



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)

Loan Recommendation for Modica Apartments

Presentation to the SDHC Board of Commissioners
April 6, 2023

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SDHC – Modica Apartments Development Summary

- Proposed new construction of 93 affordable rental units for families and one unrestricted manager's unit:
 - 42 one-bedroom units
 - 26 two-bedroom units
 - 25 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)
 - 25% of the units will be set aside for residents with developmental disabilities
- 5255 Mt. Etna Drive in the Clairemont Mesa neighborhood
- Metropolitan Transit System bus lines less than 1/4 mile away on Genesee Avenue
- Balboa Avenue Trolley Station approximately 2.5 miles west from the property



SDHC – Modica Apartments Development Summary (Continued)

- The developer, Chelsea Investment Corporation, applied for a residual receipts loan through SDHC's Fiscal Year 2022 Notice of Funding Availability.
- SDHC made a preliminary award of:
 - Loan of up to \$3,000,000 subject to SDHC Board of Commissioners approval
- Serving Seniors will provide services free of charges to all residents, including:
 - After-school programs
 - Instructor-led adult education
 - Skill building classes, such as:
 - Computer literacy
 - Job counseling
 - Financial literacy
 - Health/wellness



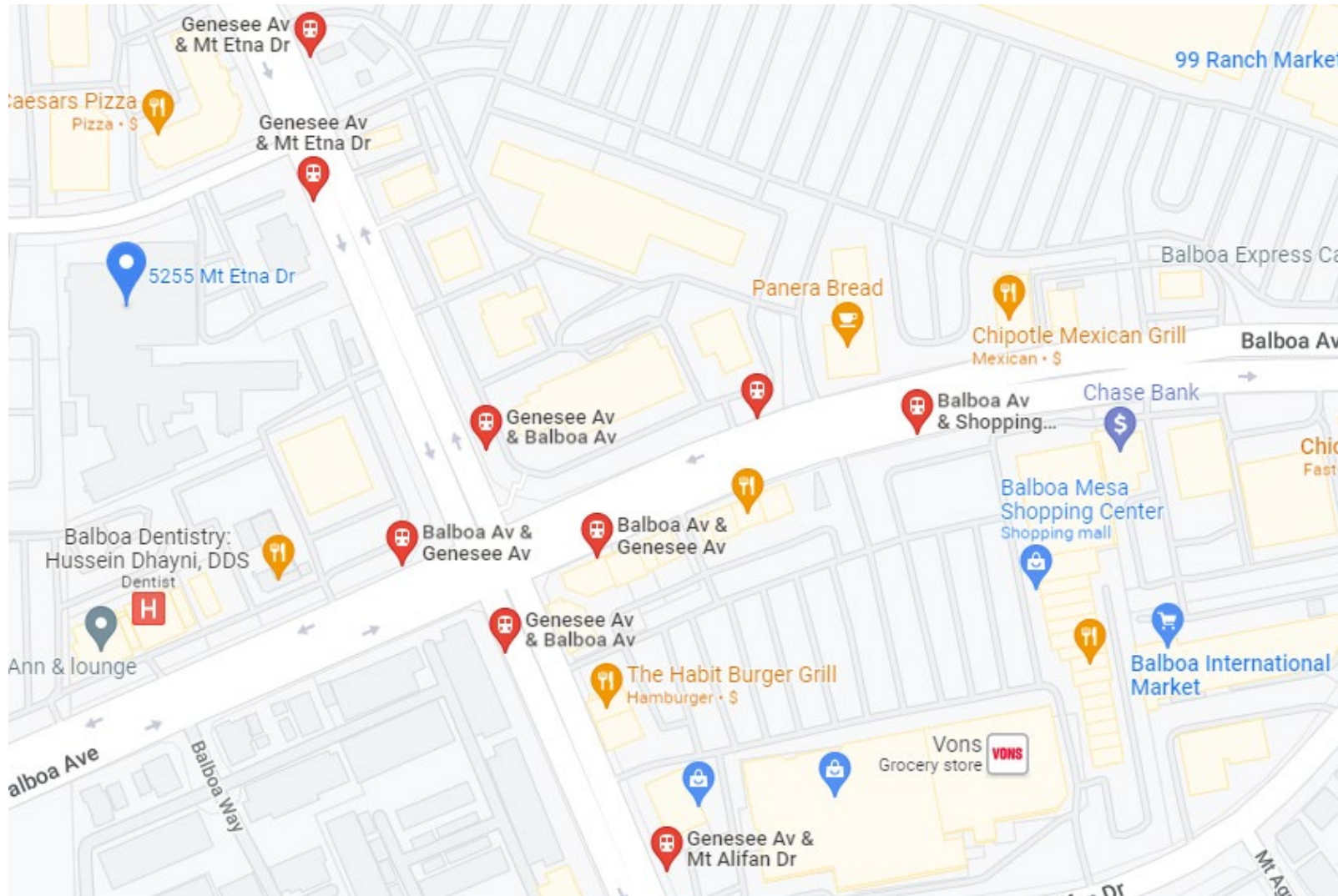


SDHC – Modica Apartments Location Map



SDHC – Modica Apartments

Proximity to Transit (bus)



SDHC – Modica Apartments

Estimated Permanent Financing Sources and Uses

Financing Sources	Amount	Financing Uses	Amount
CalHFA bond financed permanent loan	\$12,580,000	Land value payment	\$8,650,000
State of California Tax Credits	5,724,600	Construction cost	\$31,616,228
		Contingency	+ 1,584,535
		Total construction	\$33,200,763
Acquisition value contribution	8,650,000	Financing costs	4,925,523
Housing Commission Proposed Loan	3,000,000	Other soft costs	2,725,263
Deferred Developer Fee	3,515,034	Local permits and fees	2,333,105
DDS CRDP Financing	2,800,000	Developer fee	5,563,106
Federal 4% Tax Credits Equity	21,896,185	Reserves	339,816
		Soft Cost Contingency	428,243
