

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 18, 2011  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Crystal Alvarez*

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**Applicant:** City of San Jose

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**Allocation Amount Requested:**  
**Tax-exempt:** \$30,700,000

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**Project Information:**  
**Name:** 1st and Rosemary Family Apartments  
**Project Address:** 66 and 80 E. Rosemary Street  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95112

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**Project Sponsor Information:**  
**Name:** 1st and Rosemary Family Housing, L.P. (ROEM Apartments Communities, LLC and Pinmore HDC, Inc.)  
**Principals:** Jonathan Emami for ROEM Apartments Communities; Alex Sanchez, Jacque Hansen and Louise Hofmeiser for Pinmore HDC, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** March 11, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 182, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family

1st and Rosemary Family Apartments is a new construction, multifamily affordable apartment development located in San Jose. The project will consist of four stories containing 184 residential units wrapped around an above grade parking structure that will provide 293 parking spaces. The project is designed to provide courtyards and landscaped common open spaces.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
76% (138 units) restricted to 50% or less of area median income households.  
24% (44 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

Of the 182 rental units there will be 55 one-bedrooms, 97 two-bedrooms and 30 three-bedroom units. The project sponsor has committed to providing after school programs and educational classes for a period of ten years. The project site is within close proximity to light rail, Rosemary Gardens Park, Truong Hung Supermarket and Bachroot Elementary.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 52,843,073  
**Estimated Hard Costs per Unit:** \$ 117,914 (\$21,460,400 /182 units)  
**Estimated per Unit Cost:** \$ 290,347 (\$52,843,073 /182 units)  
**Allocation per Unit:** \$ 168,681 (\$30,700,000 /182 units)  
**Allocation per Restricted Rental Unit:** \$ 168,681 (\$30,700,000 /182 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 30,700,000	\$ 18,404,000
Lease Up Income	\$ 512,232	\$ 724,721
Deferred Contractor Fee	\$ 550,000	\$ 550,000
Deferred Reserve Funding	\$ 489,823	\$ 0
LIH Tax Credit Equity	\$ 4,507,050	\$ 16,881,552
Direct & Indirect Public Funds	\$ 14,183,968	\$ 15,183,968
Deferred Developer Fee	\$ 1,900,000	\$ 1,098,832
<b>Total Sources</b>	<b>\$ 52,843,073</b>	<b>\$ 52,843,073</b>

<b>Uses of Funds:</b>	
Acquisition	\$ 8,690,996
New Construction Costs	\$ 32,143,464
Architectural	\$ 600,000
Survey & Engineering	\$ 447,500
Contingency Costs	\$ 1,752,868
Construction Period Expenses	\$ 3,114,739
Permanent Financing Expenses	\$ 148,030
Legal Fees	\$ 230,000
Capitalized Reserves	\$ 489,823
Reports & Studies	\$ 27,500
Other (Marketing, etc)	\$ 3,198,153
Developer Costs	\$ 2,000,000
<b>Total Uses</b>	<b>\$ 52,843,073</b>

**Description of Financial Structure and Bond Issuance:**

The project will be financed using a direct purchase program provided by Citibank, N.A.. Under this program, Citibank will be both the construction and permanent loan provider. The interest rate will be variable at SIFMA plus a margin of 325bps during the construction phase, and will be fixed for the permanent phase. In addition, the City of San Jose has committed an approved land acquisition loan of \$6,300,000 for the development of the proposed project.

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**Analyst Comments:**

Not Applicable

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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:**

98 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$30,700,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>98</b>

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.