

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant:	Housing Authority of the County of Sacramento
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Allocation Amount Requested:	Tax-exempt: \$10,000,000
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Project Information:	Name: Southwind Court Apartments
	Project Address: 7371, 7399 and 7401 Power Inn Road
	Project City, County, Zip Code: Unincorporated Sacramento, Sacramento, 92828

Project Sponsor Information:	Name: LIH Southwind Court, L.P. (Central Valley Coalition for Affordable Housing and LIH Southwind Court LLC)
	Principals: Christina Alley for Central Valley Coalition for Affordable Housing; Jacob Levy, Shaoul Levy and Aryel Ashlan for LIH Southwind Court LLC
	Property Management Company: Silver Platinum Realty Management, Inc. dba Platinum Realty Management

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Boston Private
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: November 17, 2017
	TEFRA Adoption Date: December 5, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 88
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Southwind Court Apartments is an existing project located in Sacramento on a 5.16-acre site. The project consists of 87 restricted rental units and 1 unrestricted manager's unit. The project has 12 one-bedroom units, 72 two-bedroom units and 4 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of roof replacement, new siding, new windows and sliders, landscaping improvements, replacement of exterior light fixtures, replacement of gutters and demolition/filling of swimming pool to be replaced with a new playground. In addition, the project will be repainted and the parking lot resurfaced. Individual apartment units will be updated with new carpets/vinyl plank, new hardwired smoke and carbon monoxide detector. Interior unit replacements include all carpets and existing flooring, kitchen appliances, cabinets and counter tops, lighting fixtures, bathroom cabinets and bathroom fixtures and exterior doors and hardware. In addition, 10% of the units will be redesigned for ADA accessibility. The rehabilitation is expected to begin in May 2018 and be completed in January 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
22% (19 units) restricted to 50% or less of area median income households.
78% (68 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

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: \$ 17,918,083
Estimated Hard Costs per Unit: \$ 75,628 (\$6,655,301 /88 units including mgr. units)
Estimated per Unit Cost: \$ 203,615 (\$17,918,083 /88 units including mgr. units)
Allocation per Unit: \$ 113,636 (\$10,000,000 /88 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 114,943 (\$10,000,000 /87 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 6,200,000
LIH Tax Credit Equity	\$ 1,713,526	\$ 6,281,891
Deferred Developer Fee	\$ 2,162,514	\$ 608,000
SHRA Loan	\$ 3,600,000	\$ 4,000,000
Net Income From Operations	\$ 442,043	\$ 442,043
Sponsor Loan	\$ 0	\$ 386,149
Total Sources	\$ 17,918,083	\$ 17,918,083

Uses of Funds:	
Land Cost/Acquisition	\$ 5,200,000
Rehabilitation	\$ 7,229,121
Relocation	\$ 280,000
Contractor Overhead & Profit	\$ 532,424
Architectural Fees	\$ 50,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 897,092
Permanent Financing	\$ 123,670
Legal Fees	\$ 85,000
Reserves	\$ 200,620
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 776,154
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 316,488
Developer Costs	\$ 2,162,514
Total Uses	\$ 17,918,083

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:

68.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,000,000 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
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	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	110	68.5