



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: October 27, 2020

REPORT NO: HAR20-041

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of November 17, 2020

SUBJECT: Preliminary Bond Authorization for Wakeland Price UB Apartments

COUNCIL DISTRICT: 9

REQUESTED ACTION

Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds to facilitate the construction of a new 60-unit affordable housing development at 4390 University Ave. and 4038 44th Street (Wakeland Price UB Apartments) in the City Heights neighborhood, which will consist of 59 units that will remain affordable for 55 years for low- and extremely low-income families and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the construction of a new 60-unit affordable housing development at 4390 University Avenue and 4038 44th Street (Wakeland Price UB Apartments) in the City Heights neighborhood, which will consist of 59 units affordable for 55 years for low- and extremely low-income families and one unrestricted manager's unit:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$21,400,000 in tax-exempt Multifamily Housing Revenue Bonds and up to \$4,000,000 in taxable bonds, supporting the development of Wakeland Price UB Apartments by a limited partnership formed by Wakeland Housing and Development Corporation;
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$21,400,000 for Wakeland Price UB Apartments; and
 - c. Approve the financing team of Squire Patton & Boggs as Bond Counsel and Ross Financial as Financial Advisor;
- 2) Authorize the San Diego Housing Commission (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	4390 University Ave & 4038 44th Street
Council District	Council District 9
Community Plan Area	City Heights Area Planning Committee
Developers	Wakeland Housing and Development Corporation
Development Type	New Construction
Construction Type	Type IA and Type VA
Parking Type	54 spaces
Housing Type	Affordable Transit-Oriented Development, Family
Lot Size	31,844 square feet
Units	60
Density	82 units/acre
Unit Mix	45 two bedroom, 15 three bedroom
Gross Building Area	90,844 square feet
Net Rentable Area	53,195 square feet

The Development

Wakeland Price UB Apartments is a proposed 60-unit, transit-oriented, new construction, affordable housing development, located on a 31,844-square-foot lot that incorporates 4390 University Ave. and 4038 44th Street, San Diego, CA 92105. The development is a partnership between Wakeland Housing and Development Corporation (Wakeland), an experienced San Diego-based developer of affordable housing, and Price Philanthropies, a San Diego-based, family philanthropy focused on improving the lives of City Heights residents. A vacant commercial building sits on one of the subject lots (4390 University Ave.), which will be demolished as part of the development.

Once completed, Wakeland Price UB Apartments will comprise 60 rental units in a single, wood-frame structure, sitting atop a first-floor concrete and steel parking structure. The development will continue Price Charities' focus on larger units, with bedroom accommodations for the larger family sizes common in San Diego's center city. Forty-five of the units will be two-bedroom, and the remaining 15 will be three-bedroom units. Of the 60 total units, 59 will remain affordable for 55 years to low- and extremely low-income families with income between 30 percent and 60 percent of the San Diego Area Median Income (AMI). Construction types will be Type 1 concrete and steel beam on the first floor, with the upper four levels composed of Type VA wood-frame construction.

On-site amenities will include a 1,510-square-foot resident's lounge and community space, full kitchen, computer lab space, laundry room, and a 650-square-foot outdoor recreational space that will feature barbecue pits, outdoor seating, covered by shade trellises in full view of the laundry room and second-floor

units. The developer is taking extra care when designing the property. The children's play area/structure will have seating just outside the laundry room so adults can see kids playing while doing laundry. The BBQ area is also visible from the kids play area/structure and has a shade trellis and seating so the space can be as interactive as possible. Planters with seating walls are along the perimeter of the recreational areas and throughout the walkways accessing units. The planters will serve the purpose of providing green space and many will also collect and filter storm water as part of the overall drainage engineering for the site.

The project site is located near the intersection of Fairmount and University Avenue, in the heart of City Heights. Within a 10-minute walk are The Price Charities Building, a seven-story office complex, the County of San Diego Administration Building and multiple nonprofit and public agencies providing medical, dental, youth-oriented, public benefit supports and other services to households with low or moderate income. Nearby amenities include multiple restaurants, grocery stores, pharmacy options, the La Maestra Community Health Clinic, Rosa Park Elementary School, The City Heights Recreational Center, and the public library.

Because of the development is within a Transit Priority Area, the developers are encouraging residents to take advantage of the site's close proximity to several major bus lines, including the San Diego Metropolitan Transit System's (MTS) Rapid I-15 service, and incorporate mass transit as part of their transportation plans.

Wakeland plans to provide 54 parking spaces (exceeding regulatory requirements) in response to local community input and requests.

