

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested:
Tax-exempt: \$10,000,000

Project Information:
Name: Harbor View Apartments
Project Address: 404 47th Street
Project City, County, Zip Code: San Diego, San Diego, 92102

Project Sponsor Information:
Name: Harbor View SD Partners, L.P. (Harbor View GP, LLC and Central Valley Coalition for Affordable Housing)
Principals: Aryeh Aslan, Sofiya Machulskaya, Shaoul Levy, Jacob Levy, Alan Jenkins, Sid McIntyre, Jennifer Bertuccio and Renee Downum
Property Management Company: Platinum Realty Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: JPMorgan Chase Bank, 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: March 23, 2018
TEFRA Adoption Date: April 19, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 60
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Harbor View Apartments is an existing project located in San Diego on a 3.28-acre site. The project consists of 59 restricted rental units, and one unrestricted manager's unit. The project has 28 two-bedroom units and 32 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roofing repair and a fresh coat of paint. Interior renovations will include drywall repair, painting and lighting. Individual apartment units will be updated with new appliances and fixtures. Lastly, common or site area renovations will consist of concrete repairs and ADA updates. The rehabilitation is expected to begin in April 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (6 units) restricted to 50% or less of area median income households.
90% (53 units) restricted to 60% or less of area median income households.
Unit Mix: 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:	\$ 13,657,273	
Estimated Hard Costs per Unit:	\$ 43,559	(\$2,613,515 /60 units including mgr. unit)
Estimated per Unit Cost:	\$ 227,621	(\$13,657,273 /60 units including mgr. unit)
Allocation per Unit:	\$ 166,667	(\$10,000,000 /60 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 169,492	(\$10,000,000 /59 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 9,100,000
LIH Tax Credit Equity	\$ 2,123,586	\$ 4,355,808
Deferred Developer Fee	\$ 1,533,687	\$ 201,465
Total Sources	\$ 13,657,273	\$ 13,657,273

Uses of Funds:	
Land Cost/Acquisition	\$ 7,200,000
Rehabilitation	\$ 2,613,515
Relocation	\$ 40,000
Contractor Overhead & Profit	\$ 197,247
Architectural Fees	\$ 70,000
Survey and Engineering	\$ 11,500
Construction Interest and Fees	\$ 1,104,448
Permanent Financing	\$ 30,535
Legal Fees	\$ 100,000
Reserves	\$ 211,633
Hard Cost Contingency	\$ 264,326
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 280,382
Developer Costs	\$ 1,533,687
Total Uses	\$ 13,657,273

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:

60 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,000,000 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	10
Exceeding Minimum Income Restrictions:	35	15	25.08
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
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	0.00
Total Points	140	110	60.08