

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant:	California Public Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$47,000,000
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Project Information:	Name: Atria Apartments
	Project Address: 1008 E. El Camino Real; 1316 Poplar Avenue
	Project City, County, Zip Code: Sunnyvale, Santa Clara, 94087

Project Sponsor Information:	Name: St. Anton ECR, LP (Sunnyvale Park, LLC and PacH Anton South Holdings, LLC)
	Principals: Peter H. Geremia for Sunnyvale Park, LLC; Mark A. Wiese for PacH Anton South Holdings, LLC
	Property Management Company: St. Anton Multifamily, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: January 5, 2018
	TEFRA Adoption Date: January 23, 2018

Description of Proposed Project:	State Ceiling Pool: Mixed
	Total Number of Units: 108
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

Atria Apartments is a new construction project located in Sunnyvale on a combined 2.08-acre site. The project consists of 22 restricted rental units, 85 market rate units and 1 unrestricted manager's unit. The project will have 10 studio units, 53 one-bedroom units and 45 two-bedroom units. The primary building is a Type VA wood framed structure built over a Type I podium with a subterranean garage. In addition, there is a separate set of detached rental units. These units will be lower in height and will have private, separate tuck-under parking. Common amenities include a swimming pool, spa, roof deck with kitchen and movie theatre, clubroom, gaming center, barbecue areas, entertainment terrace, fitness center, pet spa, bike lounge and outdoor dining area. Each unit will have quartz countertops, plank flooring, Energy Star rated appliances, gas range, central heat and A/C, washer/dryers and window coverings. There are 200 parking spaces provided. The construction is expected to begin in May 2018 and be completed in May 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 21%
21% (22 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 59,009,749	
Estimated Hard Costs per Unit:	\$ 276,881	(\$29,903,120 /108 units including mgr. units)
Estimated per Unit Cost:	\$ 546,387	(\$59,009,749 /108 units including mgr. units)
Allocation per Unit:	\$ 435,185	(\$47,000,000 /108 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 2,136,364	(\$47,000,000 /22 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 47,000,000	\$ 42,400,000
LIH Tax Credit Equity	\$ 3,358,795	\$ 4,008,520
Limited Partner Equity	\$ 7,997,187	\$ 7,997,187
Pre-Conversion Net Operating Income	\$ 0	\$ 756,042
Freddie Mac Deposit Release	\$ 0	\$ 848,000
Deferred Developer Fee	\$ 0	\$ 3,000,000
Total Sources	\$ 58,355,982	\$ 59,009,749

Uses of Funds:	
Land Cost/Acquisition	\$ 9,574,333
New Construction	\$ 30,031,395
Contractor Overhead & Profit	\$ 2,965,312
Architectural Fees	\$ 545,400
Survey and Engineering	\$ 552,133
Construction Interest and Fees	\$ 2,767,604
Permanent Financing	\$ 2,671,735
Legal Fees	\$ 95,000
Hard Cost Contingency	\$ 1,630,922
Local Development Impact Fees	\$ 2,918,189
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,257,726
Developer Costs	\$ 3,000,000
Total Uses	\$ 59,009,749

Analyst Comments:

This project is considered a high cost per unit project. The site is in the heart of Silicon Valley and in walking distance of major employers. Due to its location, the land cost is high. In order to comply with local and state density bonus law parking requirements, the project will include parking with a two-story garage, which is also adding to overall costs. Lastly, the developer is required to underground all utility lines along the property lines. The project has about 300 feet of public street frontage which will be subject to this requirement.

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:

33 out of 120 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$47,000,000 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	6
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	2
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	33