Project Sustainability

Wakeland Price UB Apartments will be built as Green Point Rated with an anticipated Gold Rating standard and will comply with the CTCAC minimum energy efficiency construction standards for new construction. The project's features will include: Energy Star-rated efficient appliances, dual-glazed windows coated for limited solar heat gain, low-energy lighting, HVAC systems that utilize energy efficient heat pumps, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, and the roof design is focused on optimizing square footage to allow maximum area to install the Solar Photovoltaic system. The designed Solar Photovoltaic system is intended to offset the house load, including all or part of domestic hot water. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls

Development Team

The development team will be led by Wakeland, a nonprofit developer founded in San Diego in 1998. The project sponsor is Wakeland Price UB LP, whose managing general partner is Wakeland Price UB LLC, a subsidiary of Wakeland.

Wakeland currently has more than 5,600 units of affordable housing in its portfolio in 40 communities throughout California. The Housing Commission has worked with Wakeland on several successful projects. Recently completed projects include the 44-unit Beacon Apartments, 205-unit Atmosphere apartments, and the 132-unit scattered sites City Heights Ten rehabilitation project.

A Developer Disclosure Statements for Wakeland is provided as Attachment 3.

Wakeland plans to use Dess Partners as the architects and Sun Country Builders as the general contractor. Dess Partners is an architecture firm with a proven track record of completing multifamily residential, mixed-use, commercial, and historic infill developments in San Diego. Recent projects include Kalos Apartments and the 10th and B project. Founded in 1979, Sun Country Builders is an experienced, Carlsbad-based builder of multifamily housing. They are a frequent general contractor partner for affordable housing developers across Southern California and have extensive experience working with low-income housing tax credits and tax-exempt bond-financed developments.

Union Bank Apartments will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. ConAm is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments. ConAm manages 34 developments for CHW. CHW's Asset Management Department will oversee ConAm

Other members of the development team, including the administrative general partner, the tax credit investor, any limited partners and the construction lender, will be determined prior to final authorization and the close of construction financing, as required.

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developers	Wakeland Housing and Development Corporation
Owner/Borrower	Wakeland Price UB LP
Managing General Partner	Wakeland Price UB LLC
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Dess Partners Architecture
General Contractor	Sun Country Builders
Property Management	ConAm Management Corporation
Construction and Permanent Lender	TBD

Financing Structure

The Wakeland Price UB Apartments development has an estimated total development cost of \$32,318,795. Financing for the project will include Multifamily Housing Revenue Bonds, private bank debt, 4 percent federal low-income housing tax credits, a land donation from Price Charities, and a \$13,050,000 charitable contribution from Price Charities.

No Housing Commission loan proceeds will be provided to this development.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 4.

Table 3 – Wakeland Price UB Apartments Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$6,300,000	Land acquisition:	\$3,642,000	\$60,700
4% Tax Credit Equity	\$9,706,795	Construction costs \$19,418,206	\$20,542,613	
		Contingency + \$1,124,407		\$342,377
		Total construction \$20,542,613		
Price Charities Contribution	\$13,050,000	Financing costs	\$1,493,960	\$24,899
Price Charities Land Donation	\$3,262,000	Other soft costs	\$3,304,000	\$55,067
		City permits and impact fees	\$1,738,000	\$28,967
		Developer's fee	\$1,400,000	\$23,333
		Reserves	\$198,222	\$3,304
Total Sources	\$32,318,795	Total Uses	\$32,318,795	\$538,647

Developer Fee

The planned net cash developer fee shall be \$1,400,000 in compliance with CTCAC and CDLAC regulations. On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The developer is proposing a \$2,840,281 preliminary developer fee associated with the residential portion of development, which complies with HAR17-011. The proposed fee is in conformance with the "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

Prevailing Wages

The proposed project is not subject to payment of state or federal prevailing wages.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	\$32,318,795 ÷ 60 units	\$538,647
Housing Commission Subsidy Per Unit	N/A	0
Acquisition Cost Per Unit	\$3,642,000 ÷ 60 units	\$60,700
Gross Building Square Foot Hard Cost	\$20,542,613 ÷ 90,844 SF	\$226
Net Rentable Square Foot Hard Cost	\$20,542,613 ÷ 53,195 SF	\$386

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval.

Table 5 shows a comparison of the subject property and other developments of the same construction type.

Table 5 – Comparable Development Projects

Project Name	Year	Construction Type	Units	Prevailing Wage	Total Development Cost (TDC)	TDC per unit	SDHC Subsidy per Unit	Gross Building Cost per Square Foot
<u>Wakeland Price UB Apartments</u> (Subject)	2020	V over I	60	No	\$32,318,795	\$538,647	\$0	\$226
East Block Family	2019	III	78	Yes	\$41,579,692	\$533,073	\$0	\$214
Keeler Court	2019	V	71	Yes	\$40,891,780	\$575,941	\$0	\$304
Ulric Street II	2020	V	60	Yes	\$32,044,521	\$533,409	\$67,917	\$301

Factors having an upward effect on the residential cost per unit for Wakeland Price UB Apartments include higher construction costs tied to its infill location within a dense urban area, the relatively large size of the units (150 square feet larger than TCAC minimums), greater than average number of bedrooms per unit, and parking accommodations that exceed regulatory requirements to address community concerns. Despite these factors, the gross building hard cost per square foot compares favorably with similar recent developments.

