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San Diego Housing Commission (SDHC)

Loan Recommendation for Serenade on 43rd

Presentation to the SDHC Board of Commissioners
April 20, 2023

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Real Estate Division



SDHC – Serenade on 43rd Apartments Development Summary

- Proposed rehabilitation and new construction of 64 affordable rental units for individuals and families and one unrestricted manager's unit:
 - 28 studio units
 - 25 one-bedroom units
 - 8 two-bedroom units
 - 3 three-bedroom units
- Affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
 - Through the County of San Diego's No Place Like Home Program, 31 of the units will be set aside for individuals experiencing homelessness with a serious mental disability.
- 4034, 4046, 4054 43rd Street in the City Heights neighborhood
- Metropolitan Transit System bus lines less than 1/4 mile away on University Avenue

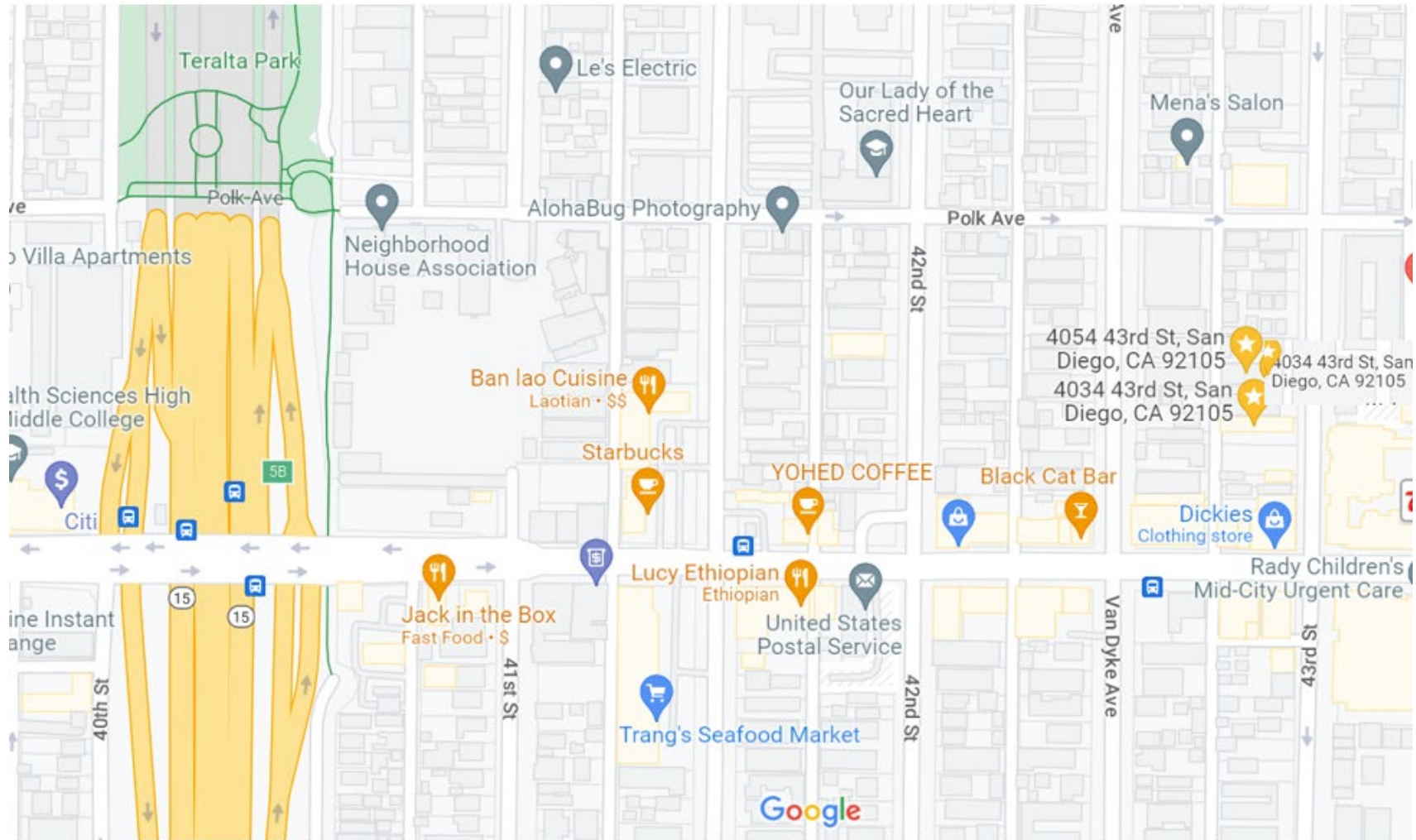


SDHC – Serenade on 43rd Apartments Development Summary (Continued)

- The developer, Wakeland Housing and Development Corporation, applied for a residual receipts loan and permanent supportive housing federal Project-Based Housing Vouchers through SDHC's Fiscal Year 2023 Notice of Funding Availability.
 - SDHC made a preliminary award of a loan of up to \$2,000,000 subject to SDHC Board of Commissioners approval.
 - SDHC awarded 32 federal Permanent Supportive Housing Project-Based Housing Vouchers for households with income between 30% and 40% of AMI.
- Housing Innovation Partners and County of San Diego Behavioral Health Services will provide services free of charges to all residents, including:
 - Case management
 - Hosted workshops
 - Resource conservation
 - Recycling
 - Healthy meals and living choices
 - Mindful energy use

