

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: Isaac Clark III

Applicant: California Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$25,500,000

Project Information:

Name: 950 El Camino Real
Project Address: 950 West El Camino Real
Project City, County, Zip Code: Mountain View, Santa Clara, 94040

Project Sponsor Information:

Name: 950 El Camino Real, LP (950 ECR LLC/PAHC Apartments, Inc.)
Principals: Randal Tsuda for Palo Alto Housing Corporation

Property Management Company: PAHC Management and Services Corp

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Union Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: April 30, 2019
TEFRA Adoption Date: January 0, 1900

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 71
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

950 El Camino Real Apartments is a new construction project located in Mountain View on a 0.61-acre site. The project consists of 39 restricted rental units, 31 market rate units and 1 unrestricted manager unit. The project will consist of 70 SRO/Studio units. The building will be 4 story type-IIIA above 1 story type-1 construction. Common amenities include outdoor lounges on the 2nd, 3rd and 4th floors. Each unit will have water saving fixtures, high-efficiency interior lighting, and Energy Star appliance. There are 32 covered parking spaces provided. The project will have roof mounted photovoltaic solar panels, metal sunshades and awnings to reduce heat gain and be pursuing adaptable building using Universal design principles for each unit. The construction is expected to begin Jan. or Feb. 2020 and be completed in May or June 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 56%
56% (39 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: Studio

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: \$ 46,053,127
Estimated Hard Costs per Unit: \$ 349,904 (\$24,843,188 /71 units including mgr. unit)
Estimated per Unit Cost: \$ 648,636 (\$46,053,127 /71 units including mgr. unit)
Allocation per Unit: \$ 359,155 (\$25,500,000 /71 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 653,846 (\$25,500,000 /39 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,500,000	\$ 6,363,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
City of Mountain View Loan	\$ 14,683,446	\$ 22,772,844
LIH Tax Credit Equity	\$ 0	\$ 14,460,319
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 2,104,859	\$ 2,104,859
Costs Deferred Until Conversion	\$ 2,079,186	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
PAH Sponsor Loan (MTV CDBG)	\$ 352,005	\$ 352,005
Limited Partner Equity	\$ 1,333,532	\$ 0
GP Equity	\$ 100	\$ 100
Total Sources	\$ 46,053,128	\$ 46,053,127

Uses of Funds:	
Land Cost/Acquisition	\$ 9,643,229
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 24,214,990
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,333,495
Survey and Engineering	\$ 526,250
Construction Interest and Fees	\$ 2,316,742
Permanent Financing	\$ 20,000
Legal Fees	\$ 105,000
Reserves	\$ 270,076
Appraisal	\$ 3,800
Hard Cost Contingency	\$ 1,435,030
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,579,556
Developer Costs	\$ 4,604,959
Total Uses	\$ 46,053,127

Analyst Comments:

This project is considered a high cost per unit project. Project is located in Mountain View within the Bay Area, one of the most costly markets in the country largely due to construction/labor costs and land costs. Total development cost is 982 \$/sf.

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,500,000 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]	10.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	120	75.00