



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission

Final Bond Authorization for 14C VHHP Apartments

Housing Authority Agenda Item #2
October 15, 2019

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SDHC – 14C VHHP Partnership Development Recommendations

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- Authorize the issuance of up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate the new construction of 14C VHHP Apartments, an 81-unit development located at 1 14th Street that will remain affordable for 55 years; and
- Authorize the issuance of up to \$2,000,000 in taxable Multifamily Housing Revenue Bonds for the construction financing for 14C VHHP Apartments.



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: 1 14th Street.
- To solve certain financing issues, the co-developers have bifurcated the combined 407 units into two legally separate projects (14th 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)

- Proposal for Housing Authority to issue up to \$22,000,000 of tax-exempt Multifamily Housing Revenue Bonds and up to \$2,000,000 of taxable Multifamily Housing Revenue Bonds.
- SDHC previously approved preliminary steps required for bond issuance.
- Co-developers have received:
 - Necessary bond issuance allocation from California Debt Limit Allocation Committee (CDLAC).
 - Necessary tax credits allocation from California Tax Credit Allocation Committee (CTCAC).
- Development Details Summary at Table #1 page 2-3 of report.



SDHC – 14C VHHP

Partnership Development

Development Summary (Continued)

14C VHHP Apartments:

- Proposed new construction of 81 units, including:
 - 40 units for low-income tenants
 - 24 units permanent supportive housing units for individuals experiencing homelessness (who will receive rental assistance through Project-Based Housing Vouchers)
 - 16 permanent supportive housing units for veterans experiencing homelessness (who will receive rental assistance through Veterans Affairs Supportive Housing Vouchers)
- Seven-story building
- 16 parking spaces
- Transit-oriented development near 12th & Imperial trolley station
- Units mix of 76 studios, 4 one-bedrooms, and 1 unrestricted unit for the manager.
- The development is supported by HOUSING FIRST – SAN DIEGO, SDHC's homelessness action plan.





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.
- Development Team Summary at Table #2, page 6 of report.



