

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**November 15, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

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

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**Allocation Amount Requested:** Tax-exempt: \$30,000,000

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**Project Information:**

**Name:** Town & Country Apartments  
**Project Address:** 4066 Messina Drive  
**Project City, County, Zip Code:** San Diego, San Diego, 92113

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**Project Sponsor Information:**

**Name:** HDP Town & Country, LP (HDP Town & Country LLC and  
CIC Town & Country LLC)  
**Principals:** Richard C. Gentry, Michael C. Pavco, Tracey N. McDermott  
for HDP Town & Country LLC; James J. Schmid, Cheri  
Hoffman, Charles A. Schmid and Lynn Harrington for CIC  
Town & Country LLC  
**Property Management Company:** Hyder & Company

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 23, 2017  
**TEFRA Adoption Date:** *awaiting new TEFRA due 11/7*

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 145  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Town & Country Apartments is an existing project located in San Diego on a 8.51 acre site. The project consists of 143 restricted rental units and 2 unrestricted manager units. The project has 79 two-bedroom units and 66 three-bedroom units. The renovations will include building exterior and interior upgrades and will consist of repairing pavement and parking areas; replacement of wrought iron handrails on stairs with code conforming handrails; installation of padded ground cover and addition of an entry ramp for accessibility for Tot lot; repainting of building; landscape repair; enclosures installation for domestic water mains; installation of a designated van accessible stall adjacent to new community building and mailboxes; stucco repairs; replacement of apartment windows, sliding doors; utility room door repairs; roof replacement, replacement of water heaters in all units; installation of carbon monoxide detectors; refurbishment of laundry and maintenance rooms; replacement of carpet, closet doors, vinyl flooring, refrigerators and oven ranges in all units; repairs to water line; clean mildew and install humidistat fans in all units. The rehabilitation is expected to begin in January 2018 and completed in December 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

17% (24 units) restricted to 50% or less of area median income households.

82% (119 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 48,781,795	
<b>Estimated Hard Costs per Unit:</b>	\$ 66,427	(\$9,631,986 /145 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 336,426	(\$48,781,795 /145 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 206,897	(\$30,000,000 /145 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 209,790	(\$30,000,000 /143 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 14,385,210
LIH Tax Credit Equity	\$ 1,586,374	\$ 15,863,739
Developer Equity	\$ 0	\$ 1,200,000
Deferred Developer Fee	\$ 0	\$ 2,894,215
Deferred Costs	\$ 2,756,791	\$ 0
Seller Carryback Loan	\$ 13,621,350	\$ 13,621,350
Accrued Soft Loan Interest	\$ 817,281	\$ 817,281
<b>Total Sources</b>	<b>\$ 48,781,796</b>	<b>\$ 48,781,795</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 24,105,000
Rehabilitation	\$ 10,968,992
Relocation	\$ 966,000
Predev Int/Holding Cost	\$ 25,000
Contractor Overhead & Profit	\$ 1,059,518
Architectural Fees	\$ 180,000
Survey and Engineering	\$ 82,935
Construction Interest and Fees	\$ 3,483,615
Permanent Financing	\$ 25,000
Legal Fees	\$ 190,000
Reserves	\$ 439,227
Appraisal	\$ 5,800
Hard Cost Contingency	\$ 1,207,851
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 548,642
<b>Developer Costs</b>	<b>\$ 5,494,215</b>
<b>Total Uses</b>	<b>\$ 48,781,795</b>

**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. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:**

56.4 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$30,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	28
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	3.4
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>56.4</b>