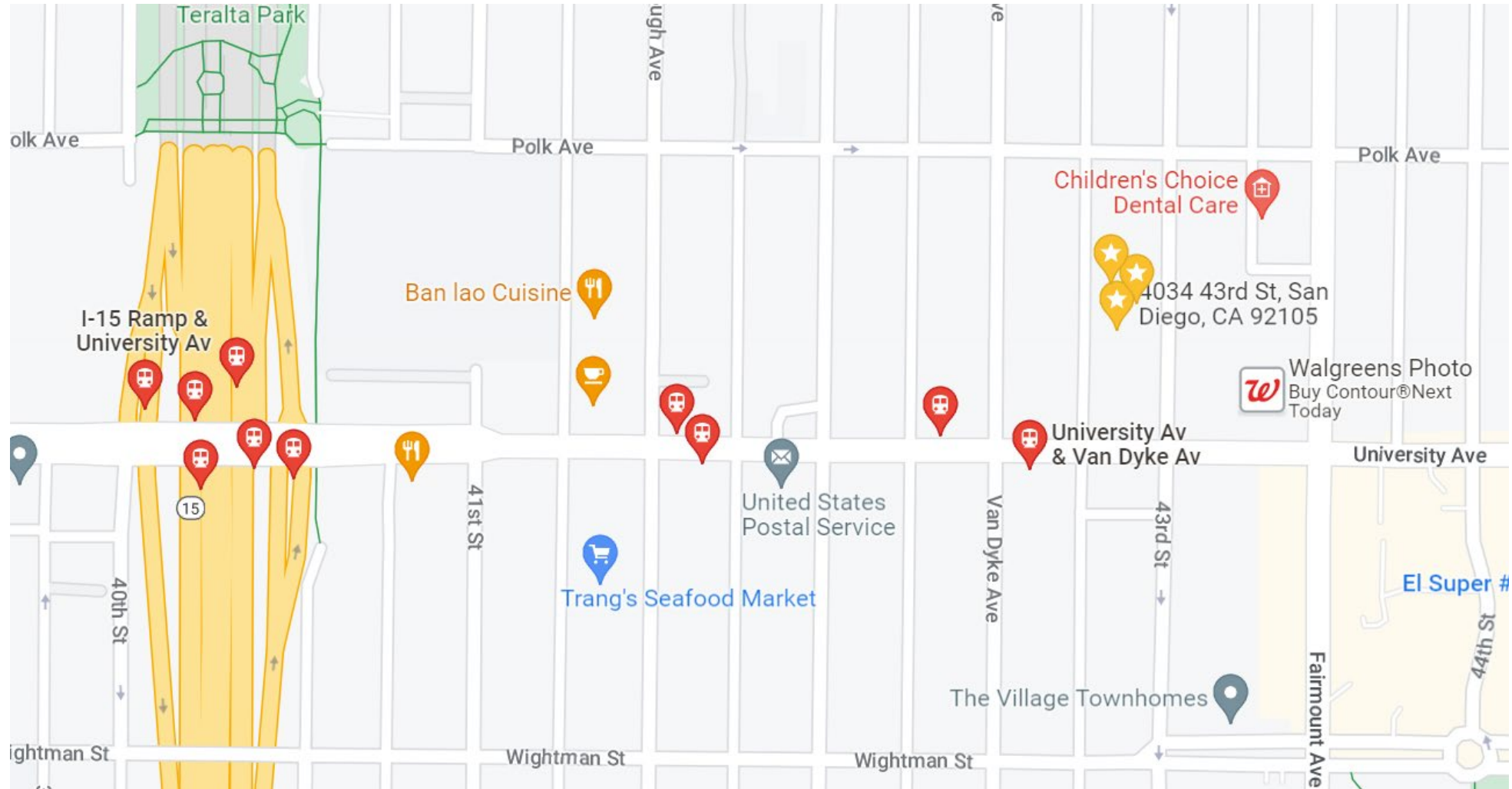


SDHC – Serenade on 43rd Apartments Location Map



