

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 21, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Anthony Wey

Applicant:	California Municipal Finance Authority		
Allocation Amount Requested:	Tax-exempt:	\$62,709,790	
Project Information:	Name:	Fruitvale Transit Village Phase IIB	
	Project Address:	3511 E 12th St	
	Project City, County, Zip Code:	Oakland, Alameda, 94601	
Project Sponsor Information:	Name:	3511 East 12th Street LP (Fruitvale Phase IIB LLC)	
	Principals:	Cynthia Parker, Rebecca Hblasko, Kim McKay, Susan Johnson, Smitha Seshadri, Chris Iglesias, and Erin Patch for Fruitvale IIB LLC	
	Property Management Company:	BRIDGE Property Management Company	
Project Financing Information:	Bond Counsel:	Quint & Thimmig LLP	
	Private Placement Purchaser:	JPMorgan Chase Bank, N.A. & California Community Reinvestment	
	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 Pool	
	Total Number of Units:	181	
	Manager's Units:	2 Unrestricted	
	Type:	New Construction	
	Population Served:	Family	

Fruitvale Transit Village Phase IIB is a new construction project located in Oakland, CA 1.25-acre site. The project consists of 169 restricted rental units, 10 market rate units and 2 unrestricted managers' units. The project will have 28 studio units, 70 one-bedroom units, 55 two-bedroom units and 28 three-bedroom units. One building will be 4 stories and Type V construction while the other building will be 5 stories and Type III construction. Exterior types include stucco and cement panel, and cement lap siding. Common amenities include a 7,000 square foot commercial tenant space for a local nonprofit, leasing/management areas, social worker offices, two community rooms, bike storage, and multiple laundry rooms. There are 110 parking spaces provided. The project is GreenPoint rated Gold and provides solar thermal panels on the roof. The construction is expected to begin March 2021 and be completed in March 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 94%
42% (75 units) restricted to 50% or less of area median income households.
53% (94 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedro

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: \$ 129,259,095
Estimated Hard Costs per Unit: \$ 441,558 (\$79,922,055 /181 units including mgr. units)
Estimated per Unit Cost: \$ 714,139 (\$129,259,095 /181 units including mgr. units)
Allocation per Unit: \$ 346,463 (\$62,709,790 /181 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 371,064 (\$62,709,790 /169 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 62,709,790	\$ 9,994,000
Tranche B Financing	\$ 0	\$ 13,522,000
Taxable Bond Proceeds	\$ 20,911,035	\$ 0
LIH Tax Credit Equity	\$ 4,128,892	\$ 42,836,920
Deferred Developer Fee	\$ 0	\$ 1,500,000
HCD AHSC Loan	\$ 0	\$ 20,000,000
HCD TOD Loan	\$ 0	\$ 5,000,000
of Oakland - Capitalized Ground Rent Payment Loan	\$ 8,100,000	\$ 8,100,000
City of Oakland Increment Loan	\$ 4,350,000	\$ 4,350,000
City of Oakland Loan	\$ 5,229,000	\$ 5,229,000
Alameda County A1 Loan	\$ 16,227,175	\$ 16,227,175
Sponsor Loan - TOD Grant	\$ 2,500,000	\$ 2,500,000
Total Sources	\$ 124,155,892	\$ 129,259,095

Uses of Funds:	
Land Cost/Acquisition	\$ 8,193,536
New Construction	\$ 85,862,904
Contractor Overhead & Profit	\$ 2,522,354
Architectural Fees	\$ 3,086,672
Survey and Engineering	\$ 379,795
Construction Interest and Fees	\$ 10,288,489
Permanent Financing	\$ 270,160
Legal Fees	\$ 185,040
Reserves	\$ 1,698,420
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 5,089,304
Local Development Impact Fees	\$ 1,557,141
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 6,610,280
Developer Costs	\$ 3,500,000
Total Uses	\$ 129,259,095

Analyst Comments:

This project is considered a high cost per unit project. The total cost per unit of Fruitvale Transit Village Phase IIB is \$714,139 per unit. High per unit costs are attributed to increased costs of labor, high cost of construction materials, and local permit fees. Conflating the San Francisco Bay Area's high demand for construction trades, the project is subject to State Prevailing Wage Rates, a Project Labor Agreement with the Building and Construction Trades Council of Alameda County, and local hire requirements. These requirements are a condition of Alameda County A1 Bond funds, limiting the pool of subcontractors that may bid on the job and consequently increasing total hard costs by approximately 10%. Fruitvale Transit Village Phase IIB consists of two buildings separated by a resident-serving courtyard over underground parking. The first building is a Type V wood-framed structure over one floor of Type I concrete. The second building, comprising approximately half of all units, is a Type III wood-framed structure, requiring fire-treated lumber, and a higher overall cost compared to Type V construction. In addition, the cost of lumber has increased significantly over the past several months, increasing over 60% from the beginning of the year, presumably due to COVID-19 restrictions on production and supply chain. This has added to the high per unit cost of the project. The project also includes subterranean parking with a resident-serving courtyard on the podium deck. The use of concrete for the underground structure, the podium deck, and the Type I portion of the first building, include sizable costs to the overall project. In addition to the above impacts to direct costs, the City of Oakland is charging approximately \$3,000,000 in permit plan check and impact fees. These fees add to the high per-unit cost that may not factor in to projects in other jurisdictions. Fruitvale Transit Village Phase IIB is an important project for Oakland's Fruitvale community, facing the challenge of uncertain construction costs and market conditions during a global pandemic. Many of these costs are attributed to factors that are good for the community, including usable spaces, durable construction materials, and good paying jobs for the workers building it.

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 \$62,709,790 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	0.00
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	125.00