

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood/Richard Fischer

Applicant: Housing Authority of the City of Sacramento

Allocation Amount Requested:
Tax-exempt: \$23,500,000

Project Information:
Name: Cascade Village Apartments
Project Address: 7600 Fruitridge Road
Project City, County, Zip Code: Sacramento, Sacramento, 95820

Project Sponsor Information:
Name: Cascade Village Apartments II, LP (Cascade SLP, LLC; Bayside Cascade GP II, LLC; and Community Resident Services, Inc.)
Principals: Michael Barker for Cascade SLP, LLC and Bayside Cascade GP II, LLC; and Elizabeth Shults for Community Resident Services, Inc.
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Banner Bank/AFE-Cascade Associates, LP
Cash Flow Permanent Bond: AFE-Cascade Associates, LP
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: December 21, 2018
TEFRA Adoption Date: January 8, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 74
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Cascade Village Apartments is an existing project located in Sacramento on a 2.6-acre site. The project consists of 73 restricted rental units, and one unrestricted manager's unit. The project has 52 one-bedroom units, and 22 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a new roofing system and siding repairs. Interior renovations will include new flooring and paint, and removal of popcorn ceilings. Individual apartment units will be updated with bathroom, kitchen and appliance upgrades. Lastly, common or site area renovations will consist of fence repair, irrigation and landscaping upgrade, parking lot seal and strip, replacing HVAC systems, electrical upgrades, ADA and path of travel upgrades, updated community room and laundry room. The rehabilitation is expected to begin in May 2019 and be completed in February 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

96% (70 units) restricted to 50% or less of area median income households.

4% (3 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 29,208,473	
Estimated Hard Costs per Unit:	\$ 66,703	(\$4,935,993 /74 units including mgr. units)
Estimated per Unit Cost:	\$ 394,709	(\$29,208,473 /74 units including mgr. units)
Allocation per Unit:	\$ 317,568	(\$23,500,000 /74 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 321,918	(\$23,500,000 /73 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,000,000	\$ 10,955,000
Cash Flow Permanent Bonds	\$ 6,500,000	\$ 6,500,000
LIH Tax Credit Equity	\$ 3,342,138	\$ 9,364,256
Developer Equity	\$ 0	\$ 400,371
Deferred Developer Fee	\$ 0	\$ 1,788,846
Net Income From Operations	\$ 0	\$ 200,000
Total Sources	\$ 26,842,138	\$ 29,208,473

Uses of Funds:	
Land Cost/Acquisition	\$ 16,090,000
Rehabilitation	\$ 5,868,241
Contractor Overhead & Profit	\$ 246,750
Architectural Fees	\$ 220,000
Survey and Engineering	\$ 15,000
Construction Interest and Fees	\$ 690,225
Legal Fees	\$ 172,718
Reserves	\$ 309,934
Appraisal	\$ 15,500
Hard Cost Contingency	\$ 681,774
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,268,458
Developer Costs	\$ 3,629,873
Total Uses	\$ 29,208,473

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:

62.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,500,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	62.5