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HOUSING
COMMISSION

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San Diego Housing Commission (SDHC) Loan Recommendation, Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Cortez Hill Apartments Presentation to the SDHC Board of Commissioners July 9, 2021

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SDHC – Cortez Hill Apartments Development Summary

- Proposed new construction of 87 affordable rental housing units and one unrestricted manager's unit:
 - 14 supportive housing units for households experiencing homelessness
 - 73 affordable units for households with income from 30 percent to 40 percent of San Diego's Area Median Income
 - Affordable for 55 years
 - 1449 Ninth Avenue in the Cortez Hill neighborhood
- Resident activities will include community building events, education and skill-building classes, and health and wellness workshops/events.
- The Fifth Avenue trolley stop is 1/2 mile from the site.
- The bus stop at 10th Avenue and A Street is 1/5 mile from the site.



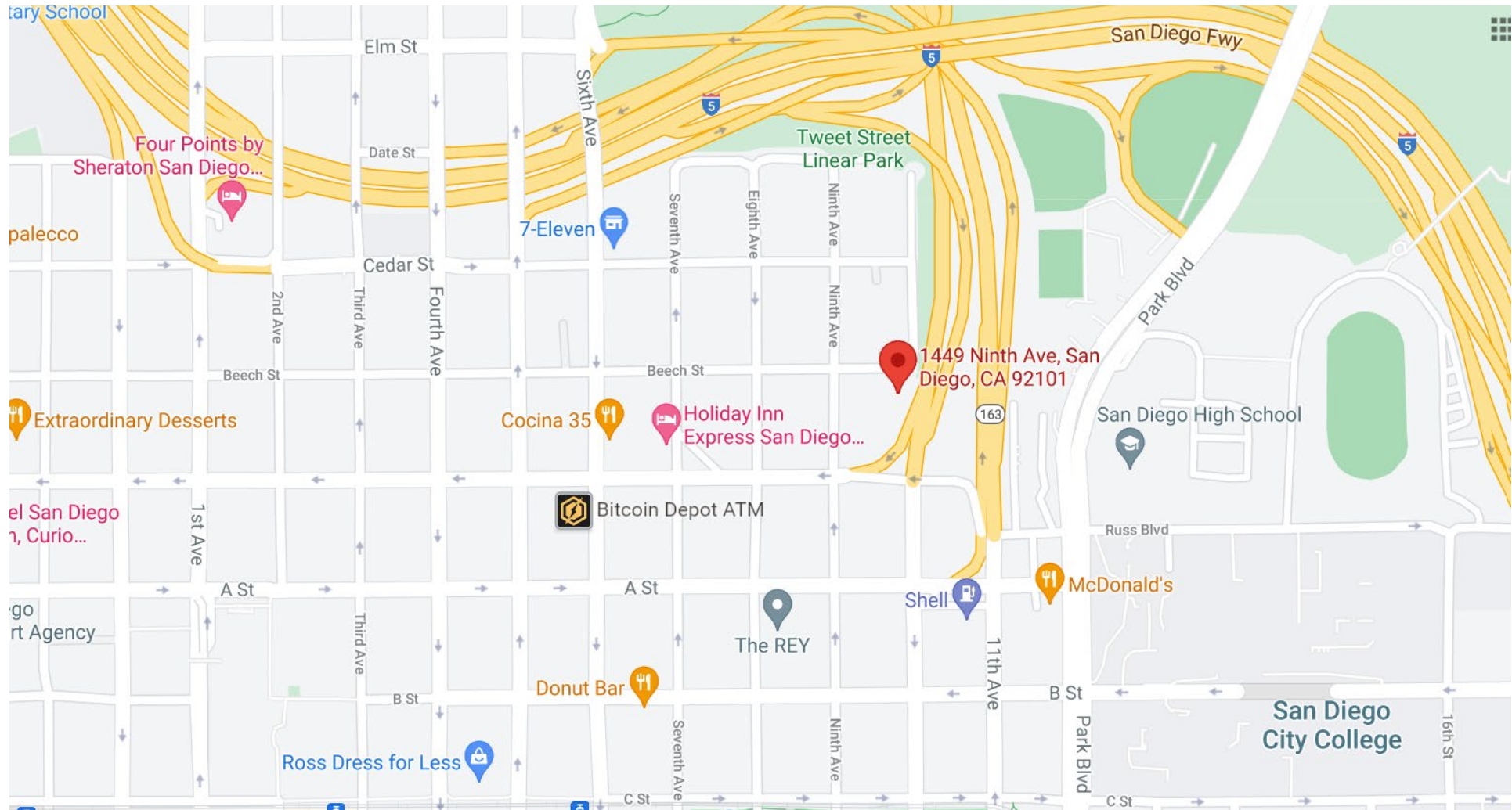
SDHC – Cortez Hill Apartments Developer

- Community Housing Works
 - Experience, award-winning nonprofit developer
 - Owns more than 3,670 apartments in 42 communities statewide
 - Successfully completed previous developments with SDHC residual receipts loans
- Community Housing Works applied to SDHC for a residual receipts loan and federal rental housing vouchers through SDHC's Fiscal Year 2021 Notice of Funding Availability.
- SDHC staff provided a preliminary recommendation of award for a residual receipts loan of up to \$5,000,000 and 87 federal Project-Based Housing Vouchers for the Cortez Hill Apartments development.
- People Assisting the Homeless (PATH), as the lead service provider, will be responsible for providing case management services to the 14 permanent supportive housing (PSH) units and providing resident services to the 73 non-PSH units.



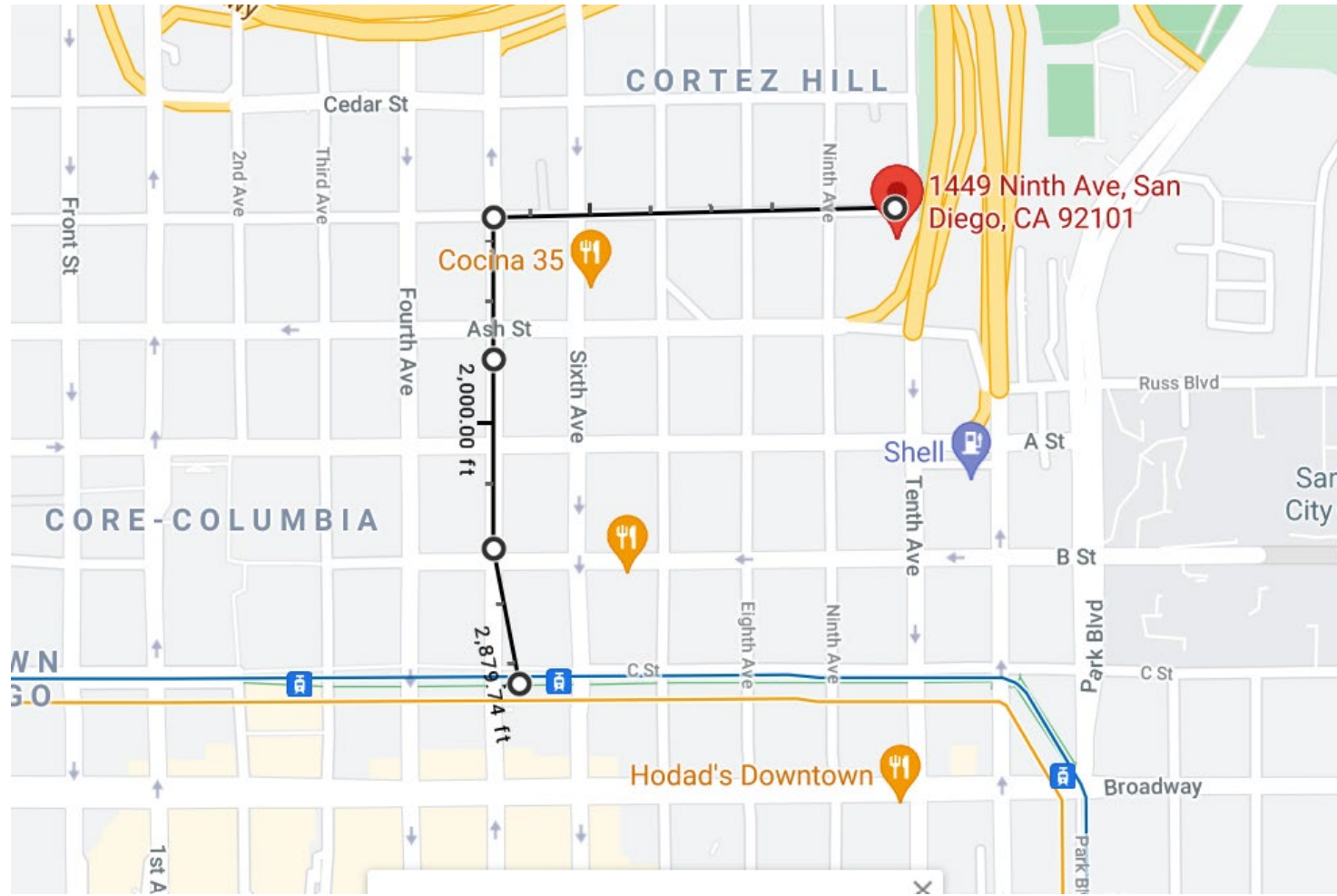


SDHC – Cortez Hill Apartments Location Map



SDHC – Cortez Hill Apartments

Location Map (Continued)



