

**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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<b>Applicant:</b>	<b>California Statewide Communities Development Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$50,000,000
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<b>Project Information:</b>	<b>Name:</b> Agrihood Senior Apartments
	<b>Project Address:</b> 1834 Worthington Circle
	<b>Project City, County, Zip Code:</b> Santa Clara, Santa Clara, 95050

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<b>Project Sponsor Information:</b>	<b>Name:</b> Winchester Sustainable, LP (CORE Winchester, LLC & Central Valley Coalition for Affordable Housing)
	<b>Principals:</b> Chris Neale for CORE Winchester, LLC; Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons & Christina Alley for Central Valley Coalition for Affordable Housing
	<b>Property Management Company:</b> John Stewart Company

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> JPMorgan Chase Bank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 165
	<b>Manager's Units:</b> 2 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Senior Citizens

Agrihood Senior Apartments is a new construction project located in Santa Clara (city) on a 1.61-acre site. The project will consist of 163 restricted rental units and 2 unrestricted manager units. The project will have 68 studio units, 85 one-bedroom units, and 12 two-bedroom units. The building will be four stories. Common amenities will include a community room, social service offices, laundry rooms, and management staff offices. Each unit will have hard surface floors, window coverings, refrigerator, stove/cooktop and individual HVAC. There will be a total of 98 parking spaces provided. The construction is expected to begin in March 2021 and be completed in May 2023.

**Description of Public Benefits:**

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

66% (108 units) restricted to 50% or less of area median income households.

34% (55 units) restricted to 60% or less of area median income households.

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

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 90,365,187

**Estimated Hard Costs per Unit:** \$ 338,967 (\$55,929,533 /165 units including mgr. units)

**Estimated per Unit Cost:** \$ 547,668 (\$90,365,187 /165 units including mgr. units)

**Allocation per Unit:** \$ 303,030 (\$50,000,000 /165 units including mgr. units)

**Allocation per Restricted Rental Unit:** \$ 306,748 (\$50,000,000 /163 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 50,000,000	\$ 27,280,000
Taxable Bond Proceeds	\$ 1,060,000	\$ 0
LIH Tax Credit Equity	\$ 4,793,717	\$ 31,958,110
Deferred Developer Fee	\$ 0	\$ 2,850,000
Deferred Costs & Fees	\$ 6,234,393	\$ 0
County of Santa Clara	\$ 23,550,000	\$ 23,550,000
City of Santa Clara	\$ 4,727,077	\$ 4,727,077
Total Sources	\$ 90,365,187	\$ 90,365,187

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 630,366
New Construction	\$ 60,228,437
Contractor Overhead & Profit	\$ 3,224,178
Architectural Fees	\$ 1,540,866
Survey and Engineering	\$ 2,504,053
Construction Interest and Fees	\$ 5,247,741
Permanent Financing	\$ 662,800
Legal Fees	\$ 335,000
Reserves	\$ 1,743,962
Appraisal	\$ 23,906
Hard Cost Contingency	\$ 3,085,810
Local Development Impact Fees	\$ 1,094,848
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 4,043,220
Developer Costs	\$ 6,000,000
Total Uses	\$ 90,365,187

**Analyst Comments:**

This project is considered a high cost per unit project. The Applicant states that the factors contributing to this high cost are as follows: 1.) The Silicon Valley market area and greater Bay Area are in a midst of construction boom. This has reduced competition among the construction contractors who specialize in multifamily projects and they are also facing staffing shortages and increased labor costs. 2.) The high-density project design requires construction of a concrete garage podium within the building. The garage structure adds substantial costs on a per-unit basis. 3.) The project is subject to relatively high local impact fees. 4) The project is subject to both federal and state prevailing wage requirements due to its use of governmental funding programs. 4.) The project includes supportive service offices required for its special needs resident population.

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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 \$50,000,000 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]	10
Large Family Units	5	5	0
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>