

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested:
Tax-exempt: \$3,817,364

Project Information:
Name: Bel-Vue Apartments
Project Address: 1117-1123 8th Street
Project City, County, Zip Code: Sacramento, Sacramento, 95814

Project Sponsor Information:
Name: Bel-Vue Apartments, L.P. (Cyrus Youssefi, individually; Ali Youssefi, individually; Egis Group; Community Revitalization and Development Corporation)
Principals: Cyrus Youssefi & Ali Youssefi, for themselves; John Cicerone for the EGIS Group, Inc.; John Wilson, Bert Meyer, Shelby Marocco, Mike Dahl, David Rutledge, John Sharrah and Kenny Breedlove for the Community Revitalization & Development Corporation (CRDC).
Property Management Company: C.F.Y. Development, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: November 22, 2016
TEFRA Adoption Date: December 6, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 22
Manager's Units: 1 Restricted
Type: Acquisition and Rehabilitation
Population Served: Family

Bel Vue Apartments is an existing project located in the City of Sacramento on a .4-acre site. The project consists of 21 rental units and 1 (restricted) managers' units. The project has 22 one-bedroom units. The renovations will include the building maintaining the historical exterior and will have a fully refurbished interiors and upgrades. Building exterior renovations will consist of frontage repairs, window replacements, new electrical, plumbing and HVAC. Interior renovations will include a laundry room, lobby and recreation room, class room and a reading area. Individual apartment units will have private entrances, plush carpeting in the bedroom area, vinyl floor in the living rooms, kitchens and baths in addition to new appliance packages, countertops, cabinets, fixtures, paint, cable television availability and smoke alarms. Lastly, common or site area renovations will consist of concrete repairs. The rehabilitation is expected to begin in May 2017 and completed in May 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
 23% (5 units) restricted to 50% or less of area median income households.
 77% (17 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will be providing service amenities such as instructor lead classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 7,465,493	
Estimated Hard Costs per Unit:	\$ 187,880	(\$4,133,370 /22 units)
Estimated per Unit Cost:	\$ 339,341	(\$7,465,493 /22 units including mgr. unit)
Allocation per Unit:	\$ 173,517	(\$3,817,364 /22 units)
Allocation per Restricted Rental Unit:	\$ 173,517	(\$3,817,364 /22 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,817,364	\$ 1,474,871
LIH Tax Credit Equity	\$ 539,439	\$ 1,640,896
Deferred Developer Fee	\$ 684,981	\$ 154,128
Deferred Reserves	\$ 123,709	\$ 0
Solar Credits	\$ 0	\$ 895,598
SHRA Deferred Loan	\$ 2,300,000	\$ 3,300,000
Total Sources	\$ 7,465,493	\$ 7,465,493

Uses of Funds:	
Land Cost/Acquisition	\$ 710,000
Rehabilitation	\$ 3,987,300
Contractor Overhead & Profit	\$ 296,400
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 175,000
Construction Interest and Fees	\$ 207,500
Permanent Financing	\$ 114,800
Legal Fees	\$ 140,000
Reserves	\$ 123,708
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 428,370
Local Development Impact Fees	\$ 100,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 289,933
Developer Costs	\$ 684,982
Total Uses	\$ 7,465,493

Analyst Comments:

None

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:

83.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$3,817,364 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	83.5

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.