

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

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt: \$8,400,000
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Project Information:	Name: Sky Parkway Apartments
	Project Address: 5414 Sky Parkway
	Project City, County, Zip Code: Sacramento, Sacramento, 95823

Project Sponsor Information:	Name: Sky Parkway II Preservation Limited Partnership (Sky Parkway II Preservation Partners LLC & JHC-Sky Parkway LLC)
	Principals: Sky Parkway II Preservation Partners LLC: William Szymczak; JHC-Sky Parkway LLC; Marcy Finamore
	Property Management Company: Preservation Partners Management Group

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A./Sky Parkway Preservation L. P.
	Cash Flow Permanent Bond: Sky Parkway Preservation L. P.
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: October 4, 2018
	TEFRA Adoption Date: October 25, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 59
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: 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:

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

Sources of Funds:	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
Total Sources	\$ 10,934,573	\$ 10,934,574
Uses of Funds:		
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	
Total Uses	\$ 10,934,574	

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:

75 out of 140 [See Attachment A]

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
Total Points	140	110	75