



SAN DIEGO  
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# San Diego Housing Commission (SDHC) Cortez Hill Apartments Final Bond Authorization and Tax, Equity and Fiscal Responsibility Act (TEFRA) Hearing and Resolution

Presentation to the SDHC Board of Commissioners  
October 13, 2022

Jennifer Kreutter  
Vice President, Multifamily Housing Finance  
Real Estate Division



## SDHC – Cortez Hill Apartments Development Summary

- Proposed new construction of 87 affordable rental housing units and one unrestricted manager's unit:
  - 14 supportive housing units for households experiencing homelessness
  - 73 affordable units for households with income from 30 percent to 40 percent of San Diego's Area Median Income
    - \$31,250/year – \$41,650/year for two-person household
  - Affordable for 55 years
  - 915 Beech Street in the Cortez Hill neighborhood
- Resident activities will include community-building events, education and skill-building classes, and health and wellness workshops/events.
- The Fifth Avenue trolley stop is 0.5 mile from the site.
- The bus stop at 10th Avenue and A Street is 0.2 mile from the site.



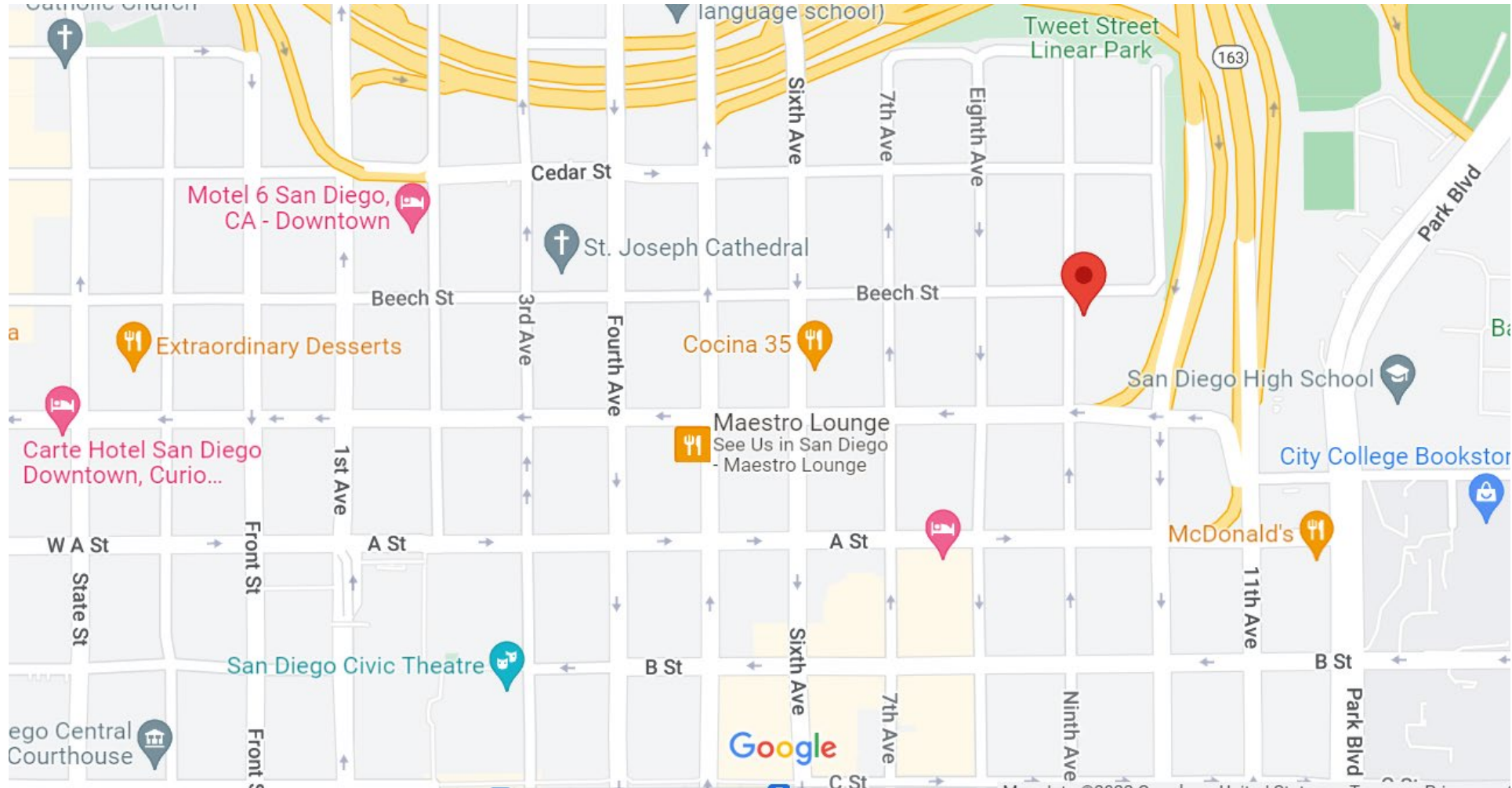
## SDHC – Cortez Hill Apartments Developer

