

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt: \$20,524,006
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Project Information:	Name: Front and Beech (MIP)
	Project Address: 1475 Front Street
	Project City, County, Zip Code: San Diego, San Diego, 92101

Project Sponsor Information:	Name: Front & Beech SH, L.P. (AHG Front & Beech, LLC & Nexus MGP LLC)
	Principals: James Silverwood and Nicki Cometa for AHG Front & Beech LLC; Gina Onweiler for Nexus MGP LLC
	Property Management Company: Solari Enterprises, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Banner Bank
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable

Description of Proposed Project:	State Ceiling Pool: Mixed
	Total Number of Units: 78
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

Front & Beech Apartments is a new construction project located in San Diego on a .23-acre site. The project consists of 32 restricted rental units, 45 market rate units and 1 unrestricted manager unit. The project will have 77 studios and 1 two- bedroom unit. The building will be 5-stories standard construction over a 2-story podium. Common amenities include a large community room, laundry facilities, management offices and bicycle storage. Each unit will have energy efficient appliances and low flow plumbing fixtures. There are 7 parking spaces provided. The project will be pursuing GreenPoint certification. Green features include solar hot water and photovoltaic panels to offset common hot water and energy loads. The construction is expected to begin January 2021 and be completed in June 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 42%
42% (32 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

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:	\$ 36,444,757	
Estimated Hard Costs per Unit:	\$ 252,500	(\$19,695,000 /78 units including mgr. unit)
Estimated per Unit Cost:	\$ 467,240	(\$36,444,757 /78 units including mgr. unit)
Allocation per Unit:	\$ 263,128	(\$20,524,006 /78 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 641,375	(\$20,524,006 /32 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 20,524,006	\$ 8,062,847
LIH Tax Credit Equity	\$ 9,601,792	\$ 19,203,583
Deferred Developer Fee	\$ 0	\$ 1,142,359
Deferred Costs	\$ 2,281,459	\$ 0
San Diego Housing Commission	\$ 4,037,500	\$ 4,250,000
CalHFA Mixed Income Program	\$ 0	\$ 3,785,968
Total Sources	\$ 36,444,757	\$ 36,444,757

Uses of Funds:	
Land Cost/Acquisition	\$ 4,179,097
Relocation	\$ 65,000
New Construction	\$ 18,170,000
Contractor Overhead & Profit	\$ 1,525,000
Architectural Fees	\$ 1,153,540
Survey and Engineering	\$ 378,300
Construction Interest and Fees	\$ 1,568,000
Permanent Financing	\$ 788,860
Legal Fees	\$ 187,500
Reserves	\$ 250,000
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,576,000
Local Development Impact Fees	\$ 1,227,276
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,723,825
Developer Costs	\$ 3,642,359
Total Uses	\$ 36,444,757

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:

97 out of 125 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,524,006 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	12
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	97