San Diego Housing Commission (SDHC) Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for 4970 Market Apartments

We're About People

Presentation to the SDHC Board of Commissioners

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Colin Miller
Senior Vice President, Real Estate
San Diego Housing Commission

Michelle Muniz
Director of Multifamily Underwriting and Special Assets
Real Estate Division

Development Summary

- Proposed new construction of 242 affordable rental housing units and two unrestricted manager's units at 4970 Market Street in Council District 4.

- 242 affordable units for households with income from 30 percent to 70 percent of San Diego's Area Median Income (AMI).
  - $42,000/year – $122,450/year for two- to four-person households.

- 55-year affordability term.

Site amenities will include:

- Clubhouse/Community Room
- Computer Room
- Parcel Management
- Laundry Facilities
- Bike Storage
- Outdoor Gathering Area

Three-Structure Development

- One five-story residential building: 244 units
- One three-story parking structure: 240 stalls
- One single-story community building

Co-developer Team and Service Provider Summary

Mutual Housing California

- Award-winning nonprofit affordable housing developer, established in 1988
- Developed 24 communities and over 1,500 affordable units across the greater Sacramento area

Impact Housing

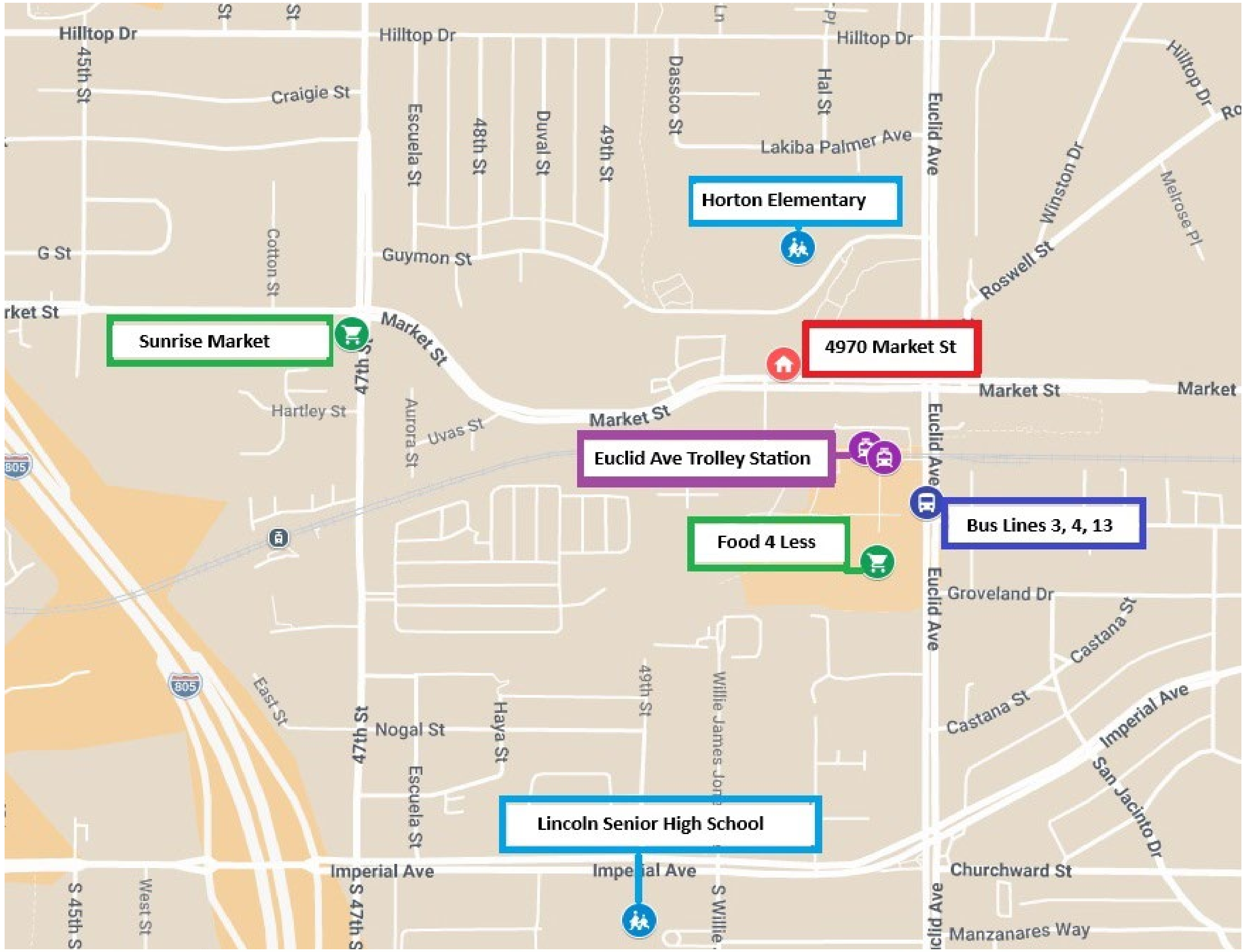
- Award winning modular construction company
- Developed two communities delivering 106 units across the greater San Diego area
- Three developments near completion would add 1,079 affordable units to the greater San Diego area.

