

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**April 14, 2020**

**Staff Report**

***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:** Tax-exempt: \$38,680,982

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**Project Information:**  
Name: Frank G Mar Apartments  
Project Address: 283 13th Street  
Project City, County, Zip Code: Oakland, Alameda, 94612

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**Project Sponsor Information:**  
Name: Frank G Mar, L.P. (Frank G. Mar, LLC)  
Principals: Joshua Simon; Charise Fong; Board: Sean Sullivan; James W. Govert and John Benson for Frank G. Mar, LLC  
Property Management Company: East Bay Asian Local Development Corporation

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**Project Financing Information:**  
Bond Counsel: Jones Hall, A Professional Law Corporation  
Private Placement Purchaser: Wells Fargo Bank, N.A., (const.)/ California Community Reinvestment Corporation (perm.)  
Cash Flow Permanent Bond: Not Applicable  
Public Sale: Not Applicable  
Underwriter: Not Applicable  
Credit Enhancement Provider: Not Applicable  
Rating: Not Applicable  
TEFRA Noticing Date: January 3, 2020  
TEFRA Adoption Date: January 22, 2020

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**Description of Proposed Project:**  
State Ceiling Pool: General  
Total Number of Units: 119  
Manager's Units: 2 Unrestricted  
Type: Acquisition and Rehabilitation  
Population Served: Family

Frank G Mar Apartments is an existing project located in Oakland on a .92-acre site. The project consists of 117 restricted rental units and 2 unrestricted managers' units. The project has 51 one-bedroom units, 35 two-bedroom units, 27 three-bedroom units and 6 four-bedroom units. The renovations will include building interior upgrades. Interior renovations will include laundry room appliance upgrasdes, leasing office and community room lighting upgrades. Individual apartment units will be updated witha new appliance package, countertops, cabinets, lighting fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of a new solar thermal system. The rehabilitation is expected to begin in May 2020 and will be completed in June 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 83%  
53% (62 units) restricted to 50% or less of area median income households.  
30% (35 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points, such as after school programs of an ongoing nature and instructor-led educational, health and wellness or skill building classes and a bona-fide Social Worker.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	72,920,842	
<b>Estimated Hard Costs per Unit:</b>	\$	126,933	(\$15,105,040 /119 units including mgr. unita)
<b>Estimated per Unit Cost:</b>	\$	612,780	(\$72,920,842 /119 units including mgr. units)
<b>Allocation per Unit:</b>	\$	325,050	(\$38,680,982 /119 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	398,773	(\$38,680,982 /97 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 38,680,982	\$ 1,290,000
LIH Tax Credit Equity	\$ 2,346,412	\$ 24,814,119
Developer Equity	\$ 5,689,213	\$ 5,689,213
Deferred Developer Fee	\$ 1,500,000	\$ 1,500,000
Deferred Costs	\$ 1,701,933	\$ 0
Seller Carryback Loan	\$ 10,492,373	\$ 10,492,373
City of Oakland ORA Loan	\$ 4,873,227	\$ 4,873,227
City of Oakland ORA Loan	\$ 1,747,113	\$ 1,747,113
City of Oakland HODAG Loan	\$ 5,889,589	\$ 5,889,589
City of Oakland NOFA Loan	\$ 0	\$ 5,000,000
EBALDC Loan	\$ 0	\$ 11,500,000
Income from Operations	\$ 0	\$ 125,208
<b>Total Sources</b>	<b>\$ 72,920,842</b>	<b>\$ 72,920,842</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 40,881,264
Rehabilitation	\$ 11,860,427
Relocation	\$ 2,000,000
New Construction	\$ 0
Contractor Overhead & Profit	\$ 733,254
Architectural Fees	\$ 740,000
Survey and Engineering	\$ 70,000
Construction Interest and Fees	\$ 2,726,620
Permanent Financing	\$ 77,900
Legal Fees	\$ 105,000
Reserves	\$ 630,644
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 3,286,731
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,450,881
Developer Costs	\$ 8,348,121
<b>Total Uses</b>	<b>\$ 72,920,842</b>

**Analyst Comments:**

This project is considered a high cost per unit project. Majority of what makes the total project costs comes from the acquisition price of \$37,000,000, which reflects the appraised value of this property. The City of Oakland has become one of the most difficult to develop cities in California where increasing land prices coupled with increasing construction costs. This is compounded by the increased demand to live in Oakland, a city that is continuing to become an attractive location to live in as living prices in San Francisco have made it unaffordable for many people across the income spectrum – a condition which is reflected in the high cost of property. The construction costs for the project are \$126,933 per unit, which represents a moderate renovation on a 30-year old building which will bring the property up to current standards for safety and well-being of residents.

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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:**

134 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$38,680,982 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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>134</b>