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under

the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in November 2020 for a January 2021 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$23,500,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure.

The developer proposes that the bonds will be used to provide construction and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Squire Patton & Boggs as Bond Counsel and Ross Financial as Financial Advisor to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Wakeland Price UB Apartments would restrict six units to households with income at or below 30 percent of the San Diego Area Median Income (AMI), 12 units at or below 45 percent of AMI, 24 units at or below 50 percent of AMI, and the remaining 17 affordable units at or below 60 percent of AMI. The affordable units will be restricted for a 55-year term.

Table 6 – Wakeland Price UB Apartments Affordability & Monthly Estimated Rent Table

<u>Unit Type</u>	<u>AMI</u>	<u>Number of Units</u>	<u>Gross Rents</u>
2BR/2BA	30%	4	\$780
2BR/2BA	45%	9	\$1,170
2BR/2BA	50%	18	\$1,300
2BR/2BA	60%	13	\$1,560
3BR/2BA	30%	2	\$901

October 27, 2020

Preliminary Bond Authorization for Wakeland PriceUB Apartments

Page 8

3BR/2BA	45%	3	\$1,351
3BR/2BA	50%	6	\$1,501
3BR/2BA	60%	4	\$1,802
Manager	NA	1	-
Total Units	-	60	-

Development Schedule

The estimated development timeline is as follows.

Milestone	Date
Housing Authority Preliminary Bond Authorization and City Council TEFRA hearing	November 10, 2020
TCAC/CDLAC application	January 2021
Housing Commission Final Bond Authorization	February 2021
Housing Authority Final Bond Authorization	February 2021
Start Construction	July 2021
Complete Construction	December 2022

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are not included in the Fiscal Year (FY) 2021 Housing Commission Budget. Approving this action will increase the FY 2021 total budget.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$63,500 (0025 bond issuer fee x \$25,400,000)

Funding uses approved by this action will be as follows:

Administration Costs - \$63,500

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Council and Financial Advisor fees.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

As required by the Housing Commission Bond Program, the developer must present their proposal for Wakeland Price UB Apartments to local community boards for review. The developer will present the development to the City Heights Area Planning Committee prior to seeking final bond authorization.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Wakeland Housing and Development Corporation, Price Charities, and the residents of the City Heights communities. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 59 new affordable rental homes for low-income families.

ENVIRONMENTAL REVIEW

This activity is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,



Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Developer Disclosure Statements
4) Developer’s Project Sources and Uses Pro forma
5) Multifamily Housing Revenue Bond Program

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org

Development Summary – Union Bank Apartments

Table 1 – Development Details

Address	4390 University Ave & 4038 44th Street
Council District	Council District 9
Community Plan Area	City Heights Area Planning Committee
Developers	Wakeland Housing and Development Corporation and Wakeland Price UB LP
Development Type	New Construction
Construction Type	Type IA and Type VA
Parking Type	54 spaces
Housing Type	Affordable Transit Oriented Development Family
Lot Size	31,844 square feet
Units	60
Density	82 units/acre
Unit Mix	45 two bedroom, 15 three bedroom
Gross Building Area	90,844 square feet
Net Rentable Area	53,195 square feet
Commercial/Retail Space	None
Project Based Housing Vouchers	None

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Developers	Wakeland Housing and Development Corporation and Wakeland Price UB LP
Owner/Borrower	Wakeland Price UB LP
Managing General Partner	Wakeland Price UB LLC
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Dess Partners Architecture
General Contractor	Sun Country Builders
Property Management	Con Am Management Company
Construction and Permanent Lender	TBD

Table 3 –Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$6,300,000	Property acquisition:	\$3,642,000	\$60,700
4% Tax Credit Equity	\$9,706,795	Construction costs \$19,418,206	\$20,542,613	
		Contingency <u>+ \$1,124,407</u>		\$342,377
		Total construction \$20,542,613		
Price Charities Loan	\$13,050,000	Financing costs	\$1,493,960	\$24,899
Price Charities Land Donation	\$3,262,000	Other soft costs	\$3,304,000	\$55,067
		City permits and impact fees	\$1,738,000	\$28,967
		Developer's fee	\$1,400,000	\$23,333
		Reserves	\$198,222	\$3,304
Total Sources	\$32,318,795	Total Uses	\$32,318,795	\$538,647

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$32,318,795 \div 60$ units	\$538,647
Housing Commission Subsidy Per Unit	N/A	\$0
Acquisition Cost Per Unit	$\$3,642,000 \div 60$ units	\$60,700
Gross Building Square Foot Hard Cost	$\$20,542,613 \div$ 90,844 square feet	\$226
Net Rentable Square Foot Hard Cost	$\$20,542,613 \div$ 53,195 square feet	\$386

