

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Public Finance Authority
-------------------	--

Allocation Amount Requested:	Tax-exempt: \$70,000,000
-------------------------------------	---------------------------------

Project Information:	Name: St. Anton Tasman Apartments
	Project Address: 2233 Calle Del Mundo
	Project City, County, Zip Code: Santa Clara, Santa Clara, 95051

Project Sponsor Information:	Name: St. Anton Tasman East, L.P. (Tasman East Workforce Housing, LLC and PacH Anton South Holdings, LLC)
	Principals: Peter H. Geremia for Tasman East Workforce Housing, LLC and 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: March 20, 2019
	TEFRA Adoption Date: April 15, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 196
	Manager's Units: 2 Unrestricted
	Type: New Construction
	Population Served: Family

St. Anton Tasman Apartments is a new construction project located in Santa Clara on a 1.22-acre site. The project consists of 194 restricted rental units and 2 unrestricted managers' units. The project will have 156 Studio units and 40 one-bedroom units. The building will be 6 stories high, 4 floors of wood framed structure over two levels of above ground podium construction. Common amenities include state of the art finishes and popular amenities such as a bike repair room, fitness center, courtyard pool and spa, barbecue and lounge areas, lobby and tech center. Each unit will have refrigerator, range/oven, dishwasher, laundry hookups and a laundry room. There are 100 parking spaces provided. The construction is expected to begin July 2019 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
19% (37 units) restricted to 50% or less of area median income households.
81% (157 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	99,122,380	
Estimated Hard Costs per Unit:	\$	253,339	(\$49,654,512 /196 units including mgr. units)
Estimated per Unit Cost:	\$	505,726	(\$99,122,380 /196 units including mgr. units)
Allocation per Unit:	\$	357,143	(\$70,000,000 /196 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	360,825	(\$70,000,000 /194 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 70,000,000	\$ 28,540,000
LIH Tax Credit Equity	\$ 0	\$ 35,011,843
Deferred Developer Fee	\$ 0	\$ 2,803,791
Def. int. on MGP Loan-PacH Anton South	\$ 0	\$ 1,889,550
MGP Loan PacH Anton South Holdings	\$ 19,380,000	\$ 19,380,000
Land Transfer -MGP	\$ 11,000,000	\$ 11,000,000
Pre conversion NOI	\$ 0	\$ 497,196
Total Sources	\$ 100,380,000	\$ 99,122,380

Uses of Funds:	
Land Cost/Acquisition	\$ 11,150,000
New Construction	\$ 53,481,491
Contractor Overhead & Profit	\$ 3,486,316
Architectural Fees	\$ 1,387,617
Construction Interest and Fees	\$ 5,783,277
Permanent Financing	\$ 404,024
Legal Fees	\$ 125,000
Reserves	\$ 732,533
Hard Cost Contingency	\$ 2,838,857
Local Development Impact Fees	\$ 7,438,675
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 5,994,590
Developer Costs	\$ 6,300,000
Total Uses	\$ 99,122,380

Analyst Comments:

This project is considered a high cost per unit project. According to the Project Sponsor the following contributed to the high cost per unit of the project: the land cost over \$9 million an acre, construction costs, it is a TOD infill project, and it is the first phase of a master planned development.

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:

72 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$70,000,000 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	30
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	5
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	72