

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant:	California Statewide Communities Development Authority
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Allocation Amount Requested:	Tax-exempt: \$41,915,000
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Project Information:	Name: Grand and Linden Family Apartments (Scattered Site)
	Project Address: 201 Grand Avenue & 418 Linden Avenue
	Project City, County, Zip Code: South San Francisco, San Mateo, 94080

Project Sponsor Information:	Name: Grand and Linden Family Apartments, LP (to be formed) (Grand and Linden Family Apartments, LLC & PACH Affordable Holdings, LLC)
	Principals: Robert Emami for Grand and Linden Family Apartments, LLC; Mark Wiese for PACH Affordable Holdings, LLC
	Property Management Company: FPI Management

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 84
	Manager's Units: 2 Unrestricted
	Type: New Construction
	Population Served: Family

Grand and Linden Family Apartments is a new construction scattered site project located in South San Francisco on a total site area of 0.825-acres. The project consists of 42 restricted rental units, 40 market rate units and 2 unrestricted managers' units. The project will have 8 studio units, 38 one-bedroom units, 34 two-bedroom units and 4 three-bedroom units. The building at both sites will be 5 stories. Common amenities include leasing office, bike storage, tenant storage, laundry room, homework room, community room, outdoor gathering space and a tot lot. Each unit will have balconies, internet, carpeting, central air condition, coat closets, ceiling fans, refrigerator, oven, microwave, dishwasher, and garbage disposal. There are a total of 54 parking spaces provided. The project will be pursuing LEED Silver certification. The construction is expected to begin in November 2020 and be completed in December 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 51%
51% (42 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, 2 & 3 bedrooms

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: \$ 78,367,320
Estimated Hard Costs per Unit: \$ 556,377 (\$46,735,661 /84 units including mgr. units)
Estimated per Unit Cost: \$ 932,944 (\$78,367,320 /84 units including mgr. units)
Allocation per Unit: \$ 498,988 (\$41,915,000 /84 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 997,976 (\$41,915,000 /42 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 41,915,000	\$ 37,881,000
Taxable Bond Proceeds	\$ 12,994,920	\$ 0
LIH Tax Credit Equity	\$ 10,158,657	\$ 29,024,733
Deferred Developer Fee	\$ 8,607,820	\$ 7,591,775
Net Income From Operations	\$ 258,301	\$ 258,301
Deferred Reserve	\$ 821,111	\$ 0
County of San Mateo Loan	\$ 2,500,000	\$ 2,500,000
South San Francisco Loan	\$ 3,500,000	\$ 3,500,000
Total Sources	\$ 80,755,809	\$ 80,755,809

Uses of Funds:	Residential	
Land Cost/Acquisition	\$ 1,836,699	\$ 63,302
New Construction	\$ 50,548,987	\$ 1,742,168
Contractor Overhead & Profit	\$ 2,920,348	\$ 100,649
Architectural Fees	\$ 555,843	\$ 19,157
Survey and Engineering	\$ 797,514	\$ 27,486
Construction Interest and Fees	\$ 5,589,096	\$ 186,859
Permanent Financing	\$ 38,667	\$ 1,333
Legal Fees	\$ 280,821	\$ 9,679
Reserves	\$ 793,754	\$ 27,357
Appraisal	\$ 9,667	\$ 333
Hard Cost Contingency	\$ 4,593,842	\$ 158,327
Local Development Impact Fees	\$ 556,089	\$ 19,166
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,218,174	\$ 32,673
Developer Costs	\$ 8,627,819	\$ 0
Total Uses	\$ 78,367,320	\$ 2388489

Analyst Comments:

This project is considered a high cost per unit project. The Applicant has cited the following that contributes to the high cost of the project: 1.) The location being in San Mateo County and South San Francisco, which are already extremely high cost areas. 2.) Underground mechanical parking: Due to the shape, height limitation and overall size of the project, it was necessary to develop the property with mechanical underground parking, which increased the overall cost of project. 3) Commercial prevailing wage requirements: This has driven the total cost of construction up 35%. 4.) Previously entitled with market-rate finishes: The project was initially entitled as a market-rate project with market-rate finishes. It has been the City's desire that the Applicant maintain many of these features in their final development, which increase total costs. 5.) Scattered-site project: Because the project is a scattered-site project, Applicant is unable to take advantage of the same economies of scale that exist with a standard one-site, one-building project.

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$41,915,000 in tax-exempt bond allocation on a carryforward basis.

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
Large Family Units	5	5	0
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	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	125