

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 13, 2013
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: *Leslie J. Campaz*

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested:
Tax-exempt: \$12,722,000

Project Information:
Name: Washington Plaza Apartments
Project Address: 1318 E Street
Project City, County, Zip Code: Sacramento, Sacramento, 95814

Project Sponsor Information:
Name: Washington Plaza Housing Associates, LP (Washington Plaza Housing Associates, LLC; Bridge Housing Corporation)
Principals: Rick Holliday, Ronald Nahas, Cynthia Parker, Susan Johnson, D. Kemp Vanentine, Rebecca V. Hlebasko, Brad Wiblin, Ann Silverberg, Kimberly A. McKay, James Valva, and Leslie Whitman for Washington Plaza Housing Associates, LLC
Property Management Company: Housing Authority of the City of Sacramento

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: September 10, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 75, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed acquisition and rehabilitation project is an existing 76-unit affordable senior housing facility, located in the City of Sacramento. Of the 76 one-bedroom units, 75 will be restricted to households with incomes no greater than 50% of the area median income and the remaining unit will be a manager's unit. The rehabilitation will address code requirements for the expected useful life replacements, safety and envelope repairs including a re-skinning of nearly all of the building that will modestly expand the size of many units, increase interior light, and improve energy efficiency, upgrade structural and seismic systems, remediate hazardous materials, and renew mechanical, lighting and plumbing systems. The neighborhood is characterized by numerous coffee shops, eating establishments, and small clothing and retail shops, in addition to several churches, parks, and similar opportunities for seniors to participate in neighborhood life and interact with each other.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (16 units) restricted to 50% or less of area median income households.
79% (59 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Health and wellness services programs and a bona fide service coordinator will be provided as service amenities for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 21,769,299
Estimated Hard Costs per Unit: \$ 112,704 (\$8,452,807 /75 units)
Estimated per Unit Cost: \$ 290,257 (\$21,769,299 /75 units)
Allocation per Unit: \$ 169,627 (\$12,722,000 /75 units)
Allocation per Restricted Rental Unit: \$ 169,627 (\$12,722,000 /75 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,722,000	\$ 3,531,000
Taxable Bond Proceeds	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 444,844
LIH Tax Credit Equity	\$ 1,211,160	\$ 8,073,455
Direct & Indirect Public Funds	\$ 5,850,000	\$ 9,720,000
Other	\$ 1,986,139	\$ 0
Total Sources	\$ 21,769,299	\$ 21,769,299
Uses of Funds:		
Acquisition/Land Purchase	\$ 5,892,523	
On & Off Site Costs	\$ 198,353	
Hard Construction Costs	\$ 8,254,454	
Architect & Engineering Fees	\$ 600,000	
Contractor Overhead & Profit	\$ 1,035,000	
Developer Fee	\$ 2,500,000	
Relocation	\$ 662,000	
Cost of Issuance	\$ 335,182	
Capitalized Interest	\$ 571,790	
Other Soft Costs (Marketing, etc.)	\$ 1,719,997	
Total Uses	\$ 21,769,299	

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased by Citibank, N.A. The estimated Construction Phase Bond amount will be \$12,725,000, not to exceed 80% Loan to Cost. The term will be for 24 months, plus one 6-month extension. The interest rate will be a variable rate equal to the SIFMA Municipal Swap Index plus a spread of 2.50% during the Construction Phase, with no amortization. The permanent phase loan amount will be an amount currently estimated to be in the maximum amount of \$3,535,000 or such other Bond loan amount supported by CITI's underwriting of the Property at the time of Conversion in accordance with CITI's underwriting requirements. The term will be for 30 years, with an amortization of 35 years. The permanent interest rate will be a fixed rate equal to the sum of the 17 Year LIBOR Swap Index plus a spread of 2.50% for a current estimated rate of 6.15%

Analyst Comments:

Not Applicable

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: 83 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,722,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	7
Negative Points	-10	-10	0
Total Points	130	100	83

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.