

- c. to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 - Development Details

Address	5858 Mt. Alifan Drive, San Diego, 92111
Council District	3
Community Plan Area	Clairemont
Development Type	New construction
Construction Type	Type V
Parking Type	37 surface parking spaces
Housing Type	Permanent supportive housing
Lot Size	1.2 Acres, 52,272 square feet
Units	53 (52 affordable, plus one manager’s unit)
Density	44.17 dwelling units per acre (53 units ÷ 1.2 acres)
Unit Mix	52 studio units and 1 two-bedroom manager unit
Gross Building Area	33,512 square feet
Net Rentable Area	30,962 square feet
Developer	Wakeland
Prevailing Wages	Subject to Davis-Bacon Prevailing Wages
Rental Subsidy	52 Project Based Vouchers have been requested

The Development

The Ivy Senior Apartments (the Ivy) is a proposed new construction affordable housing development that will be located at 5858 Mt. Alifan Drive in the Clairemont neighborhood (Attachment 2 - Site Map). The proposed new development will be three stories with 52 affordable studio rental units and one unrestricted manager’s unit. Site amenities will include: gated access, entry with a security desk and sign-in, interior recreation areas, office space for case management plus management staff, a large community room, a computer lab, a community kitchen, community space for classes, events, and social activities. Unit amenities will include: refrigerator, stove, microwave oven and garbage disposal.

Housing First

The proposed Ivy development will provide 52 affordable units of permanent supportive housing for seniors age 55 and older who previously experienced homelessness. The development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission’s homelessness action plan. This action plan is rooted in the national “Housing First” model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed. The current phase of HOUSING FIRST – SAN DIEGO, launched on July 1, 2017, and included \$30 million over three years to support the development of affordable rental housing with supportive services for individuals experiencing homelessness.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City to participate in a Coordinated Entry System (CES), and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen homeless individuals for the most appropriate housing options based on who is most in need. The developer and service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

Developer's Request

The developer, Wakeland, submitted a request for development funds and federal rental housing vouchers in response to the Housing Commission's FY2018 Permanent Supportive Housing Notice of Funding Availability (NOFA), released on September 4, 2018. Housing Commission staff is recommending an award for up to \$6,500,000 as a residual receipts loan and 52 federal Project-Based Housing Vouchers.

Wakeland proposes to obtain a competitive California Tax Credit Allocation Committee (CTCAC) 9 percent tax credits allocation, obtain County of San Diego loan funds, relocate the existing business occupant tenants, demolish the existing office building, and construct 53 new rental apartment units.

The Property

The property consists of one parcel, on 1.25 acres, that is currently improved with an existing 20,000-square-foot occupied office building that was constructed in approximately 1972. The site is owned by Mt. Alifan Apartment L.P., a California limited partnership. Located to the site's north are commercial and retail uses. Located to the east are multifamily rental housing and a church. To the south is multifamily rental housing. To the west are commercial and retail uses, including a Vons grocery store. Bus service is approximately 1/10 of a mile away.

Prevailing Wages

The Ivy proposes to use HUD federal Project-Based Housing Vouchers, which will require project payment of Davis-Bacon prevailing wages.

Relocation

The subject property's existing office building is currently occupied with 20 business tenants that will need to be permanently relocated. The current tenants will be eligible for federal benefits for business relocation. The Ivy's pro forma budgets an estimated \$940,000 for relocation costs. Wakeland will engage a consultant to assist tenants with applicable relocation benefits.

Accessibility

CTCAC will require wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment. The project will be 100 percent accessible for visitors. The same units can satisfy both of these accessibility requirements. In addition, these accessible units will satisfy the federal HOME Investment Partnerships Program (HOME) and Project-Based Housing Voucher accessibility requirement of wheelchair accessibility in 5 percent of the units, plus an additional 2 percent of the units accessible to residents with visual and/or hearing impairment. The development will include Universal Design features.

Project Sustainability

The development will be designed to achieve either a Green Point or LEED level certification. The Ivy will also comply with the CTCAC minimum energy efficiency construction standards for new construction. The development’s features will include: Energy Star-rated efficient appliances and possible solar hot water heating. Water conservation will be promoted via low-flow water fixtures and drought-tolerant landscaping.

