



SAN DIEGO
HOUSING
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San Diego Housing Commission (SDHC)
Final Multifamily Housing Revenue Note Authorization and Tax Equity and
Fiscal Responsibility Act Resolution for Merge 56 Affordable Apartments
Presentation to the SDHC Board of Commissioners
May 5, 2022

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SDHC – Merge 56 Affordable Apartments Development Summary

- Proposed new construction of 47 affordable rental units for individuals and families with low and very low income, including one restricted manager's unit.
 - 8 one-bedroom units
 - 24 two-bedroom units
 - 11 three-bedroom units
 - 4 four-bedroom units
- Affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income.
- Developer: Rise Urban Partners LLC (Rise)
 - Joint venture of Trestle Development LLC and Rob Morgan
 - Developer of Mississippi El Cajon Boulevard new construction development
 - Trestle developed The Nook with a previous SDHC loan
- Services for residents provided by All Things Are Possible Family Services.
 - 84 hours per year of adult educational classes
 - 63 hours per year of health and wellness services and programs



SDHC – Merge 56 Affordable Apartments Development Summary (Continued)

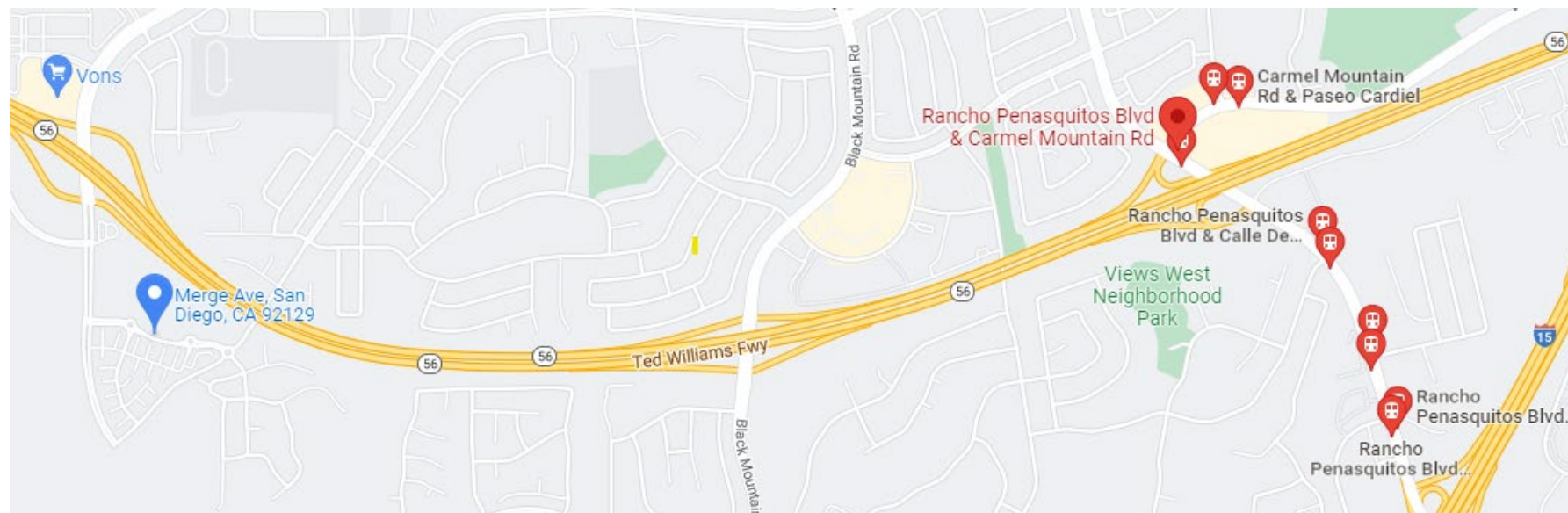
- No SDHC loan proceeds will be provided to this development.
- Prevailing wages are not required for this development.
- Vacant site at Carmel Mountain Road, south of the Ted Williams Freeway/State Route 56, in the Torrey Highlands subarea community plan of the North City Future Urbanizing Area.
 - Part of Merge 56 master-planned community, which will also have 485,000 square feet of offices, 40,000 square feet of retail, and 242 market-rate homes (single-family lots, townhomes and flats)
 - Merge 56 Affordable Apartments' units would satisfy the master-planned community's affordable housing requirement under the City of San Diego's Master Affordable Housing Agreement.
- Transit:
 - Bus service approximately 1.9 miles east of the site.
 - New University Towne Center (UTC) trolley station is approximately 15 miles from the Merge 56 Affordable site.



