

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

Prepared by: Isaac Clark III

Applicant:	Housing Authority of the City of San Diego	
Allocation Amount Requested:	Tax-exempt:	\$24,000,000
Project Information:	Name:	Courthouse Commons
	Project Address:	220 West Broadway
	Project City, County, Zip Code:	San Diego, San Diego, 92101
Project Sponsor Information:	Name:	SDCC South Block Development Partners, L.P. (SDCC South Block, Holland Partner Group Investments, LLC (Clyde P. Holland Jr. & Thomas D. Warren - Authorized Signatories) and North America Sekisui House, LLC (Koji Yamada - President/COO/Authorized Signatory, Fumiyasu Suguro - Authorized Signatory, Thomas McKay - Representative) Affordable Housing Access, Inc. (William W. Hirsch, CEO)
	Principals:	
	Property Management Company:	Holland Residential, LLC
Project Financing Information:	Bond Counsel:	Jones Hall, A Professional Law Corporation
	Private Placement Purchaser:	Not Applicable
	Cash Flow Permanent Bond:	Not Applicable
	Public Sale:	Credit Enhanced
	Underwriter:	Mizuho Bank, Ltd.
	Credit Enhancement Provider:	Not Applicable
	Rating:	Not Applicable
	TEFRA Noticing Date:	July 15, 2019
	TEFRA Adoption Date:	August 5, 2019
Description of Proposed Project:	State Ceiling Pool:	Mixed Income
	Total Number of Units:	82
	Manager's Units:	0
	Type:	New Construction
	Population Served:	Family

The Courthouse Commons Apartments is a new construction project located in San Diego on a 1.25-acre site. The project consists of 41 restricted rental units and 41 market rate units, this project will use security staff in lieu of an onsite manager. The project will have 49 one-bedroom units, 6 two-bedroom units and 11 three-bedroom units. The building will be a 37-story mixed-use project and the total residential rentable square footage is comprised of 431 apartment units with an average unit size of 947 sf. Common amenities include a lounge with dining area, a dog run and a fitness center, a rooftop lounge with pool, a spa and outdoor terrace, a picnic area, gated security, courtesy patrol and surveillance cameras. Each unit will have a French-door refrigerator, a cabinet-depth dishwasher, soft close cabinets and drawers, tile backsplashes, closet organizers, USB power outlets and a Nest thermostat. There will be 660 parking spaces provided. The construction is expected to begin July 2020 and be completed in Mar 2024.

Description of Public Benefits:		
Percent of Restricted Rental Units in the Project:		50%
<u>50%</u>	(41 units) restricted to 50% or less of area median income households.	
<u>0%</u>	(0 units) restricted to 60% or less of area median income households.	
Unit Mix:		Studio, 1, 2 & 3 bedroo

The proposed project will be receiving service amenity points.

Term of Restrictions:		
Income and Rent Restrictions:		55 years

Details of Project Financing:			
Estimated Total Development Cost:		\$	40,852,950
Estimated Hard Costs per Unit:		\$	321,630 (\$26,373,642 /82 units including mgr. units)
Estimated per Unit Cost:		\$	498,207 (\$40,852,950 /82 units including mgr. units)
Allocation per Unit:		\$	292,683 (\$24,000,000 /82 units including mgr. units)
Allocation per Restricted Rental Unit:		\$	585,366 (\$24,000,000 /41 restricted units)
Sources of Funds:		<u>Construction</u>	<u>Permanent</u>
Housing Authority of the City of San Diego	\$	24,000,000	\$ 21,000,000
Cash Flow Permanent Bonds	\$	0	\$ 0
0	\$	0	\$ 0
Deferred Developer Fee	\$	0	\$ 11,467,600
LIH Tax Credit Equity	\$	0	\$ 8,385,350
Tax Credit Equity	\$	5,385,350	\$ 0
Other Equity	\$	11,467,600	\$ 0
0	\$	0	\$ 0
0	\$	0	\$ 0
Itemized Public Funds Sources	\$	0	\$ 0
0	\$	0	\$ 0
0	\$	0	\$ 0
0	\$	0	\$ 0
0	\$	0	\$ 0
0	\$	0	\$ 0
Total Sources	\$	40,852,950	\$ 40,852,950
Uses of Funds:			
Land Cost/Acquisition	\$	196,370	
Rehabilitation	\$	0	
Relocation	\$	0	
New Construction	\$	30,252,664	
Contractor Overhead & Profit	\$	0	
Architectural Fees	\$	1,105,152	
Survey and Engineering	\$	0	
Construction Interest and Fees	\$	4,002,904	
Permanent Financing	\$	258,471	
Legal Fees	\$	635,264	
Reserves	\$	446,385	
Appraisal	\$	0	
Hard Cost Contingency	\$	1,149,376	
Local Development Impact Fees	\$	1,443,762	
Other Project Costs (Soft Costs, Marketing, etc.)	\$	595,687	
Developer Costs	\$	766,915	
Total Uses	\$	40,852,950	

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:

94 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$0,000 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	15
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	9.00
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
Total Points	145	125	94.00