

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 24, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brady Hill

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested: **Tax-exempt:** \$2,200,000

Project Information:

Name: Southcrest Apartments
Project Address: 7390 24th Street
Project City, County, Zip Code: Sacramento, Sacramento, 95822

Project Sponsor Information:

Name: Southcrest Associates, LP (Domus Development, LLC and AHCDC Southcrest, LLC)
Principals: Meea Kang, Jong Limb and Monique Hastings for Domus Development, LLC; Joseph A. Stalzer, David C. Nahas, James Nardini and Chad D. Jaeger for AHCDC Southcrest, LLC

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank National Association
TEFRA Hearing: November 6, 2007

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 29, plus 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally At-Risk

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (6 units) restricted to 50% or less of area median income households.
79% (23 units) restricted to 60% or less of area median income households.
Unit Mix: 1 and 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$4,338,057	
Estimated Hard Costs per Unit:	\$34,920	(\$1,012,690 / 29 units)
Estimated per Unit Cost:	\$149,588	(\$4,338,057 / 29 units)
Allocation per Unit:	\$75,862	(\$2,200,000 / 29 units)
Allocation per Restricted Rental Unit:	\$75,862	(\$2,200,000 / 29 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,200,000	\$ 1,472,859
Deferred Developer Fee	\$ 0	\$ 129,460
LIH Tax Credit Equity	\$ 10,000	\$ 1,235,738
Direct & Indirect Public Funds	\$ 1,500,000	\$ 1,500,000
Deferred Costs	\$ 628,057	\$ 0
Total Sources	\$ 4,338,057	\$ 4,338,057

Uses of Funds:	
Acquisition Costs	\$ 1,940,000
Rehabilitation Costs	\$ 1,209,910
Relocation	\$ 15,000
Architectural	\$ 92,000
Survey & Engineering	\$ 20,000
Contingency Costs	\$ 140,601
Construction Period Expenses	\$ 120,500
Permanent Financing Expenses	\$ 141,364
Legal Fees	\$ 45,500
Capitalized Reserves	\$ 60,592
Reports & Studies	\$ 40,000
Other	\$ 41,213
Developer Costs	\$ 471,377
Total Uses	\$ 4,338,057

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: 85.5 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,200,000 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	10
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	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	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	128	108	85.5

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.