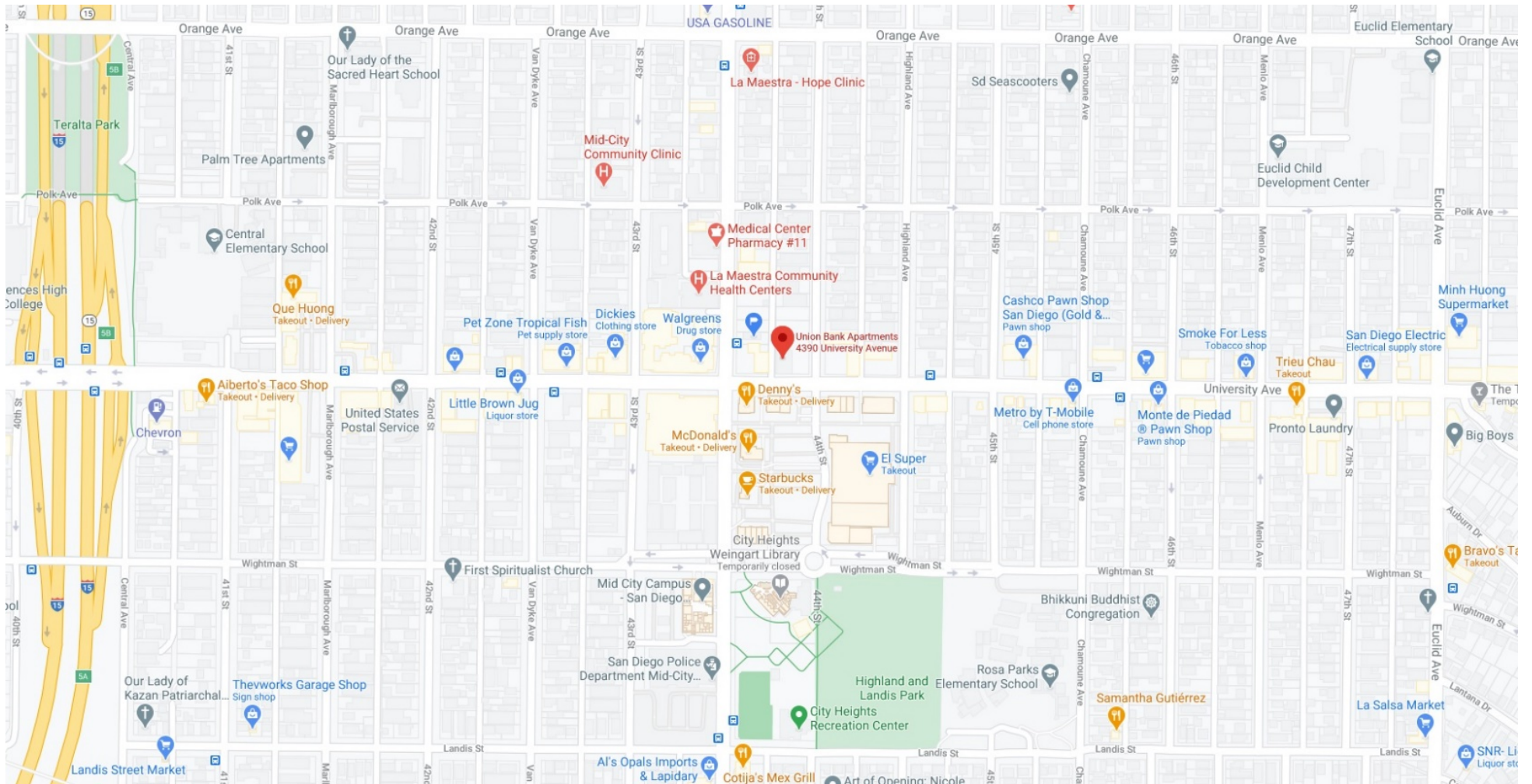
Table 5 – Comparable New Construction Projects

Table 5 – Front & Beech Comparable Development Projects								
Project Name	Year	Contraction Type	Units	Prevailing Wage	Total Development Cost	TDC per unit	SDHC Subsidy per Unit	Gross Building Cost per Square Foot
Union Bank Apartments	2020	V over I	60	No	\$32,318,795	\$538,647	\$0	\$226
East Block Family	2019	III	78	Yes	\$41,579,692	\$533,073	\$0	\$214
Keeler Court	2019	V	71	Yes	\$35,692,466	\$575,941	\$0	\$304
Ulric Street II	2020	V	60	Yes	\$32,004,521	\$533,409	\$67,917	\$301

Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
2BR/2BA	30%	4	\$780
2BR/2BA	45%	9	\$1,170
2BR/2BA	50%	18	\$1,300
2BR/2BA	60%	13	\$1,560
3BR/2BA	30%	2	\$901
3BR/2BA	45%	3	\$1,351
3BR/2BA	50%	6	\$1,501
3BR/2BA	60%	4	\$1,802
Average Affordability	49%		-
Manager	NA	1	-
Total Units	-	60	-

