

**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: Chee Thao Yang*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**

**Tax-exempt:** \$85,000,000

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**Project Information:**

**Name:** Revolve  
**Project Address:** 305 6th Street  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95814

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**Project Sponsor Information:**

**Name:** Railyards Lot 48, LLC (LP to be formed) (Caboose Investors, LLC)  
**Principals:** Geoffrey C. Brown, Michael McCleery, Jonathan C. Harmer, Darren Bobrowsky, Valerie Silva & Jori Henry

**Property Management Company:** USA Multifamily Management, Inc.

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 15, 2019  
**TEFRA Adoption Date:** November 4, 2019

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**Description of Proposed Project:**

**State Ceiling Pool:** Mixed  
**Total Number of Units:** 332  
**Manager's Units:** 2 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Revolve is a new construction project located in Sacramento on a 2.5-acre site. The project consists of 69 restricted rental units, 261 market rate units and 2 unrestricted managers' units. The project will have 18 studio units, 255 one-bedroom units, and 59 two-bedroom units. The building will be 6 stories. Common amenities will include a residential lobby, pool, fitness room, lounge, community space, roof deck, bike storage, bike repair area and a dog wash. Each unit will have a dishwasher, self-cleaning range/oven, venting hood fan with microwave, refrigerator, garbage disposal, AC, ceiling fans in bedrooms and living rooms, countertops, carpet in bedrooms and washer/dryer. The construction is expected to begin October 2020 and be completed December 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 21%  
21% (69 units) restricted to 50% or less of area median income households.  
0% (0 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedroom

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>	\$ 114,646,152	
<b>Estimated Hard Costs per Unit:</b>	\$ 215,942	(\$71,692,735 /332 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 345,320	(\$114,646,152 /332 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 256,024	(\$85,000,000 /332 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 1,231,884	(\$85,000,000 /69 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 85,000,000	\$ 75,630,000
LIH Tax Credit Equity	\$ 7,783,531	\$ 13,492,857
Net Income From Operations	\$ 6,020,454	\$ 3,660,674
Traditional Equity	\$ 15,779,167	\$ 15,779,167
Master Developer Contribution	\$ 0	\$ 6,020,454
Total Sources	<u>\$ 114,583,152</u>	<u>\$ 114,583,152</u>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 100
New Construction	\$ 78,166,966
Contractor Overhead & Profit	\$ 2,865,189
Architectural Fees	\$ 4,250,000
Construction Interest and Fees	\$ 6,016,652
Permanent Financing	\$ 5,182,715
Legal Fees	\$ 265,000
Reserves	\$ 341,730
Appraisal	\$ 25,000
Hard Cost Contingency	\$ 3,784,323
Local Development Impact Fees	\$ 7,052,752
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,863,489
Developer Costs	\$ 2,832,236
Total Uses	<u>\$ 114,646,152</u>

**Analyst Comments:**

None

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**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.

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**Total Points:**

35.7 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$85,000,000 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	6.2
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>160</b>	<b>140</b>	<b>35.7</b>