

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant:	California Statewide Communities Development Authority
Allocation Amount Requested:	Tax-exempt: \$61,963,318
Project Information:	Name: Parkside Terrace Apartments Project Address: 463 Wooster Avenue Project City, County, Zip Code: San Jose, Santa Clara, 95116
Project Sponsor Information:	Name: Tripp Avenue Housing Associates, LP (CHW Parkside Terrace, LLC) Principals: Susan M. Reynolds Property Management Company: ConAm Management Corporation
Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC/Wooster Ave, LLC Cash Flow Permanent Bond: Wooster Ave, LLC Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: January 22, 2019 TEFRA Adoption Date: February 5, 2019
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 201 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family

Parkside Terrace Apartments is an existing project located in San Jose on a 7.17-acre site. The project consists of 200 restricted rental units and 1 unrestricted manager unit. The project has 200 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a new roof, high-energy efficiency boilers/water heaters, re-piping at each building and other building exterior repairs. Interior renovations will include the fitness center, new countertops, new bathrooms, all new appliances, new computer room and upgraded conference room. Individual apartment units will be updated with energy efficient windows, vinyl wood plank flooring, drywall repairs, new kitchen cabinets, countertops, refrigerators, garbage disposals, range and range hood fans, LED interior lighting, bathroom vanity cabinets, plumbing fixtures, mirror, adding ceiling fans to bedrooms, replace toilets and tubs, upgrade electric panels with arc fault breakers, and convert some units to meet ADA requirements. Lastly, common or site area renovations will consist of asphalt repairs, overlay and reseal/restriping and LED lighting updates. The rehabilitation is expected to begin in December 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
35% (70 units) restricted to 50% or less of area median income households.
65% (130 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:	\$	105,319,900	
Estimated Hard Costs per Unit:	\$	55,995	(\$11,255,029 /201 units including mgr. unit)
Estimated per Unit Cost:	\$	523,980	(\$105,319,900 /201 units including mgr. unit)
Allocation per Unit:	\$	308,275	(\$61,963,318 /201 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	309,817	(\$61,963,318 /200 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 31,230,000	\$ 31,230,000
Cash Flow Permanent Bonds	\$ 30,733,318	\$ 28,516,902
LIH Tax Credit Equity	\$ 30,123,527	\$ 32,390,461
Deferred Developer Fee	\$ 8,547,250	\$ 8,547,250
Deferred Costs	\$ 2,342,096	\$ 0
Net Income From Operations	\$ 0	\$ 2,291,578
GP Loan - Escrows and Reserves	\$ 270,259	\$ 270,259
Accrued/Deferred Interest	\$ 996,700	\$ 996,700
GP Equity	\$ 1,076,750	\$ 1,076,750
Total Sources	\$ 105,319,900	\$ 105,319,900

Uses of Funds:	
Land Cost/Acquisition	\$ 70,041,291
Rehabilitation	\$ 12,436,806
Relocation	\$ 786,500
Contractor Overhead & Profit	\$ 619,027
Architectural Fees	\$ 552,855
Survey and Engineering	\$ 46,000
Construction Interest and Fees	\$ 4,123,116
Permanent Financing	\$ 606,850
Legal Fees	\$ 91,500
Reserves	\$ 861,596
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 1,305,583
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 725,776
Developer Costs	\$ 13,114,000
Total Uses	\$ 105,319,900

Analyst Comments:

This project is considered a high cost per unit project. The Project sites the San Jose location as an expensive regional market resulting in high acquisition costs. The project is also undergoing substantial renovations: a new roof, new flooring, windows, appliances and rehabilitation of kitchens and bathrooms for all units as well as converting units to meet ADA requirements.

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:

47.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$61,963,318 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	0
Community Revitalization Area	5	5	5
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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	47.5