

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2020**  
**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 Public Finance Authority

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**Allocation Amount Requested:** Tax-exempt: \$27,054,246

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**Project Information:** Name: 1st and Kern Apartments  
Project Address: 971 1st Street  
Project City, County, Zip Code: Gilroy, Santa Clara, 95020

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**Project Sponsor Information:** Name: To Be Formed, LP (JEMCOR Development Partners, LLC;  
Pacific Housing, Inc.)  
Principals: Jonathan Emami for JEMCOR Development Partners, LLC;  
Mark Wiese for Pacific Housing, Inc.  
Property Management Company: FPI 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

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**Description of Proposed Project:** State Ceiling Pool: General  
Total Number of Units: 120  
Manager's Units: 1 Unrestricted  
Type: New Construction  
Population Served: Family

1st and Kern Apartments is a new construction project located in Gilroy on a 3.9-acre site. The project will consist of 119 restricted rental units and 1 unrestricted manager unit. The project will have 17 one-bedroom units, 66 two-bedroom units, and 30 three-bedroom units. The buildings will be three stories. Common amenities will include a clubhouse, outdoor BBQ area, a community room, a computer room, leasing office, and laundry building. Each unit will have energy star appliance package, lighting, low flow faucets and toilets, storage closets and air conditioning. There will be 216 parking spaces provided. The construction is expected to begin in November 2020 and be completed in November 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

30% (36 units) restricted to 50% or less of area median income households.

70% (83 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 49,560,199	
<b>Estimated Hard Costs per Unit:</b>	\$ 183,477	(\$22,017,192 /120 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 413,002	(\$49,560,199 /120 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 225,452	(\$27,054,246 /120 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 227,347	(\$27,054,246 /119 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 27,054,246	\$ 27,054,246
Taxable Bond Proceeds	\$ 8,908,090	\$ 4,545,754
LIH Tax Credit Equity	\$ 0	\$ 12,647,002
Deferred Developer Fee	\$ 5,019,751	\$ 4,469,790
Alliant Capital	\$ 7,155,860	\$ 0
Deferred Reserve Funding	\$ 578,845	\$ 0
Lease Up Income	\$ 843,407	\$ 843,407
Total Sources	\$ 49,560,199	\$ 49,560,199

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,250,000
New Construction	\$ 23,746,410
Contractor Overhead & Profit	\$ 1,867,057
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 916,025
Construction Interest and Fees	\$ 4,046,277
Permanent Financing	\$ 15,000
Legal Fees	\$ 295,000
Reserves	\$ 578,845
Hard Cost Contingency	\$ 1,260,264
Local Development Impact Fees	\$ 5,400,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 665,570
Developer Costs	\$ 5,019,751
Total Uses	\$ 49,560,199

**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:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$27,054,246 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]	5
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120</b>