

**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: Sarah Lester*

<b>Applicant:</b>	<b>Housing Authority of the County of Sacramento</b>		
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b>	\$12,500,000	
<b>Project Information:</b>	<b>Name:</b>	<b>Rental Assistance Demonstration Phase I (Scattered Site)</b>	
	<b>Project Address:</b>	1043 43rd Avenue Sacramento, CA 95822; 4921 Folsom Boulevard Sacramento, CA 95819; 4500-4530 Perry Avenue Sacramento, CA 95820; 4930 El Paraiso Avenue Sacramento, CA 95824; 8223 Walerga Road Antelope, CA 95843; 9205 Elk Grove Boulevard Elk Grove, CA 95624	
	<b>Project City, County, Zip Code:</b>	Sacramento, Antelope and Elk Grove, Sacramento, 95819	
<b>Project Sponsor Information:</b>	<b>Name:</b>	RAD Pilot, LP (RAD Pilot, LLC)	
	<b>Principals:</b>	James Shields	
	<b>Property Management Company:</b>	Sacramento Housing & Redevelopment Agency	
<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP	
	<b>Private Placement Purchaser:</b>	Wells Fargo Bank, N.A./Prudential Affordable Mortgage Company, LLC/Freddie Mac TEL	
	<b>Cash Flow Permanent Bond:</b>	Not Applicable	
	<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>	July 11, 2019	
	<b>TEFRA Adoption Date:</b>	July 23, 2019	
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	General	
	<b>Total Number of Units:</b>	124	
	<b>Manager's Units:</b>	0 Unrestricted	
	<b>Type:</b>	Acquisition and Rehabilitation	
	<b>Population Served:</b>	Family	

Rental Assistance Demonstration Phase I Apartments is an existing project located in Sacramento spread throughout a total of 8.53-acre sites. The project consists of 124 restricted rental units. The project has 64 one-bedroom units, 16 two-bedroom units and 44 three-bedroom units. The renovations will include both building exterior and interior upgrades. Building exterior renovations will consist of replacement of roofs, fencing, lighting and windows. Interior renovations will include upgrades to the community center(s), laundry room(s), replacement of water heater(s) and replacement of plywood sheeting. Individual apartment units will be updated with new cabinets and paint, bathroom improvements, kitchen improvements, flooring and wall improvements and upgrades to windows. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is expected to begin in January 2020 and be completed in December 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
50% (62 units) restricted to 50% or less of area median income households.  
45% (56 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

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>	\$	23,147,932	
<b>Estimated Hard Costs per Unit:</b>	\$	44,535	(\$5,522,313 /124 units)
<b>Estimated per Unit Cost:</b>	\$	186,677	(\$23,147,932 /124 units)
<b>Allocation per Unit:</b>	\$	100,806	(\$12,500,000 /124 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	100,806	(\$12,500,000 /124 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 2,729,602
LIH Tax Credit Equity	\$ 447,023	\$ 6,500,234
Deferred Developer Fee	\$ 0	\$ 503,301
SHRA - Capitalized Ground Lease	\$ 7,661,496	\$ 7,661,496
SHRA Gap Loan	\$ 0	\$ 2,742,476
SHRA Acquisition Loan	\$ 0	\$ 2,748,504
Interim Income	\$ 0	\$ 262,319
<b>Total Sources</b>	<b>\$ 20,608,519</b>	<b>\$ 23,147,932</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 10,410,000
Rehabilitation	\$ 5,974,082
Relocation	\$ 512,850
Contractor Overhead & Profit	\$ 444,993
Architectural Fees	\$ 447,539
Construction Interest and Fees	\$ 788,798
Permanent Financing	\$ 27,298
Legal Fees	\$ 150,000
Reserves	\$ 491,116
Hard Cost Contingency	\$ 1,027,032
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 364,224
Developer Costs	\$ 2,510,000
<b>Total Uses</b>	<b>\$ 23,147,932</b>

---

**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 \$12,500,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
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	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>60</b>