

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

April 14, 2020

Staff Report

***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT***

Prepared by: Richard Fischer

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested: Tax-exempt: \$15,005,042

Project Information:
Name: Lavender Courtyard
Project Address: 605 16th Street, 1612 & 1616 F Street
Project City, County, Zip Code: Sacramento, Sacramento, 95814

Project Sponsor Information:
Name: Lavender Housing Associates, LP (Lavender Courtyard Mutual Housing, LLC)
Principals: Roberto Jimenez for Lavender Courtyard Mutual Housing, LLC
Property Management Company: Mutual Housing Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: U.S. Bank National Association
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 26, 2019
TEFRA Adoption Date: December 10, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 53
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens/Special Needs

Lavender Courtyard Apartments is a new construction project located in Sacramento on a .59-acre site. The project consists of 52 restricted rental units and 1 unrestricted manager unit. The project will have 49 one-bedroom units and 4 two-bedroom units. The building will be 4 stories built of wood frame type construction. Common amenities include a community room, reading room and computer space, laundry facilities and a management offices. Each unit will have energy star appliances, efficient Heating Ventilation and Air Conditioning (HVAC) and energy efficient electrical fixtures. There will be 20 parking spaces provided. The project will be pursuing Green Point Rated Certification. Green features include photovoltaic panels to offset common energy loads. The construction is expected to begin September 2020 and will be completed in March 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (52 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be receiving service amenity points, such as instructor-led educational, health and wellness or skill building classes and a bona-fide social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,699,796	
Estimated Hard Costs per Unit:	\$ 270,148	(\$14,317,845 /53 units including mgr. unit)
Estimated per Unit Cost:	\$ 503,770	(\$26,699,796 /53 units including mgr. unit)
Allocation per Unit:	\$ 283,114	(\$15,005,042 /53 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 288,559	(\$15,005,042 /52 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,005,042	\$ 0
Taxable Bond Proceeds	\$ 3,652,344	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 10,264,455
Developer Equity	\$ 929,245	\$ 0
Deferred Developer Fee	\$ 765,998	\$ 765,998
Deferred Costs	\$ 1,941,642	\$ 0
GP Loan -Weinberg Foundation	\$ 2,500,000	\$ 2,500,000
SHRA HOME loan	\$ 1,905,525	\$ 1,905,525
HCD MHP Loan	\$ 0	\$ 11,263,818
Total Sources	\$ 26,699,796	\$ 26,699,796

Uses of Funds:	
Land Cost/Acquisition	\$ 1,038,597
New Construction	\$ 16,792,477
Contractor Overhead & Profit	\$ 886,823
Architectural Fees	\$ 875,000
Survey and Engineering	\$ 10,000
Construction Interest and Fees	\$ 1,240,195
Permanent Financing	\$ 10,000
Legal Fees	\$ 105,000
Reserves	\$ 909,117
Appraisal	\$ 9,500
Hard Cost Contingency	\$ 883,950
Local Development Impact Fees	\$ 315,621
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 772,482
Developer Costs	\$ 2,851,034
Total Uses	\$ 26,699,796

Analyst Comments:

This project is considered a high cost per unit project. Site constraints make the project a small, dense infill. 53 units. The site serves extremely deep levels of affordability, with 100% of non-manager units between 20% AMI and 40% AMI. Using only 20 Project Based Vouchers, the project is utilizing a Capitalized Operating Subsidy Reserve, which contributes to the total budget.

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,005,042 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	10
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	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	125