

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant:	Housing Authority of the City of San Diego
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Allocation Amount Requested:	
Tax-exempt:	\$5,400,000

Project Information:	
Name:	Casa Puleta Apartments
Project Address:	1443 South 45th Street
Project City, County, Zip Code:	San Diego, San Diego, 92113

Project Sponsor Information:	
Name:	Casa Puleta Apartments, L.P. (WP Casa Puleta LLC and AOF Casa Puleta LLC)
Principals:	G. Davis Slajchert and Laura Slajchert for WP Casa Puleta LLC and Phillip Kennedy for AOF Casa Puleta LLC
Property Management Company:	The John Stewart Company

Project Financing Information:	
Bond Counsel:	Quint & Thimmig LLP
Private Placement Purchaser:	CBRE Capital Markets, Inc.
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 11, 2016
TEFRA Adoption Date:	October 25, 2016

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	54
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Casa Puleta Apartments is an existing project located in San Diego on a 2.10 acre site. The project consists of 53 rental units and 1 unrestricted manager unit. The project has 11 two-bedroom units, 26 three-bedroom units and 16 four-bedroom units. Building exterior renovations will consist of installation of solar panels and painting of buildings, replacement of all door hardware and gate hardware. Individual apartment units will be updated with new appliances, countertops and cabinetry, replacement of carpeting and replacement of water heaters and HVAC as needed. Additionally, each unit will be repainted and given new baseboards. Lastly, common or site area renovations will consist of remodeling and updating of the community room as well as updating of the landscaping as needed. In addition, the parking area will be resealed and restriped. The rehabilitation is expected to begin in October 2017 and completed in May 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
74% (39 units) restricted to 50% or less of area median income households.
26% (14 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,674,208	
Estimated Hard Costs per Unit:	\$ 24,392	(\$1,317,179 /54 units including mgr. units)
Estimated per Unit Cost:	\$ 197,671	(\$10,674,208 /54 units including mgr. units)
Allocation per Unit:	\$ 100,000	(\$5,400,000 /54 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 101,887	(\$5,400,000 /53 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,400,000	\$ 5,400,000
LIH Tax Credit Equity	\$ 3,847,129	\$ 3,847,129
Deferred Developer Fee	\$ 623,332	\$ 623,332
Seller Carryback Loan	\$ 591,513	\$ 591,513
Energy Credit Equity	\$ 42,300	\$ 42,300
Net Income From Operations	\$ 116,566	\$ 116,566
Buyer's Credit for Short Term Work	\$ 47,743	\$ 47,743
Replacement Reserves During Rehab	\$ 5,625	\$ 5,625
Total Sources	\$ 10,674,208	\$ 10,674,208

Uses of Funds:	
Land Cost/Acquisition	\$ 6,241,000
Rehabilitation	\$ 1,559,466
Contractor Overhead & Profit	\$ 117,858
Architectural Fees	\$ 107,500
Survey and Engineering	\$ 90,000
Construction Interest and Fees	\$ 181,886
Permanent Financing	\$ 88,114
Legal Fees	\$ 250,000
Reserves	\$ 141,002
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 226,448
Other Project Costs	\$ 416,789
Developer Costs	\$ 1,246,645
Total Uses	\$ 10,674,208

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:

57 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,400,000 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	Points Scored
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	35
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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	2
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
Total Points	140	110	57

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.