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San Diego Housing Commission (SDHC)
Preliminary Bond Authorization and Tax Equity and Fiscal
Responsibility Act (TEFRA) Hearing for Rancho Bernardo
Transit Village
Presentation to the SDHC Board of Commissioners
November 17, 2022

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SDHC – Rancho Bernardo Transit Village Development Summary

- Proposed new construction of 99 affordable rental housing units and one unrestricted manager's unit:
 - Affordable for 55 years for households with income of 30 – 60 percent of Area Median Income
 - \$31,250/year to \$62,460/year for two-person household
 - 16785 – 16787 West Bernardo Drive in the Rancho Bernardo Community Plan Area
- Site amenities will include:
 - on-site supportive services
 - children's play area
 - community room
 - shaded outdoor gathering spaces with built-in seating
 - leasing office
- The site is a portion of the Rancho Bernardo Transit Station at 17051 West Bernardo Drive, which provides bus service.

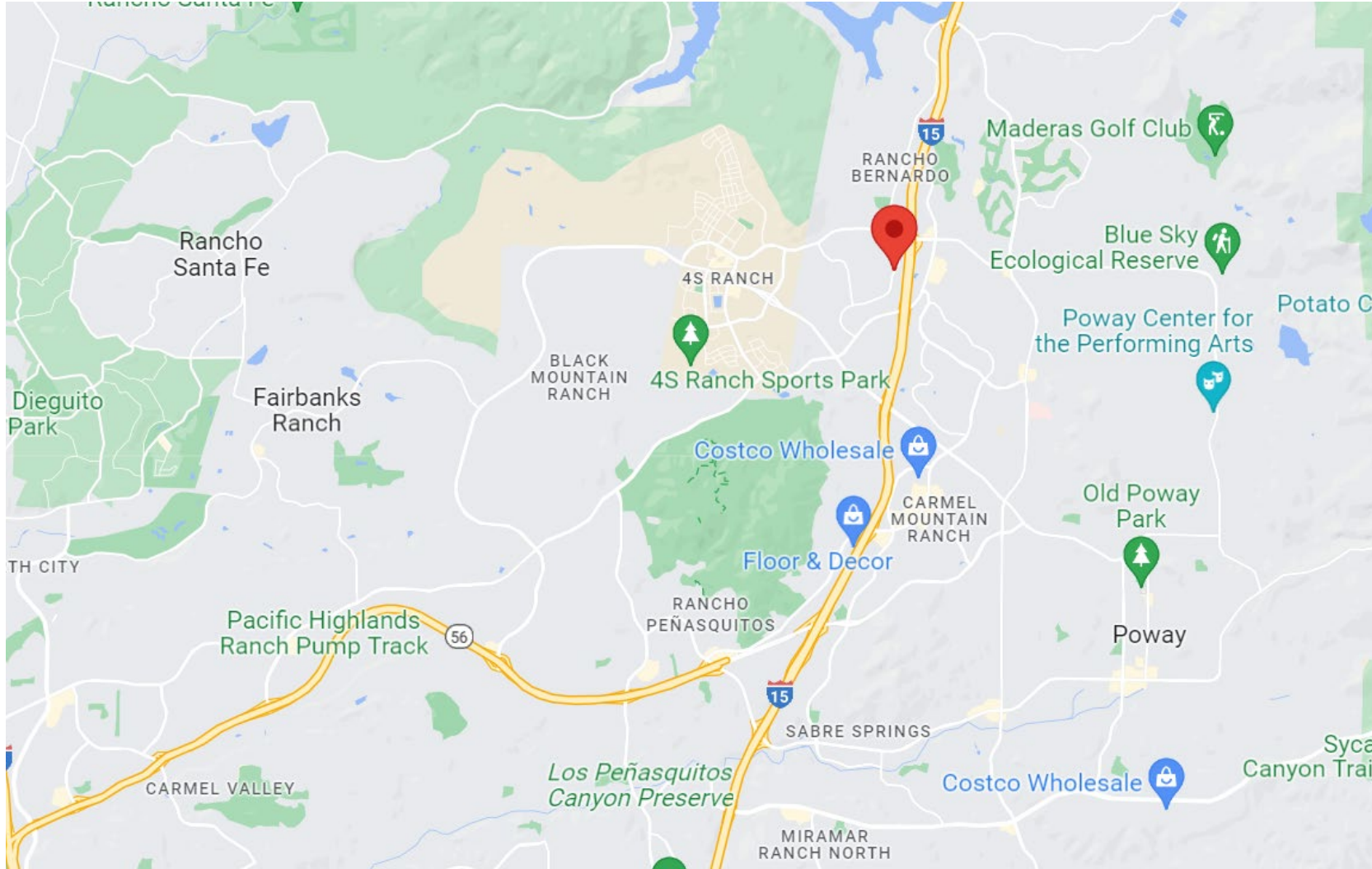


SDHC – Rancho Bernardo Transit Village Developer

- Affirmed Housing Group
 - Experienced, award-winning developer
 - Developed over 5,500 affordable rental and for-sale apartments and homes
 - Owns 70 developments
 - Successfully completed previous developments with SDHC residual receipts loans
- Affirmed applied to SDHC for federal rental housing vouchers through SDHC's Fiscal Year 2022 Notice of Funding Availability.
- SDHC staff provided an award of 30 federal Project-Based Housing Vouchers for the Rancho Bernardo Transit Village development, which will be for individuals with very low income but not experiencing homelessness.
- Compass for Affordable Housing will be responsible for providing case management services to the residents.



SDHC – Rancho Bernardo Transit Village Location Map



SDHC – Rancho Bernardo Transit Village

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Permanent Loan	\$16,288,609	Land and Closing Costs	\$250,001
City of San Diego Bridge to Home Loan	5,000,000	Construction cost	56,534,311
County of San Diego Loan	2,000,000	Financing Costs	3,546,750
Commercial Investor Equity	1,000,000	Reserves	496,000
Deferred Developer Fee	3,880,000	Other Soft Costs	2,593,800
4 Percent Federal Tax Credit Equity	31,665,537	Soft Cost Contingency	540,527
State of California Tax Credit Equity	15,177,243	City Permits and Development Impact Fees	2,300,000
		Architect and Engineering	2,370,000
		Developer's Fee	6,380,000
Total Development Cost	\$75,011,389	Total Development Cost	\$75,011,389

- Estimated Total Development Cost per unit (100 units) = \$750,114



SDHC – Rancho Bernardo Transit Village

Cost Drivers

- Construction costs and related inflation have significantly increased in the past year.
- Higher-than-expected sewer and water off-site work is required.
