

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

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:	<u>Construction</u>	<u>Permanent</u>
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