

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**February 18, 2020**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Isaac Clark III*

<b>Applicant:</b>	<b>Housing Authority of the City of Chula Vista/City of Chula Vista</b>
<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$35,000,000
<b>Project Information:</b>	
<b>Name:</b>	<b>Otay Ranch Apartments</b>
<b>Project Address:</b>	Northwest Corner of La Media Parkway South and Main Street
<b>Project City, County, Zip Code:</b>	Chula Vista, San Diego, 91913
<b>Project Sponsor Information:</b>	
<b>Name:</b>	Otay Affordable I V8, LP (FFAH V Otay Ranch I, LLC / Otay Affordable I V8, LLC / JMH LP Investments, LLC)
<b>Principals:</b>	John M. Huskey of JMH Investments, LLC
<b>Property Management Company:</b>	WSH Management
<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Stradling, Yocca, Carlson & Rauth
<b>Private Placement Purchaser:</b>	Pacific Western Bank
<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>	September 23, 2019
<b>TEFRA Adoption Date:</b>	October 1, 2019
<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	175
<b>Manager's Units:</b>	2 Unrestricted
<b>Type:</b>	New Construction
<b>Population Served:</b>	Family

Otay Ranch Apartments is a new construction project located in Chula Vista on a 5.14-acre site. The project consists of 173 restricted rental units, 0 market rate units and 2 unrestricted managers' units. The project will have 55 one-bedroom units, 74 two-bedroom units and 46 three-bedroom units. The residential units are fully equipped kitchen/bath, dishwashers as well as hard flooring in living, dining, bathrooms, and solid surface countertops in bathrooms and kitchens. Common areas include a large community room, computer lab, arts/crafts room, game room, tot lot, property manager's office, and common laundry rooms on each floor for use by residents. The construction is expected to begin July 1, 2020 and be completed in May 2022.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
31% (53 units) restricted to 50% or less of area median income households.  
69% (120 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

<b>Estimated Total Development Cost:</b>	\$	63,556,098	
<b>Estimated Hard Costs per Unit:</b>	\$	191,488	(\$33,510,374 /175 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	363,178	(\$63,556,098 /175 units including mgr. units)
<b>Allocation per Unit:</b>	\$	200,000	(\$35,000,000 /175 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	202,312	(\$35,000,000 /173 restricted units)
<b>Sources of Funds:</b>			
		Construction	Permanent
Tax-Exempt Bond Proceeds	\$	35,000,000	\$ 16,959,000
Cash Flow Permanent Bonds	\$	0	\$ 0
Tranche B Financing	\$	0	\$ 0
Taxable Bond Proceeds	\$	17,000,000	\$ 11,400,000
LIH Tax Credit Equity	\$	1,175,962	\$ 27,019,240
Income from Operatons	\$	0	\$ 0
Deferred Developer Fee	\$	6,604,226	\$ 5,177,858
Costs Deferred Until Conversion	\$	0	\$ 0
Seller Carryback Loan	\$	3,000,000	\$ 3,000,000
Tax Credit Equity-State	\$	175,000	\$ 0
Accrued Deferred Interest-Seller Carryback	\$	0	\$ 0
Acquired Project Reserves	\$	600,910	\$ 0
Capital Contribution (GP)	\$	0	\$ 0
Capital Contribution (LP)	\$	0	\$ 0
Total Sources	\$	63,556,098	\$ 63,556,098
<b>Uses of Funds:</b>			
Land Cost/Acquisition	\$	3,000,000	
Rehabilitation	\$	0	
Relocation	\$	0	
New Construction	\$	32,299,157	
Contractor Overhead & Profit	\$	1,211,218	
Architectural Fees	\$	1,570,000	
Survey and Engineering	\$	990,265	
Construction Interest and Fees	\$	4,003,354	
Permanent Financing	\$	20,000	
Legal Fees	\$	225,000	
Reserves	\$	600,910	
Appraisal	\$	6,500	
Hard Cost Contingency	\$	4,184,282	
Local Development Impact Fees	\$	0	
Other Project Costs	\$	8,761,733	
Developer Costs	\$	6,683,679	
Total Uses	\$	63,556,098	

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**Analyst Comments:**

None

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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:**

122.50 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$35,000,000 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]	10.00
Gross Rents	5	5	5.00
Large Family Units	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	7.50
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>122.50</b>