

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 residentail 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:	Construction	Permanent
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