

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: Ruben Barcelo

Applicant:	California Housing Finance Agency
Allocation Amount Requested:	Tax-exempt: \$26,938,207
Project Information:	Name: Village at Willow Glen Apartments Project Address: 440 and 465 Willow Glen Way Project City, County, Zip Code: San Jose, Santa Clara, 95125
Project Sponsor Information:	Name: Village at Willow Glen Housing Partners, L.P. (Related/Village at Willow Glen Development Co., LLC; and AHA San Jose II MGP, LLC) Principals: Frank Cardone, William A. Witte and Steven D. Sherman for Related/Village at Willow Glen Development Co., LLC; and William W. Hirsch for AHA San Jose II MGP, LLC Property Management Company: Related Management Company, L.P.
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: MUFG Union Bank, N.A. (construction) Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: March 13, 2018 TEFRA Adoption Date: April 9, 2018
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 133 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Senior Citizens

Village at Willow Glen Apartments is an existing project located in San Jose on a 3.1-acre site. The project consists of 132 restricted rental units and 1 unrestricted manager unit distributed as 121 one-bedroom units and 12 two-bedroom units. Building exterior renovations include new roofs, windows, patio doors, stucco siding repair and fresh paint. Interior renovations include remodeling of the community rooms, craft room, movie theater, laundry rooms, exercise room, including new exercise equipment. They also include the addition of a bike storage room, new fire safety doors, new boilers and storage tanks, new flooring, new security camera system and fresh paint. Individual unit renovations include new HVAC, cabinets, countertops, kitchen appliances, plumbing fixtures, electrical upgrades, new lighting, new flooring and doors, extensive ADA-compliance modifications and fresh paint. Site area renovations include pavement repair, sanitation line cleaning, landscaping and irrigation. They also include new spa equipment, new BBQ and outdoor furniture, new light fixtures, new signage and fresh paint. The rehabilitation is expected to begin in July 2018 and will be completed in June 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (132 units) restricted to 50% or less of area median income households.
Unit Mix: 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:	\$ 41,834,559	
Estimated Hard Costs per Unit:	\$ 46,265	(\$6,153,214 /133 units including mgr. units)
Estimated per Unit Cost:	\$ 314,546	(\$41,834,559 /133 units including mgr. units)
Allocation per Unit:	\$ 202,543	(\$26,938,207 /133 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 204,077	(\$26,938,207 /132 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 26,938,207	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 15,707,000
LIH Tax Credit Equity	\$ 635,000	\$ 12,664,207
Developer Equity-Existing Reserves	\$ 113,000	\$ 113,000
Deferred Developer Fee	\$ 3,653,625	\$ 2,023,625
Seller Carryback Loan	\$ 1,050,000	\$ 1,050,000
City of San Jose Loan	\$ 8,612,727	\$ 8,612,727
Net Income From Operations	\$ 832,000	\$ 1,664,000
Total Sources	\$ 41,834,559	\$ 41,834,559

Uses of Funds:	
Land Cost/Acquisition	\$ 24,000,000
Rehabilitation	\$ 6,663,997
Relocation	\$ 705,000
Contractor Overhead & Profit	\$ 521,792
Architectural Fees	\$ 257,000
Survey and Engineering	\$ 140,000
Construction Interest and Fees	\$ 1,811,000
Permanent Financing	\$ 275,240
Legal Fees	\$ 150,000
Reserves	\$ 552,727
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 718,579
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,175,599
Developer Costs	\$ 4,853,625
Total Uses	\$ 41,834,559

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:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$26,938,207 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
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	110	77.5