



SAN DIEGO  
HOUSING  
COMMISSION

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San Diego Housing Commission (SDHC)  
Preliminary Bond Authorization for  
Mississippi ECB Apartments  
Presentation to the SDHC Board of Commissioners  
June 12, 2020

Colin Miller  
Vice President of  
Multifamily Housing Finance  
Real Estate Division





# SDHC – Mississippi ECB Apartments Partnership Development Staff Recommendations

## That SDHC recommend that the Housing Authority of the City of San Diego (Housing Authority):

- 1) Approve the following preliminary steps to issue tax-exempt Multifamily Housing Revenue Bonds for the development of Mississippi ECB Apartments located at 2139 El Cajon Boulevard in University Heights, which will consist of 60 units affordable for 55 years and one manager's unit:
  - a. Issue a bond inducement resolution for up to \$16,500,000 (including \$12,500,000 in tax-exempt bonds and \$4,000,000 in taxable bonds) [Typographical error misidentified the tax-exempt bond amount on the Executive Summary.]
  - b. Authorize an application to the California Debt Limit Allocation Committee (CDLAC)
  - c. Approve a financing team of Kutak Rock as Bond Counsel and CSG Advisors as Financial Advisor





# SDHC – Mississippi ECB Apartments Partnership Development Staff Recommendations (Continued)

## **That SDHC recommend that the Housing Authority (continued):**

- 2) Authorize SDHC’s 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.

## **That SDHC recommend 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 \$12,500,000 and \$4,000,000 in taxable bonds.



# SDHC – Mississippi ECB Apartments Partnership Development Development Summary

- Proposed new construction
  - Development includes 60 affordable studio, one- and two-bedroom units and one manager’s unit.
  - Facilitates density bonus requirement compliance for two nearby market-rate developments.
  - Leverages \$9.6 million in private investment (loan) related to density bonus program.
  - Amenities include;
    - community room
    - outdoor courtyard area
    - outdoor decks at the third and fifth floors
    - dedicated bicycle parking





# SDHC – Mississippi ECB Apartments Partnership Development Developer’s Request

- Issue up to \$16,500,000 of Multifamily Housing Revenue Bonds (including \$12,500,000 in tax-exempt bonds and \$4,000,000 in taxable bonds).
- Authorize an Inducement Resolution.
- Hold a Tax Equity Responsibility Act Public Hearing.
- No SDHC loan funds are requested for this project.