Attachment 2



Developer Questionnaire
Developer Capacity Review
San Diego Housing Commission

Developer:	Wakeland Housing and Development Corporation
Project:	Levant Senior Cottages

A. KEY DEVELOPER PERSONNEL (excluding Consultants)

1. Provide names of the key staff responsible for:
 - Entitlements – **Peter Armstrong**
 - Construction management- **Peter Armstrong**
 - Lease-up – **Rebecca Louie and Tricia Tasto Levien**
 - Property management – **Rebecca Louie and Tricia Tasto Levien**
 - Asset management – **Rebecca Louie and Michelle Rocha**

2. Indicate the length of time each key staff member has been with the firm and provide detailed professional resumes with the following details: **Please see attached BIO's**
 - Number of years with company
 - Ken Sauder – 21 years
 - Rebecca Louie – 15 years
 - Joan Edelman – 15 years
 - Tricia Tasto Levien – 7 years
 - Peter Armstrong – 7 years
 - Michelle Rocha – 1.5 years

3. Provide the names of individual(s) authorized to negotiate, on behalf of the development entity/team and responsible for Project execution.
 - **Ken Sauder**
 - **Peter Armstrong**
 - **Rebecca Louie**
 - **Joan Edelman**

B. REFERENCES

4. Provide three (3) public references:

***City of Chula Vista
276 Fourth Avenue, Chula Vista, CA 91910
Development Partner/Lender
Leilani Hines, Housing Manager
(619) 691-5623***

***County of San Diego
5560 Overland Avenue, Suite 410, San Diego, CA 92123
Development Partner/Lessor
Maria Marmolejo, Senior Real Property Agent
(858) 694-2293***

***City of Vista Redevelopment and Housing Department
200 Civic Center Drive, Vista CA 92084
Development Partner
Sylvia Solis Daniels, Housing Manager
(760) 639-6191***

C. DEVELOPER CAPACITY

5. List projects currently in planning or development by the developer or principals of the development entity/team.

UNDER CONSTRUCTION

- ***The Grove, Vista, CA***
- ***The Ivy, San Diego, CA***
- ***Trinity, San Diego, Ca***

PREDEVELOPMENT

- ***Levant Senior Cottages, San Diego, CA***
- ***Cuatro at City Heights, San Diego CA***
- ***Anita, Chula Vista, CA***
- ***4th Corner/Union Bank, San Diego Ca***
- ***Entrada, Riverside, CA***

- *Mission Heritage, Riverside, CA*
- *Union Tower, National City, CA*
- *Amani, Los Angeles, CA*
- *Chesterfield, Los Angeles, CA*
- *Wilcox, Los Angeles, CA*
- *Quincy, Los Angeles, CA*

6. Has the Developer or (if any), the Parent Corporation or any Subsidiary or affiliated Corporation of the Developer's Officers or Principal Members, Shareholders or Investors been adjudged bankrupt, either voluntary or involuntary, within the past ten (10) years? If yes, provide: **NO**

- Date:
- Location:
- Name(s) the bankruptcy was filed under:

7. Has the Developer or (if any), the Parent Corporation or any Subsidiary or affiliated Corporation of the Developer's Officers or Principal Members, Shareholders or Investors been involved in litigation relating to a development project either voluntary or involuntary within the past three (3) years? If yes, provide: **Please see attached litigation summary.**

- Date:
- Place:
- General Description:
- Status:

D. FINANCIAL STATEMENTS

8. Provide the most recent two years of audited Financial Statements for each development entity/team. **See Attached 2018/2019 audited Financial Statements for Wakeland Housing and Development Corporation.**

Price / Union Bank
 60 Units
 4% Tax Credits

Sources and Uses of Financing

Uses of Funding	Per Unit	Construction	Permanent
Land Acquisition	\$ 60,700	\$ 3,642,000	\$ 3,642,000
Design & Engineering	21,250	1,275,000	1,275,000
Legal/Financial/Other Consultants	3,500	210,000	210,000
Permits & Fees	31,883	1,913,000	1,913,000
Direct Construction Costs	341,970	20,518,206	20,518,206
Financing Costs	29,486	1,503,649	1,769,181
Marketing/General & Administrative	5,700	342,000	342,000
Developer Fees	23,333	500,000	1,400,000
Construction Contingency (5%)	18,740	1,124,407	1,124,407
Indirect Cost Contingency (5%)	2,083	125,000	125,000
Total Project Uses	\$ 538,647	\$ 31,153,262	\$ 32,318,795
Sources of Funding	Per Unit	Construction	Permanent
4% Tax Credit Equity	\$ 161,780	\$ 1,456,019	\$ 9,706,795
Permanent Loan	105,000	-	6,300,000
Construction Loan	-	21,400,000	-
Price Contribution	-	5,035,243	13,050,000
Total Project Sources	\$ 538,647	\$ 31,153,262	\$ 32,318,795

