

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

Prepared by: Muri Bartkovsky

Applicant:	Housing Authority of the County of Sacramento
Allocation Amount Requested:	Tax-exempt: \$23,000,000
Project Information:	Name: Sierra Sunrise Senior Apartments Project Address: 4525 Manzanita Avenue Project City, County, Zip Code: Carmichael, Sacramento, 95608
Project Sponsor Information:	Name: Carmichael 683, L.P. (USA Carmichael 683, Inc. and Riverside Charitable Corporation) Principals: Geoffrey C. Brown and Michael McCleery of USA Carmichael 683, Inc. plus Kenneth Robertson and Craig Gillette for Riverside Charitable Corporation. Property Management Company: USA Multifamily Management, Inc.
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: Jones Lang LaSalle Cash Flow Permanent Bond: Not Applicable Public Sale: Credit Enhanced Underwriter: RBC Capital Markets Credit Enhancement Provider: Yes Rating: AA+/Aaa TEFRA Noticing Date: July 11, 2019 TEFRA Adoption Date: July 23, 2019
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 119 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Senior Citizens

Sierra Sunrise Apartments is an existing project located in Carmichael on a 4.8-acre site. The project consists of 118 restricted rental units, and 1 unrestricted manager unit. The project has 54 studio-units and 65 one-bedroom units. Building exterior renovations will consist of new; signage, mailboxes, and Solar PV and Thermal. Interior renovations will include upgrades to; clubhouse, leasing office, craft room, bathrooms, kitchen, and laundry room finishes. Individual apartment units will be updated with new; energy star rated appliances, windows, window coverings, bathroom sinks, water efficient toilets, HVAC system, and LED light fixtures throughout the unit. Lastly, common or site area renovations will consist of repair and resurfacing of asphalt drives as well as landscaping and irrigation improvements. The rehabilitation is expected to begin in February 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (24 units) restricted to 50% or less of area median income households.
80% (94 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:

Estimated Total Development Cost: \$ 41,600,226
Estimated Hard Costs per Unit: \$ 180,673 (\$21,500,113 /119 units including mgr. unit)
Estimated per Unit Cost: \$ 349,582 (\$41,600,226 /119 units including mgr. unit)
Allocation per Unit: \$ 193,277 (\$23,000,000 /119 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 194,915 (\$23,000,000 /118 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,000,000	\$ 23,000,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 11,750,792
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 2,218,186
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 4,631,248	\$ 4,631,248
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
WNC & Associates	\$ 8,440,869	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 36,072,117	\$ 41,600,226

Uses of Funds:	
Land Cost/Acquisition	\$ 28,750,000
Rehabilitation	\$ 5,249,377
Relocation	\$ 0
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 0
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 0
Permanent Financing	\$ 680,550
Legal Fees	\$ 135,000
Reserves	\$ 532,622
Appraisal	\$ 0
Hard Cost Contingency	\$ 543,971
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 713,219
Developer Costs	\$ 4,995,487
Total Uses	\$ 41,600,226

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:

60 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	30
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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	0.00
Total Points	140	110	60