

**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*

<b>Applicant:</b>	<b>California Municipal Finance Authority</b>		
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b>	\$14,132,500	
<b>Project Information:</b>	<b>Name:</b>	<b>1601 Oxford</b>	
	<b>Project Address:</b>	1601 Oxford Street	
	<b>Project City, County, Zip Code:</b>	Berkeley, Alameda, 94709	
<b>Project Sponsor Information:</b>	<b>Name:</b>	Jordan LP (Jordan House LLC)	
	<b>Principals:</b>	Susan Friedland for Jordan House LLC	
	<b>Property Management Company:</b>	Satellite Affordable Housing Associates PM	
<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Jones Hall, A Professional Law Corporation	
	<b>Private Placement Purchaser:</b>	Wells Fargo Bank, N.A. (const)/ California Community Reinvestment Corporation (perm)	
	<b>Cash Flow Permanent Bond:</b>	Not Applicable	
	<b>Public Sale:</b>	Not Applicable	
	<b>Underwriter:</b>	Not Applicable	
	<b>Credit Enhancement Provider:</b>	Not Applicable	
	<b>Rating:</b>	Not Applicable	
	<b>TEFRA Noticing Date:</b>	October 18, 2019	
	<b>TEFRA Adoption Date:</b>	November 12, 2019	
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	General	
	<b>Total Number of Units:</b>	35	
	<b>Manager's Units:</b>	1 Unrestricted	
	<b>Type:</b>	New Construction	
	<b>Population Served:</b>	Senior Citizens	

1601 Oxford Apartments is a new construction project located in Berkeley on a .325-acre site. The project consists of 34 restricted rental units and 1 unrestricted managers' unit. The project will have 34 studio units and 1 two-bedroom unit. The building will be a four-story wood framed structure over a one-story podium. Common amenities include a community room, laundry facilities, bike storage and management offices. Each unit will have unit amenities will include heating, air conditioning, blinds, carpet, storage closet, refrigerator, stove/oven, and microwave.. There will be 21 parking spaces provided. The project will be pursuing GreenPointe Rating Gold Status. Green features include solar hot water and photovoltaic panels to offset common hot water and energy loads. The construction is expected to begin June 2020 and will be completed in August 2021.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
68% (23 units) restricted to 50% or less of area median income households.  
32% (11 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 2 bedroom

The proposed project will be receiving service amenity points. The project will provide instructor-led educational, health and wellness or skill building classes and a bona fide service coordinator/social worker.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

**Estimated Total Development Cost:** \$ 25,741,602  
**Estimated Hard Costs per Unit:** \$ 376,813 (\$13,188,456 /35 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 735,474 (\$25,741,602 /35 units including mgr. unit)  
**Allocation per Unit:** \$ 403,786 (\$14,132,500 /35 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 415,662 (\$14,132,500 /34 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,132,500	\$ 1,042,000
LIH Tax Credit Equity	\$ 1,330,432	\$ 9,029,994
Developer Equity	\$ 0	\$ 485,200
Deferred Developer Fee	\$ 374,403	\$ 374,403
Deferred Costs	\$ 1,598,953	\$ 0
Land Contribution	\$ 1	\$ 1
City of Berkeley	\$ 6,025,000	\$ 6,025,000
AHP	\$ 340,000	\$ 340,000
Alameda Co. A1 Bonds	\$ 1,700,000	\$ 5,834,096
Accrued Interest	\$ 240,313	\$ 240,313
HCD No Place Like Home	\$ 0	\$ 2,370,595
<b>Total Sources</b>	<b>\$ 25,741,602</b>	<b>\$ 25,741,602</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 618,521
Relocation	\$ 250,000
New Construction	\$ 16,138,933
Contractor Overhead & Profit	\$ 725,819
Architectural Fees	\$ 1,023,140
Survey and Engineering	\$ 257,561
Construction Interest and Fees	\$ 1,694,646
Permanent Financing	\$ 10,000
Legal Fees	\$ 25,000
Reserves	\$ 369,949
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 848,656
Local Development Impact Fees	\$ 488,430
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 964,118
Developer Costs	\$ 2,319,329
<b>Total Uses</b>	<b>\$ 25,741,602</b>

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**Analyst Comments:**

This project is considered a high cost per unit project. 1601 Oxford project is a small project with only 35 units. Projects with a small unit count cost more on a per unit basis because fixed costs are spread across a small number of units. Construction will consist of a one-story concrete podium with four stories wood frame construction. Concrete structures cost more than wood-frame construction on a per square foot basis. The difference in grade between the western and eastern edges of the site is approximately twelve feet. To account for slab thickness and minimum footing depth, this requires 15 feet of excavation. Additionally, to balance both sides, the western half must be excavated on bedrock to minimize the potential for differential settlement between the two halves. This will require over-excavation to the bedrock on the western portion of the building. The project features an elevator that services all floors, making every unit accessible, as well as a dedicated services office where case managers and the resident service coordinator can meet with residents privately. The San Francisco market is the most expensive construction market in the world, having risen 5% in just one year. The Project is designed to Green Pointed Rated GOLD standards and uses an array of environmentally sustainable features. Including, drought-tolerant landscaping, efficient heating and cooling, reduced on-site construction waste, energy star appliances, water-efficient fixtures, and photovoltaic and solar thermal systems.

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**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.

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**Total Points:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$14,132,500 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	0
Site Amenities	10	10	10
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120</b>