

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt: \$55,344,536
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Project Information:	Name: 800 Block Apartments
	Project Address: 800 K Street, 801 L Street
	Project City, County, Zip Code: Sacramento, Sacramento, 95814

Project Sponsor Information:	Name: 800 Block Investors, LP (800 Block Partners, LLC and Community Revitalization and Development Corporation)
	Principals: Ali Youssefi, Cyrus Youssefi, John Cicerone, and John Rinehart for 800 Block Partners, LLC; David Rutledge, Mike Dahl and Shelby Marocco for Community Revitalization and Development Corporation
	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. (construction only)
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: July 15, 2017
	TEFRA Adoption Date: August 18, 2017

Description of Proposed Project:	State Ceiling Pool: Mixed
	Total Number of Units: 150
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

800 Block Apartments is a new construction project located in Sacramento on a 1.21-acre site. The project consists of 30 restricted rental units, 119 market rate units and 1 unrestricted manager's unit. The project will have 21 studio units, 99 one-bedroom units, 24 two-bedroom units and 6 three-bedroom units. The buildings will be 6 stories with a Type I concrete podium and five levels of Type IIIA wood-framed construction above. Common amenities include community center, management offices, event space and on-site storage. Each unit will have a refrigerator, range/oven, dishwasher, in-unit washer/dryer. There are a total of 133 parking spaces provided. The construction is expected to begin August 2017 and completed in March 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (30 units) restricted to 50% or less of area median income households.
Unit Mix: Studio and 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 69,762,999	
Estimated Hard Costs per Unit:	\$ 317,539	(\$47,630,810 /150 units including mgr. units)
Estimated per Unit Cost:	\$ 465,087	(\$69,762,999 /150 units including mgr. units)
Allocation per Unit:	\$ 368,964	(\$55,344,536 /150 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 1,844,818	(\$55,344,536 /30 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 55,344,536	\$ 0
California Housing Finance Agency (Commercial)	\$ 0	\$ 11,466,712
CalHFA/ HUD Risk Share Loan	\$ 0	\$ 43,663,718
LIH Tax Credit Equity	\$ 1,635,594	\$ 3,231,026
Developer Equity	\$ 6,000,000	\$ 6,000,000
Deferred Developer Fee	\$ 5,000,000	\$ 3,601,543
Deferred Operating Reserves	\$ 1,782,869	\$ 0
CalHFA Soft Loan	\$ 0	\$ 1,800,000
Total Sources	<u>\$ 69,762,999</u>	<u>\$ 69,762,999</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 5,222,000
Taxes/Carrying Costs	\$ 660,000
New Construction	\$ 42,188,500
Contractor Overhead & Profit	\$ 3,467,310
Architectural Fees	\$ 1,600,000
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 3,769,619
Permanent Financing	\$ 744,916
Legal Fees	\$ 380,000
Reserves	\$ 1,032,953
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,975,000
Local Development Impact Fees	\$ 1,940,177
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,567,524
Developer Costs	\$ 5,000,000
Total Uses	<u>\$ 69,762,999</u>

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:

41 out of 120 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$55,344,536 in tax exempt bond allocation on a carryforward basis.

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	6
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
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	41