

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested: Tax-exempt: \$30,000,000

Project Information:

Name: Town & Country Apartments
Project Address: 4066 Messina Drive
Project City, County, Zip Code: San Diego, San Diego, 92113

Project Sponsor Information:

Name: HDP Town & Country, LP (HDP Town & Country LLC and
CIC Town & Country LLC)
Principals: Richard C. Gentry, Michael C. Pavco, Tracey N. McDermott
for HDP Town & Country LLC; James J. Schmid, Cheri
Hoffman, Charles A. Schmid and Lynn Harrington for CIC
Town & Country LLC
Property Management Company: Hyder & Company

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
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 23, 2017
TEFRA Adoption Date: *awaiting new TEFRA due 11/7*

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 145
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Town & Country Apartments is an existing project located in San Diego on a 8.51 acre site. The project consists of 143 restricted rental units and 2 unrestricted manager units. The project has 79 two-bedroom units and 66 three-bedroom units. The renovations will include building exterior and interior upgrades and will consist of repairing pavement and parking areas; replacement of wrought iron handrails on stairs with code conforming handrails; installation of padded ground cover and addition of an entry ramp for accessibility for Tot lot; repainting of building; landscape repair; enclosures installation for domestic water mains; installation of a designated van accessible stall adjacent to new community building and mailboxes; stucco repairs; replacement of apartment windows, sliding doors; utility room door repairs; roof replacement, replacement of water heaters in all units; installation of carbon monoxide detectors; refurbishment of laundry and maintenance rooms; replacement of carpet, closet doors, vinyl flooring, refrigerators and oven ranges in all units; repairs to water line; clean mildew and install humidistat fans in all units. The rehabilitation is expected to begin in January 2018 and completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

17% (24 units) restricted to 50% or less of area median income households.

82% (119 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 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:	\$ 48,781,795	
Estimated Hard Costs per Unit:	\$ 66,427	(\$9,631,986 /145 units including mgr. units)
Estimated per Unit Cost:	\$ 336,426	(\$48,781,795 /145 units including mgr. units)
Allocation per Unit:	\$ 206,897	(\$30,000,000 /145 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 209,790	(\$30,000,000 /143 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 14,385,210
LIH Tax Credit Equity	\$ 1,586,374	\$ 15,863,739
Developer Equity	\$ 0	\$ 1,200,000
Deferred Developer Fee	\$ 0	\$ 2,894,215
Deferred Costs	\$ 2,756,791	\$ 0
Seller Carryback Loan	\$ 13,621,350	\$ 13,621,350
Accrued Soft Loan Interest	\$ 817,281	\$ 817,281
Total Sources	\$ 48,781,796	\$ 48,781,795

Uses of Funds:	
Land Cost/Acquisition	\$ 24,105,000
Rehabilitation	\$ 10,968,992
Relocation	\$ 966,000
Predev Int/Holding Cost	\$ 25,000
Contractor Overhead & Profit	\$ 1,059,518
Architectural Fees	\$ 180,000
Survey and Engineering	\$ 82,935
Construction Interest and Fees	\$ 3,483,615
Permanent Financing	\$ 25,000
Legal Fees	\$ 190,000
Reserves	\$ 439,227
Appraisal	\$ 5,800
Hard Cost Contingency	\$ 1,207,851
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 548,642
Developer Costs	\$ 5,494,215
Total Uses	\$ 48,781,795

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:

56.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$30,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	28
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	3.4
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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
Total Points	140	120	56.4