Development Team

During the 15-year tax credit compliance period, the Ivy will be owned by a California limited partnership (a single-asset limited partnership) consisting of: Mt. Alifan Apartments L.P. as the owner/borrower, Wakeland Mt. Alifan LLC (a Wakeland affiliate) as the Managing General Partner, Wakeland as the Limited Partner; and a to-be-selected tax credit limited partner (Attachment 3 – Organization Chart). Wakeland is an award-winning nonprofit located in San Diego that is a leader in the creation and operation of affordable housing. Founded in 1998, Wakeland focuses on building and operating cost-efficient housing communities with superior on-site programs and services for residents. Wakeland’s portfolio currently has 35 affordable housing developments with 4,863 units of affordable housing. The Housing Commission has worked with Wakeland on multiple successful projects. Currently in construction is the 44-unit Beacon apartments at 1435 C Street. Recently completed developments include the 205-unit Atmosphere apartments; the 132-unit scattered sites City Heights Ten rehabilitation project; the 40-unit Juniper Gardens Apartments in City Heights; the 92-unit Village Green Apartments in the Rolando neighborhood; Vista Grande, a 48-unit rehabilitation project located in the southeastern part of San Diego; and the 60-unit Talmadge Gateway development, a permanent supportive housing development serving seniors who experienced homelessness, in the Kensington-Talmadge Community.

Wakeland is in compliance with all previous Housing Commission loans. A Developer Disclosure Statement for Wakeland is provided as Attachment 4. Based upon the developer’s past experience and past development performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Ivy project.

Supportive Services

Tenant supportive services will be provided by St. Paul’s Program of All-Inclusive Care for the Elderly (PACE) and People Assisting the Homeless (PATH) San Diego. The developer’s stated goal is to connect the senior residents to comprehensive wraparound medical, health, and supportive services to help prevent the cycle of homelessness for the vulnerable population of homeless seniors. Comprehensive supportive services for tenants may include in-home assistance with daily activities, transportation assistance to medical plus other appointments, on-site case management services to assess tenants’ needs, to identify their goals, and to provide goal action plans.

Table 2 - Development Team Summary

Developer	Wakeland
Limited Partnership	General Partner: Mt. Alifan LLC, Limited Partner: Wakeland, and Tax Credit Limited Partner: To-be-selected
Architect	BNIM, San Diego
Service Provider	St. Paul’s PACE, and PATH San Diego

Property Management

The property manager will be ConAm Management. It was established in 1975. It has extensive experience that includes managing permanent supportive housing. ConAm manages approximately 51,467 multifamily housing units located in 12 states.

FINANCING STRUCTURE

The Ivy has an estimated total development cost of \$18,963,831. Wakeland proposes to finance the project through the use of 9 percent tax credits, conventional financing, County of San Diego Mental Health Services Act capital funds, and the Housing Commission proposed residual receipts loan. Total development costs and sources and uses of funds are detailed in the pro forma attached to this report (Attachment 5) and summarized below.

Table 3 – The Ivy Estimated Permanent Sources & Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Tax Credit equity	\$11,403,863	Property Acquisition	\$ 4,255,000
		Construction costs	\$7,738,319
		Contingency	+571,264
Housing Commission proposed loan	6,500,000	Total cost	8,309,583
			8,309,583
County of San Diego Special Needs Housing Program (SNHP) funds	1,059,968	Financing costs	1,376,057
		Other soft costs	1,563,191
		Relocation costs	940,000
		Developer fee	1,400,000
		Permits and fees	1,120,000
Estimated Total Development Cost	\$18,963,831	Estimated Total Uses	\$18,963,831

Developer Fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR 17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report at Attachment 1 states: “Developer fee [for] “9% tax credits, in project costs: 15% eligible basis up to \$2.2 million (new construction).” Thus, this development’s proposed developer fee is calculated pursuant to CTCAC regulations. The Ivy’s proposed net cash developer fee is \$1,400,000.

Table 4 – Key Performance Indicators

Development Cost Per Unit	\$18,963,831 ÷ 53 units =	\$357,808
Housing Commission Subsidy Per Unit	\$6,500,000 ÷ 53 units =	\$122,642
Land Cost Per Unit	\$4,255,000 ÷ 53 units =	\$80,283
Gross Building Square Foot Hard Cost	\$8,309,583 ÷ 33,512 sq. ft. =	\$248
Net Rentable Square Foot Hard Cost	\$8,309,583 ÷ 30,962 sq. ft. =	\$268

Proposed Funding Sources

The proposed Housing Commission loan will be funded with up to \$2,000,000 in U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program funds granted to the City of San Diego and administered by the Housing Commission; up to \$4,400,000 from the City Affordable Housing Fund (Inclusionary Housing) administered by the Housing Commission, and up to \$100,000 from the City Affordable Housing Trust Fund administered by the Housing Commission. A final determination of Housing Commission funding sources will be made by the Housing

Commission’s President & CEO, or designee, contingent upon budget availability. The Housing Commission’s loan will be a residual receipts loan. Loan terms are provided as Attachment 6.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators which were used to evaluate the proposed development and make a funding recommendation.

