

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:** California Housing Finance Agency

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**Allocation Amount Requested:**

**Tax-exempt:** \$39,140,517

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**Project Information:**

**Name:** 1717 S Street  
**Project Address:** 1717 S Street  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95811

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**Project Sponsor Information:**

**Name:** 1717 S Street Investors, LP (Capitol Area Community Development  
**Principals:** Wendy S. Saunders, President, Marc de la Verge, Vice President, Rachel Mercurio, Secretary and Noelle Mussen, Chief Financial Officer of Capitol Area Community Development Corporation. Cyrus Youssefi, Managing Member of 1717 S Street Investors, LLC.

**Property Management Company:** C.F.Y. Development, Inc.

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Not Applicable  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** January 2, 2020  
**TEFRA Adoption Date:** January 22, 2020

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**Description of Proposed Project:**

**State Ceiling Pool:** Mixed Income  
**Total Number of Units:** 159  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

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1717 S Street Apartments is a new construction project located in Sacramento on a 1.15 -acre site. The project is specifically designed to take full advantage of the infill opportunity of an existing vacant site in Sacramento's emerging R Street Corridor. The project consists of 111 restricted rental units, 47 market rate units and 1 unrestricted manager unit. The project will have 118 one-bedroom units and 24 two-bedroom units. The building will be a six-story, new construction, with a two-level parking garage within the podium. Common amenities include a community center, a classroom/event space with a rooftop terrace, secure parking garage access with security cameras and night-time security patrol, a fitness room and on-site management. Each unit will have a refrigerator, stove, dishwasher, cable TV, private patio and washer and dryer. There are 132 vehicle parking spaces, 7 designated motorcycle spaces and 128 bicycle spaces provided. The construction is expected to begin July 2020 and be completed in March 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 70%

32% (50 units) restricted to 50% or less of area median income households.

39% (61 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1 & 2 bedroom

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>	\$ 69,989,368	
<b>Estimated Hard Costs per Unit:</b>	\$ 265,102	(\$42,151,150 /159 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 440,185	(\$69,989,368 /159 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 246,167	(\$39,140,517 /159 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 352,617	(\$39,140,517 /111 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
JPMorgan Chase Bank, N.A.	\$ 39,140,517	\$ 28,730,359
Cash Flow Permanent Bonds	\$ 0	\$ 0
JP Morgan Chase N.-taxable tail	\$ 15,396,149	\$ 10,250,000
Deferred Developer Fee	\$ 6,400,000	\$ 3,300,000
LIH Tax Credit Equity	\$ 0	\$ 24,351,213
Investor's Equity	\$ 4,870,243	\$ 3,357,796
CADA Loan	\$ 3,300,000	\$ 0
Deferred Reserves	\$ 882,459	\$ 0
0	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
<b>Total Sources</b>	<b>\$ 69,989,368</b>	<b>\$ 69,989,368</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,900,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 48,433,252
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,200,000
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 3,009,000
Permanent Financing	\$ 529,500
Legal Fees	\$ 320,000
Reserves	\$ 882,459
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 2,107,557
Local Development Impact Fees	\$ 1,872,222
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,120,378
Developer Costs	\$ 6,400,000
<b>Total Uses</b>	<b>\$ 69,989,368</b>

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**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 and presented it to CDLAC’s Executive Director. Information disclosed does not question the financial viability or legal integrity of the Applicant.

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**Total Points:**

105 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$39,140,517 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	15
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>105.00</b>