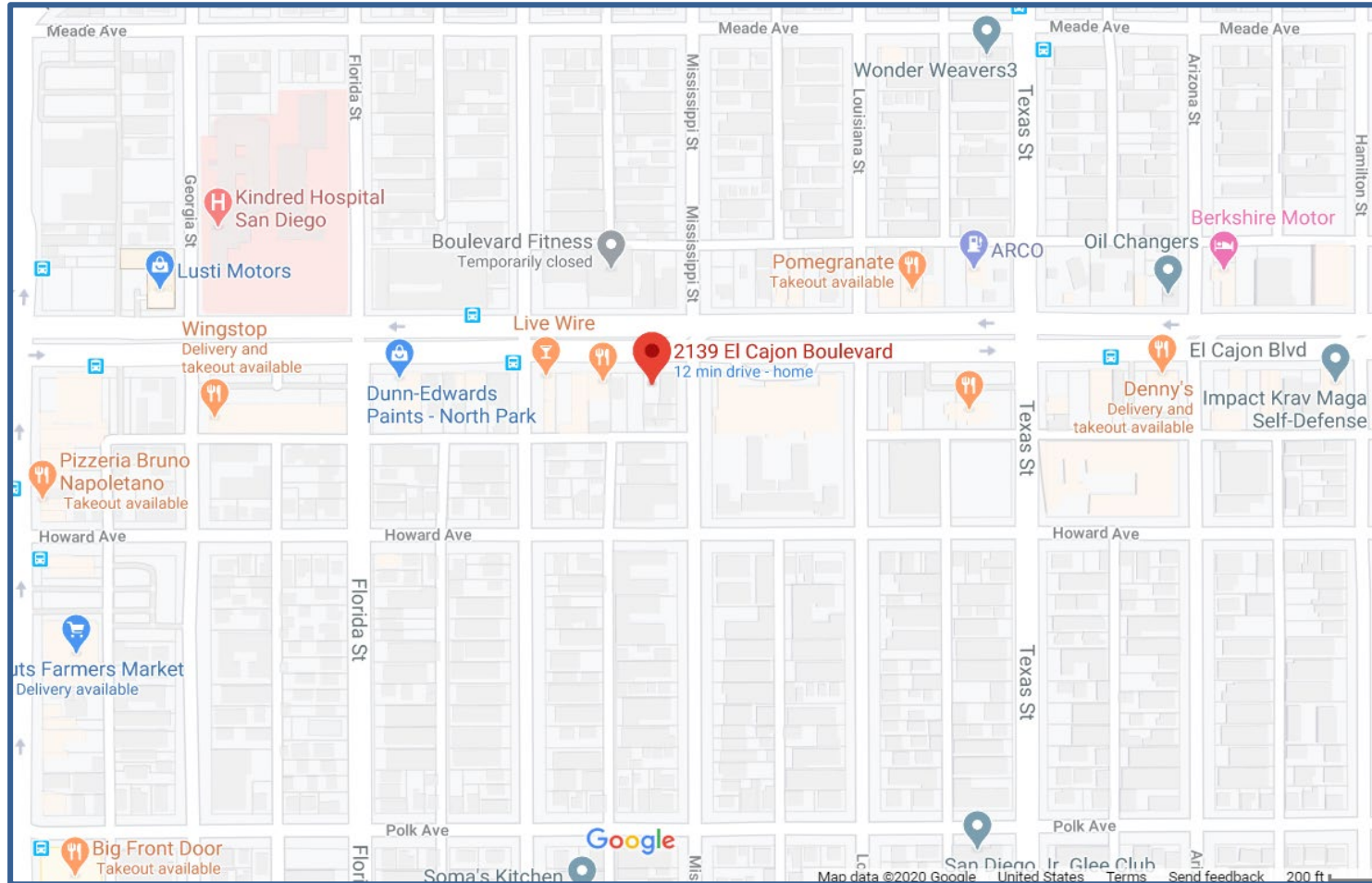


# SDHC – Mississippi ECB Apartments Partnership Development Development Team Summary

| Role                              | Firm/Contract                                       |
|-----------------------------------|---|
| Developer                         | Trestle Mississippi, LP                             |
| General Partners                  | Trestle Mississippi LLC and National Housing MGP    |
| Limited Partners                  | Redstone Equity Manager, LLC and (To be determined) |
| Architect                         | Studio E  |
| Property Management               | Hyder Property Management                           |
| General Contractor                | To be determined                                    |
| Construction and Permanent Lender | To be determined                                    |
| Tax Credit Equity Partner         | To be determined                                    |