SDHC – 14C VHHP

Partnership Development

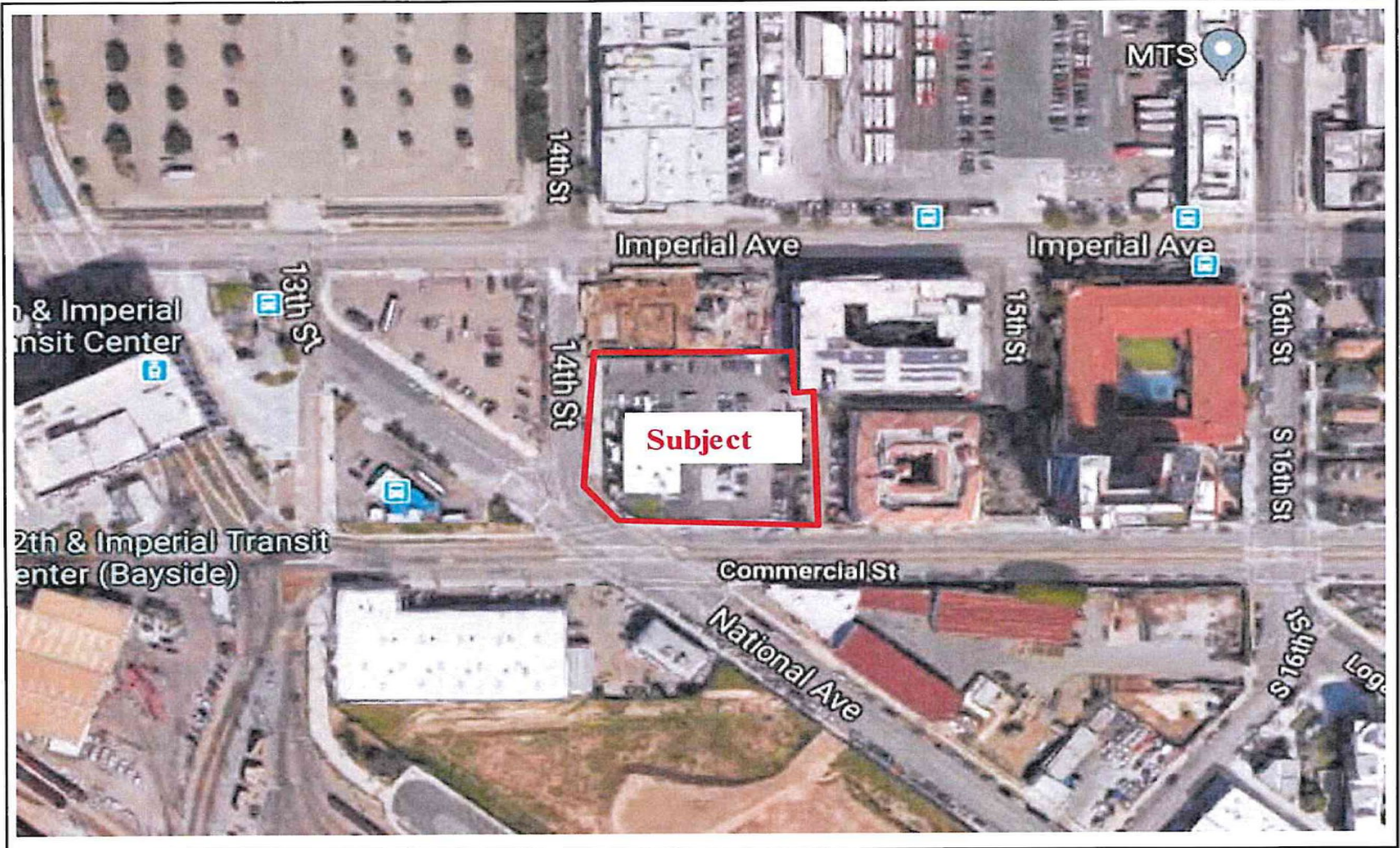
Location Map – 1 14th Street, San Diego, CA