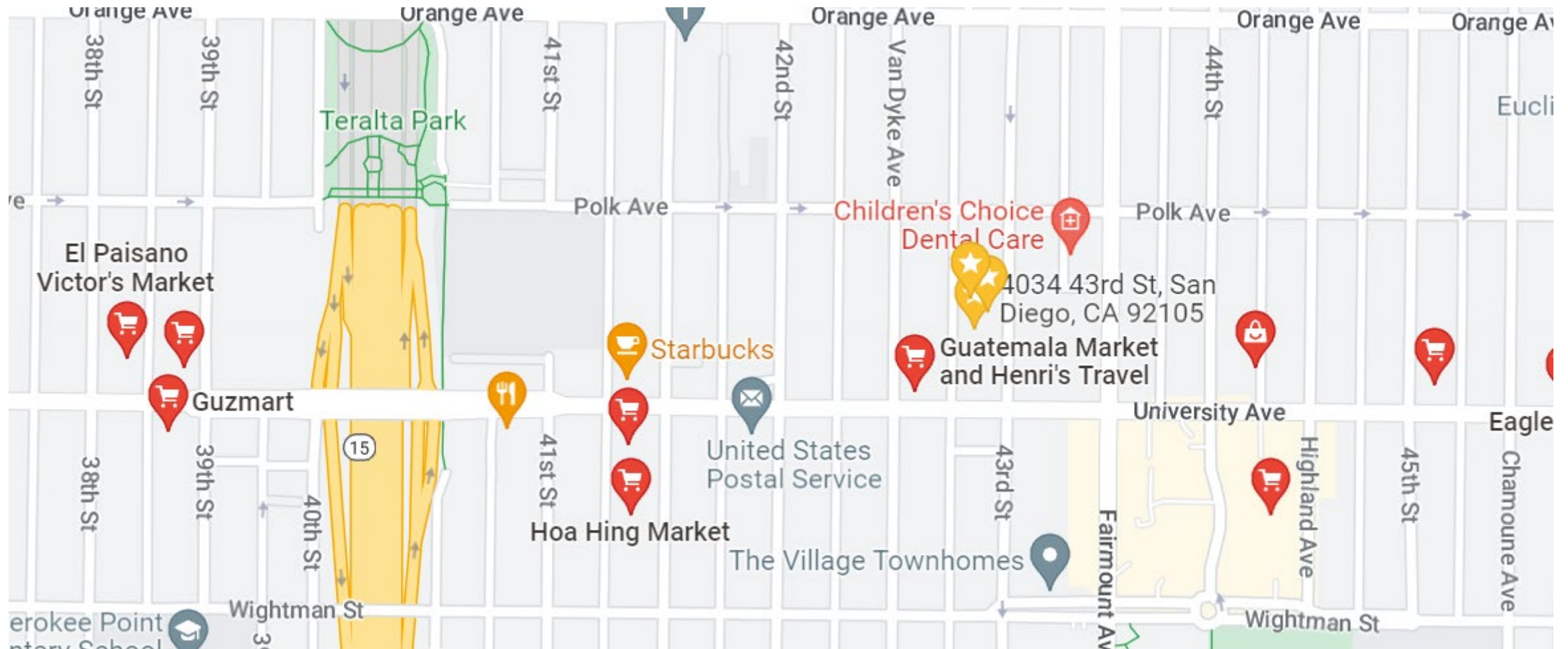


SDHC – Serenade on 43rd Apartments Proximity to Transit (bus)



