

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 17, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested:
Tax-exempt: \$13,239,000

Project Information:
Name: Sierra Vista Apartments
Project Address: 1115 23rd Street
Project City, County, Zip Code: Sacramento, Sacramento, 95816

Project Sponsor Information:
Name: Sierra Vista Housing Associates, LP (Sierra Vista Housing Associates, LLC)
Principals: Rebecca Hlebasko, Susan Johnson, Kimbely A. McKay, Cynthia Parker and Ann Silverberg
Property Management Company: Housing Authority of the City of Sacramento

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Adopted Date: July 15, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 77, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing development that was originally constructed in 1971. The project is located in the City and County of Sacramento. It is a 78-unit affordable senior housing apartment building. It has been a part of the Applicant's portfolio, and was recently approved for disposition to a Low Income Housing Tax Credit partnership for the purpose of recapitalizing and rehabilitating the project for the purpose of preserving valuable affordable housing. The project is fully occupied. As part of the rehabilitation project, one unit will be allowed to become vacant through attrition and will be converted into an on-site management unit, and the rest of the units will remain affordable and restricted to seniors. The project is a nine-story building. The rehabilitation will address code requirements for expected useful life replacements; life-safety and envelope repairs; upgrade structural and seismic systems; remediate hazardous materials; and renew mechanical, lighting, and plumbing systems. Eight new accessible units will be added and four existing partially-accessible units will be substantially improved. All interior finishes and surfaces will be replaced or painted as well as upgrading lavatories and interior lighting. Upgrades will be made to all common area security and access system along with fire alarms and sprinklers throughout the building. All infill window glazing-and-spandrel panels will be replaced with much higher-efficiency glazing. Common areas and landscaping will be enhanced.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (77 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will include health and wellness services and programs for individual support.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	22,151,935	
Estimated Hard Costs per Unit:	\$	110,855	(\$8,535,839 /77 units)
Estimated per Unit Cost:	\$	287,687	(\$22,151,935 /77 units)
Allocation per Unit:	\$	171,935	(\$13,239,000 /77 units)
Allocation per Restricted Rental Unit:	\$	171,935	(\$13,239,000 /77 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,239,000	\$ 3,626,000
Developer Equity	\$ 0	\$ 446,631
LIH Tax Credit Equity	\$ 444,129	\$ 8,887,304
Direct & Indirect Public Funds	\$ 6,792,000	\$ 9,192,000
Other (Costs Deferred Until Perm Conv.)	\$ 1,676,806	\$ 0
Total Sources	\$ 22,151,935	\$ 22,151,935

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,834,523
On-site & Off-site Costs	\$ 165,813
Hard Construction Costs	\$ 8,370,026
Architect & Engineering Fees	\$ 600,000
Contractor Overhead & Profit	\$ 947,263
Developer Fee	\$ 2,500,000
Relocation	\$ 655,000
Cost of Issuance	\$ 309,179
Capitalized Interest	\$ 535,534
Other Soft Costs (Marketing, etc.)	\$ 1,234,597
Total Uses	\$ 22,151,935

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Bank of America, N.A. (the "Bank") for both construction and permanent financing. During the construction phase, the loan term will be for 24 months . The interest rate will be a floating rate equal to the LIBOR Daily Floating Rate plus 2.00% per annum. During the permanent financing phase, the loan term will be for 16 years with an amortization period of 30 years. The interest rate will be a fixed rate, which will be determined immediately prior to Bond closing based upon the 10 Year Interest Rate Swap Rate, as provided by the Board of Governors of the Federal Reserve System (2.69%), plus a spread of 2.81%. The bonds will be issued by the Housing Authority of the City of Sacramento.

Analyst Comments:

Not Applicable

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: 79.1 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,239,000 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]	7.1
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	7
Negative Points	-10	-10	0
Total Points	130	100	79.1

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.