

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ken Otrotsyuk

Applicant:	California Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$23,913,000
Name:	95th and International Apartments
Project Address:	9409 International Boulevard
Project City, County, Zip Code:	Oakland, Alameda, 94603
Project Sponsor Information:	
Name:	95th & International Housing Partners, L.P. (Related/95th & International Development Co., LLC & Acts Community Development)
Principals:	Frank Cardone, William A. Witte, Steven D. Sherman for Related/95th & International Development Co., LLC; Robert L. Jackson, Corey Vason for Acts Community Development
Property Management Company:	Related Management Company, L.P.
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	MUFG Union Bank, 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 New Construction Po
Total Number of Units:	55
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

95th and International Apartments is a new construction project located in Oakland on a 0.74-acre site. The project consists of 54 restricted rental units, 0 market rate units and 1 unrestricted managers' units. The project will have 3 studio units, 23 one-bedroom units, 14 two- bedroom units and 14 three-bedroom units. The building will be 4 of stories and type of construction VA. Common amenities include a elevator access, community room, computer lab, laundry room, bike storage, tot-lot, outdoor open space including community garden. Each unit will have a window coverings/blinds, exterior decks or patios, energy efficient windows, bulk storage cabinet, ceiling fans, disposal, dishwasher, refrigerator, gated entry and site key cards. There are 33 parking spaces provided. The project will be pursuing GreenPoint Rated Gold certification. Green features include solar PV's on the roof and EV charging stations onsite in the parking lot, efficient construction practices, resource efficient landscapes, environmentally preferable materials, efficient insulation, efficient plumbing systems, efficient heating and ventilation systems, reduced light pollution, large stature tree(s), energy Star appliances, efficient lighting, bike storage. The construction is expected to begin April 2021 and be completed in June 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (54 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 bedroom

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:	\$	44,896,702	
Estimated Hard Costs per Unit:	\$	330,098	(\$18,155,415 /55 units including mgr. units)
Estimated per Unit Cost:	\$	816,304	(\$44,896,702 /55 units including mgr. units)
Allocation per Unit:	\$	434,782	(\$23,913,000 /55 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	442,833	(\$23,913,000 /54 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,913,000	\$ 1,052,000
Tranche B Financing	\$ 0	\$ 5,675,000
Taxable Bond Proceeds	\$ 3,418,070	\$ 0
LIH Tax Credit Equity	\$ 1,411,764	\$ 14,074,602
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 3,100,000	\$ 1,500,000
City of Oakland RR Loan	\$ 6,868,659	\$ 6,868,659
Alameda County Measure A1 RR Loan	\$ 956,341	\$ 956,341
Capitalized Ground Rent Loan	\$ 1,210,000	\$ 1,210,000
TCC HRI Loan - City of Oakland	\$ 1,680,000	\$ 1,680,000
TCC CTI Loan - City of Oakland	\$ 1,810,000	\$ 1,810,000
TCC AHD Loan - City of Oakland	\$ 0	\$ 10,070,000
Deferred Operating Deficit Reserve	\$ 505,768	\$ 0
Deferred TCAC Monitoring Fee	\$ 23,000	\$ 0
Total Sources	\$ 44,896,702	\$ 44,896,702

Uses of Funds:	
Land Cost/Acquisition	\$ 2,275,992
New Construction	\$ 24,606,059
Contractor Overhead & Profit	\$ 1,721,696
Architectural Fees	\$ 987,000
Survey and Engineering	\$ 805,000
Construction Interest and Fees	\$ 1,914,413
Permanent Financing	\$ 238,716
Legal Fees	\$ 180,000
Reserves	\$ 505,768
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 2,689,075
Local Development Impact Fees	\$ 1,254,406
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 4,208,577
Developer Costs	\$ 3,500,000
Total Uses	\$ 44,896,702

Analyst Comments:

This project is considered a high cost per unit project.

1. The Bay Area's Construction Market: due to the COVID-19 pandemic, limited availability of subcontractors and, as a result, are continuing to see high subcontractor and contractor pricing.
2. Contracting Requirements: the "premium" for prevailing wage projects is roughly 20-25% higher pricing than for non-prevailing wage projects.
3. Retail Uses - The design of the building has incorporated a 2,514 square foot commercial space into the ground floor of the building. As part of the Transformative Climate Communities application, \$1,810,000 of a TCC TCI Loan has been specifically set aside for tenant improvements for this space. The cost of the commercial space's core and shell construction and the commercial space tenant improvements is currently assumed at \$3,068,726, roughly \$55,789 per unit.
4. Environmental Remediation – Environmental remediation costs for the project is estimated at \$925,397. Environmental Remediation includes asbestos and lead abatement of the building currently located on the Corner Parcel, which will be demolished at the start of construction. Environmental remediation costs also include testing and removal of soil from the site, which has been found to be contaminated with lead and total petroleum hydrocarbons.
5. Permanent Relocation – There is currently an occupied building on the Corner Parcel owned by the Applicant. In order for this building to be demolished to make way for the 95th and International project, two residential and one commercial tenant will need to be permanently relocated. The estimated cost of the relocation expenses is \$300,000.
6. Green Certification/Energy Code – In order to be competitive for funds from the City of Oakland and the Strategic Growth Council's Transformative Climate Communities program, the project has committed to GreenPoint Rated Gold certification.
7. Sustainability/Green Features – In order to be competitive for funds from the Strategic Growth Council's Transformative Climate Communities program, the Project has committed to urban greening features such as living walls and sustainability features such as solar PV's on the roof and EV charging stations onsite in the parking lot.

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:

130 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,913,000 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]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	130.00