

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Housing Authority of the County of Sacramento

Allocation Amount Requested:
Tax-exempt: \$5,500,000

Project Information:
Name: Pacific Rim Apartments
Project Address: 6620 Sunnyslope Drive
Project City, County, Zip Code: Sacramento, Sacramento, 95828

Project Sponsor Information:
Name: Pacific Rim Apartments, LP (Pacific Rim GP, LLC and Community Revitalization and Development Corporation)
Principals: Danielle Curl Bennett for Pacific Rim GP, LLC and David Rutledge for Community Revitalization and Development Corporation
Property Management Company: FPI Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: California Bank & Trust
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 12, 2019
TEFRA Adoption Date: September 24, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 32
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Pacific Rim Apartments is an existing project located in Sacramento on a 1.59-acre site. The project consists of 31 restricted rental units and 1 unrestricted manager unit. The project has 32 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of cool roof overlay, replacement of hot water heaters and HVAC units, landscaping and fresh paint. Interior renovations will include common area lighting. Individual apartment units will be updated with a new appliance package, replacement of flooring, countertops, cabinets, electrical fixtures, plumbing, GFCI's in the kitchen and bathrooms as needed and interior lighting with energy efficient lights. Lastly, common or site area renovations will consist of replacement of concrete paths, siding repair, replacement of wood trim where damaged, roof replacement and replacement of common building lights. The rehabilitation is expected to begin in February 2020 and be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

23% (7 units) restricted to 50% or less of area median income households.

77% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 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:

Estimated Total Development Cost:	\$ 11,109,850	
Estimated Hard Costs per Unit:	\$ 96,160	(\$3,077,106 /32 units including mgr. unit)
Estimated per Unit Cost:	\$ 347,183	(\$11,109,850 /32 units including mgr. unit)
Allocation per Unit:	\$ 171,875	(\$5,500,000 /32 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 177,419	(\$5,500,000 /31 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 2,300,000
LIH Tax Credit Equity	\$ 693,186	\$ 3,385,935
Deferred Developer Fee	\$ 0	\$ 326,085
Deferred to Permanent	\$ 647,792	\$ 0
Seller Carryback Loan	\$ 26,648	\$ 26,648
SHRA Loan (Assumed)	\$ 2,242,986	\$ 2,242,986
Net Income From Operations	\$ 0	\$ 84,758
SHRA Loan (New)	\$ 1,964,000	\$ 2,455,000
Short Term Work Reserves	\$ 26,985	\$ 26,985
Existing Replacement Reserves	\$ 8,253	\$ 8,253
SHRA Loan Accrued Interest	\$ 0	\$ 253,200
Total Sources	\$ 11,109,850	\$ 11,109,850

Uses of Funds:	
Land Cost/Acquisition	\$ 4,569,650
Rehabilitation	\$ 3,372,508
Relocation	\$ 112,000
Contractor Overhead & Profit	\$ 184,626
Architectural Fees	\$ 147,285
Survey and Engineering	\$ 20,000
Construction Interest and Fees	\$ 560,126
Permanent Financing	\$ 43,000
Legal Fees	\$ 105,000
Reserves	\$ 180,000
Appraisal	\$ 11,450
Hard Cost Contingency	\$ 398,377
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 146,195
Developer Costs	\$ 1,259,633
Total Uses	\$ 11,109,850

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:

62.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,500,000 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	0
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	1.1
Large Family Units	5	5	5
Leveraging	10	10	10
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	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	120	62.4