

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**January 18, 2012**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$7,500,000

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**Project Information:**  
**Name:** 2525 El Camino Senior Apartments  
**Project Address:** 2525 El Camino Real  
**Project City, County, Zip Code:** Santa Clara, Santa Clara, 95050

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**Project Sponsor Information:**  
**Name:** 2525 El Camino Senior Apartments, L.P. (ROEM Development Corporation and Pacific Housing, Inc.)  
**Principals:** Robert Emami and Jonathan Emami for ROEM Development Corporation; Mark Weise, Susan DeMarios and Lester Holmes for Pacific Housing, Inc.  
**Property Management Company:** FPI Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** December 13, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 47, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens

This new construction senior project will consist of one, three-story U-shaped building which will be elevator served. This building will have 48 residential units, a community room, exercise room, computer room, library, leasing offices and laundry facilities on each floor.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
11% (5 units) restricted to 50% or less of area median income households.  
89% (42 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 bedroom

Education classes and bona fide service coordinator will be included as service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	15,055,116	
<b>Estimated Hard Costs per Unit:</b>	\$	109,250	(\$5,134,770 /47 units)
<b>Estimated per Unit Cost:</b>	\$	320,322	(\$15,055,116 /47 units)
<b>Allocation per Unit:</b>	\$	159,574	(\$7,500,000 /47 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	159,574	(\$7,500,000 /47 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,500,000	\$ 3,263,019
Deferred Developer Fee	\$ 878,795	\$ 182,091
Deferred Reserve Funding	\$ 223,500	\$ 0
LIH Tax Credit Equity	\$ 1,358,966	\$ 4,529,888
Direct & Indirect Public Funds	\$ 5,093,855	\$ 7,000,000
Other (Costs paid at Perm Closing)	\$ 0	\$ 80,118
<b>Total Sources</b>	<b>\$ 15,055,116</b>	<b>\$ 15,055,116</b>

<b>Uses of Funds:</b>	
Acquisition	\$ 3,337,500
New Construction Costs	\$ 5,948,786
Relocation	\$ 1,000,000
Architectural	\$ 400,000
Survey & Engineering	\$ 350,000
Contingency Costs	\$ 454,859
Construction Period Expenses	\$ 913,033
Permanent Financing Expenses	\$ 25,000
Legal Fees	\$ 220,000
Capitalized Reserves	\$ 223,500
Reports and Studies	\$ 15,000
Other	\$ 725,165
Developer Costs	\$ 1,442,273
<b>Total Uses</b>	<b>\$ 15,055,116</b>

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

2525 El Camino Senior Apartments will be financed via tax-exempt bond purchases (\$7,500,000) by Citibank, N.A. The interest rate will be variable and equal to SIFMA plus a spread of 2.89% during the construction phase, including a 5bps servicing fee. The permanent loan interest rate will be fixed and equal to the sum of 18 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor plus a spread of 2.20%. Term will be 15 years and amortization will be 35 years.

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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:**

82.1 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$7,500,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	4.1
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>82.1</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.