

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 21, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested:

Tax-exempt: \$7,000,000

Project Information:

Name: Torrey Vale Apartments
Project Address: Rancho Del Sol Way west of Rancho Santa Fe Farms Road
Project City, County, Zip Code: San Diego, San Diego, 92130

Project Sponsor Information:

Name: Torrey Vale CIC, LP (Pacific Southwest Community Development Corporation and CIC Torrey Vale, LLC)
Principals: Robert W. Laing and Juan P. Arroyo for Pacific Southwest Community Development Corporation; James J. Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Schmid for CIC Torrey Vale, LLC
Property Management Company: CIC Management, Inc.

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: August 17, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 27, plus 1 manager unit
Type: New Construction
Type of Units: Family

The project will be located on an approximately 2.96 acre parcel in the Pacific Highlands Ranch neighborhood in the City of San Diego. The Project, consisting of 4 two-story residential buildings, 61 surface parking spaces and 62 tuck-under garage parking spaces; will house 27 tenant units (19 two-bedroom units and 8 three-bedroom units) and a single two-bedroom manager's unit. All units will be income restricted; 3 units at 50% Area Median Income ("AMI") and 24 units at 60% AMI. Unit amenities will include central heat/AC, blinds, carpeting, coat closet, refrigerator, stove/oven, dishwasher, garbage disposal and microwave. Community amenities will include a community room, courtyard/picnic area, playground, on-site management, laundry room, computer lab and a business center. Construction is expected to begin in December 2015 and be completed in December 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (3 units) restricted to 50% or less of area median income households.

89% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

The Project will provide instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,705,602	
Estimated Hard Costs per Unit:	\$ 169,759	(\$4,583,490 /27 units)
Estimated per Unit Cost:	\$ 396,504	(\$10,705,602 /27 units)
Allocation per Unit:	\$ 259,259	(\$7,000,000 /27 units)
Allocation per Restricted Rental Unit:	\$ 259,259	(\$7,000,000 /27 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 2,135,000
Master Developer Loan	\$ 2,561,192	\$ 2,561,192
Citibank Subordinate Debt Loan	\$ 0	\$ 280,000
Deferred Fees & Costs	\$ 348,734	\$ 807,266
LIH Tax Credit Equity	\$ 728,445	\$ 4,854,913
Accrued Soft Loan Interest	\$ 67,231	\$ 67,231
Total Sources	\$ 10,705,602	\$ 10,705,602

Uses of Funds:	
Acquisition/Land Purchase	\$ 1
On & Off Site Costs	\$ 1,035,152
Hard Construction Costs	\$ 3,548,338
Off-Sites Completed by Seller	\$ 1,211,193
Development Impact fees	\$ 1,406,944
Architect & Engineering Fees	\$ 473,300
Contractor Overhead & Profit	\$ 345,297
Developer Fee	\$ 1,318,328
Legal Fees	\$ 207,500
Reserves	\$ 75,831
Cost of Issuance	\$ 57,626
Construction & Permanent Financing	\$ 122,370
Hard Cost Contingency	\$ 246,471
Soft Cost Contingency	\$ 210,531
Other Soft Costs (Marketing, etc.)	\$ 446,720
Total Uses	\$ 10,705,602

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 24 months with a fixed interest rate of 3.50% . During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a fixed rate of 5.25%. There was no underwritten rate provided.

Analyst Comments:

Not Applicable

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:

58.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	26
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	58.5

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.