

**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: Ruben Barcelo*

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

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**Allocation Amount Requested:**  
**Tax-exempt:** \$24,000,000

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**Project Information:**  
**Name:** **Luna at Pacific Highlands Ranch Apartments**  
**Project Address:** Block 6000 Carmel Valley Road  
**Project City, County, Zip Code:** San Diego, San Diego, 92130

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**Project Sponsor Information:**  
**Name:** To-be-formed limited partnership (Affirmed Housing Group, Inc.; and NEXUS for Affordable Housing, Inc.)  
**Principals:** James Silverwood, Nicki Cometa, Lindsay Quackenbush and Sydney Connell for Affirmed Housing Group, Inc.; and Gina Onweiler, Tom Silber and Felipe Miranda for NEXUS for Affordable Housing, Inc.  
**Property Management Company:** Solari Enterprises, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Stradling, Yocca, Carlson & Rauth  
**Private Placement Purchaser:** U.S. Bank National Association/Affirmed Housing Group, 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:** February 15, 2017  
**TEFRA Adoption Date:** March 6, 2017

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 79  
**Manager's Units:** 2 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Luna at Pacific Highlands Ranch Apartments is a new construction project located in San Diego on two adjacent 1-acre sites. The project consists of 77 rental units and 2 unrestricted managers' units. The project will provide 15 one-bedroom units, 40 two-bedroom units, 20 three-bedroom units and 4 four-bedroom units. The building will consist of two four-story, elevator-served buildings of wood frame construction. Common amenities include a community room, computer room, laundry facilities and a manager's office. Each unit will provide a patio or balcony and a fully equipped kitchen that will include refrigerator, stove/oven, dishwasher and garbage disposal. There will be 86 parking spaces provided. The construction is expected to begin August 2017 and to be completed in July 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (8 units) restricted to 50% or less of area median income households.  
87% (69 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 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:**

<b>Estimated Total Development Cost:</b>	\$ 29,667,127	
<b>Estimated Hard Costs per Unit:</b>	\$ 152,877	(\$12,077,271 /79 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 375,533	(\$29,667,127 /79 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 303,797	(\$24,000,000 /79 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 311,688	(\$24,000,000 /77 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 22,700,000	\$ 8,450,000
Tranche B Financing	\$ 1,300,000	\$ 1,300,000
LIH Tax Credit Equity	\$ 1,710,671	\$ 12,133,171
Master Developer Improvement Loan	\$ 3,100,000	\$ 3,100,000
Deferred Developer Fee	\$ 558,956	\$ 2,558,956
San Diego HC Loan	\$ 275,000	\$ 1,100,000
Solar Credit Equity	\$ 22,500	\$ 225,000
Master Developer Cash Loan	\$ 0	\$ 800,000
<b>Total Sources</b>	<u>\$ 29,667,127</u>	<u>\$ 29,667,127</u>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,100,000
New Construction	\$ 14,567,630
Contractor Overhead & Profit	\$ 490,370
Architectural Fees	\$ 536,900
Survey and Engineering	\$ 111,000
Construction Interest and Fees	\$ 762,000
Permanent Financing	\$ 455,000
Legal Fees	\$ 105,000
Reserves	\$ 227,190
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 753,000
Local Development Impact Fees	\$ 3,307,495
Other Project Soft Costs	\$ 1,484,724
Developer Costs	\$ 3,760,818
<b>Total Uses</b>	<u>\$ 29,667,127</u>

**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:**

60 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$24,000,000 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	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
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	5
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>60</b>

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.