site laundry facilities, a community multi-purpose room with kitchen space, on-site property management, on-site resident services, and a landscaped courtyard with seating areas. A 24-hour entry desk will be located in the lobby, allowing for controlled access to the building's stairs and elevators. Each unit will be fully furnished and will include the following amenities: a storage closet, a refrigerator, a cooktop and microwave. The construction is expected to begin March 15, 2020 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

61% (54 units) restricted to 50% or less of area median income households.

39% (34 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1 & 2 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:	\$ 66,317,471	
Estimated Hard Costs per Unit:	\$ 482,523	(\$42,944,539 /89 units including mgr. unit)
Estimated per Unit Cost:	\$ 745,140	(\$66,317,471 /89 units including mgr. unit)
Allocation per Unit:	\$ 419,494	(\$37,335,000 /89 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 424,261	(\$37,335,000 /88 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 37,335,000	\$ 4,001,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 1,447,000
Wells Fargo Taxable Construction Loan	\$ 2,486,236	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 26,742,436
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 982,254
HCD AHSC	\$ 0	\$ 11,279,500
Seller Carryback Loan	\$ 0	\$ 0
GP Equity	\$ 0	\$ 3,344,377
FHLB AHP	\$ 880,000	\$ 880,000
Tax Credit Equity	\$ 2,688,631	\$ 0
Alameda County A1	\$ 12,172,804	\$ 12,172,804
City of Berkeley	\$ 5,468,100	\$ 5,468,100
Total Sources	\$ 61,030,771	\$ 66,317,471

Uses of Funds:	
Land Cost/Acquisition	\$ 158,064
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 42,944,538
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 2,424,804
Survey and Engineering	\$ 452,434
Construction Interest and Fees	\$ 5,121,551
Permanent Financing	\$ 305,296
Legal Fees	\$ 43,125
Reserves	\$ 476,075
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 2,702,949
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 6,082,635
Developer Costs	\$ 5,600,000
Total Uses	\$ 66,317,471

Analyst Comments:

The construction hard cost estimate includes allowances for ongoing contractor's cost inflation between now and the anticipated GMP contract execution in early 2020. The San Francisco Bay Area has arguably the strongest construction market in the nation.

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:

87 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$37,335,000 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]	10.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	5.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	7.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	120	87.00