

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: Housing Authority of the County of Sacramento

Allocation Amount Requested:
Tax-exempt: \$10,543,000

Project Information:
Name: Crossroad Gardens Apartments
Project Address: 7322 Florin Woods Drive
Project City, County, Zip Code: Sacramento, Sacramento, 95823

Project Sponsor Information:
Name: Mercy Housing California 77, LP (Mercy Housing Calwest)
Principals: Doug Shoemaker, Valerie Agostino, Barbara Gualco, Jane Graf, Stephan Daves, Ed Holder, Steve Spears, Sheela Jivan, Melissa Clayton, Bruce Saab, Jennifer Dolin, Joe Rosenblum, Vince Dodds and Amy Bayley for Mercy Housing Calwest
Property Management Company: Mercy Housing Management Group

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: January 10, 2017
TEFRA Adoption Date: January 24, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 70
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Crossroad Gardens Apartments is an existing project located on a 7-acre parcel in Sacramento. It consists of 69 rental units and one unrestricted manager unit. The project includes 12 one-bedroom units, 32 two-bedroom units and 25 three-bedroom units. Building renovations will include replacement of stucco and vinyl siding, windows, doors and hardware, stairs, HVAC systems and water heaters. Water supply plumbing lines will be relocated above concrete slab foundations. Exterior renovations will include addition of two disabled-accessible parking spaces, concrete repairs including ADA compliance upgrades, asphalt resealing and restriping, landscape/drainage/irrigation repair, fence repair, site lighting repair and addition of a playground. Interior unit renovations will include replacement of flooring, light fixtures and window blinds. Renovations will also include selective replacement or repair of kitchen appliances, kitchen and bathroom cabinets, counters and faucets, sinks, toilets, bathtubs and laundry hookups. Renovations to the community room include providing three additional washers and dryers and an ADA-compliant washer and dryer, exterior repainting, replacement of the HVAC system and flooring and the construction of a community room addition that will include a full kitchen, new restroom, and reconfigured laundry room and maintenance offices. New tenant mail boxes will be provided. The rehabilitation is expected to begin July 2017 and to be completed August 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%

20% (14 units) restricted to 50% or less of area median income households.

79% (55 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 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:	\$	18,873,509	
Estimated Hard Costs per Unit:	\$	97,312	(\$6,714,560 /69 units)
Estimated per Unit Cost:	\$	269,622	(\$18,873,509 /70 units including mgr. units)
Allocation per Unit:	\$	152,797	(\$10,543,000 /69 units)
Allocation per Restricted Rental Unit:	\$	152,797	(\$10,543,000 /69 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,543,000	\$ 0
Accrued/Deferred Interest	\$ 120,832	\$ 120,832
GP Existing Reserves	\$ 252,717	\$ 252,717
LIH Tax Credit Equity	\$ 0	\$ 6,808,602
Deferred Developer Fee	\$ 866,125	\$ 866,125
Deferred Costs	\$ 948,316	\$ 0
LP Equity Contribution	\$ 581,747	\$ 0
GP Equity	\$ 0	\$ 446,389
HCD FHDP Assumed Loan	\$ 1,781,350	\$ 1,781,350
SHRA HOME/HTF Assumed Loan	\$ 1,799,422	\$ 1,799,422
SHRA CDBG New Loan	\$ 1,980,000	\$ 2,200,000
SHRA HOME New Loan	\$ 0	\$ 3,300,000
Mercy Loan	\$ 0	\$ 1,298,072
Total Sources	\$ 18,873,509	\$ 18,873,509

Uses of Funds:	
Land Cost/Acquisition	\$ 5,777,138
Rehabilitation	\$ 6,890,379
Relocation	\$ 618,880
Contractor Overhead & Profit	\$ 318,226
Architectural Fees	\$ 230,000
Survey and Engineering	\$ 45,000
Construction Interest and Fees	\$ 865,905
Permanent Financing	\$ 62,500
Legal Fees	\$ 75,000
Reserves	\$ 396,381
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 720,860
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 553,226
Developer Costs	\$ 2,312,514
Total Uses	\$ 18,873,509

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:

70 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,543,000 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	Points Scored
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	70

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.