

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: Ruben Barcelo

Applicant:	City of San Jose
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Allocation Amount Requested:	
Tax-exempt:	\$18,150,896

Project Information:	
Name:	Vista Park I
Project Address:	3955 Vistapark Dr.
Project City, County, Zip Code:	San Jose, Santa Clara, 95136

Project Sponsor Information:	
Name:	Vista Park I, L.P. (Vista Park I, LLC)
Principals:	Mary Murtagh, Laura Hall and Kevin Carney
Property Management Company:	EAH, Inc.

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	Union Bank, 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:	February 20, 2019
TEFRA Adoption Date:	March 25, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	83
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Senior Citizens

Vista Park I is an existing project located in San Jose on a 1.75-acre site. The project consists of 82 restricted rental units and 1 unrestricted manager unit distributed as 82 one-bedroom units and 1 two-bedroom unit. Building exterior renovations will include roof repair, siding repair and fresh paint. Interior renovations will include elevator repair, fire suppression system repair, new HVAC, replacement of plumbing supply lines and water heaters, installation of a water softening system, new flooring, and laundry facilities upgrades. Individual apartment units will be updated with a new stove, range hood, refrigerator, garbage disposal, countertops, cabinets, flooring, plumbing fixtures, repairs to walls and doors, and painting of selected units. Site renovations will consist of sidewalk repairs, parking lot re-surfacing, fence repair/replacement, signage upgrades, and upgrades to drainage and landscaping. The common areas and 9 units will be upgraded for ADA accessibility compliance. The rehabilitation is expected to begin in September 2019 and be completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

100% (82 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% 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:	\$ 26,926,720	
Estimated Hard Costs per Unit:	\$ 69,641	(\$5,780,237 /83 units including mgr. unit)
Estimated per Unit Cost:	\$ 324,418	(\$26,926,720 /83 units including mgr. unit)
Allocation per Unit:	\$ 218,685	(\$18,150,896 /83 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 221,352	(\$18,150,896 /82 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,150,896	\$ 5,467,000
Sponsor Loan	\$ 0	\$ 4,499,075
LIH Tax Credit Equity	\$ 0	\$ 9,266,400
Limited Partner Equity	\$ 122,991	\$ 0
General Partner Capital Recontributed Fee	\$ 2,277,043	\$ 2,277,043
Deferred Costs	\$ 1,229,332	\$ 0
City of San Jose Assumed Loan	\$ 5,025,172	\$ 5,025,172
Net Income From Operations	\$ 0	\$ 270,744
Existing Reserves	\$ 121,286	\$ 121,286
Total Sources	\$ 26,926,720	\$ 26,926,720

Uses of Funds:	
Land Cost/Acquisition	\$ 12,000,000
Rehabilitation	\$ 6,188,007
Relocation	\$ 939,629
Contractor Overhead & Profit	\$ 229,751
Architectural Fees	\$ 376,807
Survey and Engineering	\$ 85,490
Construction Interest and Fees	\$ 1,733,286
Permanent Financing	\$ 67,003
Legal Fees	\$ 120,000
Reserves	\$ 273,742
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 962,664
Local Development Impact Fees	\$ 5,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 696,241
Developer Costs	\$ 3,229,100
Total Uses	\$ 26,926,720

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$18,150,896 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	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	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	55