

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$33,000,000

Project Information:

Name: Harvest Park Apartments
Project Address: Northwest Corner of Cohansey Avenue & Monterey Road (Site 1); Northwest Corner of Cohansey Avenue & Wren Avenue (Site 2)
Project City, County, Zip Code: Gilroy, Santa Clara, 95020

Project Sponsor Information:

Name: Gilroy Pacific Associates II, LP (TPC Holdings V, LLC and Central Valley Coalition for Affordable Housing)
Principals: Caleb Roope for TPC Holdings V, LLC; Alan Jenkins, Sid McIntyre, Steve Simmons, Jennifer Bertuccio, Renee Downum and Christina Alley for Central Valley Coalition for Affordable Housing
Property Management Company: U.S. Residential Group, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: California Bank & Trust (construction) / California Community Reinvestment Corporation (permanent)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 29, 2016
TEFRA Adoption Date: August 15, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 96, plus 2 manager units
Type: New Construction
Type of Units: Family

The proposed project will be a new construction two site development located in the City of Gilroy, County of Santa Clara. The two sites are located approximately a quarter-mile apart in the extreme northern part of the City. Site 1 of the proposed project will be situated on approximately 3.61 +/- acre portion of a larger 17 acre parcel. Site 2 will be situated on approximately a 2 +/- acre portion of the 17 acre parcel. The proposed development will be a 98-unit rental new construction apartment community. With a mix of 18 one-bedroom units (approximately 664 sq. ft.), 56 two-bedroom units (approximately 866 sq. ft.) and 24 three-bedroom units (approximately 1,052 sq. ft.), Harvest Park Apartments will provide affordable housing for families earning up to 60% of the area median income (AMI) for Santa Clara County. Site 1 will include 66 units (14-1 bedrooms, 40-2 bedrooms and 12-3 bedrooms) and Site 2 will include 32 units (4-1 bedrooms, 16-2 bedrooms and 12-3 bedrooms). Site 1 includes six (6) residential buildings and one (1) community building. The 66 units will be contained in newly constructed two- and three-story garden style apartments. The type of construction will be wood frame supported by perimeter foundations with concrete slab flooring. Site 2 includes three (3) residential buildings and a laundry building. The 32 units will be contained in newly constructed two and three-story garden style apartments. The type of construction will be wood frame supported by perimeter foundations with concrete slab flooring. The exterior of all of the buildings will combine stucco, cementitious lap siding and shake siding, trim bands, fascia, shutters, and painted metal railing systems with asphalt roofing. The project will include a 3,004 square foot community building at Site 1 (NWC of Monterey Road and Cohansey Avenue). The community building will include an office, maintenance room, computer learning center, laundry facilities, exercise room, community room, and a kitchen. The anticipated construction phase will be approximately twelve (12) months. The anticipated construction start date is December 2016 with a projected completion date of December 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (11 units) restricted to 50% or less of area median income households.

89% (85 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 41,079,173

Estimated Hard Costs per Unit: \$ 223,332 (\$21,439,881 /96 units)

Estimated per Unit Cost: \$ 427,908 (\$41,079,173 /98 units incl. manager units)

Allocation per Unit: \$ 343,750 (\$33,000,000 /96 units)

Allocation per Restricted Rental Unit: \$ 343,750 (\$33,000,000 /96 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 33,000,000	\$ 23,500,000
LIH Tax Credit Equity	\$ 822,456	\$ 14,022,308
Deferred Developer Fee	\$ 4,954,865	\$ 2,454,865
Deferred Costs	\$ 1,199,852	\$ 0
Seller Land Donation	\$ 1,102,000	\$ 1,102,000
Total Sources	\$ 41,079,173	\$ 41,079,173

Uses of Funds:	
Land Cost/Acquisition	\$ 1,253,000
New Construction	\$ 22,776,274
Contractor Overhead & Profit	\$ 1,818,101
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 1,926,600
Permanent Financing	\$ 502,500
Legal Fees	\$ 100,000
Reserves	\$ 1,199,852
Contingency Cost	\$ 1,230,000
Local Development Impact Fees	\$ 3,576,460
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,051,521
Developer Costs	\$ 4,954,865
Total Uses	\$ 41,079,173

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: 57.7 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$33,000,000 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	26
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	6.7
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	57.7

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.