

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 17, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

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**Applicant:** Housing Authority of the City of San Diego

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**Allocation Amount Requested:** Tax-exempt: \$22,000,000

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**Project Information:**

**Name:** 14C VHHP  
**Project Address:** 1 14th Street  
**Project City, County, Zip Code:** San Diego, San Diego, 92101

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**Project Sponsor Information:**

**Name:** 14th & Commercial CIC-VHHP, LP (S.V.D.P. Management, Inc. and CIC-VHHP 14th & Commercial, LLC)  
**Principals:** Deacon Jim F. Vargas, Bill Bolstad and Robert Dorsey for S.V.D.P Management, Inc.; Cheri Hoffman, James J. Schmid and Charles A. Schmid for CIC-VHHP 14th & Commercial, LLC  
**Property Management Company:** Hyder & Company

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**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:** May 2, 2019  
**TEFRA Adoption Date:** May 17, 2019

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 81  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

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14C VHHP Apartments is a new construction project located in San Diego and is a part of a 1.06-acre site. The proposed project is part of a mixed-use development that includes two residential towers with a total of 407 affordable apartments. For purposes of financing, the project is being bifurcated through a condominium overlay into two separate financing projects. The proposed project will consist of 80 restricted rental units and 1 unrestricted manager unit. The project will have 76 Studio units and 4 one-bedroom units. The building will be 14 stories. Common amenities include a 1,000 square foot community room on each residential floor (approximately 1/2 of the community rooms will contain a kitchen), laundry facilities, bicycle parking, an open 10,000 square foot courtyard on the roof of the parking structure (that will include a grilling and picnic area), fitness facility, playground, covered terrace with a grill, dog run area, community garden and concrete chess tables. Each unit will have a refrigerator and a range. There are 78 parking spaces provided. The project will be pursuing LEED Gold certification. The construction is expected to begin October 2019 and be completed in October 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
50% (40 units) restricted to 50% or less of area median income households.  
50% (40 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

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>	\$ 32,368,125	
<b>Estimated Hard Costs per Unit:</b>	\$ 214,191	(\$17,349,434 /81 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 399,606	(\$32,368,125 /81 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 271,605	(\$22,000,000 /81 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 275,000	(\$22,000,000 /80 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,000,000	\$ 2,450,647
LIH Tax Credit Equity	\$ 1,570,815	\$ 10,472,097
Deferred Developer Fee	\$ 0	\$ 186,683
Land Value Soft Loan	\$ 3,908,698	\$ 3,908,698
San Diego Housing Commission	\$ 4,888,612	\$ 5,350,000
HCD - VHHP	\$ 0	\$ 10,000,000
<b>Total Sources</b>	<b>\$ 32,368,125</b>	<b>\$ 32,368,125</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 4,903,784
New Construction	\$ 18,756,006
Contractor Overhead & Profit	\$ 1,064,607
Architectural Fees	\$ 654,492
Survey and Engineering	\$ 292,738
Construction Interest and Fees	\$ 2,414,356
Permanent Financing	\$ 14,243
Legal Fees	\$ 60,700
Reserves	\$ 376,200
Appraisal	\$ 1,990
Hard Cost Contingency	\$ 1,160,237
Local Development Impact Fees	\$ 978,327
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 290,445
Developer Costs	\$ 1,400,000
<b>Total Uses</b>	<b>\$ 32,368,125</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:**

85 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$22,000,000 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]	10
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	10
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>85</b>