Total Development Sources	\$58,165,819	Total Development Cost	\$58,165,819

- Estimated Total Development Cost Per Unit (94 Units) = \$618,785



SDHC – Modica Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom	30% (currently \$31,250 for a two-person household)	10	\$732
One-bedroom	50% (currently \$52,050 for a two-person household)	12	\$1,220
One-bedroom	60% (currently \$62,460 for a two-person household)	<u>20</u>	\$1,464
Subtotal One-bedroom		42	
Two-bedroom	30% (currently \$35,150 for a three-person household)	6	\$878
Two-bedroom	50% (currently \$58,550 for a three-person household)	8	\$1,463
Two-bedroom	60% (currently \$70,260 for a three-person household)	<u>12</u>	\$1,756
Subtotal Two-bedroom		26	
Three-bedroom	30% (currently \$39,050 for a four-person household)	6	\$1,015
Three-bedroom	50% (currently \$65,050 for a four-person household)	7	\$1,691
Three-bedroom	60%(currently \$78,060 for a four-person household)	<u>12</u>	\$2,030
Subtotal Three-bedroom		25	
Subtotal Affordable Units		93	
Manager's unrestricted two-bedroom unit	--	<u>1</u>	--
Total	--	94	--



SDHC – Modica Apartments Development Timeline

Milestones	Estimated Dates
<ul style="list-style-type: none">• Estimated escrow/loan closing• Estimated start of construction work• Estimated completion of construction work	<p>June 2023 June 2023 December 2025</p>



SDHC – Modica Apartments Architect's Rendering



Façade Design Intent. General representation of the building elevation. Final product is subject to change.



SDHC – Modica 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 \$3,000,000 to Modica Family Apartments CIC, LP., a California limited partnership, to facilitate the acquisition and new construction of Modica Apartments at 5255 Mt. Etna Drive, San Diego, in the Clairemont Mesa Community Planning Area, which will consist of 93 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 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, provided that a copy of the documents is submitted to each SDHC Commissioner;
 - To adjust financing terms, provided that the proposed \$3,000,000 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.



Questions & Comments

