

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Crystal Alvarez

Applicant: Sacramento Housing & Redevelopment Agency

Allocation Amount Requested: Tax-exempt \$10,000,000

Project Name: Greystone Apartments
Project Address: 3545 41st Avenue
Project City, County, Zip Code: Sacramento, Sacramento, 95824

The proposed Project is located in a Community Revitalization area, more specifically in the Franklin Boulevard Redevelopment Area.

PROJECT ORIGINALLY RECEIVED ALLOCATION ON JULY 16, 2008. APPLICANT REQUESTED AWARD DEFERRED TO DECEMBER 3, 2008 ALLOCATION MEETING.

Project Sponsor Information:
Name: DAVCO Communities, LLC (Greystone Fund, LLC and Riverside Charitable Corporation)
Principals: Thomas L. Davis, Leo Puig and Kenneth S. Robertson

Project Financing Information:
Bond Counsel: Jones Hall, a Professional Law Corporation, LLP
Underwriter: RBC Capital Markets
Credit Enhancement Provider: MMA Financial / Freddie Mac
Private Placement Purchaser: Phoenix Realty Group, LLC
TEFRA Hearing: May 13, 2008

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 119, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

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; and
70% (83 units) restricted to 60% or less of area median income households.
Unit Mix: 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$19,926,289
Estimated Hard Costs per Unit:	\$56,527 (\$6,726,759 / 119 units)
Estimated per Unit Cost:	\$167,448 (\$19,926,289 / 119 units)
Allocation per Unit:	\$84,034 (\$10,000,000 / 119 units)
Allocation per Restricted Rental Unit:	\$84,034 (\$10,000,000 / 119 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$10,000,000	\$7,464,928
Developer Equity	\$1,472,069	\$1,467,337
LIH Tax Credit Equity	\$4,094,414	\$6,824,024
Cash Flow During Construction	\$606,806	\$0
Direct & Indirect Public Funds	<u>\$3,753,000</u>	<u>\$4,170,000</u>
Total Sources	\$19,926,289	\$19,926,289

Uses of Funds:	
Acquisition Cost	\$7,750,000
On-Site & Off-Site Costs	\$746,250
Hard Construction Costs	\$5,980,509
Architect & Engineering Fees	\$50,000
Contractor Overhead & Profit	\$491,749
Developer Fee	\$2,300,058
Relocation	\$575,673
Cost of Issuance	\$150,000
Capitalized Interest	\$583,011
Other Soft Costs	<u>\$1,299,039</u>
Total Uses	\$19,926,289

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: 86.5 out of 138

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	35
Gross Rents	5	5	0
Exceeding Minimum Rent Restrictions: [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	10	10	0
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	0
Leveraging	10	10	8.5
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	138	118	86.5

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.