

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2007
Executive Summary
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 \$40,000,000

Project Name: **16th and Market Apartments**
Project Address: 1550 Market Street/ 640 16th Street
Project City, County, Zip Code: San Diego, San Diego, 92101

Project Sponsor Information:
Name: 16th and Market LP (A to-be-formed LLC and S.V.D.P. Management Inc.)
Principals: Father Joe Carroll and James J. Schmid for LLC and Father Joseph Carroll

Project Financing Information:
Bond Counsel: Quint & Thimmig, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank
TEFRA Hearing: November 14, 2006

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 134, plus 2 manager units
Type: New Construction
Type of Units: Family, Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
81% (109 units) restricted to 50% or less of area median income households; and
19% (25 units) restricted to 60% or less of area median income households.
Unit Mix: 1-, 2-, 3-bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$70,538,997
Estimated Hard Costs per Unit:	\$ 332,563 (\$44,563,480/134units)
Estimated per Unit Cost:	\$ 526,410 (\$70,538,997/134 units)
Allocation per Unit:	\$ 298,507 (\$40,000,000/134 units)
Allocation per Restricted Rental Unit:	\$ 298,507 (\$40,000,000/134 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to high rise construction, two level subterranean parking garage and added cost of incorporating large family units, 10,000 square feet common space for safe play areas and educational opportunities on site and an additional 6,000 square feet exterior courtyard space for outdoor activities.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$40,000,000	\$ 3,009,342
Gen.Partner Equity Contribution	\$ 0	\$ 5,269,895
Deferred Land Note	\$ 8,000,000	\$ 8,000,000
Ballpark Village Contribution	\$12,592,351	\$19,200,000
Deferred Developer Fee	\$ 0	\$ 1,250,000
LIH Tax Credit Equity	\$ 7,404,880	\$22,809,760
Direct & Indirect Public Funds	<u>\$ 1,000,000</u>	<u>\$11,000,000</u>
Total Sources	\$68,997,231	\$70,538,997
Uses of Funds:		
Land Purchase	\$ 8,000,000	
On-Site & Off-Site Costs	\$ 2,226,908	
Hard Construction Costs	\$42,336,572	
Architect & Engineering Fees	\$ 2,436,958	
Contractor Overhead & Profit	\$ 5,835,059	
Developer Fee	\$ 2,500,000	
Cost of Issuance	\$ 573,200	
Capitalized Interest	\$ 2,302,416	
Other Soft Costs	<u>\$ 4,327,884</u>	
Total Uses	\$70,538,997	

The Project Sponsor has requested an exception to the \$30 million cap per project imposed by Section 17.IV of the CDLAC Procedures on the basis that the project is a single concrete structure and will consist of 12 (twelve) stories constructed over a 2 (two) – level parking structure. Because 16th & Market is a single structure it can not be developed in phases. In accordance with Section 17.IV.B, the Executive Director is recommending that the Committee approve the exception as requested.

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: 85 out of 128
[See Attachment #A]

Recommendation:

Staff recommends that the Committee approve \$40,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	NA
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	35
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	85

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.