

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: Housing Authority of the City of San Diego

Allocation Amount Requested:

Tax-exempt: \$22,000,000

Project Information:

Name: Fairmount Family Housing Apartments
Project Address: 6121 Fairmount Avenue
Project City, County, Zip Code: San Diego, San Diego, 92120

Project Sponsor Information:

Name: Fairmount Family Housing, L.P. (Affirmed Housing Group, Inc.; and Nexus for Affordable Housing)
Principals: Nicki Cometa, James Silverwood and Lindsay Quackenbush for Affirmed Housing Group, Inc.; and Gina Onweiler for Nexus for Affordable Housing
Property Management Company: Solari Enterprises, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A. (construction) / California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 8, 2017
TEFRA Adoption Date: June 30, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 80
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Fairmount Family Housing Apartments is a new construction project located in San Diego on a 1.13-acre site. The project will consist of 79 restricted rental units and one unrestricted manager unit. The project will provide 32 one-bedroom units, 24 two-bedroom units and 24 three-bedroom units in a single five-story building. Common amenities will include a large community room, computer room, laundry facilities, management offices, elevator, security/surveillance system, playground and 80 parking spaces. Each unit will feature central heating and A/C, window blinds, storage closet, refrigerator, stove/oven, dishwasher and disposal. Construction is expected to begin in December 2017 and to be completed in May 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

15% (12 units) restricted to 50% or less of area median income households.

85% (67 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 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:	\$	30,092,500	
Estimated Hard Costs per Unit:	\$	183,538	(\$14,683,000 /80 units including mgr. units)
Estimated per Unit Cost:	\$	376,156	(\$30,092,500 /80 units including mgr. units)
Allocation per Unit:	\$	275,000	(\$22,000,000 /80 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	278,481	(\$22,000,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,000,000	\$ 9,241,342
LIH Tax Credit Equity	\$ 2,460,665	\$ 9,842,658
General Partner Deferred Fee	\$ 0	\$ 775,000
San Diego Housing Commission Loan-HOME	\$ 2,840,550	\$ 2,000,000
Net Income From Operations	\$ 2,791,285	\$ 0
General Partner Contributed Fee	\$ 0	\$ 765,000
San Diego Housing Commission Loan	\$ 0	\$ 7,468,500
Total Sources	\$ 30,092,500	\$ 30,092,500

Uses of Funds:	
Land Cost/Acquisition	\$ 3,951,000
Relocation	\$ 100,000
New Construction	\$ 15,685,000
Contractor Overhead & Profit	\$ 1,010,000
Architectural Fees	\$ 690,000
Survey and Engineering	\$ 360,000
Construction Interest and Fees	\$ 735,000
Permanent Financing	\$ 544,000
Legal Fees	\$ 100,000
Reserves	\$ 252,000
Appraisal	\$ 12,000
Hard Cost Contingency	\$ 835,000
Local Development Impact Fees	\$ 1,440,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,138,500
Developer Costs	\$ 3,240,000
Total Uses	\$ 30,092,500

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:

73 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$22,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	28
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	73