Agenda Item No. 5.9
Application No. 16-491

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: **Housing Authority of the City of San Diego**

Allocation Amount Requested:
Tax-exempt: $23,300,000

Project Information:
Name: **Bella Vista Apartments**
Project Address: 4742 Solola Avenue
Project City, County, Zip Code: San Diego, San Diego, 92113

Project Sponsor Information:
Name: Bella Vista Affordable Communities, L.P.(Casa Familiar, Inc. and Bella Vista Communities, LLC)
Principals: Andrea P. Skorepa, E Aguilar and Lisa Cuestas for Casa Familiar Inc.; Ruben Islas, Jules Arthur and Michael D. Coit for Bella Vista Communities, LLC
Property Management Company: Logan Property Management

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Hunt Mortgage Partners, LLC
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: May 27, 2016
TEFRA Adoption Date: June 16, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 169, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Bella Vista Apartments is a non-targeted, 170 unit property located in San Diego, CA consisting of one, two and three bedroom units for low-income tenants. The property, which was built in 1971 has 34 two-story buildings. There are 3 laundry rooms, separate leasing office and community building. The unit mix for the property is 52-1br/1ba units, 94-2br/1ba, and 24-3br/2ba units (one of which is a manager's unit). The one, two, and 14 three bedroom units are flats, while 10 three bedroom units are townhomes. The improvements are wood frame construction with stucco exterior walls on concrete slab foundations and the roofs are flat built-up with composition cover. There are 230 open parking spaces providing a parking ratio of 1.34 spaces per unit. Landscaping consists of mature trees and ground cover. The site is fenced. The Subject is surrounded by single-family residential development to the north, east, and south in fair to average condition. West of the subject is 47th

Street followed by Interstate 805. The proposed renovation will address the entire property and will include substantial improvements to the property. The current scope of work provides for upgrades to flooring, electrical, plumbing, countertops windows and cabinets in all 170 units. The common grounds will also be upgraded including, but not limited to, landscaping, walkways, exterior lighting, water heaters for each building and asphalt. There are plans to replace the roofing for the entire property with “cool roofs.” The rehab is expected to begin in 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (17 units) restricted to 50% or less of area median income households.
90% (152 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will provide instructor-led educational, health and wellness or skill building classes (such as financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health info/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation) for a minimum of 84 hours per year. The Project will also provide after school programs of an on-going nature (tutoring, mentoring, homework club, and art and recreation activities). To be provided weekdays throughout the school year for at least 10 hrs. per week.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	45,157,833	
Estimated Hard Costs per Unit:	$	40,237	($6,800,000 /169 units)
Estimated per Unit Cost:	$	265,634	($45,157,833 /170 units including mngr. units
Allocation per Unit:	$	137,870	($23,300,000 /169 units)
Allocation per Restricted Rental Unit:	$	137,870	($23,300,000 /169 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 23,300,000	$ 23,300,000
LIH Tax Credit Equity	$ 17,055,478	$ 17,055,478
Deferred Developer Fee	$ 4,802,355	$ 4,802,355
Total Sources	$ 45,157,833	$ 45,157,833

Uses of Funds:	
Land Cost/Acquisition	$ 28,600,000
Rehabilitation	$ 7,732,280
Relocation	$ 200,000
Contractor Overhead	$ 136,000
Construction Interest and Fees	$ 226,280
Permanent Financing	$ 409,500
Legal Fees	$ 400,000
Reserves	$ 557,806
Appraisal	$ 10,000
Contingency Cost	$ 755,556
Other Project Costs (Soft Costs, Marketing, etc.)	$ 624,119
Developer Costs	$ 5,506,292
Total Uses	$ 45,157,833

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: 67.5 out of 140

[See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $23,300,000 in tax exempt bond allocation on a carryforward basis.

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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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
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	10
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	**140**	**110**	**67.5**

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.