

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Housing Finance Agency		
Allocation Amount Requested:	Tax-exempt:	\$36,400,000	
Project Information:	Name:	LakeHouse Commons Affordable Apartments	
	Project Address:	121 E. 12th Street	
	Project City, County, Zip Code:	Oakland, Alameda, 94606	
Project Sponsor Information:	Name:	LakeHouse Commons Affordable Housing, LP (LakeHouse	
	Principals:	Joshua Simon, Charise Fong, Thai-An, Korin Crawford,	
		James W. Govert, and John Benson for Lakehouse	
		Affordable, LLC	
	Property Management Company:	FPI Management	
Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP	
	Private Placement Purchaser:	Wells Fargo Bank, N.A.	
	Public Sale:	Not Applicable	
	Underwriter:	Not Applicable	
	Credit Enhancement Provider:	Not Applicable	
	Rating:	Not Applicable	
	TEFRA Noticing Date:	October 3, 2019	
	TEFRA Adoption Date:	November 4, 2019	
Description of Proposed Project:	State Ceiling Pool:	General	
	Total Number of Units:	91	
	Manager's Units:	1 Unrestricted	
	Type:	New Construction	
	Population Served:	Family	

LakeHouse Commons Affordable Apartments is a new construction project located in Oakland on a .92-acre site. The project consists of 90 restricted rental units and 1 unrestricted manager unit. The project will have 42 studio units, 29 one-bedroom units, 16 two-bedroom units and 4 three-bedroom units. The building will be 5-stories and of wood frame construction set on a concrete podium. Common amenities include a private community room, laundry facilities, management offices and underground parking. Each unit will have a refrigerator, range, full bathroom and modern Electrical fixtures. There will be 30 parking spaces provided. Undergoing the Greenpoint Ratings program certification targeting the gold level. The construction is expected to begin July 2020 and be completed in July 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
43% (39 units) restricted to 50% or less of area median income households.
57% (51 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points. The project will provide instructor-led educational, health and wellness or skill building classes a Bona-fide Service Coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 64,184,307
Estimated Hard Costs per Unit: \$ 345,293 (\$31,421,689 /91 units including mgr. unit)
Estimated per Unit Cost: \$ 705,322 (\$64,184,307 /91 units including mgr. unit)
Allocation per Unit: \$ 400,000 (\$36,400,000 /91 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 404,444 (\$36,400,000 /90 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 36,400,000	\$ 0
CalHFA Perm Loan	\$ 0	\$ 6,950,000
CalHFA Subsidy Loan	\$ 0	\$ 3,000,000
Taxable Bond Proceeds	\$ 9,994,371	\$ 0
LIH Tax Credit Equity	\$ 2,949,633	\$ 29,488,471
Developer Equity	\$ 4,432,030	\$ 4,432,030
Deferred Developer Fee	\$ 1,500,000	\$ 1,500,000
Deferred Costs	\$ 1,040,773	\$ 0
City of Oakland Land Loan	\$ 3,382,500	\$ 3,382,500
HCD AHSC HRI Sponsor Loan	\$ 4,485,000	\$ 4,485,000
HCD AHSC HRI Loan	\$ 0	\$ 10,946,306
Total Sources	\$ 64,184,307	\$ 64,184,307
Uses of Funds:		
Land Cost/Acquisition	\$ 3,794,288	
New Construction	\$ 34,057,657	
Contractor Overhead & Profit	\$ 2,242,353	
Architectural Fees	\$ 2,215,311	
Survey and Engineering	\$ 920,000	
Construction Interest and Fees	\$ 4,841,802	
Permanent Financing	\$ 234,585	
Legal Fees	\$ 401,000	
Reserves	\$ 881,539	
Appraisal	\$ 20,000	
Hard Cost Contingency	\$ 2,905,175	
Local Development Impact Fees	\$ 2,399,710	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,509,389	
Developer Costs	\$ 6,761,498	
Total Uses	\$ 64,184,307	

Analyst Comments:

This project is considered a high cost per unit project. This project will be sharing a concrete podium with the adjoining 270-unit, 27-story project, resulting in enhanced underground site work, dewatering, environmental mitigation and monitoring, two levels of below-grade parking, insurance, security, and enhanced construction staging. Project construction costs are subject to a number of hiring programs with a higher threshold for cost, such as: 100% union, prevailing wage, and City of Oakland local business enterprises and small local business enterprises program. LakeHouse will be certified at a Build It Green, Gold Standard. Committing to a standard of higher efficiencies than the program minimum adds to costs. Permits and fees are higher in the City of Oakland than in some surrounding communities and impact fees such as EBMUD alone are over \$1,250,000. This project is also being routed through third-party review to meet timing needs and address the adjoining project, which includes 270 additional units. This affordable project will be providing housing for low-income residents in one of the most accessible and convenient locations in the City, adjacent to both Lake Merritt and to downtown Oakland. The conveniences associated with a central location come with an increase of land price.

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:

123 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$36,400,000 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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	8
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	123