Price / Union Bank
60 Units
4% Tax Credits

Development Budget

	Per Unit	Total
Land Acquisition		
Land Donation	\$ 54,367	\$ 3,262,000
Demolition and Site Cleanup	5,833	350,000
Relocation	-	-
Predevelopment Holding Costs	-	-
Escrow and Title	<u>500</u>	<u>30,000</u>
Total Land Acquisition	60,700	3,642,000

Direct Construction Costs

Offsite Improvements	4,167	250,000
Onsite Improvements/Landscaping	14,167	850,000
Residential Construction/Parking	323,637	19,418,206
Furnishings	1,583	95,000
Contingency	<u>18,740</u>	<u>1,124,407</u>
Total Construction Costs	362,294	21,737,613

Indirect Development Costs

Architecture and Engineering	22,083	1,325,000
Construction Admin and Security	4,167	250,000
Permits and Fees	28,967	1,738,000
Legal and Accounting	3,833	230,000
Taxes and Insurance	1,283	77,000
Developer Fee	23,333	1,400,000
Marketing/Market Study	1,700	102,000
Soft Cost Contingency	<u>2,083</u>	<u>125,000</u>
Total Indirect Development Costs	87,450	5,247,000

Financing Costs

Loan Fees	7,439	446,312
Construction Loan Interest	15,959	957,514
Title/Recording/Escrow	333	20,000
TCAC and Syndication Fees	1,169	70,134
Operating Reserves	<u>3,304</u>	<u>198,221</u>
Total Financing Fees	28,203	1,692,181

Total Development Cost	\$ 538,647	\$ 32,318,795
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FORECAST ASSUMPTIONS		Price / Union Bank		RUN DATE:	
Family Housing		4390 University Avenue		09/02/20	
		San Diego, CA 92105		02:51 PM	
DEVELOPMENT INFORMATION					
Units for Rent				59	
Manager's Units				1	
Total Number of Units				60	
Density Per Acre	Estimated	0.71	Acres	84.09	
50% PSH for Families					
Notes:					
Located in QCT					
Not in a DDA					
Zoned for 1 DU per 1000 sf					
% Vouchers	50%				
SOURCES AND USES OF FUNDS					
USES:		per unit	Construction	Permanent	Final Perm.
Land/Acquisition		\$60,700	\$3,642,000	\$3,642,000	\$3,642,000
Design & Engineering		\$21,250	1,275,000	1,275,000	1,275,000
Legal/Financial/Other Consultants		\$3,500	210,000	210,000	210,000
Permits & Fees		\$31,883	1,913,000	1,913,000	1,913,000
Bridge Loan Interest		\$0	0	0	0
Direct Building Construction		\$341,970	20,518,206	20,518,206	20,518,206
Financing Costs		\$29,486	1,503,649	1,769,181	1,769,181
Marketing/General & Administrative		\$5,700	342,000	342,000	342,000
Developer Fees	(1,862,000)	\$23,333	500,000	1,400,000	1,400,000
Hard Cost Contingency		\$18,740	1,124,407	1,124,407	1,124,407
Soft Cost Contingency		\$2,083	125,000	125,000	125,000
Total Project Uses		\$538,647	\$31,153,262	\$32,318,795	\$32,318,795
SOURCES:					
Tax Credit Equity		161,780	\$1,456,019	\$9,706,795	\$9,706,795
Perm Loan (NOI Tranche)				0	0
Perm. Loan		105,000	0	6,300,000	6,300,000
GP Capital Contribution		0	0		0
Construction Loan		0	21,400,000	0	0
Income during Predev		0	0	0	0
Price Land Donation		54,367	3,262,000	3,262,000	3,262,000
County of San Diego IHTF		0	0	0	0
Price Charities		217,500	5,035,243	13,050,000	13,050,000
Gap		(0)	(0)	(0)	(0)
Total Project Sources		\$538,647	\$31,153,262	\$32,318,795	\$32,318,795
Public Funds	89.9%				
Basis Reduction:	0.0%		Tiebreaker	97.33%	
			50% Test	70%	
DEBT FINANCING ASSUMPTIONS					
CONSTRUCTION LOAN:					
Construction Loan Interest Rate				4.65%	
Credit Loan Fee				1.00%	
PERMANENT LOAN:					
Permanent Loan Rate				4.50%	
Permanent Loan Constant				5.73%	
Loan Points and Fees				1.00%	
Debt Service Coverage Ratio				1.15	
Loan Underwriting Term (Years)				35	
Construction Loan to Value Ratio				91.43%	
Capitalization Rate				4.75%	
Project Value (NOI/Cap Rate)				8,663,578	
Maximum Loan to Cost Ratio				100.00%	
Cash Available for Debt Service Combined (NOI)				411,520	
Loan to Value Ratio (restricted)				80.00%	
Permanent Loan				6,300,000	
Annual Payment				357,782	
Actual DSC				1.150	
OTHER DEBT/LOANS:					
Interest Rate				0.00%	
Loan Points and Fees				0.000%	
Loan Term (Years)				0	
TAX CREDIT FINANCING ASSUMPTIONS / DEVELOPMENT SCHEDULE					
Credit Year				2021	
Federal Tax Credit Rate				3.08%	
State Tax Credit Rate				85.00%	
Difficult to Develop %				130.00%	
Applicable Fraction				100.00%	
Adjusted Eligible Basis				32,493,525	
Annual Tax Credits				1,000,700	
Investor Yield on 99% of Total Credit Allocation				97.00%	
Gross Investor Contribution to Lower Tier				9,706,795	
OTHER ASSUMPTIONS					
Property Taxes:					
Tax Rate			(Assumes Waiver)	1.18%	
Existing Property Basis (per unit)				0	
New Unit Basis (per unit)					
Ground Lease:					
Return on Ground Lease				0.00%	
Inflation Indexes:					
Income Inflation				2.50%	
Expense Inflation				3.50%	
Real Estate Tax Inflation				2.00%	
Replacement Reserve				3.00%	

