

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
March 18, 2015  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

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**Applicant:** Housing Authority of the County of Sacramento

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**Allocation Amount Requested:**  
**Tax-exempt:** \$15,500,000

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**Project Information:**  
**Name:** Anton Arcade Apartments  
**Project Address:** 2134 Butano Drive  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95825

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**Project Sponsor Information:**  
**Name:** Arcade Sacramento, L.P. (Anton Arcade, LLC and PacH Anton South Holdings, LLC)  
**Principals:** Steven L. Eggert for Anton Development Company and Mark A. Weise, for Pacific Housing, Inc.  
**Property Management Company:** St. Anton Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Adoption Date:** February 10, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 147, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

Anton Arcade is a 148-unit multi-family housing community with corresponding parking, open space, and recreational amenities. The single story clubhouse is centrally located across from the primary entry. The Project is designed to activate the street frontage and create an urban edge by orientating homes along Butano Drive. The proposed Butano Drive frontage includes neighborhood sidewalks adding direct pedestrian connections to the project entries and with landscaping and street trees. The project is a gated community with on site management offices, exterior video surveillance, and an after hours security service. Residences will be distributed among four three story walk up buildings. Building A is an L shaped building located along Butano Drive at the northwest corner of the site. It includes 48 residential units in three floors. Building B is located on the western property boundary between the two entries along Butano Drive. It includes 46 residential units in three floors and 27 private garages on the ground floor level of the east side of the building. Building C is the southerly most building along Butano Drive. It includes 18 residential units in three stories. Building D is located interior to the site and includes 36 residential units.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
20% (30 units) restricted to 50% or less of area median income households.  
80% (117 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

No service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 28,728,709	
<b>Estimated Hard Costs per Unit:</b>	\$ 109,164	(\$16,047,100 /147 units)
<b>Estimated per Unit Cost:</b>	\$ 195,433	(\$28,728,709 /147 units)
<b>Allocation per Unit:</b>	\$ 105,442	(\$15,500,000 /147 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 105,442	(\$15,500,000 /147 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,500,000	\$ 10,160,000
LIH Tax Credit Equity	\$ 5,000,000	\$ 11,785,565
Direct & Indirect Public Funds	\$ 5,200,000	\$ 5,200,000
Other	\$ 828,708	\$ 1,583,144
<b>Total Sources</b>	<b>\$ 26,528,708</b>	<b>\$ 28,728,709</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 3,000,000
On & Off Site Costs	\$ 15,227,100
Hard Construction Costs	\$ 820,000
Architect & Engineering Fees	\$ 472,352
Contractor Overhead & Profit	\$ 1,311,794
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 113,260
Capitalized Interest	\$ 568,829
Other Soft Costs (Marketing, etc.)	\$ 4,715,374
<b>Total Uses</b>	<b>\$ 28,728,709</b>

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**Description of Financial Structure and Bond Issuance:**

This is a Private Placement transaction with the Housing Authority of the County of Sacramento issuing the bonds. Construction terms are: An amount, currently estimated to be \$15,500,000, but in any event, an amount not to exceed 80% of costs covered through the Construction Phase term of 30 months, plus one 6-month extension(s). A rate equal to the SIFMA Municipal Swap Index plus a spread of 2.25% during the Construction Phase. As of the date of this Term Sheet, SIFMA is 0.04 %, for an all-in rate of 2.29%. (SIFMA is available at <http://www.sifina.org/research/item.aspx?id=19762> .) Pricing is based on current market conditions and subject to change. Permanent Phase terms are: An amount currently estimated to be in the maximum amount of \$10,160,000 or such other loan amount supported by CITI's underwriting of the Property at the time of Conversion in accordance with CITI's underwriting requirements. Term of 15 years with an amortization of 35 years. A fixed rate equal to the sum of 18 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.20%. Currently, MMD is 2.58% for a current indicated rate of 4.78%. The rate includes a 5bps servicing fee. The rate will be committed at the time of closing of the Construction Phase financing. Pricing is based on current market conditions and is subject to change.

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**Analyst Comments:**

Not Applicable

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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:**

57.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,500,000 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:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>57.5</b>

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.