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# San Diego Housing Commission (SDHC) Final Bond Authorization for East Block Family Housing Authority Agenda Item #2 April 7, 2020

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# SDHC – East Block Family Partnership Development Staff Recommendations

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

1. Authorize the issuance of up to \$24,000,000 in a tax-exempt Multifamily Housing Revenue note to facilitate the acquisition and new construction of East Block Family Apartments, which will consist of 77 units that will remain affordable for 55 years and one manager's unit, to be located at 4340 44<sup>th</sup> Street, San Diego.
2. Authorize the issuance of up to \$3,000,000 in a taxable Multifamily Housing Revenue note for the construction financing for East Block Family Apartments.



# SDHC – East Block Family Partnership Development Development Summary

- Proposed new construction of two contiguous residential buildings to be built over a shared parking structure.
- East Block Collaborative will have three parcels:
  - East Block Senior Parcel:
    - 117 rental housing units for seniors
  - East Block Family Parcel:
    - 78 multifamily rental housing units
  - Future Commercial Parcel
- A condominium plan will detail the legal separation.
- Two companion reports.
- Separate bond issuances



# SDHC – East Block Family Partnership Development Development Summary (Continued)

- Previously, on January 28, 2020, the Housing Authority approved issuance of up to \$24,000,000 in tax-exempt Multifamily Housing Revenue bonds for East Block Family,
- Those Housing Authority authorization documents included third-party lender financing from both California Bank & Trust and US Bank.
- Shortly after Housing Authority issuance approval, California Bank & Trust decided not to continue participating in the financing.
- Developer Chelsea Investment Corporation now proposes to replace third-party lender California Bank and Trust with Citibank as a new lender.
- For the construction financing, this proposal includes up to \$3,000,000 in a taxable Multifamily Housing Revenue note.



# SDHC – East Block Family Partnership Development Development Summary (Continued)

- Essentially this is the same proposed new construction development, with the same developer, that was previously approved, on January 28, 2020, by the Housing Authority, but now with a proposed different third-party lender – Citibank.
- Developer has received necessary third-party financing commitments:
  - Necessary bonds issuance allocation from California Debt Limit Allocation Committee (CDLAC).
  - Necessary tax credits allocation from California Tax Credit Allocation Committee (CTCAC).
- Development details summary at Table #1 page 1 of report.



# SDHC – East Block Family Partnership Development Development Summary (Continued)

## **East Block Family Apartments**

- Proposed new construction of 78 units.
- Units mix of 32 two-bedroom units and 45 three-bedroom units.
- Includes one unrestricted manager's unit.

## **Developer:**

- Chelsea Investment Corporation.
- Experienced developer.

Development team summary at Table 2, page 4 of report.

