

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	Housing Authority of the City of San Diego
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Allocation Amount Requested:	Tax-exempt: \$42,000,000
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Project Information:	Name: Mariner's Village
	Project Address: 6847 Potomac Street
	Project City, County, Zip Code: San Diego, San Diego, 92139

Project Sponsor Information:	Name: HDP Mariner's Village LP (HDP Mariner's Village Management, LLC)
	Principals: Richard Gentry, Gary Grambling, Stephanie Benvenuto and Michael Pavco
	Property Management Company: ConAm Management Corporation

Project Financing Information:	Bond Counsel: Squire Patton Boggs (US) 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 19, 2018
	TEFRA Adoption Date: December 10, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 172
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Mariner's Village Apartments is an existing project located in San Diego on a 9.46-acre site. The project consists of 125 restricted rental units, 45 market rate units and 2 unrestricted managers' units. The project has 20 one-bedroom units, 108 two-bedroom units and 44 three-bedroom units. Building exterior renovations will consist of roofing and roof drainage replacements, replacement/repair of cracked concrete steps and damaged landing edges, repair of damaged framing to balconies with addition of new post and beams for support, refurbishment of landscape and irrigation systems, new plants and replacement of garage roofing. Individual apartment units will be updated with new carpet, vinyl flooring replacement, new kitchen cabinets, new Energy Star appliances, replacement of exterior windows and replacement of sliding patio/balcony doors as needed. The rehabilitation is expected to begin in November 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 74%
32% (54 units) restricted to 50% or less of area median income households.
42% (71 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:

Estimated Total Development Cost:	\$ 80,110,158	
Estimated Hard Costs per Unit:	\$ 69,000	(\$11,868,000 /172 units including mgr. units)
Estimated per Unit Cost:	\$ 465,757	(\$80,110,158 /172 units including mgr. units)
Allocation per Unit:	\$ 244,186	(\$42,000,000 /172 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 336,000	(\$42,000,000 /125 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 42,000,000	\$ 15,550,000
LIH Tax Credit Equity	\$ 2,615,181	\$ 26,151,809
Deferred Developer Fee	\$ 0	\$ 6,769,785
Seller Carryback Loan	\$ 31,638,564	\$ 31,638,564
Total Sources	\$ 76,253,745	\$ 80,110,158

Uses of Funds:	
Land Cost/Acquisition	\$ 46,800,000
Rehabilitation	\$ 12,698,760
Relocation	\$ 1,760,000
Contractor Overhead & Profit	\$ 949,440
Architectural Fees	\$ 818,892
Survey and Engineering	\$ 50,100
Construction Interest and Fees	\$ 3,295,750
Permanent Financing	\$ 216,000
Legal Fees	\$ 230,000
Reserves	\$ 879,950
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 1,703,706
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 709,775
Developer Costs	\$ 9,989,785
Total Uses	\$ 80,110,158

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:

56.9 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$42,000,000 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	29
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	7.9
Large Family Units	5	5	5
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	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
Total Points	140	120	56.9