



SAN DIEGO
HOUSING
COMMISSION

“We’re About People”

San Diego Housing Commission Additional Loan Recommendation for Vista del Puente April 7, 2017

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SDHC – Vista del Puente Partnership Development Recommendation

That the San Diego Housing Commission (SDHC) take the following actions:

- Approve an additional residual receipts loan of up to \$1,000,000 to a to-be-formed Limited Partnership consisting of National Community Renaissance of California (NCRC) and Townspeople as Co-General Partner, and a tax credit investor for the acquisition and development of Vista del Puente, a 52-unit affordable housing development at 3934 Gamma Street and 1510 South 40th Street, San Diego, 92113.





SDHC – Vista del Puente Partnership Development Recommendation (Continued)

- Authorize SDHC’s President and Chief Executive Officer (President & CEO), or designee:
 - To execute all necessary documents and instruments and to take such actions as are necessary, convenient and/or appropriate to implement the approvals upon advice of General Counsel;
 - To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes, not to exceed the maximum SDHC loan amount of \$1,000,000; and
 - To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and take such actions as are necessary, convenient and/or appropriate to implement this approval upon advice of General Counsel.





SDHC – Vista del Puente Partnership Development Development Overview

Address	3934 Gamma Street and 1510 South 40 th Street
Council District	9
Community Plan Area	Southcrest
Development Type	New Construction
Construction Type	Type V
Parking Type	Surface
Housing Type	Permanent Supportive Housing & Family Housing
Lot Size	2.21 Acres, 96,267 square feet
Units	52 total units; 38 permanent supportive housing, 13 traditional affordable & 1 manager's unit
Unit Mix	6 one-bedroom; 30 two-bedroom; and 13 three-bedroom units
Developer	National Community Renaissance of California Townspople
Prevailing Wages	Subject to Prevailing Wages





SDHC – Vista del Puente Partnership Development Basis for Loan Increase

- Tax reform proposals include reducing corporate tax rates from 35% to 15%.
- The possibility of this proposed tax reform has impacted the amount of low-income housing tax credits that can be generated by developers regionally and nationally.
- Yields are impacted; therefore, the price that investors are willing to pay for each tax credit is reduced.
- Investors are owners of real property and receive additional tax benefits:
 - Tax losses from asset depreciation, as well as financing cost deductions





SDHC – Vista del Puente Partnership Development Basis for Loan Increase (Cont.)

- Developers forecast and model their financial projections approximately 6-12 months prior to closing a transaction:
 - Investors were willing to pay \$1.10 for each credit in June of 2016.
 - Investors are willing to pay approximately \$1.01 for each credit in March of 2017.
- Changes in the tax credit equity market have resulted in a funding shortfall of approximately \$743,473 in low-income housing tax credits.





SDHC – Vista del Puente Partnership Development

Estimated Permanent Sources & Uses of Funding

Sources of Funding		Uses of Funding	
Tax Credit Equity	\$10,027,116	Land Acquisition	\$1,324,258
Permanent Loan	2,792,000	Hard Costs	13,522,258
HCD VHHP	3,339,054	Soft Costs	3,160,508
Federal Home Loan Bank	510,000	Financing Costs	1,622,555
Funders Together	100,000	Operating Reserve	187,568
Housing Commission	4,000,000	Developer Fee	1,400,000
Accrued/Deferred Interest	148,977		
Home Depot Grant	300,000		
Estimated Total Development Cost	\$21,217,147	Estimated Total Uses	\$21,217,147





SDHC – Vista del Puente Partnership Development

Questions & Comments

