

**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: Ruben Barcelo*

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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>	<b>\$9,000,000</b>
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<b>Project Information:</b>	<b>Name:</b>	<b>West Park Apartments</b>
	<b>Project Address:</b>	1830 4th Avenue
	<b>Project City, County, Zip Code:</b>	San Diego, San Diego, 92101

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<b>Project Sponsor Information:</b>	<b>Name:</b>	HDP West Park, L.P. (HDP West Park Management, LLC)
	<b>Principals:</b>	Michael Pavco
	<b>Property Management Company:</b>	SK Management Company, LLC

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Jones Hall, A Professional Law Corporation
	<b>Private Placement Purchaser:</b>	Citibank, N.A.
	<b>Cash Flow Permanent Bond:</b>	Not Applicable
	<b>Public Sale:</b>	Not Applicable
	<b>Underwriter:</b>	Not Applicable
	<b>Credit Enhancement Provider:</b>	Not Applicable
	<b>Rating:</b>	Not Applicable
	<b>TEFRA Noticing Date:</b>	June 7, 2018
	<b>TEFRA Adoption Date:</b>	June 29, 2018

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	General
	<b>Total Number of Units:</b>	47
	<b>Manager's Units:</b>	1 Unrestricted
	<b>Type:</b>	Acquisition and Rehabilitation
	<b>Population Served:</b>	Family

West Park Apartments is an existing project located in San Diego on a 0.115-acre site. The project consists of 46 restricted rental units and 1 unrestricted manager unit, all of which will be converted from hotel SRO to studio units. Exterior renovations will include a new "cool" roof, window repair/replacement, metal guardrail repair, plaster siding repair and fresh paint. Interior renovations will include elevator modernization, improvements to the community room, fitness room and offices, and replacement of boilers/hot water systems. Individual units will be updated with new kitchenettes that include cabinets and countertops, refrigerator, stove, exhaust fan, microwave oven and garbage disposal. Unit upgrades also include new flooring, plumbing fixtures, lighting, ceiling fans and HVAC systems. Five units will be configured to meet ADA accessibility standards. Site area renovations include walkway resurfacing, landscape and irrigation updates and new signage. The rehabilitation is expected to begin in April 2019 and be completed in March 2020.

**Description of Public Benefits:**

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

26% (12 units) restricted to 50% or less of area median income households.

74% (34 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio

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>	\$ 15,593,274	
<b>Estimated Hard Costs per Unit:</b>	\$ 85,000	(\$3,995,000 /47 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 331,772	(\$15,593,274 /47 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 191,489	(\$9,000,000 /47 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 195,652	(\$9,000,000 /46 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 1,621,006
LIH Tax Credit Equity	\$ 750,000	\$ 5,158,994
Sponsor Loan	\$ 5,220,000	\$ 5,220,000
SDHC Loan	\$ 623,274	\$ 3,593,274
<b>Total Sources</b>	<b>\$ 15,593,274</b>	<b>\$ 15,593,274</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,220,000
Rehabilitation	\$ 4,334,895
Relocation	\$ 485,250
Contractor Overhead & Profit	\$ 319,600
Architectural Fees	\$ 475,000
Survey and Engineering	\$ 160,000
Construction Interest and Fees	\$ 1,050,675
Permanent Financing	\$ 22,500
Legal Fees	\$ 50,000
Reserves	\$ 253,246
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 470,003
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 902,405
Developer Costs	\$ 1,829,700
<b>Total Uses</b>	<b>\$ 15,593,274</b>

**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:**

87 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$9,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	33
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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>110</b>	<b>87</b>