

**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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<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> \$25,000,000
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<b>Project Information:</b>	<b>Name:</b> Keeler Court Apartments
	<b>Project Address:</b> 1290 - 1294 Keeler Court
	<b>Project City, County, Zip Code:</b> San Diego, San Diego, 92113

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<b>Project Sponsor Information:</b>	<b>Name:</b> Keeler Court Housing Associates LP (Las Conchas Housing Opportunities LLC)
	<b>Principals:</b> Susan M. Reynolds and Mary Jane Jagodzinski
	<b>Property Management Company:</b> ConAm Management Corporation

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Kutak Rock LLP
	<b>Private Placement Purchaser:</b> MUFG Union Bank, 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> January 28, 2019
	<b>TEFRA Adoption Date:</b> February 12, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 71
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family

Keeler Court Apartments is a new construction project located in San Diego on a 1.63-acre site. The project will consist of 70 restricted rental units and 1 unrestricted manager unit. The project will have 10 studio units, 21 one-bedroom units, 18 two-bedroom units and 22 three-bedroom units. The project will have 2 four-story buildings. Common amenities include a large community room, a resident lounge area, a kitchen, a computer room, a conference room, a laundry room, a picnic/barbeque area, a community garden, bicycle storage and a leasing office. Each unit will include renewable features such as energy star appliances including a dishwasher and garbage disposal, a refrigerator and a range/oven. There will be 87 parking spaces provided. The project will be pursuing GreenPoint Rated certification. Green features include dual-pane windows, domestic solar hot water heating and solar photovoltaics. The construction is expected to begin December 2019 and be completed in June 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
60% (42 units) restricted to 50% or less of area median income households.  
40% (28 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 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:** \$ 40,342,816  
**Estimated Hard Costs per Unit:** \$ 271,694 (\$19,290,306 /71 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 568,209 (\$40,342,816 /71 units including mgr. unit)  
**Allocation per Unit:** \$ 352,113 (\$25,000,000 /71 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 357,143 (\$25,000,000 /70 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 4,374,500
LIH Tax Credit Equity	\$ 4,378,140	\$ 14,917,325
Deferred Developer Fee	\$ 175,000	\$ 175,000
Deferred Costs	\$ 744,146	\$ 0
Seller Carryback	\$ 2,115,000	\$ 2,115,000
Seller Note Accrued/Deferred Interest	\$ 114,563	\$ 114,563
Civic San Diego Loan	\$ 5,786,628	\$ 6,429,587
Civic San Diego Accrued/Deferred Interest	\$ 224,139	\$ 224,139
AHSC	\$ 0	\$ 7,188,481
AHP	\$ 700,000	\$ 700,000
IIG	\$ 940,000	\$ 940,000
RTCIP Fee Waiver	\$ 165,200	\$ 165,200
GP Equity Contrib (Developer Fee)	\$ 0	\$ 2,999,021
<b>Total Sources</b>	<b>\$ 40,342,816</b>	<b>\$ 40,342,816</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,380,542
New Construction	\$ 21,579,714
Contractor Overhead & Profit	\$ 940,237
Architectural Fees	\$ 976,600
Survey and Engineering	\$ 579,000
Construction Interest and Fees	\$ 2,818,787
Permanent Financing	\$ 25,000
Legal Fees	\$ 116,938
Reserves	\$ 439,245
Appraisal	\$ 12,000
Hard Cost Contingency	\$ 1,550,224
Local Development Impact Fees	\$ 1,536,084
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,814,424
Developer Costs	\$ 4,574,021
<b>Total Uses</b>	<b>\$ 40,342,816</b>

**Analyst Comments:**

This project is considered a high cost per unit project. According to the application, the factors contributing to the high cost per unit are as follows: prevailing wage; large units; VASH units; higher sustainability requirements for the AHSC program; higher replacement reserves and stricter underwriting requirements (for II G and AHSC public funds); infill site; off-site improvements; topography/site work and community amenities.

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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:**

79 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$25,000,000 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]	0
Large Family Units	5	5	5
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	9
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>120</b>	<b>79</b>