

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 17, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Felicity Wood*

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**Applicant:** Housing Authority of the City of Sacramento

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**Allocation Amount Requested:**  
**Tax-exempt:** \$35,000,000

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**Project Information:**  
**Name:** Imperial Tower Apartments  
**Project Address:** 331 J Street  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95814

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**Project Sponsor Information:**  
**Name:** Vallejo Imperial Venture LP (Vallejo Imperial Manager LP and Housing on Merit VII LLC)  
**Principals:** Jeffrey Jaeger for Vallejo Imperial Manager LP and Jennifer Apartment Management Consultants, L.L.C.  
**Property Management Company:**

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Not Applicable  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Credit Enhanced  
**Underwriter:** Citigroup Global Markets, Inc.  
**Credit Enhancement Provider:** U.S. Department of Housing and Urban Development (HUD), Walker & Dunlop (HUD FHA 223(F))  
**Rating:** AA+  
**TEFRA Noticing Date:** June 6, 2018  
**TEFRA Adoption Date:** June 26, 2018

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 187  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Senior Citizens

Imperial Tower Apartments is an existing project located in Sacramento on a 0.47-acre site. The project consists of 186 restricted rental units and one unrestricted manager unit. The project has 81 one-bedroom units and 106 studio units. Renovations will include exterior and interior upgrades. Building exterior renovations will include surface cleaning and painting, lights, roofing and elevator upgrades. Interior renovations will include new paint and new carpeting in the corridors, and updates to safety features. Units will receive kitchen upgrades including new sinks and plumbing, paint, flooring, cabinets, countertops, energy saving refrigerators, electric ranges and new range hoods. Bathrooms will receive new cabinets, countertops, sinks, Low-Flo toilets and showerheads, light fixtures and paint. Other unit rehabilitation will include flooring, lighting and electrical upgrades and accessibility updates. Lastly, common area renovations will consist of updating the management office, amenity spaces and laundry rooms. The rehabilitation is expected to begin in November 2018 and be completed in May 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
29% (53 units) restricted to 50% or less of area median income households.  
71% (132 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 64,436,520	
<b>Estimated Hard Costs per Unit:</b>	\$ 31,982	(\$5,980,591 /187 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 344,580	(\$64,436,520 /187 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 187,166	(\$35,000,000 /187 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 189,189	(\$35,000,000 /185 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 35,000,000	\$ 35,000,000
LIH Tax Credit Equity	\$ 17,036,515	\$ 17,782,621
Developer Equity	\$ 0	\$ 6,851,199
Deferred Developer Fee	\$ 7,597,305	\$ 0
HUD FHA 223(f)	\$ 4,802,700	\$ 4,802,700
Total Sources	\$ 64,436,520	\$ 64,436,520

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 46,500,000
Rehabilitation	\$ 7,103,746
Relocation	\$ 48,315
Contractor Overhead & Profit	\$ 478,447
Architectural Fees	\$ 493,399
Survey and Engineering	\$ 5,000
Construction Interest and Fees	\$ 421,390
Permanent Financing	\$ 457,522
Legal Fees	\$ 212,500
Reserves	\$ 374,000
Appraisal	\$ 5,000
Hard Cost Contingency	\$ 49,340
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 690,555
Developer Costs	\$ 7,597,306
Total Uses	\$ 64,436,520

**Analyst Comments:**

None

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**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.

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**Total Points:**

69.3 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$35,000,000 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	10
Exceeding Minimum Income Restrictions:	35	15	34.3
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0.00
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	5
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>69.3</b>