

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 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: \$15,951,319

Project Information:

Name: Regency Centre Apartments
Project Address: 4765 Home Avenue
Project City, County, Zip Code: San Diego, San Diego, 92105

Project Sponsor Information:

Name: Regency Centre CIC, LP (Pacific Southwest Community Development Corporation; and CIC Regency Centre, LLC)
Principals: Robert W. Laing and Tony Reyes for Pacific Southwest Community Development Corporation; and James J. Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Harrington Schmid for CIC Regency Centre, LLC
Property Management Company: CIC Management, Inc.

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: November 24, 2017
TEFRA Adoption Date: December 12, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 100
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Regency Centre Apartments is an existing project located in San Diego on a 4.85-acre site. The project consists of 99 restricted rental units and 1 unrestricted manager unit distributed as 1 studio unit, 68 one-bedroom units and 31 two-bedroom units. Building exterior renovations include siding repair, window replacement, new roof, stair handrail replacement, new doors and hardware and fresh paint. Interior renovations include replacing a boiler, re-piping a main plumbing line and updates to the laundry room, leasing office and common restrooms. Individual units will be updated with new refrigerator and oven/range, updated flooring, tub/shower replacement with related plumbing and new humidistat bathroom fans. Site area renovations include pool repairs, pavement and parking lot resealing and re-striping, ADA path of travel and parking upgrades, drainage modifications, new storm drains, new mail boxes and updated landscaping. The rehabilitation is scheduled to begin in August 2018 and be completed in August 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (10 units) restricted to 50% or less of area median income households.
90% (89 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 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:	\$ 32,992,350	
Estimated Hard Costs per Unit:	\$ 73,395	(\$7,339,474 /100 units including mgr. units)
Estimated per Unit Cost:	\$ 329,924	(\$32,992,350 /100 units including mgr. units)
Allocation per Unit:	\$ 159,513	(\$15,951,319 /100 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 161,124	(\$15,951,319 /99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,951,319	\$ 9,380,000
LIH Tax Credit Equity	\$ 868,101	\$ 8,681,010
Deferred Developer Fee	\$ 0	\$ 1,336,108
Deferred Fees and Costs	\$ 3,577,698	\$ 0
Seller Carryback Loan	\$ 12,150,947	\$ 13,150,947
Seller Carryback Loan Interest	\$ 364,528	\$ 364,528
Bond Performance Deposit Refund	\$ 79,757	\$ 79,757
Total Sources	\$ 32,992,350	\$ 32,992,350

Uses of Funds:	
Land Cost/Acquisition	\$ 15,300,000
Rehabilitation	\$ 7,779,843
Relocation	\$ 1,876,429
Contractor Overhead & Profit	\$ 587,157
Architectural Fees	\$ 38,300
Survey and Engineering	\$ 60,700
Construction Interest and Fees	\$ 1,512,114
Permanent Financing	\$ 95,318
Legal Fees	\$ 237,500
Reserves	\$ 271,000
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 836,700
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 551,181
Developer Costs	\$ 3,836,108
Total Uses	\$ 32,992,350

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:

50 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,951,319 in tax-exempt bond allocation on a carryforward basis.

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	20
Exceeding Minimum Income Restrictions:	35	15	25
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
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	110	50