

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$38,215,127

Project Information:
Name: Renascent Place Apartments
Project Address: 2500 Senter Road
Project City, County, Zip Code: San Jose, Santa Clara, 95111

Project Sponsor Information:
Name: Renascent Place LP (Renascent Place Charities, LLC)
Principals: Kathy Robinson, Daniel Wu and Greg
Kepferle for Renascent Place Charities, LLC
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: November 22, 2016
TEFRA Adoption Date: December 13, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 162
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family

Renascent Place Apartments is a new construction project located in San Jose on a 2.56-acre site. The project will consist of 160 studio units and 2 unrestricted manager units in a four-story building. Common amenities include laundry rooms, a medical exam room, a community room with kitchen, an outdoor terrace and patio, 86 bicycle parking spaces and a bicycle repair shop. Each unit will have a kitchen equipped with stove, refrigerator, microwave oven and garbage disposal. There will be 92 automobile parking spaces provided. Construction is expected to begin in September 2017 and to be completed in July 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
99% (160 units) restricted to 50% or less of area median income households.

Unit Mix: Studio

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: | \$ | 74,776,023 | |
| Estimated Hard Costs per Unit: | \$ | 202,301 | (\$32,368,159 /160 units) |
| Estimated per Unit Cost: | \$ | 461,580 | (\$74,776,023 /162 units including mgr. units) |
| Allocation per Unit: | \$ | 238,845 | (\$38,215,127 /160 units) |
| Allocation per Restricted Rental Unit: | \$ | 238,845 | (\$38,215,127 /160 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 38,215,127 | \$ 9,054,000 |
| General Partner Capital Contribution | \$ 3,762,017 | \$ 3,762,017 |
| Limited Partner Capital Contribution | \$ 2,267,880 | \$ 0 |
| LIH Tax Credit Equity | \$ 0 | \$ 23,848,802 |
| Deferred Developer Fee | \$ 1,495,621 | \$ 1,495,621 |
| Deferred Costs | \$ 5,397,378 | \$ 0 |
| Santa Clara County Affordable Housing Fund | \$ 13,070,000 | \$ 16,070,000 |
| Santa Clara County Land Donation | \$ 9,960,000 | \$ 9,960,000 |
| Parkland Fee Waiver | \$ 608,000 | \$ 608,000 |
| FHLB AHP | \$ 0 | \$ 800,000 |
| HCD AHSC Loan | \$ 0 | \$ 7,766,134 |
| HCD AHSC Grant | \$ 0 | \$ 1,411,449 |
| Total Sources | \$ 74,776,023 | \$ 74,776,023 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 11,262,636 |
| New Construction | \$ 33,359,276 |
| Contractor Overhead & Profit | \$ 1,282,849 |
| Architectural Fees | \$ 1,672,334 |
| Survey and Engineering | \$ 373,500 |
| Construction Interest and Fees | \$ 4,231,422 |
| Permanent Financing | \$ 92,905 |
| Legal Fees | \$ 150,000 |
| Reserves | \$ 5,906,819 |
| Appraisal | \$ 15,000 |
| Hard Cost Contingency | \$ 3,591,977 |
| Local Development Impact Fees | \$ 1,522,801 |
| Other Project Costs (Soft Costs, Marketing) | \$ 4,052,487 |
| Developer Costs | \$ 7,262,017 |
| Total Uses | \$ 74,776,023 |

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 approves \$38,215,127 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 | Points Scored |
|--|--|---|---------------|
| Preservation Project | 20 | 20 | 0 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 35 |
| 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 | 0 |
| Forgone Eligible Developer Fee (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Minimum Term of Restrictions (Competitive Allocation Process Only) | 10 | 10 | N/A |
| 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.