

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: \$22,569,939
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Project Information:	Name: Aurora Apartments
	Project Address: 657 W. MacArthur Blvd
	Project City, County, Zip Code: Oakland, Alameda, 94609

Project Sponsor Information:	Name: MacArthur PSH, LP (Affirmed Housing Group, Inc. / NEXUS for Affordable Housing, Inc.)
	Principals: James Silverwood, President for Affirmed Housing Group, Inc. / Nicki Cometa, CFO for Affirmed Housing Group, Inc. / Gina Onweiler, President for NEXUS for Affordable Housing, Inc.
	Property Management Company: Solari Enterprises, Inc.

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

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 44
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family/Special Needs

Aurora Apartments project will be situated on a 12,058 square foot corner lot with a 5-story building. The project consists of 43 restricted rental units, 0 market rate units and 1 unrestricted manager unit. Each apartment unit will have its own bathroom and kitchen area, furnished with a stove, microwave, pantry/cabinets, breadboard and refrigerator. All units will also be furnished with a bed, dresser, table and chairs. The residential common spaces, including a TV room and community/computer space with free internet access, property management office, case manager offices and an outdoor courtyard will be concentrated on the second (podium) floor. An additional outdoor common space roof terrace will be located on the fifth level. Each permanent resident will possess his/her own key fob that will permit access to the elevators located on the ground floor. The residential lobby and building access will be located on the ground level, and will be limited to residents, property management, supportive services and security staff. The first floor will include almost 3000 square feet of retail space along with 17 parking spaces and 45 bicycle stalls for the residents. The construction is expected to begin December 2019 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (43 units) restricted to 50% or less of area median income households.
0% (0 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: \$ 38,692,188
Estimated Hard Costs per Unit: \$ 472,977 (\$20,810,996 /44 units including mgr. unit)
Estimated per Unit Cost: \$ 879,368 (\$38,692,188 /44 units including mgr. unit.)
Allocation per Unit: \$ 512,953 (\$22,569,939 /44 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 524,882 (\$22,569,939 /43 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 22,569,939	\$ 3,885,813
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 6,447,872
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 13,036,565
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,962,459
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
HCD-SHMHP	\$ 0	\$ 10,759,479
Costs Deferred to Perm	\$ 1,382,249	\$ 0
Tax Credit Equity-Raymond James	\$ 8,000,000	\$ 0
Alameda County A1	\$ 4,400,000	\$ 0
City of Oakland	\$ 2,340,000	\$ 2,600,000
Total Sources	\$ 38,692,188	\$ 38,692,188

Uses of Funds:	
Land Cost/Acquisition	\$ 4,518,732
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 20,660,995
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 810,000
Survey and Engineering	\$ 326,000
Construction Interest and Fees	\$ 1,146,277
Permanent Financing	\$ 522,479
Legal Fees	\$ 200,000
Reserves	\$ 2,400,268
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 2,321,068
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,786,621
Developer Costs	\$ 3,991,748
Total Uses	\$ 38,692,188

Analyst Comments:

As a relatively small project, Aurora loses the cost advantage of economies of scale. Adding to the overall development cost per unit are the local hiring and compliance monitoring requirements imposed by both the City and County funding sources.

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:

85 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	5.00
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	85.00