



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission (SDHC) Preliminary Bond Authorization for Playa del Sol

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SDHC – Playa del Sol Partnership Development

Recommendations

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego:

- Issue a bond inducement resolution for up to \$11,500,000 in tax-exempt Multifamily Housing Revenue Bonds for the new construction of Playa del Sol;
- 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 Multifamily Housing Revenue Bonds in an amount up to \$11,500,000 for Playa del Sol;
- Approve a bond financing team of Jones Hall as bond counsel, and CSG Advisors as bond financial advisor; and





SDHC – Playa del Sol Partnership Development Recommendation (Continued)

- Authorize the Housing Commission President & Chief Executive Officer (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 General Counsel and Bond Counsel, and to take such actions as necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or Bond Counsel.

That the Housing Commission recommend that the San Diego City Council:

- Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving issuance of Multifamily Housing Revenue Bonds in an amount up to \$11,500,000.





SDHC – Playa del Sol Partnership Development Development Summary

- Proposed new construction of 42 units.
 - To be located on a vacant site in Otay Mesa, at Ocean View Hills Parkway, north of State Route 905, east of Interstate 805.
 - Mix of one-bedroom, two-bedroom, and three-bedroom units.
 - Proposed three buildings, each with 14 units, in three story configuration.
 - To be located in Pardee Homes proposed Ocean View Hills master-planned community. Playa del Sol will fulfill certain affordability requirements for an offsite unrelated Pardee-owned property.
- Development Details are at Table #1, page 2 of report HCR17-089.





SDHC – Playa del Sol Partnership Development Development Summary (Continued)

- Developer is Chelsea Investment Corporation.
 - Experienced, for-profit developer.
 - Previously obtained Housing Commission loans and is in full compliance with them.
- Development Team summary at Table #2, page 3 of report HCR17-089.



