

**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*

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<b>Applicant:</b>	<b>Housing Authority of the City of San Diego</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$62,000,000
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<b>Project Information:</b>	<b>Name:</b> Civita II Family Apartments
	<b>Project Address:</b> NW Corner of Friars Road & Russel Parkway
	<b>Project City, County, Zip Code:</b> San Diego, San Diego, 92018

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<b>Project Sponsor Information:</b>	<b>Name:</b> Civita II 4% CIC, LP (Pacific Southwest Community Development Corporation and CIC Civita 4%, LLC)
	<b>Principals:</b> Robert Laing, Juan P. Arroyo, Michael T. Walsh and Tony Reyes for Pacific Southwest Community Development Corporation; James J. Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Harrington Schmid for CIC Civita 4%, LLC
	<b>Property Management Company:</b> CIC Management, Inc.

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Quint & Thimmig LLP
	<b>Private Placement Purchaser:</b> Citibank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> July 13, 2017
	<b>TEFRA Adoption Date:</b> August 3, 2017

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 203
	<b>Manager's Units:</b> 2 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family

Civita II Family Apartments is a new construction project located in San Diego on a 2.57-acre site. The project consists of 201 restricted rental units and 2 unrestricted managers' units. The project will have 104 two-bedroom units and 99 three-bedroom units. The building will be five levels of Type IIA wood frame over five levels of Type IA concrete podium structure and foundation that includes residential units, parking and commercial, for a total of 10 levels. Common amenities include a large community room, landscaped courtyards, laundry facilities and a leasing office. Each unit will have a frost-free refrigerator, a range/oven, a dishwasher and cable hookups. There are 326 parking spaces provided. The construction is expected to begin March 2018 and be completed in March 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

30% (61 units) restricted to 50% or less of area median income households.

70% (140 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:**

<b>Estimated Total Development Cost:</b>	\$	103,252,574	
<b>Estimated Hard Costs per Unit:</b>	\$	269,910	(\$54,791,704 /203 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	508,633	(\$103,252,574 /203 units including mgr. units)
<b>Allocation per Unit:</b>	\$	305,419	(\$62,000,000 /203 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	308,458	(\$62,000,000 /201 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 62,000,000	\$ 20,256,000
LIH Tax Credit Equity	\$ 3,737,890	\$ 43,975,176
Accrued Soft Loan Interest	\$ 2,748,130	\$ 2,748,130
Deferred Developer Fee	\$ 0	\$ 9,399,597
Deferred Costs	\$ 7,892,883	\$ 0
Deferred Contractor Fee	\$ 2,191,668	\$ 2,191,668
Master Developer Note	\$ 14,532,003	\$ 14,532,003
Master Developer Improvement Note	\$ 10,150,000	\$ 10,150,000
Total Sources	\$ 103,252,574	\$ 103,252,574

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 10,150,001
New Construction	\$ 56,983,373
Contractor Overhead & Profit	\$ 5,479,171
Architectural Fees	\$ 913,539
Survey and Engineering	\$ 296,089
Construction Interest and Fees	\$ 7,256,642
Permanent Financing	\$ 32,875
Legal Fees	\$ 110,000
Reserves	\$ 628,071
Appraisal	\$ 4,690
Hard Cost Contingency	\$ 3,123,127
Local Development Impact Fees	\$ 4,269,156
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,076,243
Developer Costs	\$ 12,929,597
Total Uses	\$ 103,252,574

**Analyst Comments:**

The project has been deemed a high cost per unit project due to the estimated cost per unit of \$508,633. The factors contributing to this cost are: unit sizes, complex design, high density and parking construction. Also, the subterranean portion of the concrete podium structure requires substantial excavation, dewatering & shoring resulting in higher construction costs.

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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:**

82 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$62,000,000 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	35
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
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>82</b>