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San Diego Housing Commission (SDHC)

Preliminary Bond Authorization for Scripps Mesa

Housing Authority Agenda Item 1 and City Council Agenda Item 334
June 25, 2019

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SDHC – Scripps Mesa Partnership Development Recommendations

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

1. Approve the following steps to issue tax-exempt Multifamily Housing Revenue Bonds for Scripps Mesa Apartments, a 264-unit rental housing development at 10380 Spring Canyon Road that will include 53 affordable units and 211 market-rate units:
 - Issue a bond inducement resolution for up to \$110,000,000
 - Authorize an application to the California Debt Limit Allocation Committee (CDLAC)
 - Approve a financing team of Orrick as Bond Counsel and Ross Financial as Financial Advisor
2. Authorize the President & CEO, or designee, to execute any and all documents necessary to implement the transaction in a form approved by General Counsel and/or Bond Counsel.





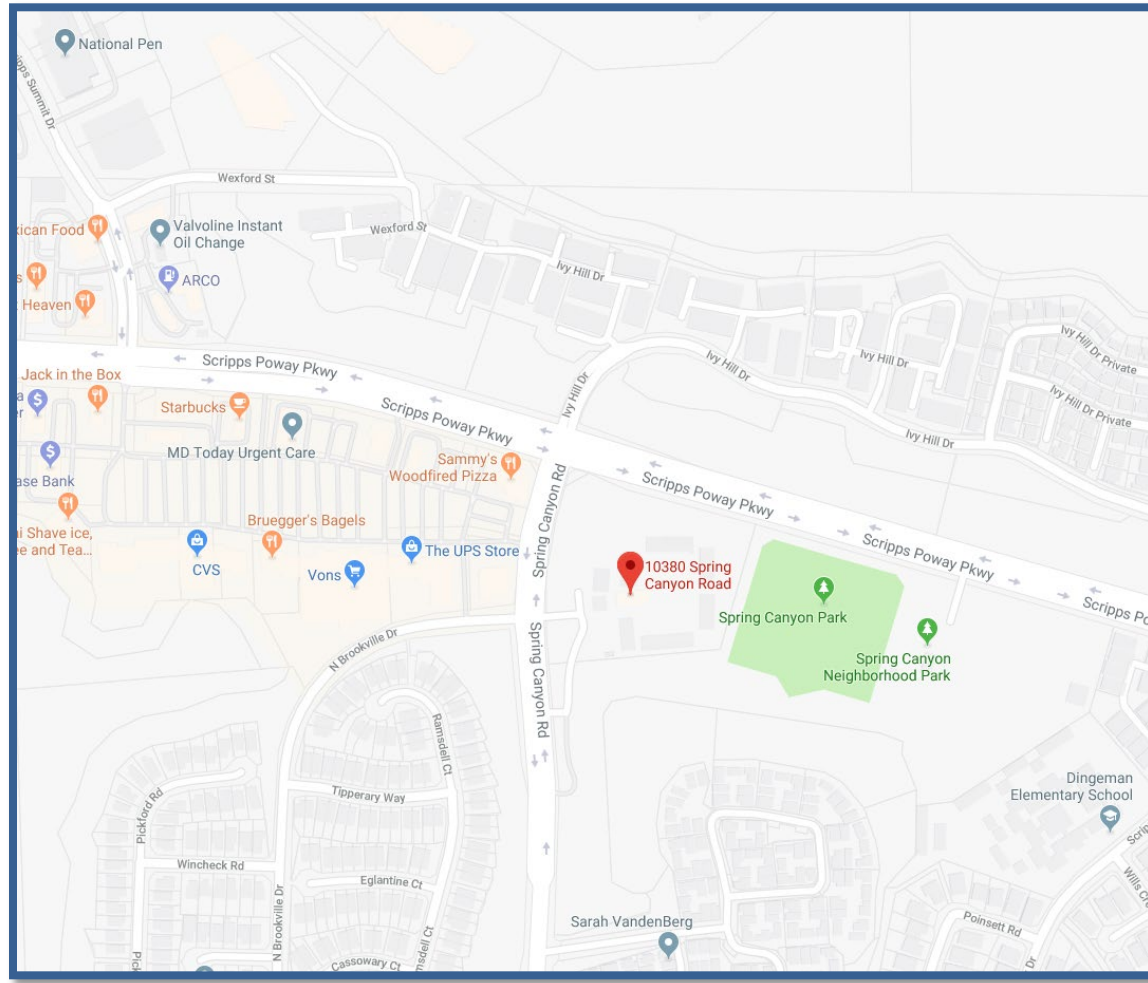
SDHC – Scripps Mesa Partnership Development Recommendations (Continued)

