

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by John Weir

Applicant: Housing Authority for the county of Sacramento

Allocation Amount Requested: Tax-exempt \$9,430,712
PROJECT ORIGINALLY RECEIVED ALLOCATION ON July 16, 2008. APPLICANT
REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION MEETING.

Project Name: **Summerset Apartments**
Project Address: 6267 Martin Luther King Boulevard
Project City, County, Zip Code: Sacramento, Sacramento, 95838

The proposed project is located in a Community Revitalized area, more specifically the Franklin Boulevard Redevelopment Area.

Project Sponsor Information:
Name: Summerset Apartment Investors, L.P. (InnerCity Housing Corporation and Community Revitalization and Development Corporation)
Principals: Sam Walton, for InnerCity Housing and David Rutledge, for Revitalization & Dev. Corp.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Corporation
Underwriter: Washington Mutual Bank
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Washington Mutual Bank
TEFRA Hearing: May 13, 2008

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 119, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
21% (25 units) restricted to 50% or less of area median income households; and
79% (94 units) restricted to 60% or less of area median income households.
Unit Mix: 1 and 2 bedrooms

Term of Restrictions: 55 years

Estimated Hard Costs per Unit:	\$28,777 (\$3,424,409 / 119 units)
Estimated per Unit Cost:	\$149,167 (\$17,750,859 / 119 units)
Allocation per Unit:	\$79,250 (\$9,430,712 / 119 units)
Allocation per Restricted Rental Unit:	\$79,250 (\$9,430,712 / 119 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$9,430,712	\$7,258,578
Deferred Developer Fee	\$2,034,475	\$842,859
LIH Tax Credit Equity	\$2,244,672	\$5,608,422
NOI	\$650,000	\$650,000
Direct & Indirect Public Funds	<u>\$3,391,000</u>	<u>\$3,391,000</u>
Total Sources	\$17,750,859	\$17,750,859

Uses of Funds:	
Acquisition Cost	\$9,600,000
Hard Construction Costs	\$3,424,410
Architect & Engineering Fees	\$71,000
Contractor Overhead & Profit	\$342,442
Developer Fee	\$2,034,475
Relocation	\$700,000
Cost of Issuance	\$246,500
Capitalized Interest	\$325,500
Other Soft Costs	<u>\$1,006,532</u>
Total Uses	\$17,750,859

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: 90.5 out of 138
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,430,712 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: Non-Mixed Income Project	35	15	30.5
Mixed Income Project			
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions: [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	10	10	0
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	138	118	90.5

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.