

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

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|---|---|
| Applicant: | Housing Authority of the City of San Diego |
| Allocation Amount Requested: | Tax-exempt: \$22,000,000 |
| Project Information: | Name: East Block Senior Apartments Project Address: 4320 44th Street Project City, County, Zip Code: San Diego, San Diego, 92115 |
| Project Sponsor Information: | Name: Fairmount Senior Housing CIC, LP (Fairmount SHC Housing, LLC and CIC Fairmount Senior Housing, LLC) Principals: Paul Downey for Fairmount SHC Housing, LLC; Cheri Hoffman, James Schmid and Charles Schmid for CIC Fairmount Senior Housing, LLC Property Management Company: CIC Management, Inc. |
| Project Financing Information: | Bond Counsel: Quint & Thimmig 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: July 16, 2019 TEFRA Adoption Date: August 5, 2019 |
| Description of Proposed Project: | State Ceiling Pool: General Total Number of Units: 117 Manager's Units: 2 Unrestricted Type: New Construction Population Served: Senior Citizens |

East Block Senior Apartments is a new construction project located in San Diego on a 252,302 square foot site. The project will consist of 115 restricted rental units and 2 unrestricted manager units. The project will have 115 one-bedroom units and 2 two-bedroom units. The project will have one 5-story elevator-served building. Common amenities will include a large community room, laundry facilities, community garden and an outdoor BBQ & picnic area. Each unit will have a refrigerator, cable TV/phone connection, pre-wire internet, central heating and all electric appliances. There will be 159 parking spaces provided. The construction is expected to begin January 2020 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
14% (16 units) restricted to 50% or less of area median income households.
86% (99 units) restricted to 60% or less of area median income households.
Unit Mix: 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:

| | | | |
|---|----|------------|--|
| Estimated Total Development Cost: | \$ | 31,452,667 | |
| Estimated Hard Costs per Unit: | \$ | 142,145 | (\$16,630,923 /117 units including mgr. units) |
| Estimated per Unit Cost: | \$ | 268,826 | (\$31,452,667 /117 units including mgr. units) |
| Allocation per Unit: | \$ | 188,034 | (\$22,000,000 /117 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ | 191,304 | (\$22,000,000 /115 restricted units) |

| Sources of Funds: | Construction | Permanent |
|-------------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 22,000,000 | \$ 10,270,000 |
| LIH Tax Credit Equity | \$ 1,177,964 | \$ 11,779,640 |
| Subordinate Deferred Developer Fee | \$ 0 | \$ 1,722,963 |
| Priority Deferred Developer Fee | \$ 0 | \$ 435,416 |
| Deferred Costs | \$ 1,367,556 | \$ 0 |
| SDHC/Subordinate Loan | \$ 6,412,500 | \$ 6,750,000 |
| Sub. Loan Interest Accrued/Deferred | \$ 494,647 | \$ 494,648 |
| Total Sources | \$ 31,452,667 | \$ 31,452,667 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 82,010 |
| New Construction | \$ 17,296,160 |
| Contractor Overhead & Profit | \$ 1,663,092 |
| Architectural Fees | \$ 1,122,960 |
| Survey and Engineering | \$ 176,370 |
| Construction Interest and Fees | \$ 2,562,617 |
| Permanent Financing | \$ 67,500 |
| Legal Fees | \$ 387,500 |
| Reserves | \$ 327,727 |
| Appraisal | \$ 5,000 |
| Hard Cost Contingency | \$ 1,106,758 |
| Local Development Impact Fees | \$ 2,320,456 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 441,554 |
| Developer Costs | \$ 3,892,963 |
| Total Uses | \$ 31,452,667 |

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:

71.5 out of 140 [See Attachment A]

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 | 27 |
| 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 | 7.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 7 |
| 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 | 71.5 |