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San Diego Housing Commission Preliminary Bond Authorization for Mission Terrace Apartments September 6, 2019

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SDHC – Mission Terrace Partnership Development Recommendations

That the San Diego Housing Commission (SDHC):

- 1) Authorize SDHC's President and CEO, or designee to:
 - Approve proposed ownership transfer from Mission Terrace Associates L.P. to Mission Terrace Housing Partners L.P.;
 - Execute documents necessary for the transfer;
 - Adjust financing terms/conditions as necessary for consistency with other funding sources;
 - Implement the developer's proposed payoff of the Mission Terrace existing residual receipts loan owed to SDHC;
 - Take such actions as are necessary, convenient, and/or appropriate to implement (with General Counsel advice).



SDHC – Mission Terrace Partnership Development Recommendations (Continued)

That SDHC Recommend that the Housing Authority:

- 2) Approve initial steps to issue up to \$12,000,000 in tax-exempt Multifamily Housing Revenue Bonds, including:
- Issue a Bond Inducement Resolution.
 - Authorize a Bond Allocation Application to the California Debt Limit Allocation Committee (CDLAC.)
 - Approve Bond Counsel (Kutak Rock LLP) & Financial Advisor (PFM Group).
 - Authorize SDHC's President & CEO to execute various necessary documents as approved by General Counsel and/or Bond Counsel.



SDHC – Mission Terrace Partnership Development Recommendations (Continued)

That SDHC Recommend that the San Diego City Council:

Hold a Tax Equity and Fiscal Responsibility Act hearing (TEFRA), as required by IRS.

Preliminary Approvals – Staff will return to the SDHC Board of Commissioners at later date for consideration of final approval of the bonds.



SDHC – Mission Terrace Partnership Development Development Summary

- Proposed acquisition with rehabilitation of 76 affordable apartment units for families, plus one manager's unit.
 - Located at 10210 San Diego Mission Road (near SDCCU Stadium)
 - Mix of one-bedroom, two-bedroom, and three-bedroom units.
 - Built in 1995.
 - Development details are at Table #1, page 3 of report.
- Developer – San Diego Interfaith Housing Federation.
 - Development team summary is at Table #2, page 5 of report.



SDHC – Mission Terrace Partnership Development Development Summary (Continued)

- In 1994, Housing Authority approved a \$2,055,000 residual receipts loan to San Diego Interfaith for development's new construction.
- Developer is proposing:
 - To pay off the existing SDHC loan.
 - An ownership transfer from the current limited partnership owner to a new tax credit limited partnership.
 - New limited partnership will assume the existing original 55-year affordability restrictions under the SDHC original loan.
 - New tax credits will extend those affordability restrictions by approximately 26 years.
- Proposed application to CDLAC for approval of up to \$12,000,000 bonds allocation.
- Application to Tax Credit Allocation Committee (TCAC) for approval to obtain an estimated \$23.2m in four percent tax credits.
- No SDHC cash loan funds.





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SDHC – Mission Terrace Partnership Development Site Map



SDHC – Mission Terrace Partnership Development

Estimated Sources and Uses Permanent Financing

Sources of Funds	Amount
Tax Exempt Bond Financed Loan	\$7,580,289
Seller Carry Back Loan	6,899,733
Operating Income	180,875
Reserve Carryover	100,000
Four Percent Tax Credit Equity	6,176,317
Total	\$20,937,214

Uses of Funds	Amount
Acquisition Costs	\$12,628,500
Construction Costs	4,379,505
Financing Costs	651,989
Reserves	311,473
Other Soft Costs	436,433
Developer Fee	2,404,314
Relocation Costs	125,000
Total	\$20,937,214

- Estimated TDC Per Unit (for 77 Units) = \$271,912



SDHC – Mission Terrace Partnership Development Affordability

Unit Type	AMI	Units	CTCAC Gross Rents
1-bedroom, 1 bath (464 to 534 sq. ft.)	35%	7	\$702
2-bedrooms, 1 bath (659 to 924 sq. ft.)	35%	3	\$842
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	35%	5	\$973
Subtotal 30% AMI Units	--	15	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	50%	15	\$1,003
2-bedroom, 1 bath (659 to 924 square feet)	50%	3	\$1,203
3-bedroom, 1 1/2 bath (1,026 square feet)	50%	5	\$1,391
Subtotal 50% AMI Units	--	23	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	60%	15	\$1,203
2-bedrooms, 1 bath (659 to 924 sq. ft.)	60%	9	\$1,444
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	60%	14	\$1,669
Subtotal 60% AMI Units	--	38	--
Subtotal	--	76	--
3-bedroom, 1 ½ bath, manager's unit	-	1	--
Total Units		77	



SDHC – Mission Terrace Partnership Development Affordability

Milestone	Estimated Date
• Housing Authority Preliminary Review. .	October 1, 2019
• City Council IRS/TEFRA Hearing	October 1, 2019
• Applications for TCAC & CDLAC	October 11, 2019
• Allocation Meetings TCAC & CDLAC . .	December 11, 2018
• Housing Commission Final Review, , , ,	January 2020
• Housing Authority Final Review.	January 2020
• Estimated Escrow/Financing Closing. . .	January 2020
• Estimated Construction Start	January 2020
• Estimated Construction Completion. . . .	January 2021



SDHC – Mission Terrace Partnership Development Bond Issuance Summary

- Proposed bond issuance up to \$12,000,000.
- Developer 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 – Mission Terrace Partnership Development Site Photo

