

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: Norma Velarde

Applicant:	Housing Authority of the City of San Diego
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Allocation Amount Requested:	Tax-exempt: \$8,815,000
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Project Information:	Name: Grant Heights II
	Project Address: 2651-2663 J Street; 3845 Winona Avenue
	Project City, County, Zip Code: San Diego, San Diego, 92102; 92105

Project Sponsor Information:	Name: Grant Heights II, LP (San Diego Community Housing
	Principals: Theodore T. Miyahara, James Miller, Paula Danker & Kelly Carmona (for San Diego Community Housing Corporation)
	Property Management Company: Solari Enterprises, Inc.

Project Financing Information:	Bond Counsel: Quint & Thimmig 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: General
	Total Number of Units: 42
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Grant Heights II is an affordable housing scattered site located in San Diego, comprised of Grant Heights (2651-2663 J Street) on a 0.58 acre parcel and Winona Apartments (3845 Winona Avenue) on a 0.31 acre parcel. The project consists of 41 restricted rental units and 1 unrestricted managers' units. The project has 19 one-bedroom units, 22 two-bedroom units and 1 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of foundation repair, fence and wall repairs, stucco repairs, dry rot replacements, apartment window replacement, sliding door replacement, utility room door repairs, roof replacement - water damage repair, replacement of roof and roof drainage system. Interior renovations will include accessibility framing and adaptability modifications to mobility and communication units, refurbishing of laundry room and maintenance room, providing accessibility to laundry room and leasing office and relocation of trash enclosure. Individual apartment units will be updated with replacement of carbon monoxide detectors, water heaters, replacement of carpet and vinyl flooring, replacement of refrigerator and oven ranges, and replacement of closet doors, kitchen and bath cabinets/countertops and showers. Lastly, common or site area renovations will consist of patching, crack sealing, sealing and striping of pavement and parking areas, updating landscaping, upgrading accessibility and path of travel, converting ADA parking stalls to van accessible, and water line repairs/repiping of ground floor units to eliminate slab leaks. The rehabilitation is expected to begin in January 2021 and be completed in June 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (41 units) restricted to 50% 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:

Estimated Total Development Cost:	\$ 16,665,726	
Estimated Hard Costs per Unit:	\$ 61,548	(\$2,585,016 /42 units including mgr. units)
Estimated per Unit Cost:	\$ 396,803	(\$16,665,726 /42 units including mgr. units)
Allocation per Unit:	\$ 209,881	(\$8,815,000 /42 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 215,000	(\$8,815,000 /41 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,815,000	\$ 3,905,770
Taxable Perm Loan	\$ 0	\$ 150,000
LIH Tax Credit Equity	\$ 313,021	\$ 4,705,213
GP Equity	\$ 200,000	\$ 200,000
Deferred Developer Fee	\$ 409,340	\$ 409,340
Deferred Costs	\$ 1,015,449	\$ 0
SDHC Assumed Loan	\$ 1,337,280	\$ 1,337,280
SDHC Accrued/Deferred Int	\$ 31,876	\$ 31,876
Urban League Seller Note	\$ 4,081,233	\$ 5,463,720
Urban League Accrued/Deferred Int.	\$ 62,579	\$ 62,579
SDCHC Seller Note	\$ 287,539	\$ 287,539
SDCHC Accrued/Deferred Interest	\$ 4,409	\$ 4,409
AHP Assumed Loan	\$ 108,000	\$ 108,000
Total Sources	\$ 16,665,726	\$ 16,665,726

Uses of Funds:	
Land Cost/Acquisition	\$ 9,795,000
Rehabilitation	\$ 2,711,001
Relocation	\$ 135,000
Contractor Overhead & Profit	\$ 296,320
Architectural Fees	\$ 209,400
Survey and Engineering	\$ 35,000
Construction Interest and Fees	\$ 704,170
Permanent Financing	\$ 55,558
Legal Fees	\$ 60,000
Reserves	\$ 175,449
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 300,732
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 368,756
Developer Costs	\$ 1,809,340
Total Uses	\$ 16,665,726

Analyst Comments:

Norma Velarde

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:

135 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,815,000 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	20
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	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
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	135