- Community Housing Works
  - Experienced, award-winning, nonprofit developer
  - Owns more than 3,670 apartments in 42 communities statewide
  - Successfully completed previous developments with SDHC residual receipts loans
- Community Housing Works applied to SDHC for a residual receipts loan and federal rental housing vouchers through SDHC's Fiscal Year 2021 Notice of Funding Availability.
- SDHC Board of Commissioners approved a residual receipts loan of up to \$5,000,000 on July 9, 2021.
- SDHC provided an award for 87 federal Project-Based Housing Vouchers, 14 of which are for those experiencing homelessness.
- People Assisting the Homeless (PATH), as the lead service provider, will be responsible for providing case management services to the 14 permanent supportive housing (PSH) units and providing resident services to the 73 non-PSH units.

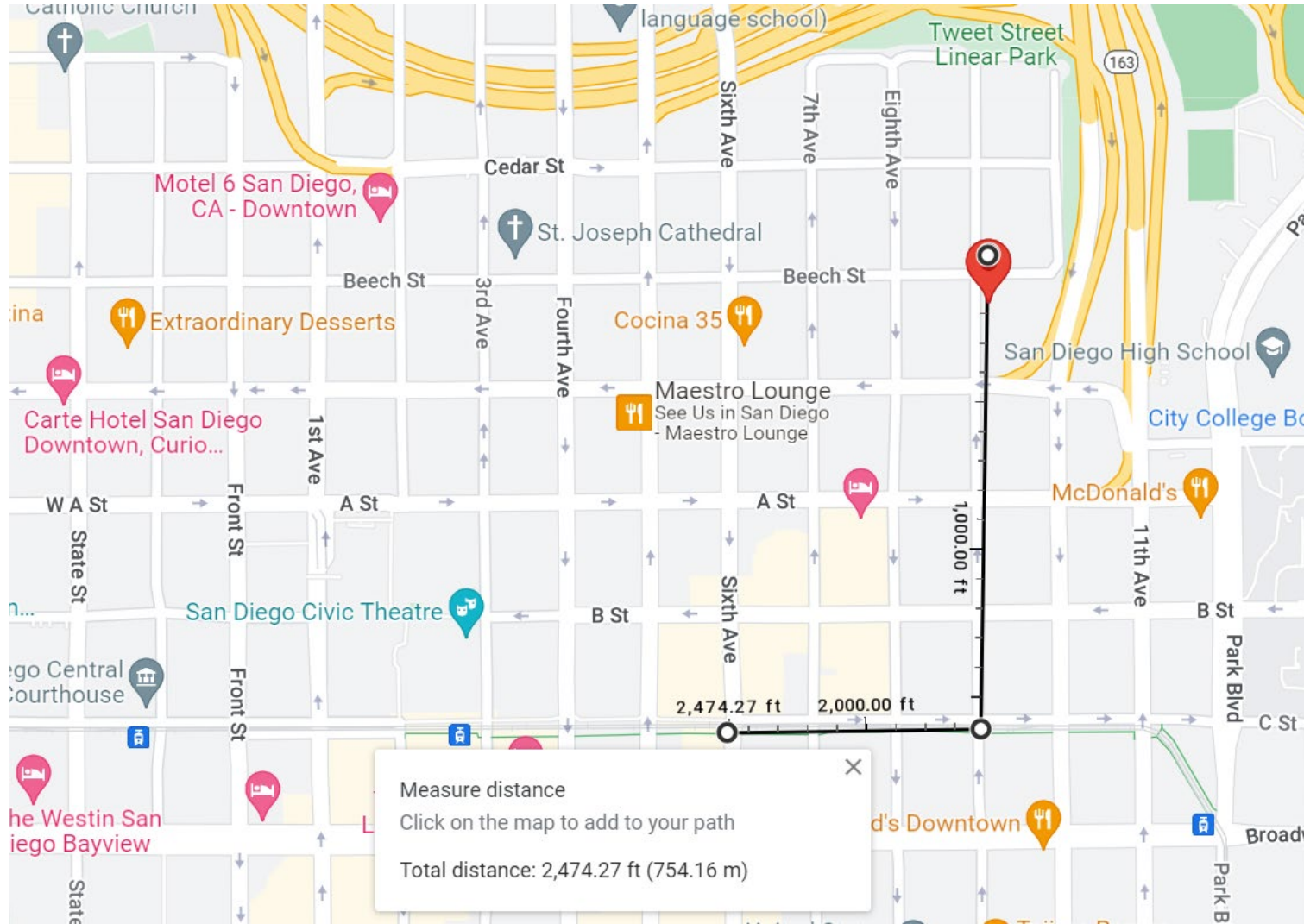




# SDHC – Cortez Hill Apartments Location Map



# SDHC – Cortez Hill Apartments Location Map (Continued)





# SDHC – Cortez Hill Apartments

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Tax-exempt permanent bond	\$15,872,000	Land + Acquisition Cost	\$41,593
Housing Commission loan	5,000,000	Construction cost + Contingency	23,835,297
Housing Commission loan accrued deferred interest	192,361	Financing costs	1,232,482
City of San Diego PLHA loan	1,400,000	Other soft costs	6,124,588
City Loan accrued deferred interest	45,051	Developer fee	4,748,191
Deferred developer fee	1,500,000	Local permits and fees	2,029,432
4 percent tax credit equity	16,466,975	Architect & Engineering	1,031,182
General Partner developer fee	748,191	Soft costs contingency	503,708
		Reserves	1,678,104
<b>Total Development Cost</b>	<b>\$41,224,577</b>	<b>Total Development Cost</b>	<b>\$41,224,577</b>

- Estimated Total Development Cost per unit (88 units) = \$468,461



# SDHC – Cortez Hill Apartments

## Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
One-Bedroom Units	30%	50	\$732
One-Bedroom Units	40%	29	\$976
Two-Bedroom Units	30%	4	\$878
Two-Bedroom Units	40%	4	\$1,171
Subtotal Residential Units		87	
2-Bedroom Manager (Unrestricted)	--	1	--
Total	--	88	--



# SDHC – Cortez Hill Apartments Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none"> <li>• Housing Authority final bond authorization.....</li> </ul>	November 2022
<ul style="list-style-type: none"> <li>• City Council TEFRA resolution authorization.....</li> </ul>	November 2022
<ul style="list-style-type: none"> <li>• Estimated bond issuance and escrow/loan closing.....</li> </ul>	December 2022
<ul style="list-style-type: none"> <li>• Estimated start of construction work.....</li> </ul>	December 2022
