

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: Sarah Lester

Applicant:	Housing Authority of the City of San Diego
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Allocation Amount Requested:	Tax-exempt: \$11,000,000
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Project Information:	Name: Playa Del Sol Apartments
	Project Address: Ocean View Hills Parkway & Sea Fire Point
	Project City, County, Zip Code: San Diego, San Diego, 92154

Project Sponsor Information:	Name: Playa del Sol CIC, LP (Southern California Housing Collaborative and CIC Playa del Sol, LLC)
	Principals: Nathan E. Schmid for Southern California Housing Collaborative; James J. Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Harrington Schmid for CIC Playa del Sol, LLC
	Property Management Company: CIC Management Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Banner 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 12, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 42
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

The Playa Del Sol Apartments is a new construction project located in San Diego that will be built on a 1.6 acre vacant parcel. The project consists of 41 restricted rental units and 1 unrestricted manager unit. The project will have 3 one-bedroom units, 15 two-bedroom units and 24 three-bedroom units. One of the three-bedroom units will be reserved for an on-site property manager. There will be 3 three-story buildings consisting of a Type VA wood frame over post-tensioned concrete slab foundations. It will be located within the Ocean View Hills master planned community. Common amenities include resort-style recreation center with pools, courtyards and patios located within the planned community. The project will contain 42 single car garages and 33 surface parking spaces of which 6 will be handicapped parking. Each unit will have a refrigerator, range/oven, garbage disposal, central heat/air, carpet, patio/balcony and blinds. The project will be constructed to exceed California's Title 24 Regulations Building Standards by 10%. Construction is expected to begin in May 2018 and be completed in May 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
12% (5 units) restricted to 50% or less of area median income households.
88% (36 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	19,095,688	
Estimated Hard Costs per Unit:	\$	187,183	(\$7,861,701 /42 units including mgr. units)
Estimated per Unit Cost:	\$	454,659	(\$19,095,688 /42 units including mgr. units)
Allocation per Unit:	\$	261,905	(\$11,000,000 /42 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	268,293	(\$11,000,000 /41 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 4,459,000
Pardee Homes Improvement Note	\$ 2,912,893	\$ 0
Pardee Home Note	\$ 1,096,463	\$ 0
LIH Tax Credit Equity	\$ 748,763	\$ 7,434,679
Deferred GC Fee	\$ 295,029	\$ 295,029
Deferred Fees and Costs	\$ 2,164,557	\$ 0
Accrued Soft Loan Interest	\$ 127,983	\$ 127,983
Seller Carryback Loans	\$ 0	\$ 4,009,356
Deferred Developer Fee	\$ 0	\$ 1,119,641
GP Subsidy Loan	\$ 750,000	\$ 750,000
Developer Fee Contribution	\$ 0	\$ 900,000
Total Sources	\$ 19,095,688	\$ 19,095,688

Uses of Funds:	
Land Cost/Acquisition	\$ 2,912,894
New Construction	\$ 8,333,403
Contractor Overhead & Profit	\$ 628,936
Architectural Fees	\$ 70,420
Survey and Engineering	\$ 169,842
Construction Interest and Fees	\$ 639,132
Permanent Financing	\$ 36,155
Legal Fees	\$ 122,500
Reserves	\$ 135,390
Hard Cost Contingency	\$ 448,117
Local Development Impact Fees	\$ 2,610,941
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 594,779
Developer Costs	\$ 2,393,179
Total Uses	\$ 19,095,688

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:

46 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,000,000 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	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	46