



SAN DIEGO
HOUSING
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San Diego Housing Commission (SDHC) Final Bond Authorization for East Block Senior Housing Authority Agenda Item #3 April 7, 2020

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SDHC – East Block Senior Partnership Development Recommendations

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

1. Authorize the issuance of up to \$22,000,000 in a tax-exempt Multifamily Housing Revenue note to facilitate the acquisition and new construction of East Block Senior Apartments, which will consist of 115 units that will remain affordable for 55 years and two managers' units, to be located at 4320 44th Street, San Diego.
2. Authorize the issuance of up to \$2,500,000 in a taxable Multifamily Housing Revenue for the construction financing for East Block Senior Apartments.



SDHC – East Block Senior 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 Senior Partnership Development Development Summary (Continued)

- Previously, on January 28, 2020, the Housing Authority approved issuance of up to \$22,000,000 in a tax-exempt Multifamily Housing Revenue Bond for East Block Senior.
- That Housing Authority authorization included third-party lender financing documents with 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 & Trust with Citibank as a new lender.
- For the construction financing this proposal includes up to \$2,500,000 in a taxable Multifamily Housing Revenue Bond.



SDHC – East Block Senior 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 the report.



SDHC – East Block Senior Partnership Development Development Summary (Continued)

East Block Senior Apartments

- Proposed new construction of 117 units.
 - 115 one-bedroom affordable units.
 - Plus two unrestricted managers' units.

Developer:

- Chelsea Investment Corporation.
- Experienced developer.
- Development team summary at Table 2, page 4 of the report.

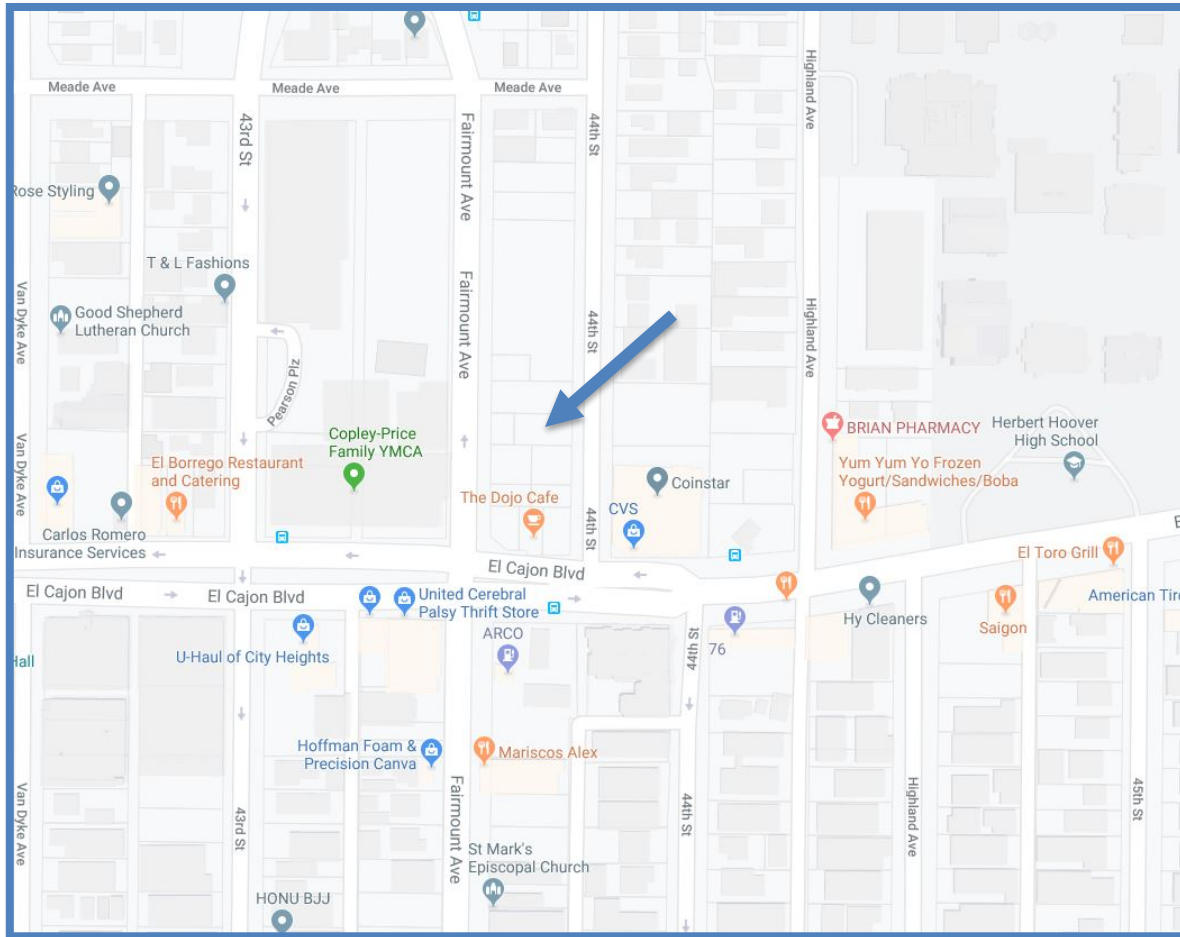


SDHC – East Block Senior Partnership Development Development Team Summary

Role	Firm/Contract
Developer	Chelsea Investment Corporation
Limited Partnership	Fairmount Senior Housing CIC, LP
Managing General Partner	Fairmount SHC Housing, LLC
Administrative General Partner	CIC Fairmount Senior 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 Senior Partnership Development Location Map



SDHC – East Block Senior Partnership Development

Estimated Sources & Uses of Financing

Permanent Financing Sources	Amount	Permanent Financing Uses	Amount
Permanent Loan	\$13,160,000	Acquisition	\$82,000
Housing Commission Proposed Loan	6,750,000	Construction Hard Costs	22,144,453
		Hard Costs Contingency	<u>+1,107,243</u>
		Total Construction Cost	23,252,096
Deferred Developer's Fee	1,983,828	Developer's Fee	4,403,357
Residual Receipts Loan Accrued Interest	339,837	Soft Costs Contingency	164,239
		Other Soft Costs	2,353,020
Four Percent Tax Credit Equity	13,442,704	Reserves	341,020
General Partner Equity	100	Financing Costs	2,767,181
Bond Deposit Refund	100,000	Permits and Fees	2,413,556
Total	\$35,776,469	Total	\$35,776,469

- Estimated Total Development Cost Per Unit (for 117 Units) = \$305,782



SDHC – East Block Senior Partnership Development Affordability & Estimated Rents

Unit Type	AMI	Unit Count	CTCAC Gross Rent
One-Bedroom	40%	7	\$802
One-Bedroom	50%	9	\$1,003
One-Bedroom	60%	99	\$1,203
One-Bedroom	Manager	2	--
Total		117	



SDHC – East Block Senior Partnership Development Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none"> Estimated bond issuance and escrow closing..... 	April 30, 2020
<ul style="list-style-type: none"> Start of construction work..... 	May 2020
<ul style="list-style-type: none"> CDLAC required bond issuance milestone... 	July 13, 2020
<ul style="list-style-type: none"> Estimated completion of construction work..... 	April 2021



SDHC – East Block Senior Partnership Development Bond Issuance Summary

- Proposed bond issuance of up to \$24,500,000 (consisting of \$22,000,000 tax exempt plus \$2,500,000 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, the 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 Senior Partnership Development Artist's Rendering

