

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$32,000,000

Project Information:
Name: Evelyn Family Apartments
Project Address: 110 S. Bernardo Avenue
Project City, County, Zip Code: Mountain View, Santa Clara, 94041

Project Sponsor Information:
Name: Bernardo Avenue Family Apartments, L.P. (Roem Bernardo Avenue Family, LLC and Pacific Housing, Inc.)
Principals: Robert Emami for Roem Bernardo Avenue Family, LLC and Mark Wiese for Pacific Housing, Inc.
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank N.A.
TEFRA Noticing Date: March 11, 2016
TEFRA Adoption Date: March 29, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 115, plus 1 manager unit
Type: New Construction
Type of Units: Family

Evelyn Family Apartments will be a 116-unit affordable multifamily apartment community. The project will consist of three and four story buildings, with 11 studio units, 45 one-bedroom units, 45 two-bedroom units, and 15 three-bedroom units. The target population for the apartment community will consist of families and working professionals. The proposed project will include an approximate 9,000 square foot podium courtyard for passive recreational activities, located in the center of the apartment complex, and 5,800 square feet of private open space. The courtyard will be well appointed with an outdoor barbeque and dining area, tot-lot, and lounging areas. The private open space will include a community room with media alcove, kitchen, entertainment area, storage areas, restrooms, leasing office, homework/computer room, and laundry facilities. A unique feature of the apartment complex is a bike center with a parts depot vending machine, washing station, bicycle storage, and bike share program for resident use. The project will focus on water and energy efficiencies, air quality management, and construction waste management. Water efficiency will include strategies such as: a high efficiency irrigation system, no turf, drought resistant plant palette, efficient showerheads and kitchen faucets, water efficient toilets, and a landscaped courtyard with pervious paving. Energy efficiency will include insulation in the exterior walls and roofs, efficient windows, high efficiency heating and cooling equipment, and Energy Star refrigerators and dishwashers. There will be resident services. Construction is planned to start June 2016. The anticipated completion of the project and projected date of market entry is May 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (12 units) restricted to 50% or less of area median income households.
90% (103 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will not be scored for providing service amenities but has a plan to provide service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	64,152,723	
Estimated Hard Costs per Unit:	\$	328,115	(\$37,733,226 /115 units)
Estimated per Unit Cost:	\$	557,850	(\$64,152,723 /115 units)
Allocation per Unit:	\$	278,261	(\$32,000,000 /115 units)
Allocation per Restricted Rental Unit:	\$	278,261	(\$32,000,000 /115 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 32,000,000	\$ 16,729,915
Solar Investment Tax Credits	\$ 144,763	\$ 144,763
LIH Tax Credit Equity	\$ 5,639,414	\$ 18,798,045
Deferred Developer Fee	\$ 4,668,547	\$ 3,380,000
Other (Citi Affordable Housing Funds)	\$ 0	\$ 3,400,000
Public Funds (City of Mountain View Loan)	\$ 21,700,000	\$ 21,700,000
Total Sources	\$ 64,152,724	\$ 64,152,723

Uses of Funds:	
Land Cost/Acquisition	\$ 11,772,393
New Construction	\$ 37,898,205
Architectural Fees	\$ 600,000
Survey & Engineering Fees	\$ 800,000
Construction Interest & Fees	\$ 2,356,983
Permanent Financing Costs	\$ 25,000
Legal Fees	\$ 135,000
Reserves	\$ 374,750
Permit Processing Fees	\$ 1,648,918
Contingency	\$ 1,886,662
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 614,812
Developer Costs	\$ 6,040,000
Total Uses	\$ 64,152,723

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement transaction provided by Citibank N.A for both the construction and permanent phases. During the construction financing phase the loan term will be for 24 months with a variable interest rate estimated to be 3.25%. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate estimated to be 4.20%.

Analyst Comments:

None

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: 70 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$32,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	70

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.