

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 25, 2007**  
**Executive Summary**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by Walter Akiyama.*

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**Applicant:** Housing & Redevelopment Agency of the County of Sacramento

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**Allocation Amount Requested:** Tax-exempt \$51,800,000

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**Project Name:** Logan Park Apartments  
**Project Address:** 4125 Palm Avenue  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95842

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**Project Sponsor Information:**  
**Name:** To Be Formed Limited Partnership  
(Western Community Housing, Inc. and  
Wasatch Advantage Acquisitions, LLC)  
**Principals:** Kipling S. Sheppard, Jeff Nielson, Brad Mishler,  
Joel Larson, Tony Hladek, JD Neilson, and  
Graham P. Espley-Jones

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not applicable  
**Credit Enhancement Provider:** Not applicable  
**Private Placement Purchaser:** Citibank  
**TEFRA Hearing:** May 8, 2007

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 660, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
20% (132 units) restricted to 50% or less of area median income households; and  
80% (528 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 and 2 bedrooms

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**Term of Restrictions:** 55 years

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|-----------------------------------------------|-----------------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$76,695,450                                  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 17,817 (\$11,759,190/660 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ 116,205 (\$76,695,450/660 units)           |
| <b>Allocation per Unit:</b>                   | \$ 78,485 (\$51,800,000/660 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 78,485 (\$51,800,000/660 restricted units) |

| <b>Sources of Funds:</b>       | <u>Construction</u> | <u>Permanent</u>    |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds       | \$51,800,000        | \$51,800,000        |
| Developer Equity               | \$ 0                | \$ 157,159          |
| LIH Tax Credit Equity          | \$21,470,384        | \$24,738,291        |
| Cost Paid at Permanent Closing | <u>\$ 3,425,066</u> | <u>\$ 0</u>         |
| <b>Total Sources</b>           | <b>\$76,695,450</b> | <b>\$76,695,450</b> |

| <b>Uses of Funds:</b>        |                     |
|------------------------------|---------------------|
| Acquisition Cost             | \$59,065,000        |
| Hard Construction Costs      | \$11,759,190        |
| Architect & Engineering Fees | \$ 23,000           |
| Contractor Overhead & Profit | \$ 594,900          |
| Developer Fee                | \$ 2,500,000        |
| Relocation                   | \$ 100,000          |
| Cost of Issuance             | \$ 435,700          |
| Capitalized Interest         | \$ 249,500          |
| Other Soft Costs             | <u>\$ 1,968,160</u> |
| <b>Total Uses</b>            | <b>\$76,695,450</b> |

The Project Sponsor has requested an exception to the \$30 million cap imposed by Section 17.IV of the CDLAC Procedures on the basis that it is physically and financially infeasible to rehabilitate the property in phases. In accordance with Section 17.IV.B., the Executive Director is recommending that the Committee approve the exception as requested.

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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:** 60.5 out of 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$51,800,000 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:<br>Non-Mixed Income Project<br>Mixed Income Project                                            | 35                                                   | 15                                               | 30            |
| Gross Rents                                                                                                                           | 5                                                    | 5                                                | 5             |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10]                                                 | [10]                                             | 0             |
| 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                                               | 10            |
| Sustainable Building Methods                                                                                                          | 8                                                    | 8                                                | 8             |
| New Construction                                                                                                                      | 10                                                   | 10                                               | 0             |
| Negative Points                                                                                                                       | NA                                                   | NA                                               | 0             |
| <b>Total Points</b>                                                                                                                   | <b>128</b>                                           | <b>108</b>                                       | <b>60.5</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.