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San Diego Housing Commission (SDHC) Final Bond Authorization for Ulric Street Apartments Presentation to the SDHC Board of Commissioners September 18, 2020

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SDHC – Ulric Street Apartments

Staff Recommendations

Recommend that the Housing Authority of the City of San Diego:

1. Authorize the issuance of up to \$28,930,321 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Ulric Street Housing Associates L.P.'s acquisition with new construction of Ulric Street Apartments (Ulric), a 96-unit affordable rental housing development, located at 2645-2685 Ulric Street, San Diego, which will consist of 95 units that will remain affordable for 55 years, including 10 units for veterans experiencing chronic homelessness, and one unrestricted manager's unit.
2. Authorize the issuance of up to \$6,000,000 in a taxable Multifamily Housing Revenue Bond for Ulric's construction financing.

Recommend that the San Diego City Council:

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the final issuance of Multifamily Housing Revenue Bonds up to \$28,930,321 for Ulric.



SDHC – Ulric Street Apartments Development Summary

- In response to SDHC's Fiscal Year 2018 Notice of Funding Availability (NOFA), Community Housing Works submitted an application for a residual receipts loan and federal rental housing vouchers for Ulric.
- On June 14, 2019, SDHC approved a residual receipts loan of up to \$7,000,000 for Ulric.
- Developer has received necessary third-party financing commitments:
 - Bonds issuance allocation from the California Debt Limit Allocation Committee (CDLAC).
 - Tax credits allocation from the California Tax Credit Allocation Committee (CTCAC).
 - Loan commitment from State of California Housing & Community Development Department Multifamily Housing Program (MHP)
 - Loan commitment from the County of San Diego



SDHC – Ulric Street Apartments Development Summary

Proposed new construction:

- Ulric is the proposed new construction of 96 rental units to be built over a partially below-grade parking structure:
 - 12 studios
 - 21 one-bedroom units
 - 33 two-bedroom units
 - 29 three-bedroom units
 - 1 unrestricted manager's unit
- Of the 96 units, 10 affordable units will be set aside for veterans experiencing chronic homelessness.
 - SDHC awarded 10 Veterans Affairs Supportive Housing (VASH) vouchers through HOUSING FIRST – SAN DIEGO, SDHC's homelessness action plan.



SDHC – Ulric Street Apartments Relocation Assistance

- The site is a 1.47-acre parcel, with 20 unrestricted existing apartments in five buildings constructed in 1941, and they have deferred maintenance.
- The existing apartments will need to be demolished.
- Permanent relocation of the 17 existing tenant households was necessary.
- Lauren & Associates, as the relocation consultant, assisted the relocated tenants.
- Pro forma budgets \$1,275,286 for relocation costs.
- The Relocation Plan shall comply with all applicable laws.





SDHC – Ulric Street Apartments Developer

- Developer is Community Housing Works (CHW):
 - Experienced, award-winning, nonprofit developer.
 - Previously obtained SDHC loans and successfully completed those projects.
 - In compliance on its previous SDHC-funded loans.