SDHC – Cortez Hill Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Permanent loan	\$9,065,300	Land	\$11,593
Housing & Community Development Multifamily Housing Program Loan	7,564,572	Construction cost	28,493,989
Housing Commission proposed loan	5,000,000	Financing costs	3,191,355
General Partner contribution	1,218,926	Architecture & Engineering	1,805,500
Tax credit equity	18,723,635	Other soft costs	1,935,950
RTCIP Fee Waiver	283,185	City permits and impact fees	1,673,636
Deferred developer fee	1,500,000	Reserves	1,317,030
Accrued interest on soft loans	192,361	Developer's Fee	5,218,926
CDLAC Deposit Refund	100,000		
Total Development Cost	\$43,647,979	Total Development Cost	\$43,647,979

- Estimated Total Development Cost per unit (88 units) = \$496,000



SDHC – Cortez Hill Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
One-Bedroom Units	30%	50	\$649
One-Bedroom Units	40%	29	\$866
Two-Bedroom Units	30%	4	\$780
Two-Bedroom Units	40%	4	\$1,040
Subtotal Residential Units		87	
2-Bedroom Manager (Unrestricted)	--	1	--
Total	--	88	--



SDHC – Cortez Hill Apartments

Development Timeline

Milestone	Estimated Date
• HCD Multifamily Housing Program application.....	September 2021
• HCD Multifamily Housing Program award.....	December 2021
• CDLAC bond application & CTCAC tax credit application.....	February 2022
• CDLAC allocation meeting & CTCAC allocation meeting.....	April 2022
• SDHC final bond authorization.....	June 2022
• Housing Authority final bond authorization.....	June 2022
• Estimated bond issuance and escrow/loan closing.....	October 2022
• Estimated start of construction work.....	October 2022
• Estimated completion of construction work.....	May 2024



SDHC – Cortez Hill Apartments Artist's Rendering



SDHC – Cortez Hill Apartments

Bond Issuance Summary

- Proposed bond issuance of up to \$24,600,000 in tax-exempt bonds.
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bond issuance will not create financial liability to SDHC, Housing Authority, nor City.
- Neither the full faith and credit nor taxing power of the City nor full faith and credit of the Housing Authority will be pledged to payment of the bonds.



SDHC – Cortez Hill Apartments

Staff Recommendations

That the SDHC Board of Commissioners:

1. Approve a proposed residual receipts loan up to \$5,000,000 to Beech Street Housing Associates L.P., a California limited partnership, formed by Community Housing Works (CHW), to finance the proposed acquisition and new construction of Cortez Hill Apartments, an 88-unit affordable rental housing development at 1449 Ninth Avenue in the Cortez Hill neighborhood in downtown San Diego, with 87 units that will remain affordable for 55 years for households with income of 30 percent to 40 percent of San Diego Area Median Income (AMI) and one unrestricted manager's unit.
 - Loan contingent on developer receiving necessary third-party funds.



SDHC – Cortez Hill Apartments Staff Recommendations (Continued)

2. Authorize the 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;
 - To adjust financing terms, provided that the proposed \$5,000,000 maximum SDHC loan amount may not increase; and
 - To substitute approved funding sources with any other available funds as deemed appropriate, contingent on budget availability.



SDHC – Cortez Hill Apartments

Staff Recommendations (Continued)

3. Approve initial steps to issue up to \$24,600,000 in tax-exempt Multifamily Housing Revenue Bonds, including:
 - Issue a bond Inducement resolution (Declaration of Intent)
 - Authorize a bond allocation application to the California Debt Limit Allocation Committee (CDLAC) for the tax-exempt bonds
 - Approve Bond Counsel and Financial Advisor
 - Bond final approval will occur at a later date
4. Authorize SDHC's President & CEO, or designee, to execute necessary documents in a form approved by General Counsel and Bond Counsel and take necessary actions upon advice of General Counsel.
5. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$24,600,000 to facilitate the development.



Questions & Comments

