

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: Isaac Clark III

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**Applicant:** Housing Authority of the City of Sacramento

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**Allocation Amount Requested:**

**Tax-exempt:** \$35,233,427

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**Project Information:**

**Name:** Twin Rivers Block A  
**Project Address:** 321 Eliza Street Block A  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95811

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**Project Sponsor Information:**

**Name:** Twin Rivers Phase 1, LP (Twin Rivers Phase 1 MBS GP, Inc. / Sacramento Housing Authority Repositioning Program, Inc. / Wells Fargo Affordable Housing Community Development Corporation)

**Principals:** Kevin J. McCormack, President, Vince R. Bennett, Vice President, Gary M. Buechler, Vice President, Hillary B. Zimmerman, Vice President, Kim Hartmann, Vice President, Daniel Falcon, Jr., Vice President for Twin Rivers Phase 1 MBS, GP / James Shields, President, Susana Jackson, Treasurer, Michael Taylor, Secretary, Richard Ciraulo, Director, William Fagen, Director for Sacramento Housing Authority Repositioning Program, Inc.

**Property Management Company:** McCormack Baron Management, Inc

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**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:** September 12, 2019  
**TEFRA Adoption Date:** September 24, 2019

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 104  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Twin Rivers Block A is a new construction project located in Sacramento on a 1.6-acre site. The project consists of 82 restricted rental units, 21 market rate units and 1 unrestricted manager unit. The project will have 39 one-bedroom units, 48 two-bedroom units, 16 three-bedroom units, and 1 four-bedroom unit. Building exteriors will be a combination of stucco and fiber cement siding (both painted and wood-look) with accent areas of metal siding. All buildings will be built to meet Green Point Rating certification. There will be a total of 72 surface parking spaces. Common area amenities include property management offices, resident services offices, computer lab, community rooms, swimming pool, play area, landscaped courtyard and BBQ area. All common area amenities will be fully accessible. Unit amenities will include Energy Star rated appliances such as a refrigerator, range, dishwasher and in-unit washer and dryer. The construction is expected to begin June 2020 and be completed in September 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 80%  
54% (56 units) restricted to 50% or less of area median income households.  
25% (26 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 63,972,446	
<b>Estimated Hard Costs per Unit:</b>	\$ 379,793	(\$39,498,454 /104 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 615,120	(\$63,972,446 /104 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 338,783	(\$35,233,427 /104 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 429,676	(\$35,233,427 /82 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 35,233,427	\$ 10,279,593
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 30,458,559
CA Dept of Developmental Svcs Loan	\$ 0	\$ 1,500,000
Deferred Developer Fee	\$ 0	\$ 2,000,000
Costs Deferred Until Conversion	\$ 3,777,602	\$ 0
Wells Fargo Tax Credit Equity	\$ 5,227,123	\$ 0
SHRA CNI Loan	\$ 7,000,000	\$ 7,000,000
Transformative Climate Communities	\$ 1,000,000	\$ 1,000,000
SHRA Infrastructure Loan	\$ 3,915,294	\$ 3,915,294
SHRA HTF Loan	\$ 7,000,000	\$ 7,000,000
SHRA Ground Lease Note	\$ 819,000	\$ 819,000
<b>Total Sources</b>	<b>\$ 63,972,446</b>	<b>\$ 63,972,446</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,158,129
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 36,946,386
Contractor Overhead & Profit	\$ 2,552,068
Architectural Fees	\$ 2,175,017
Survey and Engineering	\$ 189,920
Construction Interest and Fees	\$ 3,512,794
Permanent Financing	\$ 168,296
Legal Fees	\$ 500,000
Reserves	\$ 507,603
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 4,390,134
Local Development Impact Fees	\$ 926,547
Other Project Costs	\$ 2,395,552
Developer Costs	\$ 4,540,000
<b>Total Uses</b>	<b>\$ 63,972,446</b>

**Analyst Comments:**

The City of Sacramento required the project to construct extensive public improvement infrastructure immediately adjacent to the site. The City of Sacramento is also requiring the project to pay local development impact fees of \$926,547.

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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:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$35,233,427 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Gross Rents	5	5	5.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120.00</b>