

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 12, 2018**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Richard Fischer*

<b>Applicant:</b>	<b>California Housing Finance Agency</b>
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$8,400,000
<b>Project Information:</b>	<b>Name:</b> Sky Parkway Apartments <b>Project Address:</b> 5414 Sky Parkway <b>Project City, County, Zip Code:</b> Sacramento, Sacramento, 95823
<b>Project Sponsor Information:</b>	<b>Name:</b> Sky Parkway II Preservation Limited Partnership (Sky Parkway II Preservation Partners LLC & JHC-Sky Parkway LLC) <b>Principals:</b> Sky Parkway II Preservation Partners LLC: William Szymczak; JHC-Sky Parkway LLC; Marcy Finamore <b>Property Management Company:</b> Preservation Partners Management Group
<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP <b>Private Placement Purchaser:</b> Citibank, N.A./Sky Parkway Preservation L. P. <b>Cash Flow Permanent Bond:</b> Sky Parkway Preservation L. P. <b>Public Sale:</b> Not Applicable <b>Underwriter:</b> Not Applicable <b>Credit Enhancement Provider:</b> Not Applicable <b>Rating:</b> Not Applicable <b>TEFRA Noticing Date:</b> October 4, 2018 <b>TEFRA Adoption Date:</b> October 25, 2018
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General <b>Total Number of Units:</b> 59 <b>Manager's Units:</b> 1 Unrestricted <b>Type:</b> Acquisition and Rehabilitation <b>Population Served:</b> Senior Citizens

Sky Parkway Apartments is an existing project located in Sacramento on a .81-acre site. The project consists of 58 restricted rental units and 1 unrestricted managers' unit. The project has 58 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof repairs, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in March 2019 and be completed in August 2019.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
100% (58 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1 bedroom

The proposed project will be receiving service amenity points for the following. Provide instructor-led educational, health and wellness or skill building classes, such as financial literacy, computer training, GED, ESL, nutrition, exercise, health info/awareness, art, on-site food cultivation and preparation and smoking cessation for a minimum of 84 hours per year.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

<b>Estimated Total Development Cost:</b>	\$	10,934,574	
<b>Estimated Hard Costs per Unit:</b>	\$	40,000	(\$2,360,000 /59 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	185,332	(\$10,934,574 /59 units including mgr. units)
<b>Allocation per Unit:</b>	\$	142,373	(\$8,400,000 /59 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	144,828	(\$8,400,000 /58 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,704,000	\$ 4,704,000
Cash Flow Permanent Bonds	\$ 2,400,000	\$ 2,400,000
Tranche B Financing	\$ 1,296,000	\$ 0
LIH Tax Credit Equity	\$ 1,789,237	\$ 3,676,675
Developer Equity	\$ 50,000	\$ 50,000
Sky II Developer Limited Partnership	\$ 695,336	\$ 103,899
<b>Total Sources</b>	<b>\$ 10,934,573</b>	<b>\$ 10,934,574</b>

  

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 4,900,000
Rehabilitation	\$ 2,528,504
Relocation	\$ 200,150
Contractor Overhead & Profit	\$ 188,800
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 15,000
Construction Interest and Fees	\$ 533,845
Permanent Financing	\$ 111,840
Legal Fees	\$ 195,000
Reserves	\$ 162,982
Appraisal	\$ 6,500
Hard Cost Contingency	\$ 269,040
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 327,577
Developer Costs	\$ 1,295,336
<b>Total Uses</b>	<b>\$ 10,934,574</b>

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**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:**

75 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$8,400,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	5
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>75</b>