DEBT FINANCING ASSUMPTIONS

CONSTRUCTION LOAN:		
Construction Loan Interest Rate	4.65%	
Credit Loan Fee	1.00%	
PERMANENT LOAN:		
Permanent Loan Rate	4.50%	
Permanent Loan Constant	5.73%	
Loan Points and Fees	1.00%	
Debt Service Coverage Ratio	1.15	
Loan Underwriting Term (Years)	35	
Construction Loan to Value Ratio	91.43%	
Capitalization Rate	4.75%	
Project Value (NOI/Cap Rate)	8,663,578	
Maximum Loan to Cost Ratio	100.00%	
Cash Available for Debt Service Combined (NOI)	411,520	
Loan to Value Ratio (restricted)	80.00%	
Permanent Loan	6,300,000	
Annual Payment	357,782	
Actual DSC	1.150	
OTHER DEBT/LOANS:		Other Loan
Interest Rate	0.00%	
Loan Points and Fees	0.000%	
Loan Terms (Years)	0	

TAX CREDIT FINANCING ASSUMPTIONS / DEVELOPMENT SCHEDULE

Credit Year	2021
Federal Tax Credit Rate	3.08%
State Tax Credit Rate	85.00%
Difficult to Develop %	130.00%
Applicable Fraction	100.00%
Adjusted Eligible Basis	32,493,525
Annual Tax Credits	1,000,700
Investor Yield on 99% of Total Credit Allocation	97.00%
Gross Investor Contribution to Lower Tier	9,706,795

OTHER ASSUMPTIONS

Property Taxes:		
Tax Rate	(Assumes Waiver)	1.18%
Existing Property Basis (per unit)		0
New Unit Basis (per unit)		
Ground Lease:		
Return on Ground Lease		0.00%
Inflation Indexes:		
Income Inflation		2.50%
Expense Inflation		3.50%
Real Estate Tax Inflation		2.00%
Replacement Reserve		3.00%

a) Committed Soft Funds	
Price Contribution on 4th Corner	11,250,000
Price Loan	13,050,000
Price Land Donation	3,262,000
County of SD	0
Commercial Proportion	100%
less ineligible off-site costs	0
Total Public Funds	27,562,000

2017 Size Factor	1.05
Total Public Funds w/ Size Factor Boost	28,940,100

Residential Total Development Cost	32,318,795
less syndication costs	115,000
less ineligible off-site costs	0
Adjusted Residential TDC	32,203,795

Soft Funds Ratio	89.87%
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b) Unadjusted Eligible Basis Divided by TDC

Total Basis Reduction (Vol & Non-Voluntary)	0
Leveraged Soft (w/o land, Sec8 Loan, Fee Waiver)	0
Lesser of Above	0

Requested Unadjusted Eligible Basis	24,995,019
Requested Unadjusted Eligible Basis + Lesser of Above	24,995,019

Adjusted Residential TDC	32,203,795
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Basis divided by Residential TDC Ratio	77.62%
Inverse 3	7.46%

