

**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 Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$20,000,000

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**Project Information:**  
**Name:** Hallmark House Apartments  
**Project Address:** 531 Woodside Road  
**Project City, County, Zip Code:** Redwood City, San Mateo, 94061

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**Project Sponsor Information:**  
**Name:** Hallmark 2017 LP (AHA Santa Clara MGP, LLC; Hallmark 2017  
**Principals:** Mark E. Hyatt for Hallmark 2017 COGP LLC; Jonathan Webb and  
William Hirsch for Affordable Housing Access, Inc.  
**Property Management Company:** VPM Management INC

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**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 21, 2019  
**TEFRA Adoption Date:** February 11, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 72  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Hallmark House Apartments is an existing project located in Redwood City on a 0.63-acre site. The project consists of 71 restricted rental units and 1 unrestricted manager unit. The project has 22 studio units and 50 one-bedroom units. The renovations will include both exterior and interior renovations due to a fire in 2013, that damaged the building. Common amenities will include an elevator, a computer lab, a courtyard, central laundry facility, on-site management, parking garage, picnic area, and a swimming pool. Individual apartment units will include patio/balconies, blinds, carpet and vinyl flooring, walk-in closets, stove, garbage disposal, and refrigerator. The rehabilitation is expected to begin in August 2019 and be completed in August 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (22 units) restricted to 50% or less of area median income households.  
69% (49 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

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:** \$ 26,695,024  
**Estimated Hard Costs per Unit:** \$ 136,085 (\$9,798,132 /72 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 370,764 (\$26,695,024 /72 units including mgr. unit)  
**Allocation per Unit:** \$ 277,778 (\$20,000,000 /72 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 281,690 (\$20,000,000 /71 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,995,000	\$ 13,995,000
Tranche B Financing	\$ 6,005,000	\$ 0
LIH Tax Credit Equity	\$ 3,729,538	\$ 8,287,863
Deferred Developer Fee	\$ 0	\$ 1,931,521
Seller Carryback Loan	\$ 1,300,000	\$ 1,300,000
City of Redwood	\$ 650,000	\$ 650,000
Project Cash Flow	\$ 0	\$ 530,640
Total Sources	\$ 25,679,538	\$ 26,695,024

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 7,400,000
Rehabilitation	\$ 10,742,996
Contractor Overhead & Profit	\$ 575,898
Architectural Fees	\$ 302,600
Survey and Engineering	\$ 15,000
Construction Interest and Fees	\$ 2,064,480
Permanent Financing	\$ 23,333
Legal Fees	\$ 175,000
Reserves	\$ 321,736
Appraisal	\$ 5,850
Hard Cost Contingency	\$ 1,697,834
Local Development Impact Fees	\$ 145,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 382,797
Developer Costs	\$ 2,842,000
Total Uses	\$ 26,695,024

**Analyst Comments:**

None

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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:**

75 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$20,000,000 in tax-exempt bond allocation on a carryforward basis.

**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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	0.0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>75</b>