

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 19, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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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> \$41,000,000
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<b>Project Information:</b>	<b>Name:</b> Hillside Views Apartments
	<b>Project Address:</b> 5471 Bayview Heights Place
	<b>Project City, County, Zip Code:</b> San Diego, San Diego, 92105

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<b>Project Sponsor Information:</b>	<b>Name:</b> 5471 Bayview Heights, L.P. (MAAC Bayview Heights, LLC)
	<b>Principals:</b> Arnulfo Manriquez, Austin Foye, William Leach, Rusty Leach and Mallory Drohan for MAAC Bayview Heights, LLC
	<b>Property Management Company:</b> MAAC

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Quint & Thimmig LLP
	<b>Private Placement Purchaser:</b> California Bank & Trust
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Rated
	<b>Underwriter:</b> Norris, George & Ostrow
	<b>Credit Enhancement Provider:</b> RBC Capital Markets
	<b>Rating:</b> AA+
	<b>TEFRA Noticing Date:</b> June 7, 2018
	<b>TEFRA Adoption Date:</b> June 28, 2018

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 300
	<b>Manager's Units:</b> 3 Unrestricted
	<b>Type:</b> Acquisition and Rehabilitation
	<b>Population Served:</b> Family

Hillside View Apartments is an existing project located in San Diego on a 16.07-acre site. The project consists of 297 restricted rental units and 3 unrestricted managers' units. The project has 44 one-bedroom units, 214 two-bedroom units and 42 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of repairing the roof, window replacements, and a fresh coat of paint. Interior renovations will include leasing office and a new community building. Individual apartment units will be updated with a new appliance package, fixtures, and window updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in October 2018 and be completed in October 2019.

**Description of Public Benefits:**

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

69% (206 units) restricted to 50% or less of area median income households.

31% (91 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:**

<b>Estimated Total Development Cost:</b>	\$ 82,674,381	
<b>Estimated Hard Costs per Unit:</b>	\$ 43,396	(\$13,018,791 /300 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 275,581	(\$82,674,381 /300 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 136,667	(\$41,000,000 /300 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 138,047	(\$41,000,000 /297 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,000,000	\$ 27,556,962
Tranche B Financing	\$ 12,000,000	\$ 0
LIH Tax Credit Equity	\$ 9,741,954	\$ 23,195,130
Deferred Developer Fee	\$ 7,081,808	\$ 5,108,951
Seller Carryback Loan	\$ 23,300,000	\$ 23,300,000
Seller Credit for STW	\$ 1,500,619	\$ 1,500,619
Seller Repl. Reserve	\$ 50,000	\$ 50,000
Operating Income	\$ 0	\$ 1,962,719
Total Sources	\$ 82,674,381	\$ 82,674,381

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 48,400,000
Rehabilitation	\$ 14,554,014
Relocation	\$ 900,000
Contractor Overhead & Profit	\$ 933,730
Architectural Fees	\$ 350,000
Construction Interest and Fees	\$ 1,061,788
Permanent Financing	\$ 2,088,507
Legal Fees	\$ 555,000
Reserves	\$ 1,130,725
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 2,388,309
Local Development Impact Fees	\$ 125,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 801,966
Developer Costs	\$ 9,365,342
Total Uses	\$ 82,674,381

**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 \$41,000,000 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	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	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	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>