Agenda Item No. 10.34
Application No. 19-602

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**
**December 11, 2019**
**Staff Report**
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Chee Thao Yang*

| | |
|---|---|
| **Applicant:** | **California Housing Finance Agency** |
| **Allocation Amount Requested:** | |
| **Tax-exempt:** | $21,092,000 |
| **Project Information**: | |
| **Name:** | **Granite Pointe Apartments (Scattered Site)** |
| **Project Address**: | 6311 Foothill Blvd; 1495 East 22nd Street; 2000 International Blvd |
| **Project City, County, Zip Code**: | Oakland, Alameda, 94606 |
| **Project Sponsor Information:** | |
| **Name:** | Oakland Venture LP (Oakland GP DE LLC; PSCDC Oakland LLC) |
| **Principals:** | Sydne Garchik for Oakland GP DE LLCl & Robert Laing for PSCDC Oakland LLC |
| **Property Management Company:** | WinnResidential California LP |
| **Project Financing Information:** | |
| **Bond Counsel:** | Orrick, Herrington & Sutcliffe LLP |
| **Private Placement Purchaser:** | CBRE |
| **Cash Flow Permanent Bond:** | Not Applicable |
| **Public Sale:** | Not Applicable |
| **Underwriter:** | Not Applicable |
| **Credit Enhancement Provider:** | Not Applicable |
| **Rating:** | Not Applicable |
| **TEFRA Noticing Date:** | October 4, 2019 |
| **TEFRA Adoption Date:** | Novermber 4, 2019 |
| **Description of Proposed Project:** | |
| **State Ceiling Pool:** | General |
| **Total Number of Units:** | 99 |
| **Manager's Units:** | 1 Unrestricted |
| **Type:** | Acquisition and Rehabilitation |
| **Population Served:** | Family |

Granite Point Apartments is an existing project located in Oakland on a 2.07-acre site. The project consists of 98 restricted rental units and 1 unrestricted manager unit. The project has 1 studio unit, 19 one-bedroom units, 65 two-bedroom units and 14 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of pavement repair, exterior siding and stucco repair, fresh coat of paint, and window and sliding glass door replacements. Interior renovations will include laundry room upgrades, community room improvements and management office upgrades. Individual apartment units will be updated with new cabinets, countertops, flooring and plumbing fixtures. Various units will receive new refrigerators, ranges and range hoods. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is expected to begin in February 2020 and to be completed in December 2020.

**Description of Public Benefits:**

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

12% (12 units) restricted to 50% or less of area median income households.

88% (86 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

| | | | |
|---|---|---|---|
| **Estimated Total Development Cost:** | $ 38,211,577 | | |
| **Estimated Hard Costs per Unit:** | $ 40,873 | ($4,046,429 | /99 units including mgr. unit) |
| **Estimated per Unit Cost:** | $ 385,976 | ($38,211,577 | /99 units including mgr. unit) |
| **Allocation per Unit:** | $ 213,051 | ($21,092,000 | /99 units including mgr. unit) |
| **Allocation per Restricted Rental Unit:** | $ 215,224 | ($21,092,000 | /98 restricted units) |

| **Sources of Funds:** | Construction | Permanent |
|---|---|---|
| Tax-Exempt Bond Proceeds | $ 21,092,000 | $ 21,092,000 |
| LIH Tax Credit Equity | $ 11,345,540 | $ 11,345,540 |
| Deferred Developer Fee | $ 3,653,886 | $ 3,653,886 |
| City of Oakland | $ 2,120,151 | $ 2,120,151 |
| Total Sources | $ 38,211,577 | $ 38,211,577 |

| **Uses of Funds:** | |
|---|---|
| Land Cost/Acquisition | $ 25,635,000 |
| Rehabilitation | $ 4,370,143 |
| Relocation | $ 30,000 |
| Contractor Overhead & Profit | $ 283,250 |
| Architectural Fees | $ 219,000 |
| Survey and Engineering | $ 150,000 |
| Construction Interest and Fees | $ 724,876 |
| Permanent Financing | $ 422,472 |
| Legal Fees | $ 365,000 |
| Reserves | $ 478,636 |
| Appraisal | $ 12,000 |
| Hard Cost Contingency | $ 404,643 |
| Other Project Costs (Soft Costs, Marketing, etc.) | $ 572,196 |
| Developer Costs | $ 4,544,361 |
| Total Uses | $ 38,211,577 |

**Analyst Comments:**

None

**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:**

66.4 out of 140 **[**See Attachment A**]**

**Recommendation:**

Staff recommends that the Committee approves $21,092,000 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 | 26 |
| Exceeding Minimum Rent Restrictions<br><br>[Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 10 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 6.3 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 10 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 4 |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only) | 10 | 10 | N/A |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only) | 10 | 10 | N/A |
| Negative Points (No Maximum) | -10 | -10 | 0.00 |
| **Total Points** | **140** | **120** | **66.4** |