SDHC – Merge 56 Affordable Apartments Location Map



SDHC – Merge 56 Affordable Apartments Bus Stop Locations



SDHC – Merge 56 Affordable Apartments Estimated Permanent Financing Sources and Uses

Financing Sources	Amount	Permanent Uses	Amount
Note financed permanent loan	\$7,405,000	Land acquisition	\$0
Contributed developer fee MGP loan	2,276,741	Off-site improvement	1,235,001
Sea Breeze 56 LLC master developer's infrastructure work	5,598,427	Construction cost	15,249,683
Solar investment tax credit	65,000	Financing Costs	1,303,870
Accrued interest on soft debt	245,000	Soft costs	805,000
NOI during construction	150,000	Permit and fees	5,705,874
Deferred developer fee	736,080	Reserves	430,000
4 percent tax credit equity	13,090,000	Developer Fee	3,812,821
		Architecture & Engineering	1,208,138
Total Sources	29,566,248	Total Uses	29,566,248

- Estimated Total Development Cost Per Unit (47 Units) = \$629,069



SDHC – Merge 56 Affordable Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom units	30%	1	\$682
One-bedroom units	50%	1	\$1,136
One-bedroom units	60%	<u>5</u>	\$1,364
Subtotal One-bedroom units		7	
Two-bedroom units	30%	2	\$818
Two-bedroom units	50%	2	\$1,363
Two-bedroom units	60%	<u>20</u>	\$1,636
Subtotal Two-Bedroom Units		<u>24</u>	
Three-bedroom units	30%	1	\$945
Three-bedroom units	50%	1	\$1,575
Three-bedroom units	60%	<u>9</u>	\$1,890
Subtotal Three-bedroom units		11	
Four-bedroom units	30%	1	\$1,054
Four-bedroom units	50%	1	\$1,757
Four-bedroom units	60%	<u>2</u>	\$2,109
Subtotal Four-bedroom units		4	
Manager's one-bedroom unit	60%	1	\$1,364
Total	--	47	--



SDHC – Merge 56 Affordable Apartments Development Timeline

Milestones	Estimated Dates
• Housing Authority consideration of Final Note authorization	May 24, 2022
• City Council IRS-required TEFRA Resolution	May 24, 2022
• Estimated note issuance & escrow/loan closing	June 3, 2022
• Estimated start of construction work	June 22, 2022
• Estimated completion of construction work	August 2023



SDHC – Merge 56 Affordable Apartments Artist's Rendering



SDHC – Merge 56 Affordable Apartments Development Team Summary

Role	Firm/Contract
Developer	Rise Urban Partners LLC
Owner	Merge 56 Affordable, LP
Managing General Partner	AOF SD MGP LLC
Tax Credit Limited Partner	Redstone Equity Partners
Architect	Safdie Rabines Architects
General Contractor	Good and Roberts LLC (an affiliate of C.W. Driver Construction)
Property Management	Hyder & Company Management
Tenant Services Provider	All Things Are Possible Family Service (ATAP)
Construction Lender	Pacific Western Bank
Permanent Lender	Pacific Western Bank



SDHC – Merge 56 Affordable Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$16,000,000 in a tax-exempt bond.
- Proposed taxable note not to exceed \$2,000,000.
- Developer is responsible for paying all costs of issuing bond.
- 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 – Merge 56 Affordable Apartments Staff Recommendations

That the SDHC Board of Commissioners (Board) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council take the following actions:

Housing Authority

- 1) Authorize the issuance of a tax-exempt Housing Authority Multifamily Housing Revenue Note not to exceed \$16,000,000 and a taxable note not to exceed \$2,000,000 to fund Merge 56 Affordable, LP.'s construction of Merge 56 Affordable Apartments (Merge 56 Affordable), a new affordable rental housing development at 8201 Merge Avenue, San Diego, in the Torrey Highlands subarea community plan neighborhood, which will consist of 47 units that will remain affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI), including one restricted manager's unit.



SDHC – Merge 56 Affordable Apartments Staff Recommendations (Continued)

Housing Authority (Continued)

- 2) Authorize SDHC's Interim President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of SDHC and the Note Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of both General Counsel and/or the Note Counsel. SDHC staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the transaction, and other required documents, including amendments to any documents.

City Council

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of a tax-exempt Multifamily Housing Revenue Note in an amount not to exceed \$16,000,000 to facilitate the development of Merge 56 Affordable Apartments.



Questions & Comments

