



SAN DIEGO  
HOUSING  
COMMISSION

“We’re About People”

# San Diego Housing Commission Loan Recommendation and Preliminary Bond Authorization Fairmount Family Apartments February 10, 2017

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# SDHC – Fairmount Family Apartments Partnership Development Recommendations

## **That the San Diego Housing Commission (SDHC):**

1. Approve a proposed residual receipts loan of up to \$9,468,500 to Fairmount Family Housing LP for the new construction of Fairmount Family Apartments with 79 new affordable rental housing units for low-income families, to be located at 6121 Fairmount Avenue, San Diego:
  - Will remain affordable for 55 years;
  - Loan contingent upon receiving necessary third-party funding;
  
2. Authorize President & Chief Executive Officer to:
  - execute documents;
  - implement approvals (actions necessary, convenient, and/or appropriate to implement with General Counsel advice);
  - adjust financing terms and conditions; and
  - allow substitution of funds as necessary up to \$9,468,500 (total loan may not increase).





# SDHC – Fairmount Family Apartments Partnership Development Recommendations – (Cont.)

## **That SDHC recommend that the Housing Authority of the City of San Diego (Housing Authority):**

3. Approve initial steps to issue up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds, including:
  - Inducement Resolution;
  - Bond Allocation Application to the California Debt Limit Allocation Committee (CDLAC);
  - Approve Bond Counsel & Financial Advisor;
  - Bonds Final Approval at a Later Date; and

## **That SDHC recommend that the San Diego City Council:**

4. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing.





# SDHC – Fairmount Family Apartments Partnership Development Development Summary

- Proposed new construction of 80 units:
  - Five-story building;
  - Contiguous to Twain Veterans development; and
  - Mix of one-bedroom, two-bedroom, and three bedroom units.
- Developer is Affirmed Housing Group:
  - Experienced, for-profit developer; and
  - Developer is in full compliance with previous SDHC loans.





# SDHC - Fairmount Family Apartments Partnership Development Developer's Request

- Affirmed Housing Group is requesting:
  - \$9,468,500 residual receipts loan from SDHC;
- The developer intends to apply for 8 Veterans Affairs Supportive Housing Vouchers through HOUSING FIRST – SAN DIEGO, SDHC's three-year Homelessness Action Plan (2014-17).





# SDHC – Fairmount Family Apartments Partnership Development

## Estimated Sources and Uses Permanent Financing

Financing Sources	Amounts	Financing Uses	Amounts
Tax-Exempt Bond Financed Loan	\$8,750,000	Acquisition:	\$ 3,951,000
Housing Commission Proposed Loan	9,468,500	Construction Hard Costs	17,530,000
Four Percent Tax Credit Equity	10,100,000	Soft Costs	3,875,500
Developer Fee/Equity Contribution	950,000	Developer Fee	3,210,000
Deferred Developer Fee	560,000	Financing Costs	1,015,000
		Reserves	247,000
<b>Total Development Cost</b>	<b>\$29,828,500</b>	<b>Total Development Cost (TDC)</b>	<b>\$29,828,500</b>

- Estimated TDC Per Unit (for 80 Units) = \$372,856





# SDHC - Fairmount Family Apartments Partnership Development Affordability

Unit Type	AMI	Number of Units	Gross Rents	Estimated Market Rents
1 Bedroom	50%	4	\$796	\$1,500
1 Bedroom	60%	28	\$956	\$1,500
2 Bedroom	30%	1	\$573	\$1,750
2 Bedroom	40%	2	\$765	\$1,750
2 Bedroom	50%	1	\$956	\$1,750
2 Bedroom	60%	19	\$1,147	\$1,750
3 Bedroom	30%	1	\$663	\$2,400
3 Bedroom	40%	2	\$850	\$2,400
3 Bedroom	50%	1	\$1,063	\$2,400
3 Bedroom	60%	20	\$1,275	\$2,400
2 Bedroom Manager	-	1	-	-
		80		



# SDHC – Fairmount Family Apartments Partnership Development Development Timeline

Milestone	Estimated Date
● Housing Authority Bonds Review. . . . .	March 21, 2017
● City Council TEFRA Hearing . . . . .	March 21, 2017
● TCAC Application for Tax Credits. . . . .	June 17, 2017
● CDLAC Application for Bonds Allocation	July 21, 2017
● TCAC Allocation Meeting. . . . .	August 16, 2017
● CDLAC Allocation Meeting . . . . .	September 20, 2017
● Housing Commission Final Review . . . . .	October 6, 2017
● Housing Authority Final Review . . . . .	October 31, 2017
● Estimated Escrow/Financing Closing. . . . .	December 2017
● Estimated Construction Start . . . . .	December 2017
● Estimated Construction Completion. . . . .	February 2019





# SDHC - Fairmount Family Apartments Partnership Development

