

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$18,000,000

Project Information:
Name: Courtyard Plaza Apartments
Project Address: 2950 Story Road
Project City, County, Zip Code: San Jose, Santa Clara, 95127

Project Sponsor Information:
Name: Courtyard Community Partners, LP (Central Valley Coalition for Affordable Housing and WNC - Courtyard Plaza GP, LLC)
Principals: Alan Jenkins, Sid McIntyre, Steve Simmons, Jennifer Bertuccio, Renee Downum & Christina Alley for Central Valley Coalition for Affordable Housing; Anand Kannan and Wilfred N. Cooper Jr. for WNC - Courtyard Plaza GP, LLC
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Noticing Date: January 19, 2016
TEFRA Adoption Date: February 9, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 81-unit development. The site is located within in a mixed-use neighborhood in the eastern portion of the city of San Jose. The Subject consists of two two-story low rise residential buildings, including a leasing office. The Subject was originally constructed in 1965 and substantially renovated and converted to multifamily use with LIHTCs in 2000. Additionally, the Subject is currently encumbered with a LURA, which requires all units to be restricted at 60 percent of AMI or less until 2031. The property that consists of one studio unit, 71 one-bedroom units, eight two-bedroom units and one three-bedroom non-rental unit. The Subject currently operates as a LIHTC property, with 8 units set aside at 50% of area median income (AMI) and 72 units set aside at 60% of AMI. The rehabilitation program will address health and safety issues, ADA, deferred maintenance, and energy efficiency when possible. Currently, the Developer is planning on replacing all countertops and cabinetry in units, replacing the windows, painting the kitchen and baths, adding fencing, addressing parking lot deferred maintenance, and replacing and upgrading building systems as necessary. Construction is scheduled to start in May 2016 and be completed by December 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (8 units) restricted to 50% or less of area median income households.

90% (72 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	24,200,377	
Estimated Hard Costs per Unit:	\$	38,035	(\$3,042,797 /80 units)
Estimated per Unit Cost:	\$	302,505	(\$24,200,377 /80 units)
Allocation per Unit:	\$	225,000	(\$18,000,000 /80 units)
Allocation per Restricted Rental Unit:	\$	225,000	(\$18,000,000 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,250,000	\$ 11,220,000
Seller Note	\$ 2,370,000	\$ 2,370,000
LIH Tax Credit Equity	\$ 1,312,569	\$ 6,372,550
Deferred Developer Fee	\$ 2,833,845	\$ 2,803,864
NOI Capitalized Interest	\$ 1,433,963	\$ 1,433,963
Total Sources	\$ 24,200,377	\$ 24,200,377

Uses of Funds:	
Land Cost/Acquisition	\$ 14,870,000
Rehabilitation	\$ 3,541,804
Relocation	\$ 75,000
Architectural Fees	\$ 65,000
Survey & Engineering	\$ 42,000
Construction Interest & Fees	\$ 1,713,482
Permanent Financing	\$ 10,000
Legal Fees	\$ 140,000
Reserves	\$ 252,000
Appraisal	\$ 7,500
Contingency Cost	\$ 354,180
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 295,566
Developer Costs	\$ 2,833,845
Total Uses	\$ 24,200,377

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Citibank, N.A. During the construction financing phase the loan term will be for 24 months (with one 6-month option to extend) with a fixed preliminary interest rate of 3.00%. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed preliminary rate of 4.35%. There was no underwritten rate provided. San Jose Courtyard Plaza, LP (the Seller), will be providing a loan in the amount of \$2,370,000. The

Analyst Comments:

None

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: 61.9 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$18,000,000 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]	5.9
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
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	6
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
Total Points	140	120	61.9

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.