

San Diego City Council Meeting

PHONE-IN TESTIMONY PERIOD NOW OPEN FOR Council ITEM 334 & Housing Authority ITEM 3: Mississippi ECB Apartments

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San Diego Housing Commission (SDHC) Preliminary Bond Authorization for Mississippi ECB Apartments June 16, 2020

Colin Miller
Vice President of
Multifamily Housing Finance
Real Estate Division



SDHC – Mississippi ECB Apartments Partnership Development Staff Recommendations

That the Housing Authority of the City of San Diego (Housing Authority):

- 1) Approve the following preliminary steps to issue tax-exempt Multifamily Housing Revenue Bonds for the development of Mississippi ECB Apartments located at 2139 El Cajon Boulevard in University Heights, which will consist of 60 units affordable for 55 years and one manager's unit:
 - a. Issue a bond inducement resolution for up to \$16,500,000 (including \$12,500,000 in tax-exempt bonds and \$4,000,000 in taxable bonds)
 - b. Authorize an application to the California Debt Limit Allocation Committee (CDLAC)
 - c. Approve a financing team of Kutak Rock as Bond Counsel and CSG Advisors as Financial Advisor



SDHC – Mississippi ECB Apartments Partnership Development Staff Recommendations (Continued)

That the Housing Authority (continued):

- 2) Authorize SDHC's President & CEO, or designee, to execute any and all documents necessary to implement the transaction in a form approved by General Counsel and/or Bond Counsel.

That the San Diego City Council (City Council):

- Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$12,500,000 and \$4,000,000 in taxable bonds.



SDHC – Mississippi ECB Apartments Partnership Development Development Summary

- Proposed new construction
 - Development includes 60 affordable studio, one- and two-bedroom units and one manager's unit.
 - Facilitates density bonus requirement compliance for two nearby market-rate developments.
 - Leverages \$9.6 million in private investment (loan) related to density bonus program.
 - Amenities include;
 - community room
 - outdoor courtyard area
 - outdoor decks at the third and fifth floors
 - dedicated bicycle parking



SDHC – Mississippi ECB Apartments Partnership Development Developer's Request

- Issue up to \$16,500,000 of Multifamily Housing Revenue Bonds (including \$12,500,000 in tax-exempt bonds and \$4,000,000 in taxable bonds).
- Authorize an Inducement Resolution.
- Hold a Tax Equity Responsibility Act Public Hearing.
- No SDHC loan funds are requested for this project.