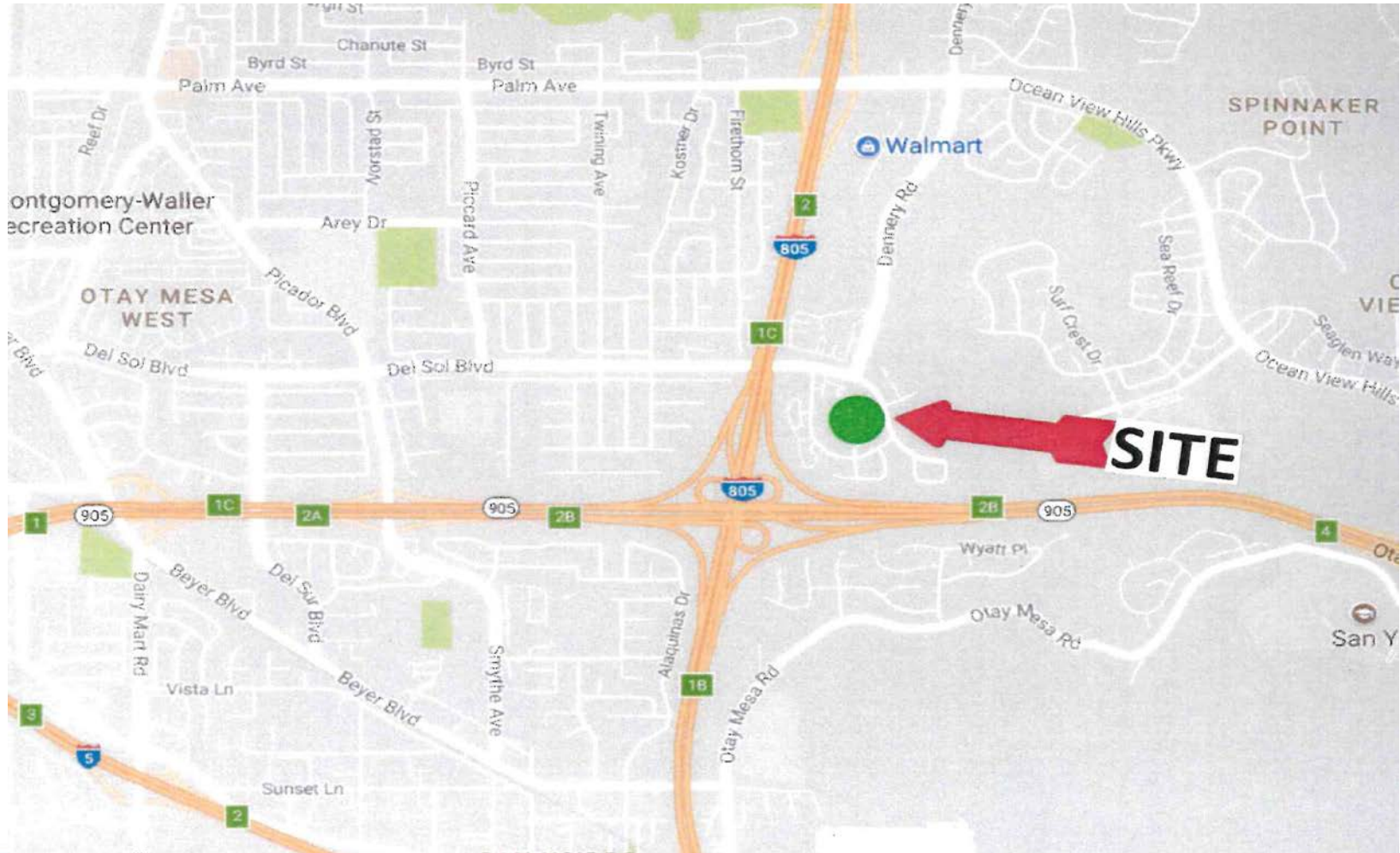


SDHC – Playa del Sol Partnership Development Development Summary (Continued)

- Developer is requesting completion of certain preliminary steps for Housing Authority issuance of up to \$11,500,000 of tax exempt multifamily housing bonds.
- Application to California Debt Limit Allocation Committee (CDLAC) for approval of up to \$11,500,000 bonds allocation.
- Application to Tax Credit Allocation Committee (TCAC) for approval to obtain an estimated \$6,502,028 in 4 percent tax credits.



SDHC – Playa del Sol Partnership Development Site Location



SDHC – Playa del Sol Partnership Development Site Location



SDHC – Playa del Sol Partnership Development Site Plan





SDHC – Playa del Sol Partnership Development Estimated Sources and Uses Permanent Financing

| Sources of Funds | Amount |
|--|---------------------|
| Tax Exempt Bond Financed Loan | \$4,692,000 |
| Accrued Interest | 127,068 |
| Master Developer Note | 3,388,492 |
| Developer Fee/Equity Contribution | 800,000 |
| Deferred Developer Fee | 869,545 |
| Deferred Contractor's Fee | 259,585 |
| Master Developer (seller) contribution | 638,073 |
| Four Percent Tax Credit Equity | 6,502,028 |
| Total | \$17,276,791 |

| Uses of Funds | Amount |
|-------------------------|---------------------|
| Acquisition of land | \$3,388,493 |
| Construction Hard Costs | 7,828,483 |
| Soft Costs | 2,973,255 |
| Developer Fee | 2,169,545 |
| Financing Costs | 800,035 |
| Reserves | 116,980 |
| Total | \$17,276,791 |

- Estimated TDC Per Unit (for 42 Units) = \$411,351





SDHC – Playa del Sol Partnership Development Affordability

| Unit Type | AMI | Number of Units | Gross Rents | Estimated Market Rents |
|-------------------|-----|-----------------|-------------|------------------------|
| 1 Bedroom | 50% | 1 | \$852 | \$1,650 |
| 1 Bedroom | 60% | 2 | \$1,023 | \$1,650 |
| 2 Bedroom | 50% | 2 | \$1,023 | \$1,925 |
| 2 Bedroom | 60% | 13 | \$1,227 | \$1,925 |
| 3 Bedroom | 50% | 2 | \$1,136 | \$2,350 |
| 3 Bedroom | 60% | 21 | \$1,364 | \$2,350 |
| 3 Bedroom Manager | 65% | 1 | - | - |
| Total | | 42 | | |





SDHC – Playa del Sol Partnership Development Development Timeline

| Milestone | Estimated Date |
|---|-----------------------|
| • Housing Authority Preliminary Review. | December 11, 2017 |
| • City Council IRS/TEFRA Hearing | December 11, 2017 |
| • TCAC Application for Tax Credits. | January 18, 2018 |
| • CDLAC Application for Bonds Allocation | January 18, 2018 |
| • Allocation Meetings TCAC & CDLAC | March 18, 2018 |
| • Housing Commission Final Review. | April 2018 |
| • Housing Authority Final Review. | April 2018 |
| • Estimated Escrow/Financing Closing. | May 2018 |
| • Estimated Construction Start | May 2018 |
| • Estimated Construction Completion. | Summer 2019 |





SDHC – Playa del Sol Partnership Development Bond Issuance Summary

- Proposed bond issuance up to \$11,500,000.
- Developer responsible for paying all costs of issuing bonds.
- Issuance pursuant to Housing Commission’s bond policy.
- Bonds issuance will not create financial liability to SDHC, or to Housing Authority or to City.
- Neither 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 – Playa del Sol Partnership Development



FRONT ELEVATION

- KEY CONSTRUCTION:
- A. FINISH WALLS
 - B. STRUCTURAL ELEMENTS
 - C. FINISH ROOFING
 - D. FINISH FLOORING
 - E. MECHANICAL
 - F. VENTILATION
 - G. PLUMBING

