

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 17, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Chee Thao Yang*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$39,017,000

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**Project Information:**  
**Name:** Corvin Apartments  
**Project Address:** 2904 Corvin Road  
**Project City, County, Zip Code:** Santa Clara, Santa Clara, 95051

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**Project Sponsor Information:**  
**Name:** Allied 2904 Corvin, LP (Allied 2904 Corvin LLC)  
**Principals:** Louis Chicoine

**Property Management Company:** John Stewart Company

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**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  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** March 20, 2019  
**TEFRA Adoption Date:** April 9, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 145  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family/Special Needs

Corvin Apartments is a new construction project located in Santa Clara on a 1.08-acre site. The project consists of 144 restricted rental units, and 1 unrestricted manager unit. The project will have 144 studio units and 1 two-bedroom unit for the manager. The building will be five stories. Common amenities include a common laundry area, a community kitchen, a community room, a pet area, resident services, and on-site management. Each unit will have an electric range/oven with cooktop, refrigerator, cabinets, sink, countertop, and heating and cooling. There are 65 parking spaces provided. The project will be pursuing the Green Point Rated Program. The construction is expected to begin November 2019 and be completed November 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

90% (130 units) restricted to 50% or less of area median income households.

10% (14 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 77,383,964	
<b>Estimated Hard Costs per Unit:</b>	\$ 259,711	(\$37,658,076 /145 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 533,683	(\$77,383,964 /145 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 269,083	(\$39,017,000 /145 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 270,951	(\$39,017,000 /144 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 39,017,000	\$ 10,070,800
LIH Tax Credit Equity	\$ 2,000,000	\$ 29,333,164
Deferred Developer Fee	\$ 0	\$ 1,700,000
GP Equity	\$ 0	\$ 300,000
Santa Clara County - Land donation via Lease	\$ 11,480,000	\$ 11,480,000
Santa Clara County - Loan for predevelopment costs	\$ 1,500,000	\$ 1,500,000
Santa Clara County - Additional Loan	\$ 18,000,000	\$ 18,000,000
City of Santa Clara	\$ 0	\$ 5,000,000
<b>Total Sources</b>	<b>\$ 71,997,000</b>	<b>\$ 77,383,964</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 12,335,553
New Construction	\$ 40,064,232
Contractor Overhead & Profit	\$ 1,502,410
Architectural Fees	\$ 1,786,700
Survey and Engineering	\$ 245,000
Construction Interest and Fees	\$ 4,166,229
Permanent Financing	\$ 30,000
Legal Fees	\$ 130,000
Reserves	\$ 2,323,900
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 4,156,664
Local Development Impact Fees	\$ 3,269,988
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,863,288
Developer Costs	\$ 4,500,000
<b>Total Uses</b>	<b>\$ 77,383,964</b>

**Analyst Comments:**

This project is considered a high cost per unit project. Project will re-grade parking lot and public sidewalk to improve ADA access, make improvements to storm drainage and develop stormdrains for areas that current do not have drainage.

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**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.

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**Total Points:**

82 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$39,017,000 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	35
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	7
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>82</b>