

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 20, 2015  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Brian Clark

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

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,000,000

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**Project Information:**  
**Name:** Mutual Housing at Foothill Farms Apartments  
**Project Address:** 5324 Hemlock Street  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95841

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**Project Sponsor Information:**  
**Name:** Foothill Plaza Housing Associates, LP (Foothill Plaza Mutual Housing Association, LLC)  
**Principals:** Rachel Iskow, Julie Goldfine, Holly Wunder-Stiles, Kenneth Brackenhoff & Racheal Frederick-Vijay for Foothill Plaza Mutual Housing Association, LLC  
**Property Management Company:** Mutual Housing Management

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Adoption Date:** February 24, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 97, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The Project, located on a 4.25 acre parcel in the Foothill Farms area of Sacramento; was constructed in 1972, underwent rehabilitation in 1993 and received energy efficiency improvements in 2012. The Project, consisting of 16 two-story walk-up residential buildings, a community building/management office and 141 uncovered parking spaces; houses 96 restricted tenant units (30 one-bedroom, 37 two-bedroom, 19 three-bedroom and 10 four-bedroom units), a single two-bedroom market rate unit and a single three-bedroom manager's unit. 75 units will be at 50% AMI and 21 units will be at 60% AMI. Unit amenities include include blinds, carpet, refrigerator, stove/oven, dishwasher and disposal. Site amenities include a community room, picnic area, playground, on-site manager, laundry rooms and security gate. Unit renovations will include new cabinets, countertops, interior doors, flooring, tubs, shower enclosures, toilets, dishwashers, HVAC wall units in the three and four bedroom units and ADA accessibility compliance/improvements.. Exterior reniovements will include drainage improvements and new water lines and ADA accessibility compliance/improvements. Rehabilitation is expected to begin by October 2015 and be completed by November 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 99%

77% (75 units) restricted to 50% or less of area median income households.

22% (21 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2, 3 & 4 bedrooms

The Project will provide instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year and a service coordinator at 710.736 FTE service hours per year.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 22,738,699	
<b>Estimated Hard Costs per Unit:</b>	\$ 74,291	(\$7,206,248 /97 units)
<b>Estimated per Unit Cost:</b>	\$ 234,420	(\$22,738,699 /97 units)
<b>Allocation per Unit:</b>	\$ 144,330	(\$14,000,000 /97 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 145,833	(\$14,000,000 /96 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,000,000	\$ 7,832,700
LIH Tax Credit Equity	\$ 1,581,446	\$ 7,908,021
General Partner Equity	\$ 100	\$ 100
Cash Reserves from Seller	\$ 967,784	\$ 967,784
Seller Carryback Note	\$ 4,988,436	\$ 4,988,436
Accrued Deferred Interest	\$ 251,400	\$ 251,400
Deferred Developer Fee	\$ 557,258	\$ 557,258
NOI During Stabilization	\$ 0	\$ 233,000
Deferred Costs	\$ 392,275	\$ 0
<b>Total Sources</b>	<b>\$ 22,738,699</b>	<b>\$ 22,738,699</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 9,007,784
On & Off Site Costs	\$ 423,038
Hard Construction Costs	\$ 6,783,210
Architect & Engineering Fees	\$ 242,843
Contractor Overhead & Profit	\$ 971,273
Developer Fee	\$ 2,500,000
Relocation	\$ 422,283
Cost of Issuance	\$ 398,800
Capitalized Interest	\$ 682,700
Operating Reserve	\$ 524,968
Other Soft Costs (Marketing, etc.)	\$ 781,800
<b>Total Uses</b>	<b>\$ 22,738,699</b>

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

The bonds will be purchased as a private placement transaction by Citibank, N.A. The tax-exempt loan will consist of two tranches: Tranche A will be funded first and will provide construction to permanent phase financing. Tranche B will only be for additional construction phase financing. The construction phase will be for a period of 24 months, during which the construction loan will bear interest at a monthly adjustable rate equal to the sum of 1-month LIBOR plus a spread of 2.00%. Upon conversion to permanent phase, the permanent loan will bear interest at a fixed rate equal to the 18-Year LIBOR Swap Index plus a spread of 2.00%. The permanent loan will have a 30-year term and a 35-year amortization period.

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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:** 72.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$14,000,000 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:	35	15	35
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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>72.5</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.