

**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: Christine Shephard*

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<b>Applicant:</b>	<b>California Housing Finance Agency</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$48,000,000
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<b>Project Information:</b>	<b>Name:</b> Glen Loma Ranch Apartments
	<b>Project Address:</b> W. Luchessa Avenue
	<b>Project City, County, Zip Code:</b> Gilroy, Santa Clara, 95020

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<b>Project Sponsor Information:</b>	<b>Name:</b> Gilroy Glen Loma Pacific Associates, a California Limited Partnership (Caleb Caleb Roope for TPC Holdings VII, LLC, William R. Spann for W R Span, LLC, and Alan Jenkins, Sid McIntyre, Steve Simmons, Chris Alley, Jennifer Bertuccio, Jennifer Bertuccio, Renee Downum for Central Valley Coalition for Affordable Housing
	<b>Principals:</b>
	<b>Property Management Company:</b> Aperto Property Management, Inc.

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> Citibank, N.A./Bonneville Multifamily Capital
	<b>Cash Flow Permanent Bond:</b> Bonneville Multifamily Capital
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> August 29, 2019
	<b>TEFRA Adoption Date:</b> September 4, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 158
	<b>Manager's Units:</b> 2 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family

Glen Loma Ranch Apartments is a new construction project located in Gilroy on a 9.58 acre site. The project consists of 112 restricted rental units, 44 market rate units and 2 unrestricted managers' units. The project will have 61 one-bedroom units, 57 two-bedroom units and 40 three-bedroom units. The apartments will be newly constructed units in one, two and three story residential buildings. The one (1) three-story residential building will be elevator serviced while the one and two-story residential buildings will be walk-up. The type of construction will be wood frame supported by perimeter foundations with concrete slab flooring. Common amenities include a 2,830 sq ft community building, a community laundry room, children's playground, basketball half-court, fenced dog park, covered picnic area, and covered parking stalls. Each unit will have a refrigerator, exhaust fans, dishwasher, garbage disposal, and a range with oven. The construction is expected to begin October or November 2019 and be completed in November or December 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 72%  
45% (70 units) restricted to 50% or less of area median income households.  
27% (42 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1, 2 & 3 bedrooms

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>	\$ 88,802,697	
<b>Estimated Hard Costs per Unit:</b>	\$ 322,471	(\$50,950,340 /158 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 562,042	(\$88,802,697 /158 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 303,797	(\$48,000,000 /158 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 428,571	(\$48,000,000 /112 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 33,000,000	\$ 32,000,000
Cash Flow Permanent Bonds	\$ 15,000,000	\$ 15,000,000
Taxable Bond Proceeds	\$ 27,000,000	\$ 0
LIH Tax Credit Equity	\$ 3,103,888	\$ 30,862,697
Deferred Developer Fee	\$ 9,000,000	\$ 5,940,000
Deferred Costs	\$ 1,698,809	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 5,000,000
Total Sources	<u>\$ 88,802,697</u>	<u>\$ 88,802,697</u>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 4,200,000
New Construction	\$ 50,277,260
Contractor Overhead & Profit	\$ 4,320,589
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 235,000
Construction Interest and Fees	\$ 6,760,000
Permanent Financing	\$ 665,000
Legal Fees	\$ 130,000
Reserves	\$ 1,698,809
Hard Cost Contingency	\$ 3,000,000
Local Development Impact Fees	\$ 6,292,439
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,723,600
Developer Costs	\$ 9,000,000
Total Uses	<u>\$ 88,802,697</u>

**Analyst Comments:**

The estimated cost per unit is \$569,248. According to the application, the factors contributing to the high cost per unit are as follows: cost of building permit and impact fees, structural construction fees due to limited resources, and a large deferred developer fee (\$5.94 million).

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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 approve \$48,000,000 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	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	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>65</b>