

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 11, 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:** \$70,000,000

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**Project Information:**  
**Name:** Virginia Street Studios  
**Project Address:** 295 E. Virginia Street  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95112

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**Project Sponsor Information:**  
**Name:** San Jose Virginia Associates, a California Limited Partnership (TPC Holdings VII, LLC; USA San Jose Virginia, Inc.; Central Valley Coalition for Affordable Housing)  
**Principals:** Caleb Roope for TPC Holdings VII, LLC; Geoffrey Brown, Jonathan Harmer, Michel McCleery, Darren Bobrowsky, Valerie Silva & Jori Henry for USA San Jose Virginia, Inc.; Alan Jenkins, Sid McIntyre, Steve Simmons, Christina Alley, Jennifer Bertuccio & Renee Downum for Central Valley Coalition for Affordable Housing  
**Property Management Company:** USA Multifamily Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** California Bank & Trust/Bonneville Multifamily Capital  
**Cash Flow Permanent Bond:** Bonneville Multifamily Capital  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 22, 2019  
**TEFRA Adoption Date:** November 5, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 301  
**Manager's Units:** 3 Unrestricted  
**Type:** New Construction  
**Population Served:** Senior Citizens

Virginia Street Studios Apartments is a new construction project located in San Jose on a 1.548-acre site. The project consists of 298 restricted rental units and 3 unrestricted managers' units. The project will have 301 studio units. The building will be six stories. Common amenities include a courtyard, barbecue areas, rooftop deck, laundry rooms and six community rooms. Each unit will have refrigerators, exhaust fans, disposals and ranges with ovens. The construction is expected to begin in January 2020 and be completed in January 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (30 units) restricted to 50% or less of area median income households.  
90% (268 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 121,075,470	
<b>Estimated Hard Costs per Unit:</b>	\$ 218,122	(\$65,654,832 /301 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 402,244	(\$121,075,470 /301 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 232,558	(\$70,000,000 /301 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 234,899	(\$70,000,000 /298 restricted units)

**Sources of Funds:**

	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 50,000,000	\$ 50,000,000
Cash Flow Permanent Bonds	\$ 20,000,000	\$ 20,000,000
Taxable Bond Proceeds	\$ 35,000,000	\$ 0
LIH Tax Credit Equity	\$ 1,603,766	\$ 43,555,470
Deferred Developer Fee	\$ 12,000,000	\$ 7,520,000
Deferred Costs	\$ 2,471,704	\$ 0
<b>Total Sources</b>	<b>\$ 121,075,470</b>	<b>\$ 121,075,470</b>

**Uses of Funds:**

Land Cost/Acquisition	\$ 9,500,000
New Construction	\$ 70,194,122
Contractor Overhead & Profit	\$ 5,567,529
Architectural Fees	\$ 750,000
Survey and Engineering	\$ 235,000
Construction Interest and Fees	\$ 8,497,400
Permanent Financing	\$ 730,000
Legal Fees	\$ 110,000
Reserves	\$ 2,471,704
Hard Cost Contingency	\$ 4,000,000
Local Development Impact Fees	\$ 3,870,147
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,149,568
Developer Costs	\$ 12,000,000
<b>Total Uses</b>	<b>\$ 121,075,470</b>

**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:**

65 out of 140 [See Attachment A]

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**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	25
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	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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>65</b>