- Escalation of interest rates (approximately 4 percent in past 10 months).
- Necessary increase in the contingency budget to compensate for increasing interest and construction costs.
- Volatility in the insurance market has increased the insurance costs.
- MTS requires the developer to provide 85 parking stalls within the Rancho Bernardo Transit Village podium as replacement parking.
- Due to the mixed-use zoning, the Rancho Bernardo Transit Village design will include 14,500 square feet of commercial/office space.



SDHC – Rancho Bernardo Transit Village

Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
One Bedroom	30%	10	\$732
One Bedroom	50%	9	\$1,138
One Bedroom	55%	23	\$1,152
One Bedroom	60%	7	\$1,366
Two Bedroom	30%	10	\$878
Two Bedroom	50%	4	\$1,463
Two Bedroom	55%	4	\$1,610
Two Bedroom	60%	7	\$1,756
Three Bedroom	30%	10	\$1,015
Three Bedroom	50%	2	\$1,691
Three Bedroom	55%	7	\$1,789
Three Bedroom	60%	6	\$2,030
Subtotal Residential Units		99	
3-Bedroom Manager (Unrestricted)	--	1	--
Total	--	100	--



SDHC – Rancho Bernardo Transit Village Development Timeline

Milestone	Estimated Date
• CDLAC bond application & CTCAC tax credit application.....	February 2023
• CDLAC allocation meeting & CTCAC allocation meeting.....	May 2023
• SDHC final bond authorization.....	September 2023
• Housing Authority final bond authorization.....	October 2023
• Estimated bond issuance and escrow/loan closing.....	November 2023
• Estimated start of construction work.....	November 2023
• Estimated completion of construction work.....	December 2024



SDHC – Rancho Bernardo Transit Village

Architect's Rendering



SDHC – Rancho Bernardo Transit Village Bond Issuance Summary

- Proposed bond issuance of up to \$42,500,000 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 – Rancho Bernardo Transit Village Staff Recommendations

That the SDHC Board of Commissioners take the following actions:

- 1) Approve the following steps to issue up to \$42,500,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$21,000,000 of taxable bonds for Rancho Bernardo Transit Village:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$42,500,000 in tax-exempt Multifamily Housing Revenue Bonds for the new construction of Rancho Bernardo Transit Village by Bernardo Family Housing LP;
 - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$42,500,000 for Rancho Bernardo Transit Village; and
 - c. Approve the bond financing team of Orrick, Herrington & Sutcliffe LLP as Bond Counsel and PFM as Bond Financial Advisor.



SDHC – Rancho Bernardo Transit Village 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 a form approved by the General Counsel 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.

3. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$42,500,000 to facilitate the new construction of Rancho Bernardo Transit Village.



Questions & Comments

