



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

# San Diego Housing Commission Preliminary Bond Authorization for 14C VHHP Apartments

Housing Authority Agenda Item #2 and City Council Agenda Item # 332  
May 14, 2019

Colin Miller  
Vice President, Multifamily Housing Finance  
Real Estate Division

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



# SDHC – 14C VHHP

## Partnership Development

### Recommendations

#### **That the Housing Authority of the City of San Diego:**

- 1) Approve initial steps to issue up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds, including:
  - Bond inducement resolution.
  - Bond allocation application to California Debt Limit Allocation Committee (CDLAC).
  - Bond Counsel & Financial Advisor.

Bond final approval required at a later date.

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

#### **That the San Diego City Council:**

Hold an IRS-required Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing.



# SDHC – 14C VHHP

## Partnership Development

### Development Summary

- Proposed new construction features two contiguous residential high-rise buildings (a 14-story building and a seven-story building) on one site: 1402 Commercial Street.
- To solve certain financing issues, the co-developers have bifurcated the combined 407 units into two legally separate projects (14<sup>th</sup> and Commercial [326 units] and 14C VHHP [81 units]) that will close simultaneously.
- A condominium plan will detail the two projects' legal separation.
- There will be separate loans and separate bond issuances. The two projects are being processed as two separate companion reports.



# SDHC – 14C VHHP

## Partnership Development

### Development Summary (Continued)

#### **14C VHHP Apartments:**

- Proposed new construction of 81 units
  - 80 units for low- & very low-income homeless persons with an identified disability
  - 1 manager's unit
- Seven-story building
- 16 parking spaces
- Transit-oriented development near 12<sup>th</sup> & Imperial trolley station
- Units mix of 76 studios, 4 one-bedrooms, and 1 unrestricted for the manager.
- The development is supported by HOUSING FIRST – SAN DIEGO, SDHC's homelessness action plan.
- Development Details Summary at Table #1, page 3 of report.



# SDHC – 14C VHHP

## Partnership Development

### Development Summary (Continued)

- The co-developers are the nonprofit SVDP Management and the for-profit Chelsea Investment Corporation.
  - Both developers are experienced.
  - Both previously obtained Housing Commission loans and are in full compliance.
- The co-developers are requesting Housing Authority issuance of up to \$22,000,000 of tax-exempt multifamily housing mortgage revenue bonds.
- Development Team Summary at Table #2, page 6 of report.





SAN DIEGO  
HOUSING  
COMMISSION

# SDHC – 14C VHHP Partnership Development

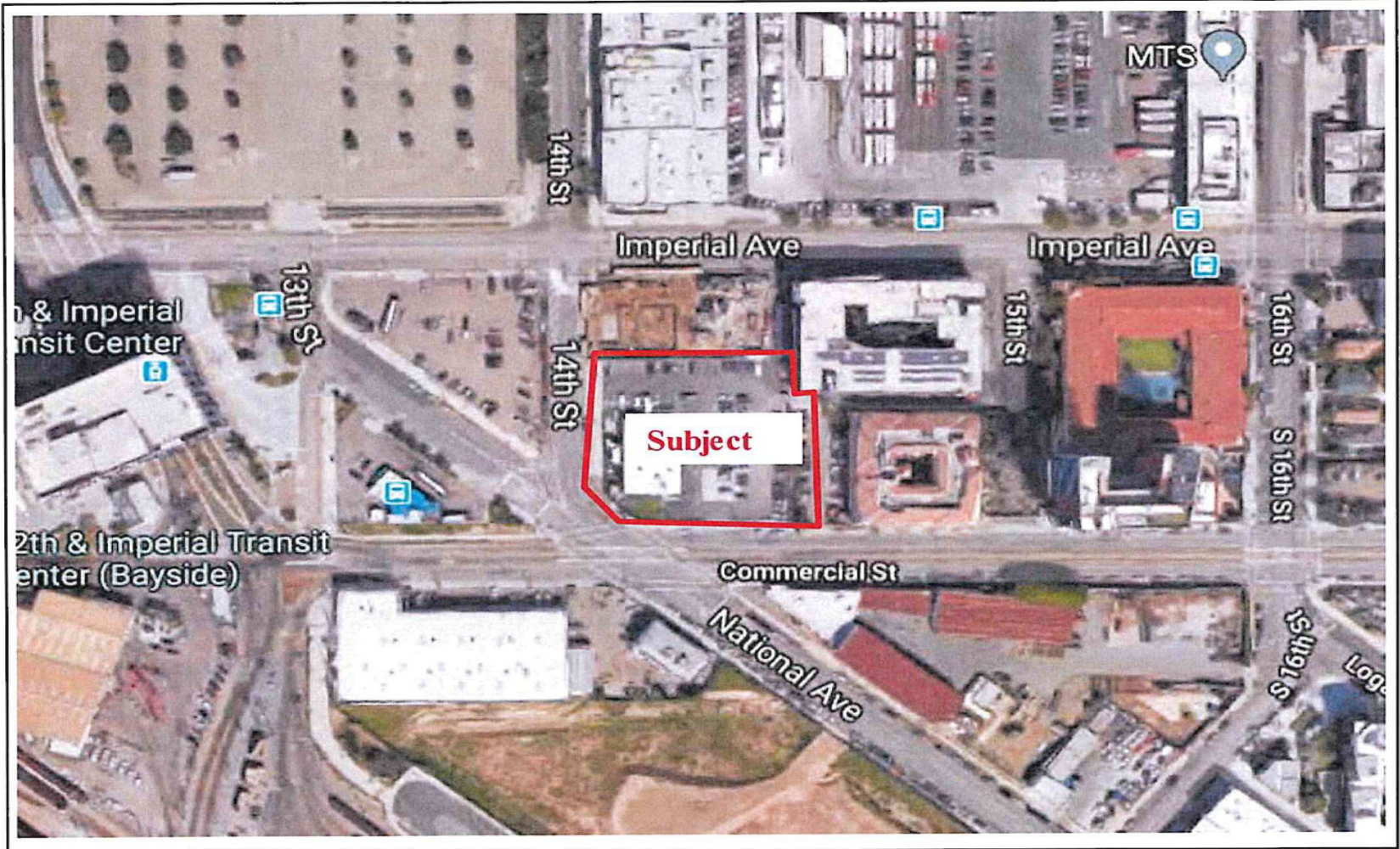
Location Map – 1402 Commercial Street, San Diego, CA





