



SAN DIEGO
HOUSING
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San Diego Housing Commission (SDHC) Loan Recommendation and Preliminary Bond Authorization for The Post 310 Apartments Presentation to the SDHC Board of Commissioners November 13, 2020

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SDHC – The Post 310 Apartments Development Summary

- The Post 310 Apartments is the proposed new construction of 42 affordable rental housing units at 465 47th Street in Encanto for veterans with low-income or experiencing homelessness.
 - 20 units for veterans experiencing homelessness
- Hitzke Development Corporation and Housing Innovation Partners applied for a residual receipts loan and federal rental housing vouchers through SDHC's Fiscal Year 2020 Notice of Funding Availability.
- SDHC made a preliminary award of a loan of up to \$2,883,000 subject to SDHC Board of Commissioners approval.
- SDHC awarded 10 Federal Project-Based Housing Vouchers and 10 Veterans Affairs Supportive Housing (VASH) through HOUSING FIRST – SAN DIEGO, SDHC's homelessness action plan.



SDHC – The Post 310 Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$17,700,000 in a tax-exempt bonds and up to \$5,000,000 in taxable 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 – The Post 310 Apartments Co-Developers

- Co-Developers for The Post 310 are Hitzke Development Corporation and the nonprofit Housing Innovation Partners.
 - Experienced developers
 - Hitzke Development Corporation
 - Specializes in public-private partnership
 - Focuses on infill sites for transit-oriented, mixed-use affordable housing
 - Housing Innovation Partners
 - Focuses on permanent supportive housing for individuals with low income and special needs
 - Previously obtained SDHC loans and has successfully completed those projects
 - In compliance with its previous SDHC-funded loans

