

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: **Housing Authority of the City of San Diego**

Allocation Amount Requested:
Tax-exempt: \$99,995,347

Project Information:
Name: Vista Terrace Hills Apartments
Project Address: 1790 Del Sur Boulevard
Project City, County, Zip Code: San Diego, San Diego, 92713

Project Sponsor Information:
Name: Eden Vista Terrace 2, LP (Eden Vista Terrace GP, LLC)
Principals: Nick Randall, Janet Lockhart, Kathleen Hamm, Jim Kennedy,
Linda Mandolini and Jan Peters for Eden Vista Terrace GP, LLC

Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, NA (const.), Massachusetts Mutual
Life Insurance Company (perm.)
TEFRA Noticing Date: May 3, 2016
TEFRA Adoption Date: May 27, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 260, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project, constructed in 1971, consists of 30 buildings located on a 10.62 acre site in the San Ysidro area of San Diego. The Project contains 260 residential units (208 three-bedroom units and 52 four-bedroom units) and 2 three-bedroom managers' units. Unit amenities include carpeting, stove/oven, refrigerator and garbage disposal. Community amenities include on-site management, a business center/computer lab, clubhouse, exercise facility, laundry facility, picnic area, playground, and off-street parking. Unit rehabilitation will include new kitchen appliances including a microwave oven, countertops, faucets, toilets, vanities, exhaust fans, fixtures, furnace, ceiling fans, lights, blinds, flooring, painting and bathtub refinishing. Exterior rehabilitation will include new roofing, insulation, lighting, mailboxes, signage and a solar array; parking lot sealcoating and restriping; laundry facility upgrades and landscaping, grading and drainage improvements. Construction is expected to begin in July 2016 with completion in late December 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

40% (104 units) restricted to 50% or less of area median income households.

60% (156 units) restricted to 60% or less of area median income households.

Unit Mix: 3 & 4 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	115,813,213
Estimated Hard Costs per Unit:	\$	65,953 (\$17,147,708 /260 units)
Estimated per Unit Cost:	\$	445,435 (\$115,813,213 /260 units)
Allocation per Unit:	\$	384,597 (\$99,995,347 /260 units)
Allocation per Restricted Rental Unit:	\$	384,597 (\$99,995,347 /260 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 99,995,347	\$ 61,657,400
LIH Tax Credit Equity	\$ 3,774,325	\$ 40,850,872
GP Capital	\$ 263,160	\$ 263,160
Deferred Developer Fee	\$ 9,384,931	\$ 9,384,931
Deferred Costs	\$ 2,038,600	\$ 0
Replacement Reserves	\$ 356,850	\$ 356,850
Income From Operations	\$	\$ 3,300,000
Total Sources	\$ 115,813,213	\$ 115,813,213

Uses of Funds:	
Land Cost/Acquisition	\$ 70,366,850
Rehabilitation	\$ 18,142,632
Relocation	\$ 850,000
Contractor Overhead & Profit	\$ 857,368
Architectural Fees	\$ 325,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 4,570,128
Permanent Financing	\$ 321,630
Legal Fees	\$ 225,000
Reserves	\$ 1,561,675
Appraisal	\$ 12,000
Contingency Cost	\$ 3,800,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,270,999
Developer Costs	\$ 13,484,931
Total Uses	\$ 115,813,213

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in private placement transactions by JPMorgan Chase Bank, NA (const.) and Massachusetts Mutual Life Insurance Company (perm.). During the construction financing phase the loan term will be for 30 months with a variable interest rate equal to 1-month LIBOR plus 125 bps. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 35 years at a fixed rate estimated at 3.98%.

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: 77 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$99,995,347 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	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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	2
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	77

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.