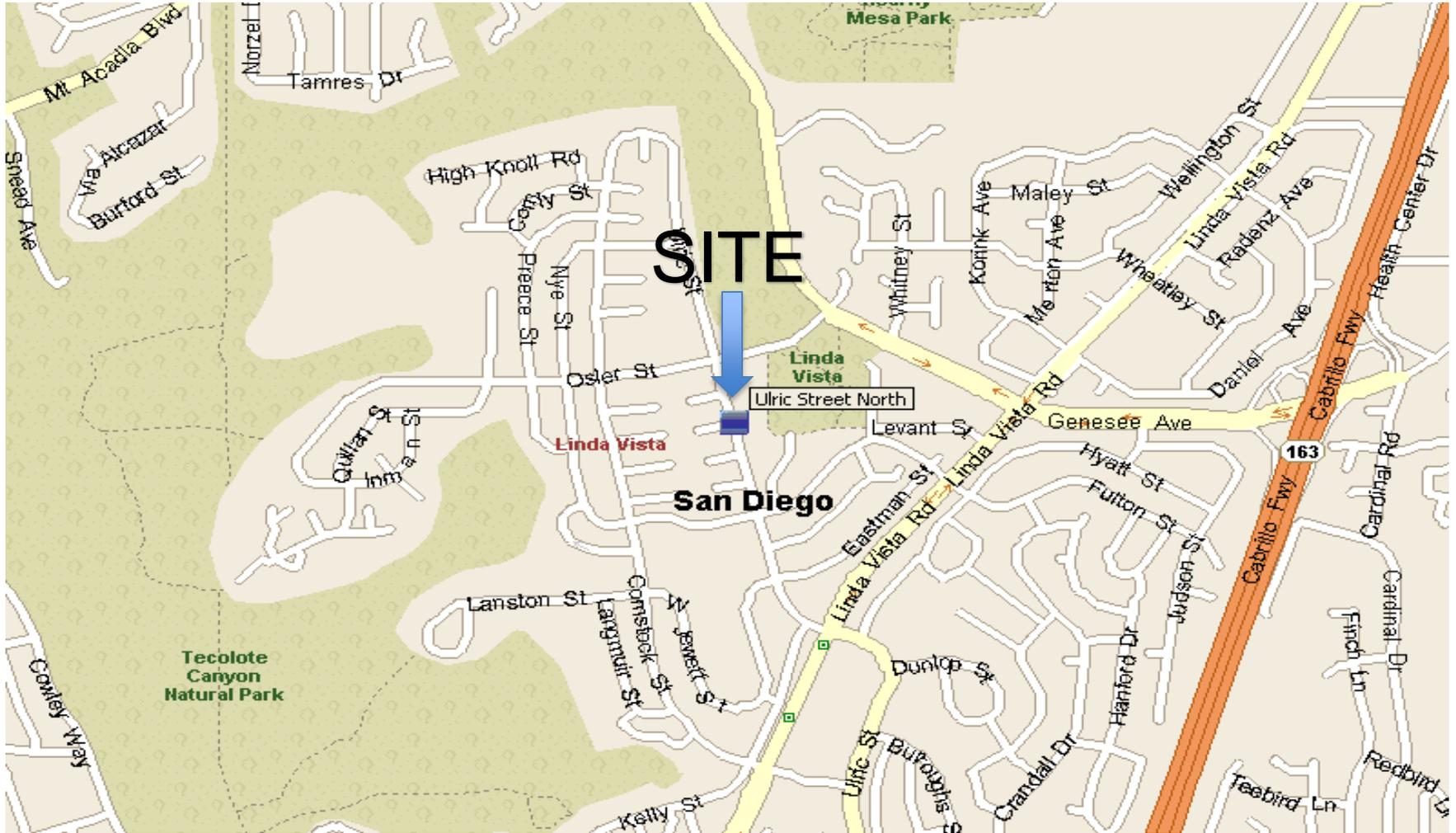


SDHC – Ulric Street Apartments Development Team Summary

Role	Firm/Contract
Developer	Community Housing Works
Limited Partnership	Ulric Street Housing Associates, LP
Managing General Partner	Ulric Street Housing Opportunities LLC
Administrative General Partner	RSEP Holding L.L.C.
Architect	Studio E Architects
General Contractor	Sun Country Builders
Property Management	ConAm Management Inc.
Service Provider	Community Housing Works
Construction Lender Permanent Lender	US Bank National Association
Tax Credit Equity Partner	Red Stone Equity Partners L.L.C.



SDHC – Ulric Street Apartments Location Map





SDHC – Ulric Street Apartments

Estimated Permanent Financing Sources and Uses

Prop	Amount	Permanent Uses	Amount
Bond Financed permanent loan	\$3,052,000	Property acquisition	\$9,444,174
State of California Housing & Community Development Dept. Multifamily Housing Program	18,222,571	Construction cost <u>\$27,322,287</u> Contingency <u>+2,020,741</u> Total construction <u>\$29,343,028</u>	29,343,028
County of San Diego Innovative Housing Trust Fund loan	7,000,000	Financing costs	3,247,530
Housing Commission loan	7,000,000	Local permits and fees	1,446,712
Accrued deferred interest SDHC loan	250,036	Other soft costs	3,468,557
Accrued deferred interest County loan	250,036	Relocation costs	1,275,286
General partner capital contribution	1,308,097	Reserves	390,396
Deferred Developer fee	1,500,000	Developer fee	4,808,097
General partner contribution	100		
4 percent (CTCAC) tax credit equity	14,840,940		
Total Development Sources	\$53,423,780	Total Development Costs	\$53,423,780



SDHC – Ulric Street Apartments

Affordability & Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Studios	30%	12	\$561
1- Bedrooms	30%	21	\$601
2- Bedrooms	30%	11	\$722
3- Bedrooms	30%	10	\$834
Subtotal 30% AMI Units	--	54	--
2- Bedrooms	40%	22	\$963
3- Bedrooms	50%	8	\$1,391
3- Bedrooms	60%	11	\$1,669
Subtotal 40% to 60% AMI Units	--	41	--
1- Bedroom Manager (Unrestricted)	--	1	--
Total		96	



SDHC – Ulric Street Apartments Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none"> • Housing Authority consideration of final bond authorization 	September 29, 2020
<ul style="list-style-type: none"> • City Council IRS-required TEFRA hearing.... 	September 29, 2020
<ul style="list-style-type: none"> • Bonds issuance and escrow closing..... 	October 2020
<ul style="list-style-type: none"> • Estimated start of construction work..... 	October 2020
<ul style="list-style-type: none"> • Estimated completion of construction work... 	April 2022





SDHC – Ulric Street Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$28,930,321 in tax-exempt bonds and issuance of up to \$6,000,000 in a taxable bond.
- 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 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.





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SDHC – Ulric Street Apartments Artist's Rendering