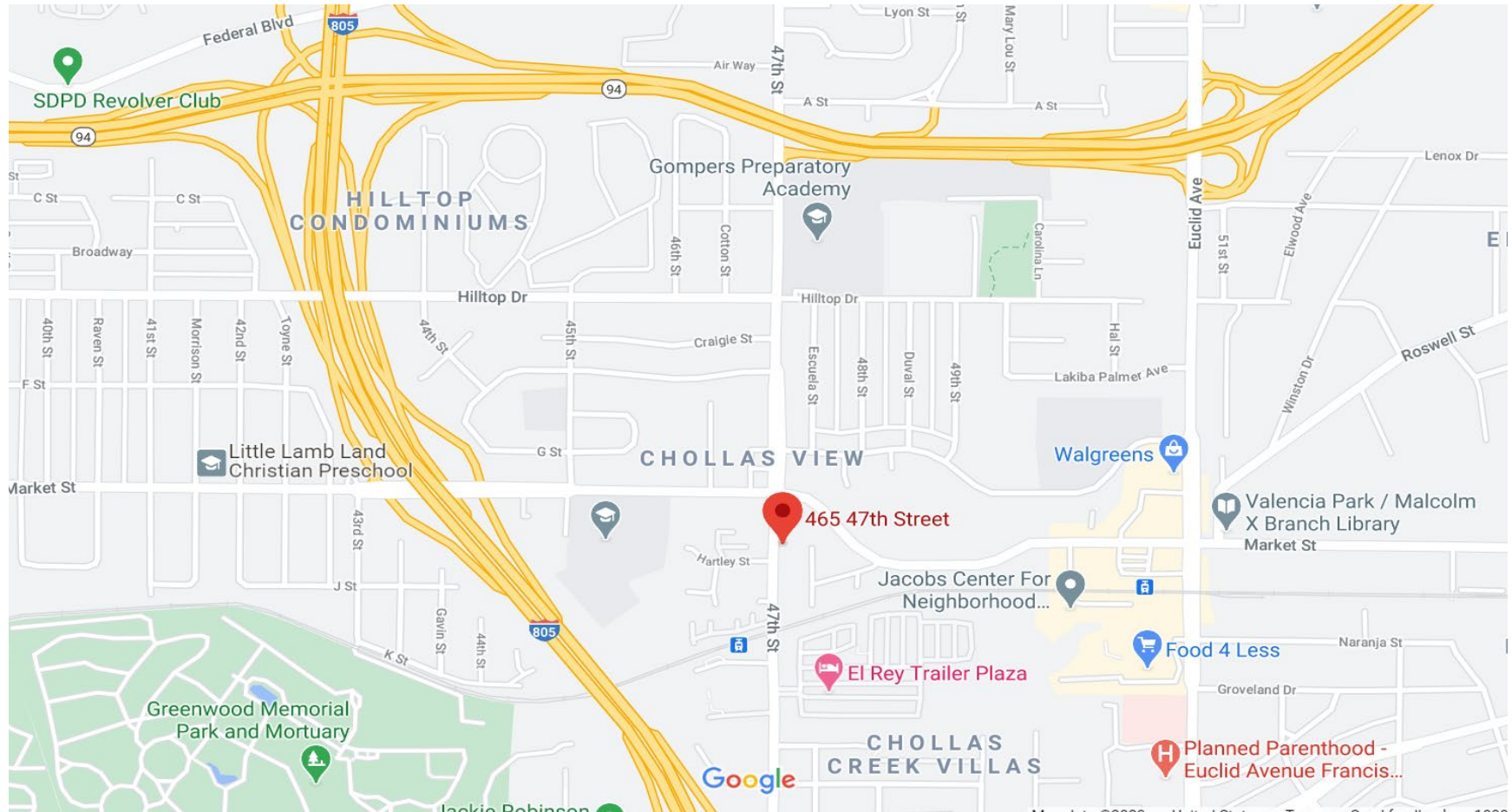


SDHC – The Post 310 Apartments Development Team Summary

| Role | Firm/Contract |
|---|--|
| Developers | Hitzke Development Corp. and Housing Innovation Partners |
| Owner/Borrower | Post 310 Housing San Diego, LP |
| Managing General Partner | Housing Innovation Partners (HIP) |
| Administrative General Partner | Hitzke Development Corporation |
| Architect | FoundationForFrom Architecture |
| General Contractor | Allgire General Contractors |
| Property Management | Hyder & Co. Property Management |
| Supportive Services Provider | U.S. Department of Veterans Affairs, HIP and a provider to be selected by County of San Diego Behavioral Health Services |
| Construction Lender Permanent Lender | Citibank |
| Tax Credit Equity Partner | Boston Capital |



SDHC – The Post 310 Apartments Location Map



SDHC – The Post 310 Apartments

Estimated Permanent Financing Sources and Uses

| Prop | Amount | Permanent Uses | Amount |
|--|--------------|--------------------------------------|--------------|
| Citibank-Permanent Loan | \$1,739,085 | Acquisition/Site Work | \$268,706 |
| State of California Housing & Community Development Dept. Veterans Housing & Homelessness Prevention Program | 9,283,837 | Construction Costs | 16,574,525 |
| SDHC proposed loan | 2,883,000 | Architectural, Engineering & Permits | 2,358,202 |
| County of San Diego – Special Needs Housing Program | 1,500,000 | Indirect Expenses | 445,000 |
| Contributed Fee/Owner's Equity | 1,594,533 | Financing & Carrying Costs | 1,948,328 |
| 4 Percent (CTCAC) tax credit equity | 8,548,668 | Other Costs | 651,829 |
| | | Syndication Costs | 308,000 |
| | | Developer Fee | 2,994,533 |
| Total Development Cost (TDC) | \$25,549,123 | Total Development Cost | \$25,549,123 |
| | | Per Unit Cost | \$594,166 |



SDHC – The Post 310 Apartments

Affordability & Estimated Rents

| Unit Type | AMI | Units | Maximum Gross Rent |
|------------------------------|-----|-------|--------------------|
| One-Bedroom | 30% | 20 | \$649 |
| One-Bedroom | 50% | 13 | \$1,155 |
| One-Bedroom | 60% | 8 | \$1,386 |
| Three-Bedrooms | 50% | 1 | \$1,444 |
| Subtotal | -- | 42 | -- |
| Three-Bedroom Manager's Unit | -- | 1 | -- |
| Total | -- | 43 | -- |





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SDHC – The Post 310 Apartments Project Renderings



SDHC – The Post 310 Apartments Project Renderings



SDHC – The Post 310 Apartments Development Timeline

| Milestone | Estimated Date |
|--|------------------|
| • Housing Authority consideration..... | December 8, 2020 |
| • City Council IRS-required TEFRA hearing... | December 8, 2020 |
| • CDLAC & CTCAC applications..... | January 2021 |
| • CDLAC & CTCAC meetings..... | March 2021 |
| • SDHC & Housing Authority final bond issuance reviews..... | April 2021 |
| • Bonds issuance and escrow closing..... | April 2021 |
| • Estimated start of construction work..... | May 2021 |
| • Estimated completion of construction work... | September 2022 |



SDHC – The Post 310 Apartments Staff Recommendations

That SDHC take the following actions:

1. Approve a proposed residual receipts loan, up to \$2,883,000 to Post 310 Housing San Diego L.P., to finance the acquisition, with new construction, of The Post 310 Apartments, to be located at 465 47th Street, San Diego, which will consist of 42 units that will remain affordable for 55 years for low-income and homeless veterans and one unrestricted manager's unit.
 - Loan contingent on developer receiving necessary third-party funds.



SDHC – The Post 310 Apartments Staff Recommendations (Continued)

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;
 - To adjust financing terms, provided that the proposed \$2,883,000 maximum SDHC loan amount may not increase;
 - To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability.



SDHC – The Post 310 Apartments

Staff Recommendations (Continued)

That SDHC recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

1. Approve initial steps to issue up to \$17,700,000 in tax-exempt Multifamily Housing Revenue Bonds and \$5,000,000 in taxable Multifamily Housing Revenue Bonds, including;
 - Issue a bond Inducement resolution.
 - 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.
2. 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.



SDHC – The Post 310 Apartments Staff Recommendations (Continued)

That SDHC recommend that the San Diego City Council:

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving a tax-exempt Multifamily Housing Revenue Bond up to \$17,700,000 to fund the development of The Post 310 Apartments.



Questions & Comments

