

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested:
Tax-exempt: \$16,833,000

Project Information:
Name: Florida Street Apartments
Project Address: 3795 Florida Street
Project City, County, Zip Code: San Diego, San Diego, 92104

Project Sponsor Information:
Name: Florida Street Housing Associates, LP (Community HousingWorks)
Principals: Sue Reynolds, Anne Wilson, Rosemary Stabrawa, Patti Hamic-Christensen and Jon Schwartz

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Union Bank, N.A.
TEFRA Hearing Date: March 8, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 82, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is for a new 83-unit complex of family apartments that will sit on a 0.995 acre site. The project will consist of a four-story building constructed on a single-level partially subterranean concrete parking garage. The unit mix consists of 1-, 2- and 3-bedroom unit types. All units will be restricted to households with incomes at 50% and 60% of the area median income. The anticipated construction start date is June 30, 2011 and is expected to be completed 14 months later (August 30, 2012).

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (9 units) restricted to 50% or less of area median income households.

89% (73 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The project will add 82 newly constructed affordable family units to the city of San Diego that will be restricted to households with incomes no greater than 60% of the area median income.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 30,766,511

Estimated Hard Costs per Unit: \$ 175,199 (\$14,366,286 /82 units)

Estimated per Unit Cost: \$ 375,201 (\$30,766,511 /82 units)

Allocation per Unit: \$ 205,280 (\$16,833,000 /82 units)

Allocation per Restricted Rental Unit: \$ 205,280 (\$16,833,000 /82 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,833,000	\$ 5,854,000
Developer Equity	\$ 1,100,100	\$ 1,100,100
LIH Tax Credit Equity	\$ 965,100	\$ 9,650,600
Direct & Indirect Public Funds	\$ 11,326,574	\$ 14,161,811
Other (Deferred Expenses)	\$ 541,737	\$ 0
Total Sources	\$ 30,766,511	\$ 30,766,511

Uses of Funds:	
Acquisition	\$ 5,157,029
New Construction Costs	\$ 16,002,600
Relocation	\$ 313,264
Architectural	\$ 864,312
Survey & Engineering	\$ 278,111
Contingency Costs	\$ 1,746,809
Construction Period Expenses	\$ 1,883,332
Permanent Financing Expenses	\$ 59,270
Legal Fees	\$ 132,500
Capitalized Reserves	\$ 216,737
Reports & Studies	\$ 36,730
Other (Marketing, etc)	\$ 1,575,817
Developer Costs	\$ 2,500,000
Total Uses	\$ 30,766,511

Description of Financial Structure and Bond Issuance:

The financial structure will be a private placement transaction through Union Bank, N.A. During construction, the interest rate will be a variable rate at the 30-day LIBOR (Rate is 65% of the 30-day LIBOR, plus 225 basis points). The construction period will last for 24 months. The permanent loan in the amount of \$5,854,000 has a amortization period of 30 years and a loan term of 15 years. A rate of 5.76% has been utilized for underwriting purposes. Bank will require that the repayment of the Bonds be guaranteed by Community HousingWorks, through guaranties on forms in current use by the Bank, executed by such parties as Bank may require until all conditions of conversion have been met, the outstanding bonds have been reduced to the permanent bond amount, and the tax credit equity shall have funded in an amount sufficient to repay the construction loan. The Bond proceeds will be disbursed (drawn down) pursuant to a Construction Loan Agreement between the Borrower (the Project Sponsor) and the Bank, which will, among other things, set forth the conditions for Bank's consent to such disbursement.

Analyst Comments:

N/A

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: 91.6 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,833,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	8.6
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	91.6

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.