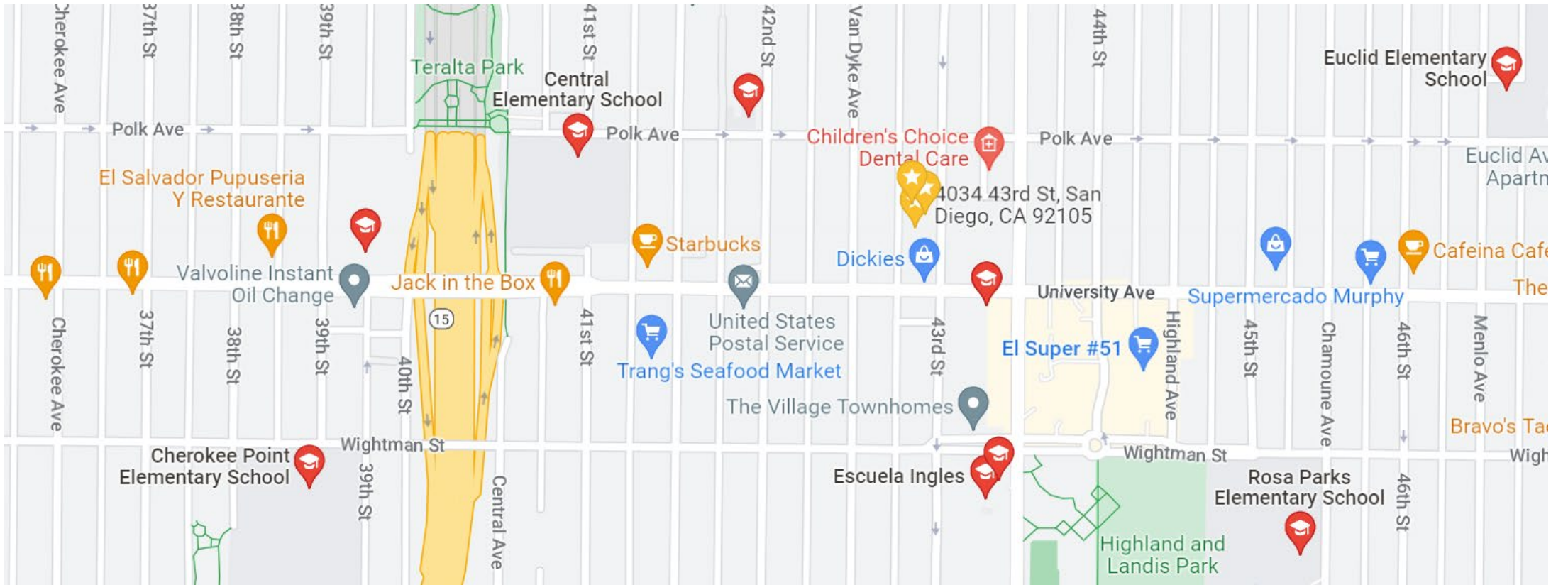
SDHC – Serenade on 43rd Apartments

Proximity to Grocery Stores



SDHC – Serenade on 43rd Apartments

Proximity to Schools



SDHC – Serenade on 43rd Apartments

Estimated Permanent Financing Sources and Uses

Financing Sources	Amount	Financing Uses	Amount
9% Federal Tax Credit Equity	\$16,965,034	Land Acquisition & Closing Costs	\$6,041,000
Proposed SDHC Loan	2,000,000	Rehabilitation Costs	1,905,710
Fee Waivers	602,536	New Construction Costs	15,698,881
County of San Diego NPLH Loan	7,717,179	Permits & Fees	708,464
City of San Diego CDBG Loan	6,500,000	Reserves	882,890
		Architectural, Survey & Engineering	1,455,000
		Construction Interest & Fees	1,997,387
		Other Soft Costs	2,895,417
		Developer's Fee	2,200,000
Total Development Sources	\$33,784,749	Total Development Cost	\$33,784,749

- Estimated Total Development Cost Per Unit (65 Units) = \$519,765



SDHC – Serenade on 43rd Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Studio	30% (currently \$27,350 for a one-person household)	23	\$683
Studio	40% (currently \$36,450 for a one-person household)	2	\$911
Studio	60% (currently \$54,660 for a one-person household)	<u>3</u>	\$1,366
Subtotal Studio Units		28	
One-bedroom	30% (currently \$31,250 for a two-person household)	8	\$732
One-bedroom	40% (currently \$41,650 for a two-person household)	12	\$976
One-bedroom	55% (currently \$57,250 for a two-person household)	<u>5</u>	\$1,431
Subtotal One-bedroom Units		25	
Two-bedroom	30% (currently \$35,150 for a three-person household)	1	\$878
Two-bedroom	50% (currently \$58,550 for a three-person household)	4	\$1,463
Two-bedroom	60% (currently \$70,260 for a three-person household)	<u>3</u>	\$1,756
Subtotal Two-bedroom Units		8	
Three-bedroom	30% (currently \$39,050 for a four-person household)	1	\$1,015
Three-bedroom	60% (currently \$78,060 for a four-person household)	<u>2</u>	\$2,030
