



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)

Final Bond Authorization for Grant Heights II Apartments

Housing Authority Agenda Item #1 and City Council Agenda Item #604
February 22, 2021

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SDHC – Grant Heights II Apartments Development Summary

- Two developments five miles apart—Grant Heights and Winona—combined into one affordable housing development known as Grant Heights II.
 - Grant Heights: 28 units at 2651-63 ‘J’ Street, District 8.
 - Winona: 14 units at 3845 Winona Avenue, District 9.
- Combined total of 41 affordable units and one manager’s unit.
- Affordable for 55 years for households with income at 30 percent to 60 percent of San Diego’s Area Median Income (AMI).
- Experienced nonprofit co-developers:
 - Urban League of San Diego County
 - San Diego Community Housing Corporation
- Developer has received necessary third-party funding commitments:
 - California Debt Limit Allocation Committee bonds issuance
 - California Tax Credit Allocation Committee tax credits allocation



SDHC – Grant Heights II Apartments Development Summary (Continued)

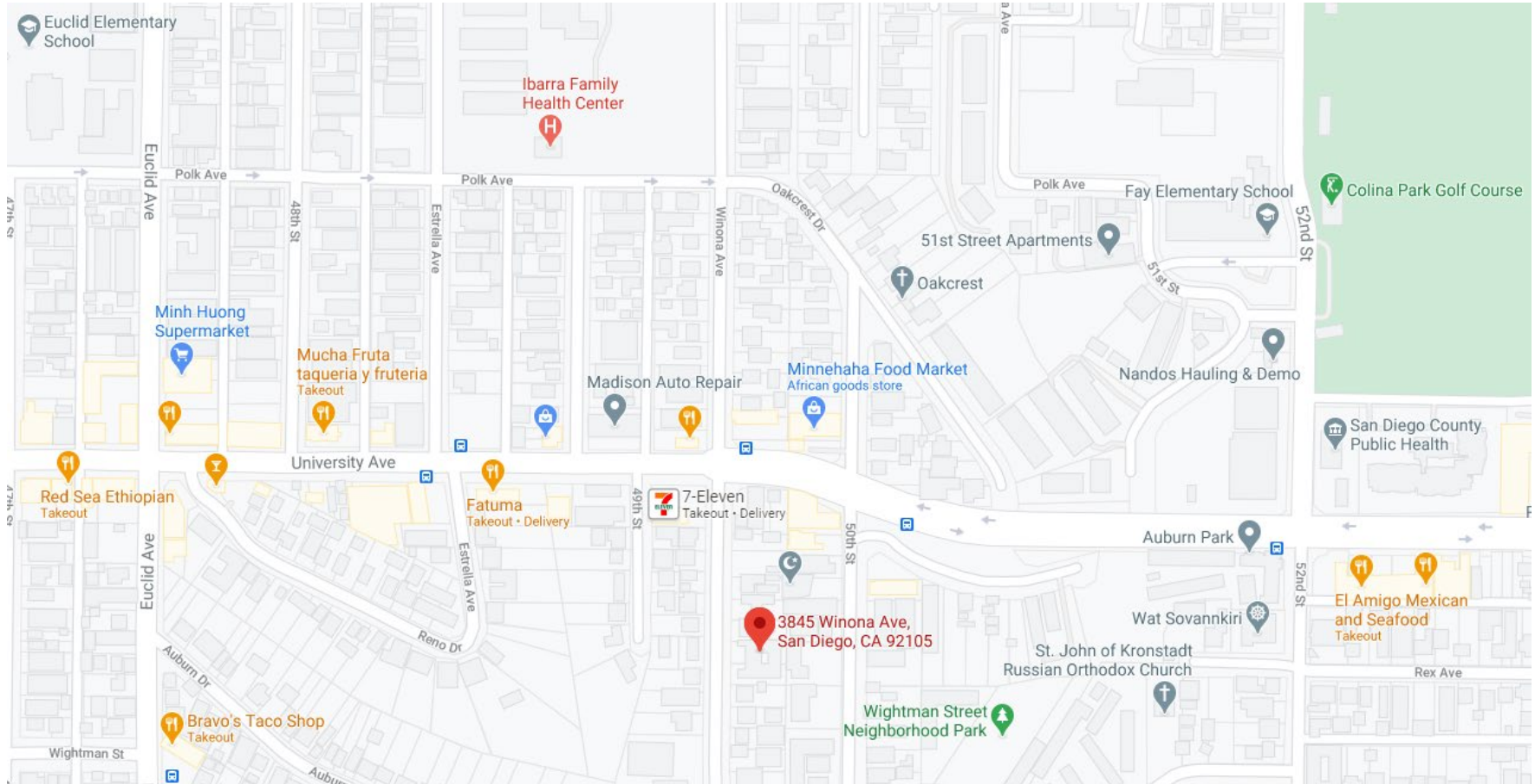
- Proposed acquisition with rehabilitation:
 - replace water heaters
 - install carbon monoxide detectors
 - Install smoke detectors
 - replace carpet and vinyl flooring in units
 - replace refrigerators and oven/ranges
 - replace kitchen and bath cabinets and countertops
 - repair pavement and parking areas
 - improve landscaping
 - upgrade accessibility and path of travel
 - refurbish laundry room and maintenance room interiors
 - repair and/or replace roof
 - repair foundation and walls
- Temporary relocation will be needed as work takes place in units.



