

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 16, 2018**  
**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: \$5,500,000

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**Project Information:**

**Name:** Parkside Apartments  
**Project Address:** 4035 Park Haven Court  
**Project City, County, Zip Code:** San Diego, San Diego, 92113

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**Project Sponsor Information:**

**Name:** Parkside SD Apartments, L.P. (Parkside GP LLC; and WNC Housing, L.P.)  
**Principals:** Rick Whittingham, Jason Knotowicz, Michael Finn, Michael Ruane, Steve PonTell and Robert Diaz for Parkside GP LLC; and Wilfred N. Cooper Jr. and Melanie Wenk for WNC Housing, L.P.  
**Property Management Company:** National Community Renaissance of California

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Pacific Western Bank  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** November 24, 2017  
**TEFRA Adoption Date:** December 11, 2017

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 40  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Parkside Apartments is an existing project located in San Diego on a 1.7-acre site. The project consists of 39 restricted rental units and 1 restricted manager unit distributed as 6 one-bedroom units, 29 two-bedroom units and 5 three-bedroom units. Building exterior renovations include new roof, windows, ADA handrail upgrades, stucco repair and fresh paint. Interior renovations include updates to the laundry room and community clubhouse, including ADA ramp updates, and installation of a security camera system. Individual unit upgrades include new countertops, cabinets, kitchen appliances, plumbing fixtures, light fixtures, doors, flooring and fresh paint. Site renovations include metal fence repair, pavement re-sealing, ADA upgrades, landscaping, playground resurfacing, sewer/drainage line cleaning and new signage. The rehabilitation is expected to begin in June 2018 and will be completed in December 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
54% (21 units) restricted to 50% or less of area median income households.  
46% (18 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points for providing an after school program.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	9,856,797	
<b>Estimated Hard Costs per Unit:</b>	\$	43,615	(\$1,744,592 /40 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	246,420	(\$9,856,797 /40 units including mgr. units)
<b>Allocation per Unit:</b>	\$	137,500	(\$5,500,000 /40 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	141,026	(\$5,500,000 /39 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 2,778,000
LIH Tax Credit Equity	\$ 0	\$ 3,013,771
Deferred Developer Fee	\$ 544,461	\$ 11,810
Seller Carryback Loan	\$ 1,850,000	\$ 1,850,000
City of San Diego Housing Commission Loan	\$ 1,962,336	\$ 1,962,336
Net Income From Operations	\$ 0	\$ 240,880
<b>Total Sources</b>	<b>\$ 9,856,797</b>	<b>\$ 9,856,797</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,200,000
Rehabilitation	\$ 1,889,393
Relocation	\$ 40,000
Contractor Overhead & Profit	\$ 139,568
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 52,000
Construction Interest and Fees	\$ 627,183
Legal Fees	\$ 110,000
Reserves	\$ 117,000
Appraisal	\$ 5,000
Hard Cost Contingency	\$ 202,896
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 246,573
Developer Costs	\$ 1,127,184
<b>Total Uses</b>	<b>\$ 9,856,797</b>

**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:**

55 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$5,500,000 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]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	0
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>55</b>