SDHC – Mississippi ECB Apartments

Partnership Development

Development Team Summary

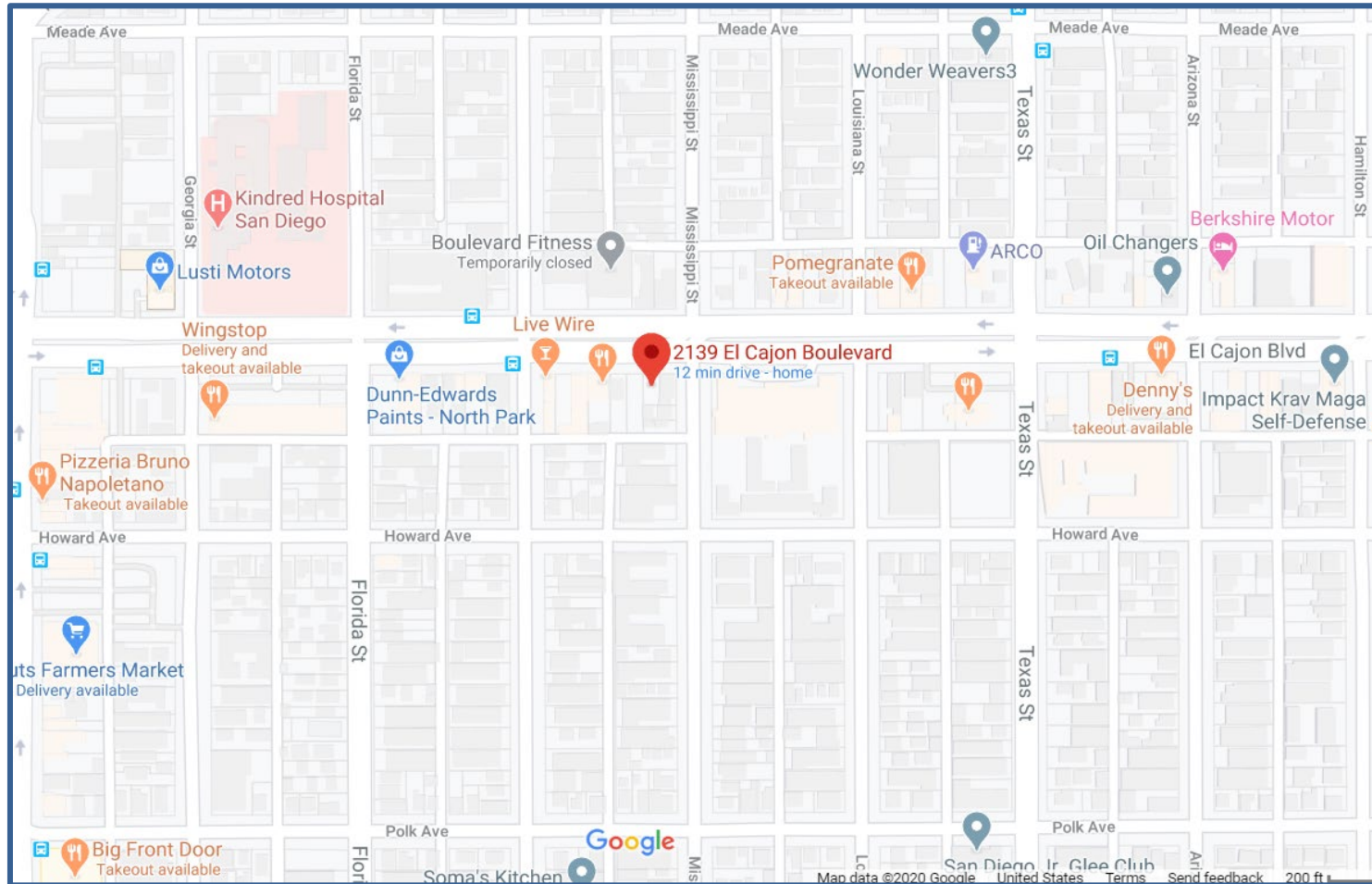
Role	Firm/Contract
Developer	Trestle Mississippi, LP
General Partners	Trestle Mississippi LLC and National Housing MGP
Limited Partners	Redstone Equity Manager, LLC and (To be determined)
Architect	Studio E
Property Management	Hyder Property Management
General Contractor	To be determined
Construction and Permanent Lender	To be determined
Tax Credit Equity Partner	To be determined





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SDHC – Mississippi ECB Apartments Partnership Development Location Map





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SDHC – Mississippi ECB Apartments Partnership Development Plans



SDHC – Mississippi ECB Apartments Partnership Development Rendering



SDHC – Mississippi ECB Apartments

Partnership Development

Estimated Sources & Uses of Financing

Permanent Financing Sources	Amount	Permanent Financing Uses	Amount
Permanent Loan	\$6,860,000	Acquisition	\$2,180,000
Tax Credit Equity	5,925,010	Construction Hard Costs + Contingency	\$13,463,208
NHC/Floit Loan	\$9,600,000	Soft Costs	\$3,390,852
Deferred Developer Fee	\$685,119	Financing Costs	\$1,484,267
		Developer Fee	\$2,551,802
Total	\$23,070,129	Total	\$23,070,129

- Estimated Total Development Cost Per Unit (for 61 Units) = \$378,198



SDHC – Mississippi ECB Apartments

Partnership Development

Affordability & Estimated Rents

Unit Type	AMI	Unit Count	Max Net Rent
Studio	50%	18	\$889
One-Bedroom	50%	21	\$947
Two-Bedroom	50%	12	\$1,128
Studio	80%	6	\$1,451
One-Bedroom	80%	3	\$1,549
One-Bedroom	MGR	1	--
Total		61	



SDHC – Mississippi ECB Apartments Partnership Development Development Timeline

Milestones	Estimated Dates
• Preliminary Bond Authorization – Housing Commission	June 12, 2020
• Preliminary Bond Authorization/TEFRA –Housing Authority and City Council	June 16, 2020
• TCAC/CDLAC Application Submittal	August 21, 2020
• TCAC/CDLAC Award	October 21, 2020
• Final Bond Authorization – Housing Commission	November 13, 2020
• Final Bond Authorization – Housing Authority	November 2020
• Construction Financing Closing:	December 2020



SDHC – Mississippi ECB Apartments Partnership Development Bond Issuance Summary

- Proposed bond issuance of up to \$16,500,000.
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bonds issuance will not create financial liability to SDHC, Housing Authority, or the 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 – Mississippi ECB Apartments Partnership Development

Questions?



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