Mutual Housing California (nonprofit) has been contracted to provide services for all residents:

- Enrollment in Medi-Cal or other public assistance
- Social events and celebrations
- Computer training
- Health and wellness classes
- Unit maintenance
- Financial education/ literacy classes
- General life skills

SDHC – 4970 Market Apartments

Local Amenities Map



Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Perm Loan	$57,248,974	Land Acquisition	$5,500,000
Federal LIHTC Equity	38,781,528	Hard Costs	64,795,980
Lease Up Income During Construction	1,957,915	Hard Costs Contingency	3,239,799
Deferred Developer Fee	9,945,624	Architecture & Engineering	2,550,000
		Permits & Fees	5,769,204
		Interest & Financing Costs	9,597,088
		Reserves	1,411,304
		Insurance and Soft Costs	2,965,838
		Soft Costs Contingency	659,204
		Developer's Fee	11,445,624
Total Development Cost	$107,934,041	Total Development Cost	$107,934,041

Estimated Total Development Cost Per Unit (244 Units) = $442,353

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% ($42,000/year for a two-person household)	25	$984
One bedroom	50% ($70,000/year for a two-person household)	15	$1,640
One bedroom	60% ($84,000/year for a two-person household)	121	$1,968
Subtotal One-Bedroom Units	**--**	**161**	**--**
Two bedrooms	50% ($78,750/year for a three-person household)	5	$1,968
Two bedrooms	70% ($110,200/year for a three-person household)	36	$2,756
Subtotal Two-Bedroom Units	**--**	**41**	**--**
Three bedrooms	50% ($87,450/year for a four-person household)	3	$2,273
Three bedrooms	60% ($104,940/year for a four-person household)	10	$2,728
Three bedrooms	70% ($122,450/year for a four-person household)	27	$3,183
Subtotal Three-Bedroom Units	**--**	**40**	**--**
Manager's three bedrooms unit	--	2	
Total Units	**--**	**244**	**--**

Development Timeline

Milestones	Estimated Dates
CDLAC bond & CTCAC tax credit application	September 8, 2026
CDLAC & CTCAC allocation meetings	December 9, 2026
SDHC Board final bond authorization	March 2027
Housing Authority final bond authorization	April 2027
Estimated bond issuance and escrow/loan closing	May 2027
Estimated start of construction work	June 2027
Estimated completion of construction work	January 2029

Architect’s Site Map

SUMMARY

Land Area	2.20 AC.
Proposed FAR	1.64:1
Proposed Units	238
Proposed Parking	239
Net Rentable SF	134,272 SF

FEATURED AMENITIES

Resident Lounge	Outdoor Courtyard
Co-Working Space	BBQ Area
Bicycle Storage	Event Space
Fitness Area	Creative Space

Bond Issuance Summary

- Proposed bond issuance of up to $30,000,000 in tax-exempt bonds.
- Proposed bond issuance of up to $71,000,000 in taxable bonds.
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC’s bond policy.
- Bond issuance will not create financial liability to SDHC, Housing Authority, nor the City of San Diego.
- Neither the full faith and credit nor taxing power of the City of San Diego nor full faith and credit of the Housing Authority will be pledged to payment of the bonds.

Staff Recommendations

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions, as described in this report:

1) Approve the following steps to issue up to $30,000,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds and up to $71,000,000 of taxable bonds to facilitate a to-be-formed California limited partnership's development of the 4970 Market development at 4970 Market Street in the Encanto Neighborhood Community Plan area, which will consist of 242 units affordable for 55 years for individuals and families earning 30 percent to 70 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units:

   a. Issue a bond inducement resolution (Declaration of Official Intent) for up to $30,000,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the development of 4970 Market by a to-be-formed California limited partnership.
   b. 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 $30,000,000 for 4970 Market.
   c. Approve the financing team of Orrick, Herrington and Sutcliffe as the Bond Counsel and Public Financial Management as the Financial Advisor.

Staff Recommendations (Continued)

2. Authorize SDHC's President and Chief Executive Officer (President and 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 are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

3. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing regarding the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to $30,000,000 to facilitate the development of 4970 Market.

Questions & Comments

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