

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested: Tax-exempt: \$12,000,000

Project Information:

Name: Mission Terrace Apartments
Project Address: 10210 San Diego Mission Road
Project City, County, Zip Code: San Diego, San Diego, 92108

Project Sponsor Information:

Name: Mission Terrace Housing Partners, LP (Mission Terrace Interfaith Housing Corporation)
Principals: Matthew B. Jumper

Property Management Company: Interfaith Housing assistance Corporation

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: California Bank & Trust
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 17, 2019
TEFRA Adoption Date: October 8, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 77
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Mission Terrace Apartments is an existing project located in San Diego on a 3.14-acre site. The project consists of 76 restricted rental units and 1 unrestricted manager unit. The project has 37 one-bedroom units, 16 two-bedroom units and 24 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a new roof. Interior renovations will include upgrades to community laundry facilities. Individual apartment units will be updated with new kitchen and bath cabinetry, countertops and plumbing fixtures, new bathroom tubs, low flow toilets, bathroom mirrors and fans, drywall repair, new kitchen ranges, hoods and refrigerators, new flooring and smoke and carbon monoxide detectors. Lastly, common or site area renovations will consist of ADA updates, railing replacement and asphalt repair. The rehabilitation is expected to begin in February 2020 and be completed in October 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (38 units) restricted to 50% or less of area median income households.
50% (38 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: \$ 21,038,857
Estimated Hard Costs per Unit: \$ 43,179 (\$3,324,781 /77 units including mgr. unit)
Estimated per Unit Cost: \$ 273,232 (\$21,038,857 /77 units including mgr. unit)
Allocation per Unit: \$ 155,844 (\$12,000,000 /77 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 157,895 (\$12,000,000 /76 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 6,635,921
LIH Tax Credit Equity	\$ 933,416	\$ 6,222,773
Deferred Costs	\$ 106,152	\$ 0
Seller Carryback Loan	\$ 7,899,179	\$ 7,899,179
Mission Terrace Operating Income	\$ 0	\$ 180,874
Mission Terrace Reserves Carryover Transfer	\$ 100,000	\$ 100,000
General Partner Contribution	\$ 100	\$ 100
Special Limited Partner Contribution	\$ 10	\$ 10
Total Sources	\$ 21,038,857	\$ 21,038,857

Uses of Funds:	
Land Cost/Acquisition	\$ 12,636,500
Rehabilitation	\$ 3,670,782
Relocation	\$ 300,000
Contractor Overhead & Profit	\$ 224,423
Architectural Fees	\$ 120,000
Construction Interest and Fees	\$ 558,784
Permanent Financing	\$ 42,152
Legal Fees	\$ 77,000
Reserves	\$ 293,117
Appraisal	\$ 16,000
Hard Cost Contingency	\$ 404,300
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 291,485
Developer Costs	\$ 2,404,314
Total Uses	\$ 21,038,857

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:

66.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,000,000 in tax-exempt bond allocation.

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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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	66.5