# SDHC – Mississippi ECB Apartments Partnership Development Location Map

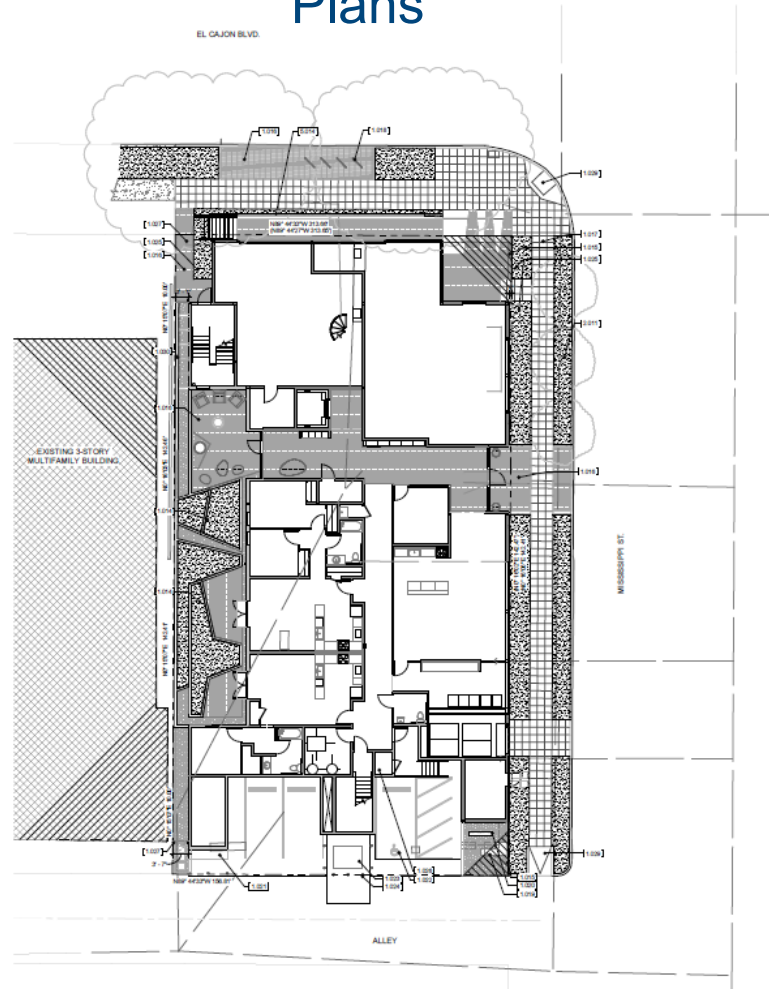


# SDHC – Mississippi ECB Apartments Partnership Development Plans





# SDHC – Mississippi ECB Apartments Partnership Development Plans



# SDHC – Mississippi ECB Apartments Partnership Development Estimated Sources & Uses of Financing

| Permanent Financing Sources | Amount              | Permanent Financing Uses              | Amount              |
|-----------------------------|---------------------|---------------------------------------|---------------------|
| Permanent Loan              | \$6,860,000         | Acquisition                           | \$2,180,000         |
| Tax Credit Equity           | 5,925,010           | Construction Hard Costs + Contingency | \$13,463,208        |
| NHC/Floit Loan              | \$9,600,000         | Soft Costs                            | \$3,390,852         |
| Deferred Developer Fee      | \$685,119           | Financing Costs                       | \$1,484,267         |
|                             |                     | Developer Fee                         | \$2,551,802         |
| <b>Total</b>                | <b>\$23,070,129</b> | <b>Total</b>                          | <b>\$23,070,129</b> |

- Estimated Total Development Cost Per Unit (for 61 Units) = \$378,198



# SDHC – Mississippi ECB Apartments

## Partnership Development

### Affordability & Estimated Rents

| Unit Type    | AMI | Unit Count | Max Net Rent |
|--------------|-----|------------|--------------|
| Studio       | 50% | 18         | \$889        |
| One-Bedroom  | 50% | 21         | \$947        |
| Two-Bedroom  | 50% | 12         | \$1,128      |
| Studio       | 80% | 6          | \$1,451      |
| One-Bedroom  | 80% | 3          | \$1,549      |
| One-Bedroom  | MGR | 1          | --           |
| <b>Total</b> |     | 61         |              |





# SDHC – Mississippi ECB Apartments Partnership Development Development Timeline

## **Milestones**

- Preliminary Bond Authorization – Housing Commission
- Preliminary Bond Authorization/TEFRA –Housing Authority and City Council
- TCAC/CDLAC Application Submittal
- TCAC/CDLAC Award
- Final Bond Authorization – Housing Commission
- Final Bond Authorization – Housing Authority
- Construction Financing Closing:

## **Estimated Dates**

June 12, 2020  
  
June 16, 2020  
August 21, 2020  
October 21, 2020  
November 13, 2020  
November 2020  
December 2020





# SDHC – Mississippi ECB Apartments Partnership Development Bond Issuance Summary

- Proposed bond issuance of up to \$16,500,000.
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bonds issuance will not create financial liability to SDHC, Housing Authority, or the City.
- Neither the 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 – Mississippi ECB Apartments Partnership Development

# Questions?