RENTAL INCOME ASSUMPTIONS				Price / Union Bank		RUN DATE: 09/02/20			
Family Housing				4390 University Avenue San Diego, CA 92105					
Family Size	Unit Type	Number of Units	2,020	Utility Allowance	Net Monthly Rent	Net Annual Rent	Unit Sq. Ft.	Total Sq. Ft.	Rent/ Sq. Ft.
% of Median									
30.00%	0BR/1BA	0	606		606	0	380	0	\$1.59
30.00%	1BR/1BA	0	649		649	0	639	0	\$1.02
30.00%	2BR/2BA	4	780	59	721	34,608	850	3,400	\$0.85
30.00%	3BR/2BA	2	901	79	822	19,728	1,047	2,094	\$0.79
30.00%	4BR/2BA	0	0		0	0	0	0	\$0.00
45.00%	0BR/1BA	0	910		910	0	0	0	\$0.00
45.00%	1BR/1BA	0	974		974	0	639	0	\$1.52
45.00%	2BR/2BA	9	1,170	59	1,111	119,988	850	7,650	\$1.31
45.00%	3BR/2BA	3	1,351	79	1,272	45,792	1,047	3,141	\$1.21
45.00%	4BR/2BA	0	1,507		1,507	0	0	0	\$0.00
50.00%	0BR/1BA	0	1,011		1,011	0	0	0	\$0.00
50.00%	1BR/1BA	0	1,083		1,083	0	639	0	\$1.69
50.00%	2BR/2BA	18	1,300	59	1,241	268,056	850	15,300	\$1.46
50.00%	3BR/2BA	6	1,501	79	1,422	102,384	1,047	6,282	\$1.36
50.00%	4BR/2BA	0	1,675		1,675	0	0	0	\$0.00
60.00%	0BR/1BA	0	1,213		1,213	0	0	0	\$0.00
60.00%	1BR/1BA	0	1,299		1,299	0	639	0	\$2.03
60.00%	2BR/2BA	13	1,560	59	1,501	234,156	850	11,050	\$1.77
60.00%	3BR/2BA	4	1,802	79	1,723	82,704	1,047	4,188	\$1.65
60.00%	4BR/2BA	0	0	0	0	0	0	0	\$0.00
MKT	0BR/1BA	0	0	0	0	0	500	0	
			0						
TOTAL PROJECT		59			1,282	907,416	900	53,105	\$1.42
County UA		0 Br	1 Bed	2 Bed	3 Bed				
Heating: Gas									
Cooking: Gas									
Water Heating: Gas									
Air Conditioning									
Other Electric									
Total		0	0	59	79				
Water									
Sewer									
Section 8 Increment									
Unit Type	Number	TCAC Income Tier	Per Unit TCAC Rent (net of UA)	HA Contract Rent	Incremental S8 Income	Monthly S8 Increment	Annual S8 Increment		
Studio	0	30% AMI	606	1,091	485	0	0		
1BR	0	30% AMI	649	1,095	446	0	0		
2BR	0	30% AMI	721	1,304	583	0	0		
3BR	0	60% AMI	1,418	1,939	521	0	0		
Total	0					0	0		
TCAC Section 8 Leveraged Loan Calculation									
Section 8 Increment									
Unit Type	Number	TCAC Income Tier	Per Unit TCAC Rent (net of UA)	HA Contract Rent	Incremental S8 Income	Monthly S8 Increment	Annual S8 Increment		
Studio	0	30% AMI	606	0	(606)	0	0		
1BR	0	30% AMI	649	0	(649)	0	0		
2BR	0	30% AMI	721	1,304	583	0	0		
3BR	0	60% AMI	1,418	0	(1,418)	0	0		
Total	0					0	0		
							0	Annual Incremental Income	
							0	Vacancy (5%)	
							0	Net Rental Differential	
							0	DCR	1.15
								Loan Term	15
								Interest Rate	6.00%
							0	TCAC Leveraged Loan	

Price / Union Bank
4390 University Avenue
San Diego, CA 92105

<u>Unit Size</u>	<u># of Units</u>	2019	<u>Basis x</u>	127.00% **	<u>Basis x</u>
		TCAC Basis <u>Limits w/o Features</u>		TCAC Basis <u>Limits w/ Features</u>	
Studio	0	207,647	0	263,712	0
1BR/1BA	0	239,415	0	304,057	0
2BR/2BA	45	288,800	12,996,000	366,776	16,504,920
3BR/2BA	15	369,664	5,544,960	469,473	7,042,099
					<u>1,248,000</u>
Totals	<u>60</u>		<u>18,540,960</u>		<u>24,995,019</u>
Net Project Basis					<u>27,507,678</u>
Requested Eligible Basis					24,995,019
Less :Credit Reduction				0.00%	<u>0</u>
			Total Eligible Basis		24,995,019
Threshold Basis Boost					
Energy/Green Features	10%				
Structured Parking	7%				
Prevailing Wages	0%				
Elevator	10%				
100% Special Needs	<u>0%</u>				
Total	27%				
High Cost Analysis					
110.05%					

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet

appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- **Application for Bond Allocation:** The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- **Final Bond Approval:** The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- **Funding and Bond Administration:** All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the

bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.



The City of San Diego
Item Approvals

Item Subject: Preliminary Bond Authorization for Wakeland Price UB Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	10/28/2020

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	10/27/2020
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	10/30/2020
CITY ATTORNEY	MIDDAUGH, MARGUERITE	11/02/2020