Table 5 - Comparable Development Projects

Project Name	Year	Unit Mix (Construction Type V)	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Subject – The Ivy	2019	52 studios, + 1 mang.	53	\$18,963,831	\$357,808	\$122,642	\$248
San Ysidro Senior	2018	50 studios, + 1 mang.	51	\$16,939,132	\$332,140	\$121,568	\$282
Beacon	2017	43 living units, + 1 mang.	44	\$18,275,881	\$415,361	\$74,419	\$385
Lofts at Normal Hts	2017	32 studios, 20 ones, +1 mang.	53	\$18,842,009	\$355,510	\$98,113	\$260

AFFORDABLE HOUSING IMPACT

The development is proposed to serve 52 San Diego seniors (age 55+) experiencing homelessness. Housing Commission staff has committed 52 federal Project-Based Housing Vouchers (PBV) for the Ivy. That approval will be contingent upon National Environmental Policy Act clearance, a subsidy layering review, and execution of an Agreement to Enter into Housing Assistance Payment. Under this PBV program, the tenant’s rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for the development’s residents.

Under the proposed loan, the development will be subject to a Housing Commission Declaration of Covenants and Restrictions in addition to an applicable tax credit regulatory agreement that will restrict affordability of 52 units for 55 years. Also, the HOME program’s funds will restrict 20 of the units with affordability and rent restrictions for 20 years. The development’s 52 units will be affordable to tenants with income levels ranging from 30 percent of Area Median Income (AMI) (\$20,450/year for a studio, one-person household), to 50 percent of AMI (\$34,100/year for a studio, one-person household).

Table 6 –The Ivy Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions *	AMI	Units	Gross Rents
Studios	HC & Tax Credit	30% AMI	26	\$511
Studios	HC & Tax Credit	50% AMI	26	\$852
Subtotal affordable units	--	--	52	--
2-bedroom Manager’s	Unrestricted	-	1	-
Total Units			53	

*Housing Commission, PBV, and CTCAC rent and occupancy restrictions will be applicable. There will be 20 HOME restricted units.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the proposed Fiscal Year (FY) 2019 Housing Authority Approved Budget. Approving this action will authorize the Housing Commission to expend an amount up to \$6,500,000 in the FY2019 budget as approved by the Housing Authority.

Funding sources approved by this action will be as follows:
HUD HOME Investment Partnership Program – 2,000,000
City of San Diego Inclusionary Housing funds - \$4,400,000
City of San Diego Affordable Housing Trust Fund - \$100,000
Total Funding Sources - Up to \$6,500,000

Fiscal Year 2019 funding uses approved by this action will be as follows:
Loans - up to \$6,500,000
Total funding uses - \$6,500,000

Approving this action will further give the President & CEO, or designee, the authority to substitute the funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none">• Estimated County of San Diego’s consideration of loan funds proposal.• CTCAC 9 percent tax credit application.• CTCAC allocation meeting.• Building permit• Estimated escrow closing.• Estimated start of construction work.• Estimated completion of construction work.	<ul style="list-style-type: none">• February 2019• March 4, 2019• June 12, 2019• November 2019• December 2019• December 2019• September 2021

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

In March 2018, the development was presented as an informational item to the Clairemont Community Planning Group. The developer received positive feedback from planning group members. On July 18, 2018, the Ivy Senior Apartments team convened an informational community meeting with neighbors, business owners, and other Clairemont stakeholders. The purpose of the meeting was to: provide an overview of the Ivy’s team members, program and physical design; explain the types of services and resident demographics/requirements that would be part of the development; hear and respond to community members’ comments and questions; and outline next steps in the development process.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Wakeland, the Clairemont neighborhood/community, and future senior residents at Ivy. Development of the property is expected to have a positive impact on the community because it will develop a site into affordable rental units serving seniors experiencing homelessness.

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 a loan and do not constitute approval of the development activity. 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.

Federal funds constitute a portion of the funding for the project. A final reservation of Federal funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any Federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA.

Respectfully submitted,



J.P. Correia
Senior Real Estate Project Manager
Real Estate Division

Approved by,



Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

- Attachments:
- 1) Development Summary
 - 2) Location Map
 - 3) Organization Chart
 - 4) Developer Disclosure Statement
 - 5) Developer's Pro Forma
 - 6) Proposed Loan Terms

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org