



SAN DIEGO
HOUSING
COMMISSION

“We’re About People”

San Diego Housing Commission Preliminary Bond Authorization for Hollywood Palms II Apartments

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SDHC – Hollywood Palms II Partnership Development Recommendations

- **That the San Diego Housing Commission (SDHC) recommend the Housing Authority of the City of San Diego (Housing Authority):**
 1. Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Hollywood Palms II Apartments, a 94-unit multifamily affordable housing rental development, located in the City Heights community, which will remain affordable for 55 years:
 - Issue a bond inducement resolution for up to \$19,500,000 in Multifamily Housing Revenue Bonds for the development of Hollywood Palms II Apartments, located at 4372 Home Avenue, San Diego, by a limited partnership formed by Affirmed Housing Group;
 - 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 \$19,500,000 for Hollywood Palms II Apartments;





SDHC – Hollywood Palms II Partnership Development Recommendations (Cont.)

- Approve the financing team of Jones Hall as Bond Counsel and Public Financial Management as Financial Advisor; and
 - Request that the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$19,500,000; and
2. Authorize the President & Chief Executive Officer, or designee, to execute and perform acts necessary, convenient, and/or appropriate to implement, upon advice of General Counsel and/or the bond counsel.



SDHC – Hollywood Palms II Partnership Development Site Photo





SDHC – Hollywood Palms II Partnership Development Proposed Scope of Rehabilitation

- Improvements to unit interiors:
 - New countertops;
 - Appliances;
 - Cabinets;
 - Fixtures; and
 - Flooring.
- Exterior building and site improvements.
- Improvements to existing community building.





SDHC – Hollywood Palms II Partnership Development Development Team Summary

ROLE	FIRM/CONTRACT
Owner	To-be-formed Limited Partner
Administrative General Partner	To-be-formed affiliate of Affirmed Housing Group
Managing General Partner	TBD
Developer	Affirmed Housing Group
Architect	TBD
General Contractor	HA Builder Group
Property Management	City Heights Community Development Corporation
Construction Lender and Permanent Lender	TBD
Land Owner/Seller	San Diego/Fox Hollow, LP





SDHC – Hollywood Palms II Partnership Development

Estimated Permanent Sources & Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Tax-Exempt Permanent Loan (Freddie Mac/Fannie Mae)	\$14,350,000	Acquisition Costs	\$15,000,000
Deferred Developer Fee	\$1,946,868	Hard Costs	\$5,661,790
		Hard Cost Contingency	\$425,000
Net Operating Income	\$1,185,709	Soft Costs	\$1,000,400
Solar Credits	\$215,325	Financing Costs	\$1,008,250
4% Tax-Credit Equity	\$7,292,242	Reserves	\$356,000
Seller Carry Back Financing	\$1,200,000	Developer Fee	\$2,988,704
Multifamily Affordable Solar Housing Program	\$250,000		
Total Development Cost	\$26,440,144	Total Development Cost	\$26,440,144





SDHC – Hollywood Palms II Partnership Development Proposed Rents

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents
2-bedroom	TCAC	50% AMI	3	\$956
2-bedroom	TCAC	60% AMI	40	\$1,147
3-bedroom	TCAC	50% AMI	4	\$1,105
3-bedroom	Bond	60% AMI	24	\$1,275
4-bedroom	TCAC	50% AMI	3	\$1,232
4-bedroom	TCAC	60% AMI	19	\$1,377
2 Bedroom–Manager	N/A	N/A	1	-
Total			94	





SDHC – Hollywood Palms II Partnership Development Proposed Schedule

Milestones	Estimated Dates
• Housing Authority for preliminary consideration	• March 6, 2017
• City Council IRS-required TEFRA hearing	• March 6, 2017
• CDLAC bond application	• March 17, 2017
• TCAC 4% tax-credit application	• March 17, 2017
• CDLAC and TCAC allocation meetings	• May 17, 2017
• Housing Commission proposed final bond authorization	• July 2017
• Housing Authority proposed final bond authorization	• July 2017
• Estimated bond issuance and escrow closing	• August 2017
• Estimated start of rehabilitation	• August 2017
• Estimated completion of rehabilitation	• August 2018





SDHC – Hollywood Palms II Partnership Development

Questions?

