

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
December 12, 2012  
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:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$10,200,000

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**Project Information:**  
**Name:** Gilroy Park Apartments  
**Project Address:** 260 Farrell Avenue  
**Project City, County, Zip Code:** Gilroy, Santa Clara, 95020

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**Project Sponsor Information:**  
**Name:** Gilroy Park Investors, LP (The Beneficial Housing Foundation and CBM RJE, Inc.)  
**Principals:** Kimberley McClintock, Monique Kraft and Tammy Statham-Warfe for The Beneficial Housing Foundation; Ronald D. and Sharon A. Bettencourt and John P. Casper for CBM RJE, Inc.  
**Property Management Company:** CBM Group, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** November 5, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 73, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The Gilroy Park Apartments property was built in 1997. The project has nineteen (19) two-story residential buildings with twelve (12) one-bedroom units, forty (40) two-bedroom units, twenty (20) three- and four-bedrooms units along with a single-story leasing office building. The leasing office also serves as a management office with a central laundry room and maintenance shop. The rentable square footage of the apartment buildings is 62,628 square feet, which includes a non-revenue four-bedroom manager's unit of 1,280 sf.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

32% (23 units) restricted to 50% or less of area median income households.

68% (50 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2, 3 & 4 bedrooms

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 12,632,891

**Estimated Hard Costs per Unit:** \$ 31,329 (\$2,287,026 /73 units)

**Estimated per Unit Cost:** \$ 173,053 (\$12,632,891 /73 units)

**Allocation per Unit:** \$ 139,726 (\$10,200,000 /73 units)

**Allocation per Restricted Rental Unit:** \$ 139,726 (\$10,200,000 /73 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,200,000	\$ 9,000,000
Developer Equity	\$ 0	\$ 500,000
LIH Tax Credit Equity	\$ 2,158,411	\$ 2,858,410
Other (Partnership Funds)	\$ 274,481	\$ 274,481
<b>Total Sources</b>	<b>\$ 12,632,892</b>	<b>\$ 12,632,891</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 7,500,000
On & Off Site Costs	\$ 544,750
Hard Construction Costs	\$ 1,742,277
Architect & Engineering Fees	\$ 62,000
Contractor Overhead & Profit	\$ 320,184
Developer Fee	\$ 1,392,479
Relocation	\$ 10,000
Cost of Issuance	\$ 283,958
Capitalized Interest	\$ 257,480
Other Soft Costs (Marketing, etc.)	\$ 519,763
<b>Total Uses</b>	<b>\$ 12,632,891</b>

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

The tax-exempt bonds will be privately placed with Citibank, N.A. The construction loan will be for a term of 18-months with a variable rate equal to SIFMA plus a spread of 2.50%. The Permanent loan will be for a term of 15 years and amortized for 30 years. The loan will have a fixed rate equal to the sum of a 17 year maturity "AAA" bond rate as published by Thompson Municipal Market Monitor plus a spread of 2.50%. As of the date of the application the rate was estimated at 4.78%.

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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:** 60.1 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$10,200,000 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
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]	9.6
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>60.1</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.