

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant:	Housing Authority of the City of Sacramento
Allocation Amount Requested:	Tax-exempt: \$12,000,000
Project Information:	Name: Victory Trio Apartments Project Address: 3301 Norwood Ave., 1075 Dixieanne Ave., 1048 Dixieanne Ave. Project City, County, Zip Code: Sacramento, Sacramento, 95815
Project Sponsor Information:	Name: Mutual Housing California (Roberto Jimenez) Principals: Roberto Jimenez Property Management Company: Mutual Housing Management
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: BBVA Compass 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 20, 2018 TEFRA Adoption Date: November 20, 2018
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 91 Manager's Units: 2 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family

Victory Trio Apartments is an existing project located in Sacramento on a 2.80-acre site. The project consists of 89 restricted rental units, and two unrestricted managers' units. The project has 7 one-bedroom units, 50 two-bedroom units, 25 three-bedroom units, and 7 four-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of new roofs, site lighting, exterior stair risers, handrails, exterior doors and signage. Interior renovations to the community building will include flooring, counter tops, kitchen appliances and paint. Individual units will be updated with new counters, flooring, window coverings, sinks, bathtubs, vanity mirrors, paint, and energy efficient appliances. Damaged interior doors will be replaced. Lastly, site area renovations will consist of new landscaping, a playground and picnic area, irrigation, drainage, parking lot v-gutter, replacement of concrete walkways, parking lot resurfacing and striping, and gate operator. The rehabilitation is expected to begin in February 2019 and be completed in February 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
93% (83 units) restricted to 50% or less of area median income households.	
7% (6 units) restricted to 60% or less of area median income households.	
Unit Mix:	1, 2, 3 & 4 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions:	55 years
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Details of Project Financing:

Estimated Total Development Cost:	\$	22,668,284	
Estimated Hard Costs per Unit:	\$	65,364	(\$5,948,146 /91 units including mgr. units)
Estimated per Unit Cost:	\$	249,102	(\$22,668,284 /91 units including mgr. units)
Allocation per Unit:	\$	131,868	(\$12,000,000 /91 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	134,831	(\$12,000,000 /89 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 379,000
LIH Tax Credit Equity	\$ 628,757	\$ 7,484,572
GP Capital	\$ 367,350	\$ 2,395,370
GP Perm Loan	\$ 0	\$ 221,361
Deferred Developer Fee	\$ 1,250,912	\$ 1,250,912
Seller Carryback Loan	\$ 2,868,323	\$ 2,868,323
SHRA Existing HOME/CDBG Loans	\$ 3,169,575	\$ 3,169,575
SHRA Existing HTF Loan	\$ 803,853	\$ 803,853
FHLB Existing AHP Loan	\$ 160,000	\$ 160,000
Accrued/Deferred Soft Loan	\$ 405,318	\$ 405,318
Costs Deferred to Perm Financing	\$ 1,014,196	\$
SHRA HOME New Loan	\$ 0	\$ 3,530,000
Total Sources	\$ 22,668,284	\$ 22,668,284
Uses of Funds:		
Land Cost/Acquisition	\$ 9,756,123	
Rehabilitation	\$ 7,014,896	
Relocation	\$ 667,328	
Survey and Engineering	\$ 285,100	
Construction Interest and Fees	\$ 983,404	
Permanent Financing	\$ 18,790	
Legal Fees	\$ 95,000	
Reserves	\$ 190,736	
Appraisal	\$ 11,000	
Hard Cost Contingency	\$ 701,490	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 193,645	
Developer Costs	\$ 2,750,772	
Total Uses	\$ 22,668,284	

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:

82 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
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	2
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	82