Subtotal Three-bedroom Units		3	
Subtotal Affordable Units		64	
Manager's unrestricted two-bedroom unit	--	<u>1</u>	--
Total	--	65	--



SDHC – Serenade on 43rd Apartments Development Timeline

Milestones	Estimated Dates
<ul style="list-style-type: none">• CTCAC 9% tax credit application• CTCAC tax credit allocation meeting• Estimated escrow/loan closing• Estimated start of construction work• Estimated completion of construction work	<p>April 25, 2023</p> <p>July 26, 2023</p> <p>December 2023</p> <p>December 2023</p> <p>September 2025</p>





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SDHC – Serenade on 43rd Apartments Architect's Rendering



SDHC – Serenade on 43rd Apartments Staff Recommendations

That the SDHC Board of Commissioners take the following actions:

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$2,000,000 to Serenade 43, L.P., a California limited partnership, to facilitate the rehabilitation and new construction of Serenade on 43rd Apartments at 4034, 4046, 4054 43rd Street in the City Heights neighborhood of San Diego, which will consist of 64 units that will remain affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI), and one unrestricted manager's unit.
 - Loan contingent on developer receiving necessary third-party funds.
- 2) Authorize SDHC's President and Chief Executive Officer, or designee, to:
 - Execute necessary documents in a form approved by General Counsel and take necessary actions upon advice of General Counsel, provided that a copy of the documents is submitted to each SDHC Commissioner;
 - Adjust financing terms, provided that the proposed \$2,000,000 maximum SDHC loan amount may not increase; and
 - Substitute approved funding sources with any other available funds as deemed appropriate, contingent on budget availability.



SDHC – Serenade on 43rd Apartments

Questions & Comments