SDHC – Grant Heights II Apartments Location Map (Grant Heights Apartments)



SDHC – Grant Heights II Apartments Location Map (Winona Apartments)



SDHC – Grant Heights II Apartments

Photo – Grant Heights Apartments



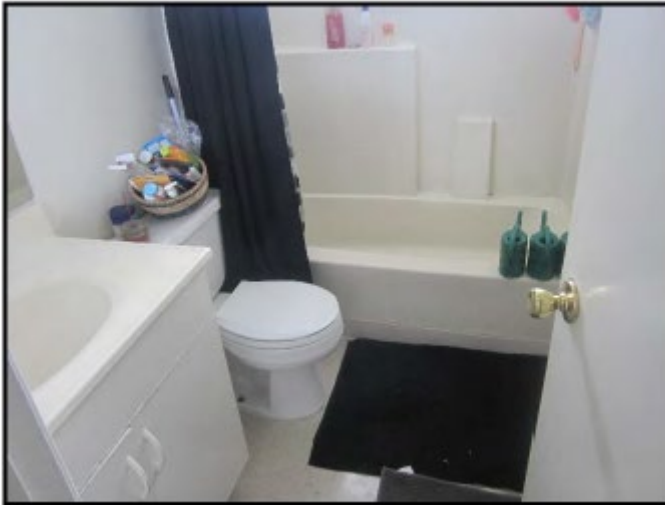
SDHC – Grant Heights II Apartments

Photo – Winona Apartments



SDHC – Grant Heights II Apartments

Photos – Winona Apartments Interior



SDHC – Grant Heights II Apartments

Photos – Grant Heights Apartments Interior



SDHC – Grant Heights II Apartments

Estimated Permanent Financing Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan: 1) Tax Exempt Note	\$4,786,000	Property acquisition	\$9,790,000	\$233,095
2) Taxable Note	\$150,000			
Housing Commission:		Construction costs \$3,007,322		
1) Carryback Loan on Original Financing	\$1,337,280	Contingency + \$300,732		
2) Accrued Deferred Interest	\$24,071	Total construction \$3,308,054	\$3,308,054	\$78,763
Seller Note - Urban League	\$5,459,694	Financing Costs	\$1,067,796	\$25,424
Urban League Accrued Deferred Interest	\$98,274	Reserves	\$632,000	\$15,048
General Partners Transferred Reserves	\$175,000	Other Soft Costs	\$730,500	\$17,393
4 Percent Tax Credits Equity	\$5,938,152	Developer Fee	\$1,862,113	\$44,336
		Permits and Fees	\$63,000	\$1,500
		Relocation Costs	\$135,000	\$3,214
Total Development Cost	\$17,968,471	Total Development Cost	\$17,968,471	\$427,821



SDHC – Grant Heights II Apartments

Affordability & Proposed Rents

Unit Type	AMI	Number of Units	Gross Rents
Grant Heights 1BR	45%	6	\$974
Grant Heights 2BR	45%	7	\$1,170
Subtotal 45% AMI Units	--	13	--
Grant Heights 1BR	50%	4	\$1,083
Grant Heights 2BR	50%	10	\$1,300
Winona 1BR	50%	9	\$1083
Winona 2BR	50%	4	\$1,300
Winona 3BR	50%	1	\$1,501
Subtotal 50% AMI Units	--	28	--
Manager	N/A	1	-
Total Units	-	42	-





SDHC – Grant Heights II Apartments Development Timeline

Milestones	Estimated Dates
Housing Authority Consideration	February 23, 2021
City Council IRS-Required TEFRA Hearing	February 23, 2021
Estimated Debt Issuance and Escrow Closing	March 15, 2021
Estimated Start of Construction Work	March 2021
Estimated Completion of Construction Work	December 2021



SDHC – Grant Heights II Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$8,815,000 in a tax-exempt bonds and up to \$150,000 in taxable bonds
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bond issuance will not create financial liability to SDHC, Housing Authority, nor 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 – Grant Heights II Apartments Staff Recommendations

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

1. Authorize the issuance of up to \$8,815,000 in a tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Grant Heights II Apartments, a 42-unit affordable rental housing development composed of Grant Heights Apartments located at 2651-2663 J Street, and Winona Apartments located at 3845 Winona Avenue, with 41 units that will remain affordable for 55 years and one manager's unit.
2. Authorize the issuance of up to \$150,000 in taxable Multifamily Housing Revenue Bonds, for the Grant Heights II L.P.'s construction financing for Grant Heights II.





SDHC – Grant Heights II Apartments Staff Recommendations (Continued)

That the San Diego 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 notes in an amount up to \$8,815,000 to fund the development of Grant Heights II Apartments.



Questions & Comments

