

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Anthony Wey

Applicant: California Housing Finance Agency

Allocation Amount Requested: Tax-exempt: \$10,305,237

Project Information: Name: 1322 O Street Apartments
Project Address: 1322 O Street
Project City, County, Zip Code: Sacramento, Sacramento, 95814

Project Sponsor Information: Name: 1322 O St Investors LP (Capitol Area Community Development Corporation and Cyrus Youssefi)
Principals: Wendy S. Saunders, Marc de la Verge, Jill Bagley-Azevedo, and Noelle Mussen for Capitol Area Community Development Corporation; Cyrus Youssefi
Property Management Company: C.F.Y. Development, Inc.

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable

Description of Proposed Project: State Ceiling Pool: General New Construction Pc
Total Number of Units: 56
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

1322 O Street Apartments is a new construction project located in Sacramento, CA on a 0.24-acre site. The project will consist of 55 restricted rental units and 1 unrestricted manager's unit. The project will have 56 single room units. The building will be 5 stories built on a concrete mat slab foundation. Common amenities include on-site management, a ground level courtyard, a community kitchen with an outdoor 5th-floor terrace, bicycle storage, and on-site residential storage opportunities. Each unit will have individually controlled HVAC systems, electric cooktop, convection microwave, refrigerator, and garbage disposal. There will be a parking lot provided. Green features include a submetered centralized heat pump and HVAC system, low-water demand landscape materials, on-site storm water percolation, and low VOC building materials. The construction is expected to begin June 2021 and be completed in February 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

91% (50 units) restricted to 50% or less of area median income households.

9% (5 units) restricted to 60% or less of area median income households.

Unit Mix: Studio

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 18,469,787

Estimated Hard Costs per Unit: \$ 208,193 (\$11,658,805 /56 units including mgr. units)

Estimated per Unit Cost: \$ 329,818 (\$18,469,787 /56 units including mgr. units)

Allocation per Unit: \$ 184,022 (\$10,305,237 /56 units including mgr. units)

Allocation per Restricted Rental Unit: \$ 187,368 (\$10,305,237 /55 restricted units)

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|---------------------------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 10,305,237 | \$ 0 |
| Taxable Bond Proceeds | \$ 1,679,921 | \$ 0 |
| LIH Tax Credit Equity | \$ 923,356 | \$ 4,692,833 |
| Deferred Developer Fee | \$ 2,136,850 | \$ 676,954 |
| Deferred Costs | \$ 324,423 | \$ 0 |
| CADA Gap Loan | \$ 3,100,000 | \$ 2,407,025 |
| CADA Perm Loan | \$ 0 | \$ 692,975 |
| HCD TOD Loan | \$ 0 | \$ 10,000,000 |
| Total Sources | \$ 18,469,787 | \$ 18,469,787 |
| Uses of Funds: | | |
| Land Cost/Acquisition | \$ 1 | |
| New Construction | \$ 12,483,333 | |
| Contractor Overhead & Profit | \$ 974,676 | |
| Architectural Fees | \$ 590,000 | |
| Survey and Engineering | \$ 50,000 | |
| Construction Interest and Fees | \$ 468,000 | |
| Permanent Financing | \$ 119,250 | |
| Legal Fees | \$ 150,000 | |
| Reserves | \$ 324,423 | |
| Appraisal | \$ 15,000 | |
| Hard Cost Contingency | \$ 682,940 | |
| Local Development Impact Fees | \$ 200,000 | |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 275,314 | |
| Developer Costs | \$ 2,136,850 | |
| Total Uses | \$ 18,469,787 | |

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,305,237 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 | 35 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 10.00 |
| Large Family Units | 5 | 5 | 0.00 |
| Gross Rents | 5 | 5 | 5.00 |
| Leveraging | 10 | 10 | 10.00 |
| Community Revitalization Area | 5 | 5 | 5.00 |
| 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 |
| Total Points | 145 | 125 | 125.00 |