That the San Diego City Council (City Council):

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$110,000,000.



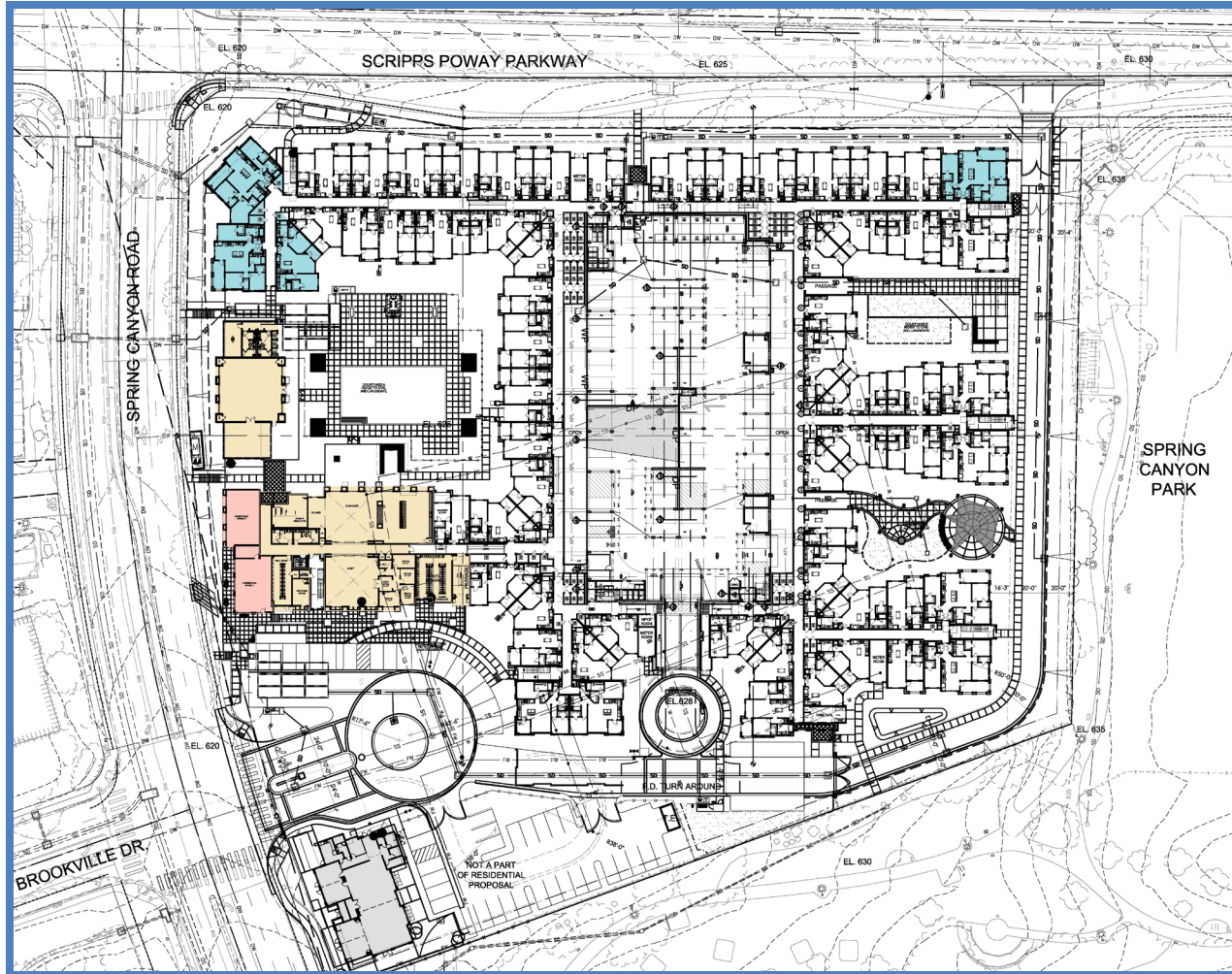
SDHC – Scripps Mesa Partnership Development Location Map