<ul style="list-style-type: none"> <li>• Estimated completion of construction work.....</li> </ul>	October 2024





# SDHC – Cortez Hill Apartments Architect's Rendering



# SDHC – Cortez Hill Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$19,305,000 in tax-exempt 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 – Cortez Hill Apartments

## Staff Recommendations

### **That the SDHC Board of Commissioners (Board):**

1. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of a tax-exempt Multifamily Housing Revenue Bond in an amount not to exceed \$19,305,000 to fund Beech Street Housing Associates LP's construction of Cortez Hill, a new affordable rental housing development at 915 Beech Street, which will consist of 87 units that will remain affordable for 55 years for people with low income, selected from the Housing Commission's Project-Based Housing Vouchers (PBV) waiting list for those earning between 30 percent to 40 percent of the San Diego Area Median Income (AMI), and one unrestricted manager unit.



## SDHC – Cortez Hill Apartments Staff Recommendations (Continued)

### **That the SDHC Board recommend that the Housing Authority:**

1. Authorize the issuance of a tax-exempt Multifamily Housing Revenue Bond in an aggregate amount not to exceed \$19,305,000 of a tax-exempt bond and a taxable bond in an amount not to exceed \$13,000,000 to fund Beech Street Housing Associates LP's acquisition and construction of the Cortez Hill Apartments (Cortez Hill), a new affordable rental housing development at 915 Beech Street in the Cortez Hill neighborhood in downtown San Diego, which will consist of 87 units that will remain affordable for 55 years for people experiencing chronic homelessness or with low income and selected from the Housing Commission's Project-Based Housing Vouchers (PBV) waiting list, with income between 30 percent to 40 percent of the San Diego Area Median Income (AMI), and one unrestricted manager unit.



## SDHC – Cortez Hill Apartments Staff Recommendations (Continued)

2. Authorize SDHC's President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in form approved by the General Counsel of the Housing Authority and of SDHC and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond 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.

### **That the SDHC Board recommend that the City Council:**

1. Adopt a TEFRA resolution approving the issuance of a tax-exempt Multifamily Housing Revenue Bond in an amount not to exceed \$19,305,000 to facilitate the development of Cortez Hill.



# Questions & Comments

