

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2011
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: \$13,297,355

Project Information:
Name: Mission Apartments
Project Address: 1815-1847 Hancock Street
Project City, County, Zip Code: San Diego, San Diego, 92110

Project Sponsor Information:
Name: AMCAL Mission Fund, LP (AMCAL Multi-Housing, Inc and Las Palmas Foundatuion)
Principals: Percival Vaz, Luxmi Vaz and Arjun Nagarkatti for AMCAL Multi-Housing, Inc.; Joseph M. Michaels, Victor Barone, Leslie A. Michaels, Noami Pines and Lindsay Winter for Las Palmas Foundation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Hearing Date: December 7, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 84, plus 1 manager unit
Type: New Construction
Type of Units: Family

A 84 Unit New Construction apartment complex located in North Bay Redevelopment Project area of San Diego with access to near by public transportation. After construction, the Project will be offering two difficult to find affordable 3-bedroom apartments along with eighty-two 2-bedrooms affordable apartments.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (9 units) restricted to 50% or less of area median income households.
89% (75 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

This is a 100% affordable Project. Eight 2-bedroom and one 3-bedroom apartment at 50% of AMI and seventy-four 2-bedroom and one 3-bedroom apartment at 60% of AMI. The project will provide educational classes such as English as a second language classes and Computer Training.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	27,066,787	
Estimated Hard Costs per Unit:	\$	142,530	(\$11,972,534 /84 units)
Estimated per Unit Cost:	\$	322,224	(\$27,066,787 /84 units)
Allocation per Unit:	\$	158,302	(\$13,297,355 /84 units)
Allocation per Restricted Rental Unit:	\$	158,302	(\$13,297,355 /84 restricted units)

Delete these rows

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,297,355	\$ 6,117,859
Deferred Developer Fee	\$ 0	\$ 280,000
LIH Tax Credit Equity	\$ 1,300,339	\$ 8,668,928
Direct & Indirect Public Funds	\$ 11,400,000	\$ 12,000,000
Total Sources	\$ 25,997,694	\$ 27,066,787
 Uses of Funds:		
Acquisition	\$ 3,827,333	
New Construction Costs	\$ 14,129,296	
Relocation	\$ 210,000	
Architectural	\$ 915,000	
Survey & Engineering	\$ 615,000	
Contingency Costs	\$ 1,737,645	
Construction Period Expenses	\$ 1,209,349	
Permanent Financing Expenses	\$ 162,276	
Legal Fees	\$ 290,545	
Capitalized Reserves	\$ 451,093	
Reports & Studies	\$ 18,000	
Other (Marketing, etc)	\$ 2,101,250	
Developer Costs	\$ 1,400,000	
Total Uses	\$ 27,066,787	

Description of Financial Structure and Bond Issuance:

The Project Partnership has obtained commitments from Bank of America, NA (BofA) to purchase the tax-exempt bonds issued on the Property through a Private Placement Structure. BofA will purchase tax-exempt bonds from the date of issuance through completion of construction of the property. Then the debt held by BofA will be bought-down through equity proceeds and the remaining the BofA loan will be converted into a conventional permanent financing by California Community Reinvestment Corporation (CCRC), with guarantees from the AMCAL. The project will also be utilizing \$12,000,000 in Public Funds.

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: 85.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,297,355 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	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	85.5

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.