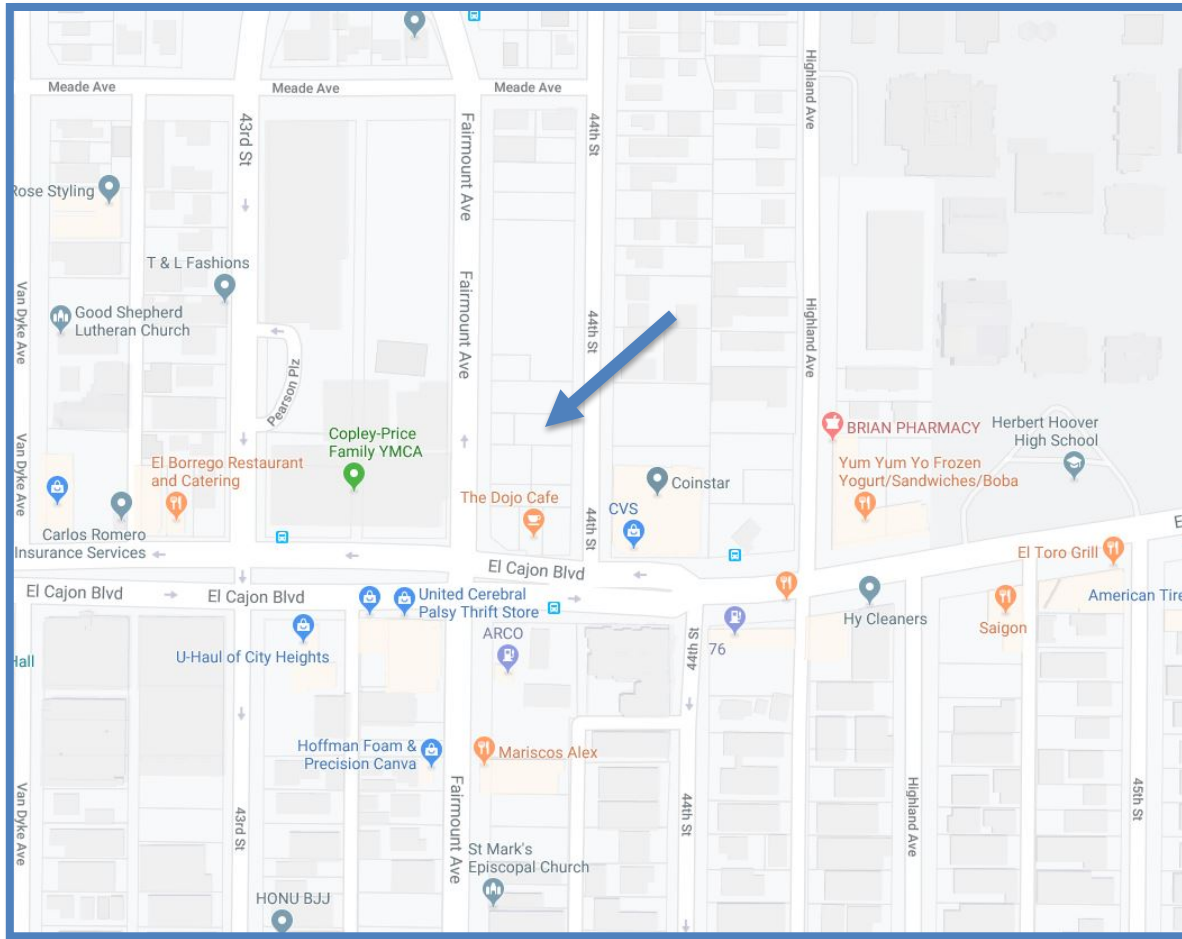


# SDHC – East Block Family Partnership Development Development Team Summary

Role	Firm/Contract
Developer	Chelsea Investment Corporation
Limited Partnership	Fairmount Family Housing CIC, LP
Managing General Partner	Fairmount and El Cajon Realty LLC
Administrative General Partner	CIC Fairmount Family Housing, LLC
Architect	Rob Wellington Quigley, FAIA
General Contractor	Emmerson Construction, Inc.
Property Management	CIC Management, Inc.
Service Provider	Serving Seniors
Construction Lender Permanent Lender	US Bank National Association and Citibank
Tax Credit Equity Partner	US Bancorp Community Development Corporation



# SDHC – East Block Family Partnership Development Location Map





# SDHC – East Block Family Partnership Development Estimated Sources & Uses of Financing

Permanent Financing Sources	Amount	Permanent Financing Uses	Amount
Permanent Loan (note financed)	\$13,200,000	Acquisition	\$10
County of San Diego Innovative Housing Trust Fund Loan	4,500,000	Construction Hard Costs	29,519,146
		Hard Costs Contingency	<u>+1,475,957</u>
		Total Construction Costs	30,995,103
Nonprofit Price Charities Loan	5,000,000	Financing Costs	3,115,496
Community Resource Center Parking Space Reimbursement.....	2,572,927	Other Soft Costs and Hard Costs	5,679,600
Residual Receipts Loan Accrued Interest	397,875	Soft Costs Contingency	171,556
Bond Deposit Refund.....	100,000	Permits and Fees	2,148,124
General Partner Equity.....	100		
Deferred Developer's Fee	2,843,226	Developer Fee	5,343,223
Four Percent Tax Credit Equity	16,394,341	Reserves	297,593
Total	\$45,008,469	Total	\$45,008,469

- Estimated Total Development Cost Per Unit (for 78 Units) = \$577,032



# SDHC – East Block Family Partnership Development Affordability & Estimated Rents

Unit Type	AMI	Unit Count	CTCAC Gross Rent
Two-Bedroom	50%	3	\$1,203
Two-Bedroom	60%	29	\$1,444
Three-Bedroom	50%	5	\$1,391
Three-Bedroom	60%	40	\$1,669
Manager's Unit	MGR	1	--
Total		78	



# SDHC – East Block Family Partnership Development Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none"> <li>Estimated bonds issuance and escrow closing.....</li> <li>Estimated start of construction work.....</li> <li>CDLAC required bond issuance milestone</li> <li>Estimated completion of construction work.</li> </ul>	<p>April 30, 2020</p> <p>May 2020</p> <p>July 27, 2020</p> <p>April 2021</p>



# SDHC – East Block Family Partnership Development Bond Issuance Summary

- Proposed bond/note issuance of up to \$27,000,000 (consisting of up to \$24,000,000 tax-exempt, plus up to \$3,000,000 taxable).
- 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 – East Block Family Partnership Development Artist's Rendering

