



SAN DIEGO
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San Diego Housing Commission (SDHC)

Workshop: Recycled Multifamily Housing Revenue Bonds

Presentation the SDHC Board of Commissioners
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SDHC – Recycled Multifamily Housing Revenue Bonds

Introduction

- Tax-exempt Multifamily Housing Revenue Bonds, also known as private activity bonds, are an essential resource to finance the creation and preservation of affordable housing.
 - Bond issuance does not create financial liability to SDHC, Housing Authority, nor City.
- The 1986 Federal Tax Reform Act determines how much tax-exempt private activity bond debt a state can issue (Annual State Ceiling) in a calendar year.
 - State Ceiling, also known as a volume cap, for California: \$4.1 billion
 - Private Activity Bonds are used for a number of programs in California, not just affordable housing.
- Beginning in 2020, demand for tax-exempt bonds exceeded annual bond allocation.
 - Previously noncompetitive tax-exempt bonds became competitive.
- Authorization for Memorandum of Understanding (MOU) between City of San Diego, SDHC, the Housing Authority and California Housing Finance Agency (CalHFA) to participate in a tax-exempt bond recycling program.
 - SDHC Board of Commissioners: September 9, 2021
 - Housing Authority: October 5, 2021



SDHC – Recycled Multifamily Housing Revenue Bonds

Introduction (Continued)

Bond Recycling:

- Allows for the use of bond capacity that is normally lost, and recycles private activity bonds into a new project, without the use of tax credits.
- Allows the re-use of volume cap allocations without counting against the State’s annual \$4.1 billion limit, which is over-subscribed.
- Re-used volume cap authority would otherwise be lost after completion of construction.
- Financing vehicle that eases pressure on volume cap without requiring additional state or local investment by:
 - Creating a mechanism for projects to request smaller allocations
 - Giving 80/20 projects an alternative to California Debt Limit Allocation Committee (CDLAC) and new tax-exempt Multifamily Housing Revenue Bonds
 - Creating innovative financing vehicles that do not use volume cap: Recycled bonds can be paired with soft sources to create an alternative to bond and 4% financing.

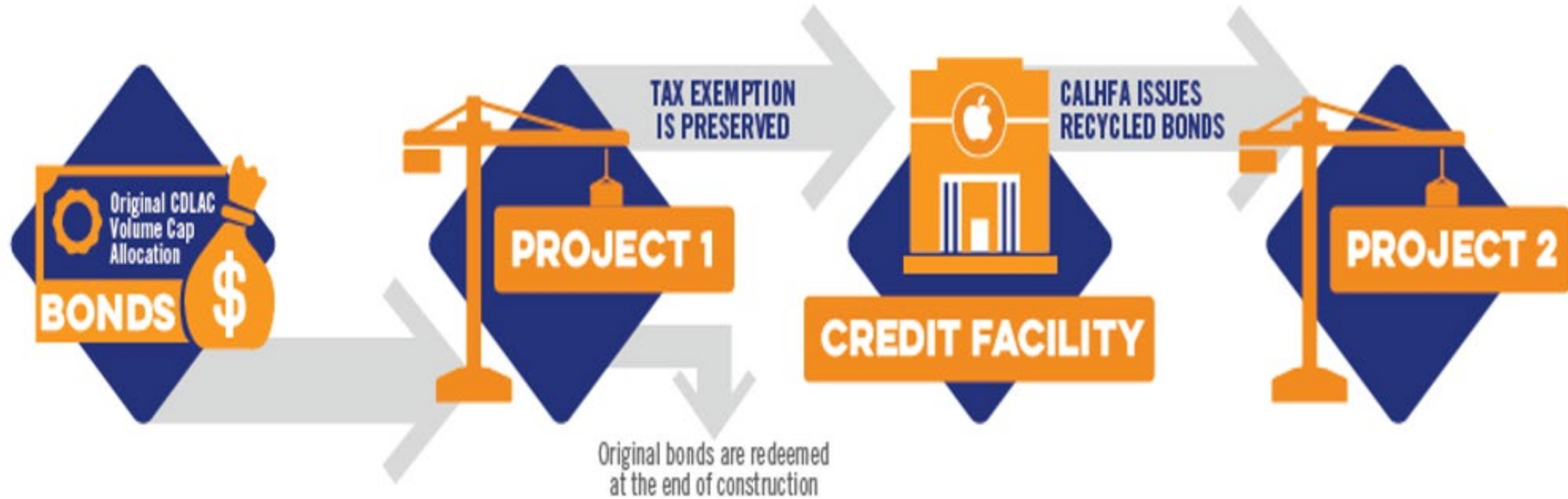


SDHC – Recycled Multifamily Housing Revenue Bonds Requirements

- Requires new loan to an eligible project within 6 months of the effective date of the prepayment.
- Subject to public notice requirements (Tax Equity and Fiscal Responsibility Act).
- Recycled bonds are not eligible for Low-Income Housing Tax Credits.
- Same household income affordability rules as other tax-exempt bonds.
- Recycled bonds cannot be re-recycled.
- Recycled bonds can only be used for multifamily housing.



SDHC – Recycled Multifamily Housing Revenue Bonds Preserving and Re-using Volume Cap



SDHC – Recycled Multifamily Housing Revenue Bonds Preserving Volume Cap

Total Bonds Recycled \$75,338,983

- Mariner's Village \$19,300,000
- Keeler Court \$17,442,782
- St. Teresa of Calcutta Villa: \$38,596,201



Keeler Court apartments



SDHC – Recycled Multifamily Housing Revenue Bonds Re-using Volume Cap

Projects that have applied to the California Debt Limit Allocation Committee (CDLAC) using the SDHC/CalHFA Recycled Bond Program

Application	New Private Activity Bonds Requested	Recycled Bonds Requested
Vista Lane Family	\$21,907,321	\$4,471,086
Mt. Etna – Modica	29,200,000	10,442,768
Mt. Etna – Taormina	42,700,000	11,646,388
5256 Naranja	26,500,000	12,000,000
Subtotal Preliminary award	\$48,407,321	\$38,560,242
Del Sur Housing	\$38,497,896	\$12,146,517
Alvarado Creek	69,000,000	10,000,000
Crest on Imperial	23,286,915	4,927,612
San Ysidro Seaward	18,494,698	3,841,117
Epoca	10,544,023	4,373,218
Aero Drive	45,896,470	9,457,445
Navajo Family	15,660,476	5,149,470
Subtotal Requested not awarded	\$221,380,478	\$49,895,379
TOTAL Request to CDLAC	\$269,787,799	\$104,926,707



Questions & Comments