# SDHC – 14C VHHP Partnership Development

Location Map – 1402 Commercial Street, San Diego, CA







# SDHC – 14C VHHP Partnership Development Site Photo



# SDHC – 14C VHHP

## Partnership Development

### Estimated Sources and Uses of Permanent Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	\$2,563,096	Property acquisition	\$ 4,903,784	\$60,541
Veterans Housing and Homelessness Prevention Program (VHHP)	10,000,000	Construction costs \$20,803,165 Contingency + 1,040,158 Total construction \$21,843,323	\$21,843,323	\$269,671
Developer's Land Contribution loan	4,903,784	Financing costs	\$3,533,747	\$43,627
Housing Commission Proposed loan	5,350,000	Other soft costs	\$1,496,655	\$18,477
Accrued interest on soft loans	830,125	City permits and impact fees	\$1,398,660	\$17,267
Deferred developer's fee	184,460	Developer's fee	1,400,000	\$17,284
Four percent tax credit equity	11,342,710	Reserves	\$598,006	\$7,383
Total Development Cost (TDC)	\$35,174,175	Total Development Cost (TDC)	\$35,174,175	\$434,249



# SDHC – 14C VHHP

## Partnership Development

### Affordability

Unit Type	AMI	Number of Units	Maximum Gross Rents
Single-room occupancy units/one bath (350 square feet)	30% AMI	40	\$511
Single-room occupancy units/one bath (350 square feet)	60% AMI	36	\$1,022
One bedroom/one bath (570 square feet)	60% AMI	4	\$1,095
Subtotal residential units		80	
Manager's unit	--	1	--
Total Units		81	



# SDHC – 14C VHHP

## Partnership Development

### Development Timeline

Milestone	Estimated Date
• Housing Authority consideration	May 14, 2019
• City Council IRS-required TEFRA	May 14, 2019
• CDLAC & CTCAC applications	May 17, 2019
• CDLAC & CTCAC allocations	July 17, 2019
• SDHC final bond authorization	July 26, 2019
• HA final bond authorization	September 10, 2019
• Est'd bond issuance & loan closing	November 2019
• Est'd start of construction	December 2019
• Est'd construction completion	December 2021





# SDHC – 14C VHHP Partnership Development Bond Issuance Summary

- Proposed Bond issuance of up to \$22,000,000.
- Co-developers are responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bonds issuance will not create financial liability to SDHC, or to Housing Authority or to City.
- Neither 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 – 14C VHHP

## Partnership Development

### Combined Two Projects: 407-Unit Summary

<u>Combined Two Projects:</u>	<u>Multifamily Housing Revenue Bonds</u>	<u>Units</u>	<u>SDHC \$ Per Unit</u>	<u>Total Dev Cost</u>	<u>TDC Per Unit</u>
14th & Commercial Apts	\$101,000,000	326	\$ 18,865	\$ 150,744,360	\$462,406
14C VHHP Apts	\$ 22,000,000	81	\$ 66,049	\$ 35,174,175	\$434,249
<b>Combined Totals</b>	<b>\$123,000,000</b>	<b>407</b>	<b>\$ 28,256</b>	<b>\$ 185,918,535</b>	<b>\$456,802</b>



# SDHC – 14C VHHP Partnership Development Artist's Rendering





# SDHC – 14C VHHP Partnership Development Artist's Rendering