SDHC – 14C VHHP

Partnership Development

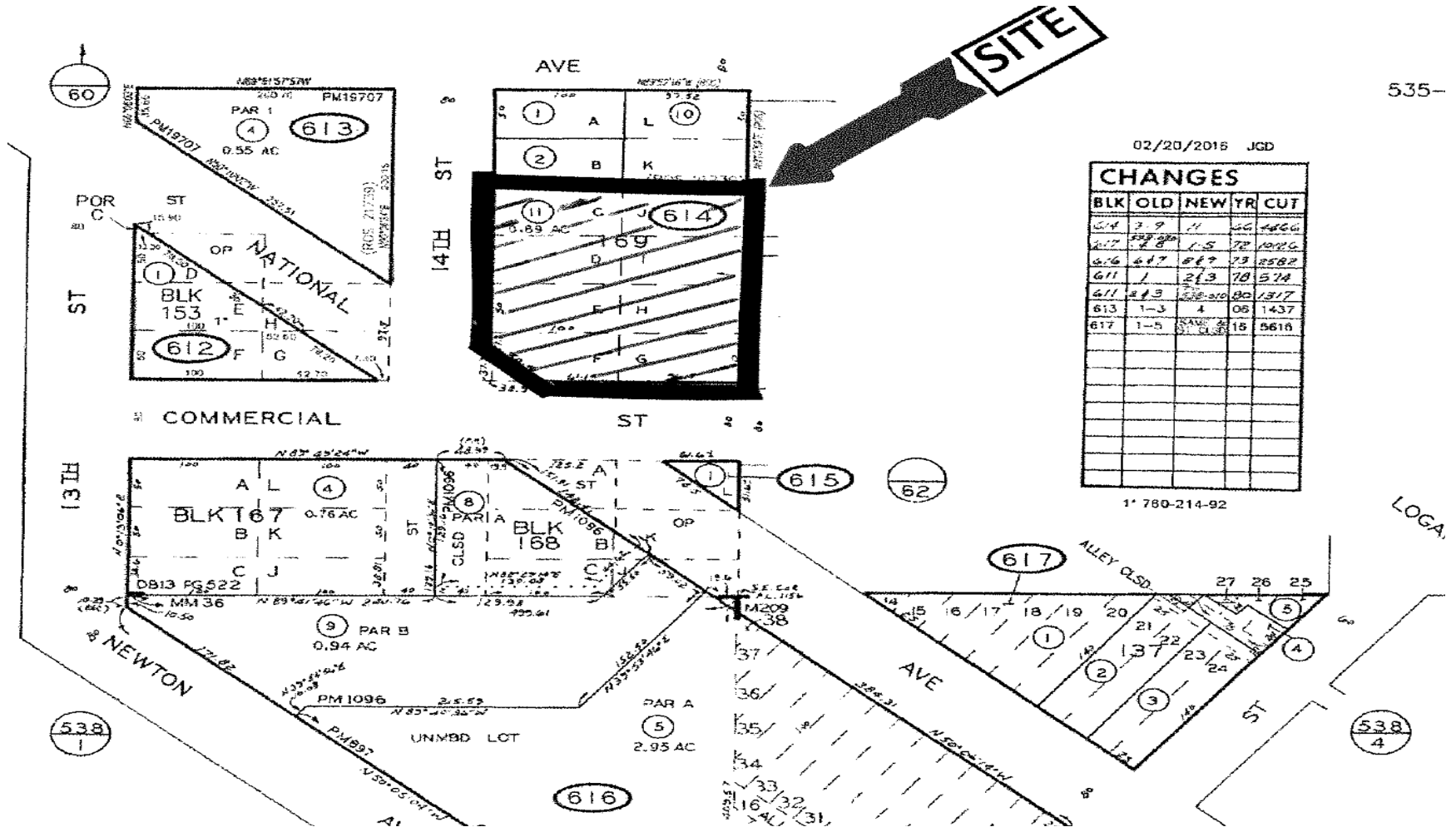
Location Map – 1 14th Street, San Diego, CA



SDHC – 14C VHHP

Partnership Development

Location Map – 1 14th 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)	\$3,335,629	Property acquisition:	\$5,174,400	\$63,881
Veterans Housing and Homelessness Prevention Program (VASH)	\$10,000,000	Construction costs \$21,680,712 Contingency + 1,700,237 Total construction \$23,380,389	\$23,380,949	\$288,654
Seller's land contribution note/loan	\$4,124,400	Financing costs	\$3,979,776	\$49,133
Housing Commission loan	\$5,350,000	Other soft costs	\$1,548,185	\$19,115
Four percent tax credit equity	\$12,876,021	Reserves	\$495,921	\$6,122
Deferred developers' fee	\$402,294	Permits and fees	\$1,123,267	\$13,867
Developer's fee contribution	\$2,851,881	Developers' fee	\$4,251,881	\$52,492
Accrued soft loan interest	\$738,496			
Income during stabilization	\$275,658			
Total Development Cost	\$39,954,379	Total Development Cost	\$39,954,379	\$493,264



SDHC – 14C VHHP

Partnership Development

Affordability

Unit Type	AMI	Number of Units	CTCAC Gross Rents	
Studio (one bath)	30%	40	\$511	
Studio (one bath)	60%	36	\$1,022	
One bedroom (one bath)	60%	4	\$1,095	
Subtotal	--	80	--	
Manager's unrestricted unit	--	1	--	
Total Units		81		

- Affordability is summarized at Table #6 page 10 of report.



SDHC – 14C VHHP

Partnership Development

Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none">• Housing Authority consideration• Est'd bond issuance & loan closing• Est'd start of construction• Est'd construction completion	<p>October 15, 2019</p> <p>November 2019</p> <p>November 2019</p> <p>November 2021</p>



SDHC – 14C VHHP Partnership Development Bond Issuance Summary

- Proposed bond issuance up to \$22,000,000 tax-exempt and proposed bond issuance up to \$2,000,000 taxable.
- 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 Artist's Rendering



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