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SDHC – Scripps Mesa Partnership Development Site Plan



SDHC – Scripps Mesa Partnership Development Project Amenities

- Neighborhood Amenities:
 - Direct pedestrian connectivity to Spring Canyon Park
 - Scripps Ranch Marketplace neighborhood shopping center across the street
 - San Diego Unified School District Student Makerspace and Community Center building
 - Community garden
 - New retail/commercial space
- Site Amenities
 - Clubhouse/leasing center
 - Fitness center
 - Dog run
 - Pool and spa
 - Indoor and outdoor community gathering areas



SDHC – Scripps Mesa Partnership Development Project Renderings



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SDHC – Scripps Mesa Partnership Development Developer's Request

- Issue up to \$110,000,000 of tax-exempt Multifamily Housing Revenue Bonds.
- Authorize an Inducement Resolution.
- Hold a Tax Equity Responsibility Act Public Hearing.
- No SDHC loan funds are requested for this project.



SDHC – Scripps Mesa Partnership Development Development Team Summary

Role	Firm/Contract
Owner	Scripps Mesa Apartments, L.P.
General Partner	Monarch Essex Scripps GP, LLC
Limited Partner	Monarch Essex Scripps, LLC
Developer	Monarch Scripps Mesa LLC Essex Scripps LLC
Architect	Architects Orange
General Contractor	To-be-determined
Property Manager	Essex Property Management
Construction & Permanent Lender	To-be-determined



SDHC – Scripps Mesa

Partnership Development

Estimated Sources & Uses of Financing

Permanent Financing Sources	Amount	Permanent Financing Uses	Amount
Permanent Loan	\$90,000,000	Acquisition	\$3,500,000
Tax Credit Equity	7,500,000	Construction Hard Costs	79,000,000
Developer Equity	12,500,000	Soft Costs	16,500,000
		Developer Fee	3,000,000
		Financing Costs	8,000,000
Total	\$110,000,000	Total	\$110,000,000

- Estimated Total Development Cost Per Unit (for 264 Units) = \$416,667



SDHC – Scripps Mesa

Partnership Development

Affordability & Estimated Rents

Unit Type	AMI	Unit Count	Proposed Rent
One Bedroom	50%	18	\$713
One Bedroom	Market	72	Market
Two Bedroom	50%	29	\$836
Two Bedroom	Market	114	Market
Three Bedroom	50%	6	\$909
Three Bedroom	Market	25	Market
Total		264	

- 53 total affordable units all set aside at 50% AMI



SDHC – Scripps Mesa Partnership Development Development Timeline

Milestone	Estimated Date
• Housing Authority Preliminary Bond consideration.....	June 25, 2019
• City Council IRS-required TEFRA hearing....	June 25, 2019
• TCAC & CDLAC application submittals.....	October 11, 2019
• TCAC & CDLAC allocation meetings.....	December 11, 2019
• SDHC final bond authorization.....	January 2020
• Housing Authority final bond authorization.....	February 2020
• Bond issuance and escrow closing.....	March 2020
• Start of construction work.....	March 2020
• Completion of construction work.....	June 2022



Questions & Comments

