

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

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested: Tax-exempt: \$5,500,000

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

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

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

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:

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

Sources of Funds:	<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
Total Sources	<u>\$ 9,856,797</u>	<u>\$ 9,856,797</u>

Uses of Funds:	
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	<u>\$ 1,127,184</u>
Total Uses	<u>\$ 9,856,797</u>

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:

55 out of 140 [See Attachment A]

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
Total Points	140	120	55