



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

San Diego Housing Commission (SDHC)  
Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act  
(TEFRA) Hearing for Studio 15 Apartments  
Presentation to the SDHC Board of Commissioners  
July 19, 2024

Michelle Muniz  
Director of Underwriting, Multifamily Housing Finance  
Real Estate Division



# SDHC – Studio 15 Apartments

## Development Summary

- Proposed acquisition and rehabilitation of 274 rental housing units at 1475 Imperial Ave. in the Downtown Community Planning Area in Council District 3
  - 272 units affordable for households with income from 40 percent to 60 percent of San Diego's Area Median Income (AMI)
    - \$42,450/year – \$63,660/year for one-person households
  - Tax-exempt bonds were issued in 2006 when the project commenced construction.
  - By resyndicating, the project will have a new 55-year affordability term that will commence once construction completes.
- Amenities include a theater room, community dining/lounge area, Wi-Fi room, full-size community kitchen, community laundry facility, controlled access parking, and bike storage.
- One five-story building with 64 parking spaces in a subterranean parking garage.



# SDHC – Studio 15 Apartments

## Developer and Service Provider Summary

- Affirmed Housing
  - Experienced, award-winning, for-profit developer based in San Diego
  - Operating in California for over 30 years
  - Developed over 70 affordable communities nationwide
  - Successfully completed previous developments with SDHC and Housing Authority of the City of San Diego
- SDHC's nonprofit affiliate, Housing Development Partners, will be the nonprofit managing general partner that provides the welfare tax exemption for the project.
- Compass for Affordable Housing
  - Current service provider for the property
  - Will continue to provide life-enhancing resident services, activities and programs to all low-income households at no charge to the residents
  - Services will include adult educational, health and wellness or skill building classes.
  - Classes will include but are not limited to financial literacy, computer training, resume building, English as a Second Language (ESL), nutrition, exercise, health, information/awareness, art, parenting, on-site food cultivation and preparation, and smoking-cessation classes, career building, job readiness, and computer education.



# SDHC – Studio 15 Apartments

## Renovation Summary

### Unit Interior / Common Area Renovation

- Common areas:
  - Upgrades to the laundry facility, new flooring in the lobby, and new appliances in the community kitchen.
  - Americans with Disabilities Act (ADA) improvements to existing walkways and laundry facility.
- Unit Interiors:
  - Energy-efficient light fixtures, low-flow plumbing fixture replacements, energy-efficient appliances, cabinet upgrades, new countertops, new flooring, new energy efficient-windows.
  - Modifying unit utilities to all-electric, including stove, heat, and water. GFCI outlets around all moisture-prone areas, including bathrooms and kitchens, will be replaced.
  - Two existing restricted studio units will be converted into a one-bedroom, unrestricted manager's unit.

### Building Exterior / Building Systems Renovation

- Building Exterior:
  - Exterior walls will be repaired, sealed, and painted. Improvements are planned for the below-grade garage area, entrance to garage, exterior facade of the building, and solar enhancements.
- Building Systems:
  - Upgrades to existing mechanical, electrical, and plumbing systems. Sump pump, central boilers, storage tanks, expansion tanks, and circulating pumps will be replaced. Sanitary sewer lines will be repaired. The elevator will be updated, and the building will receive a new HVAC system.

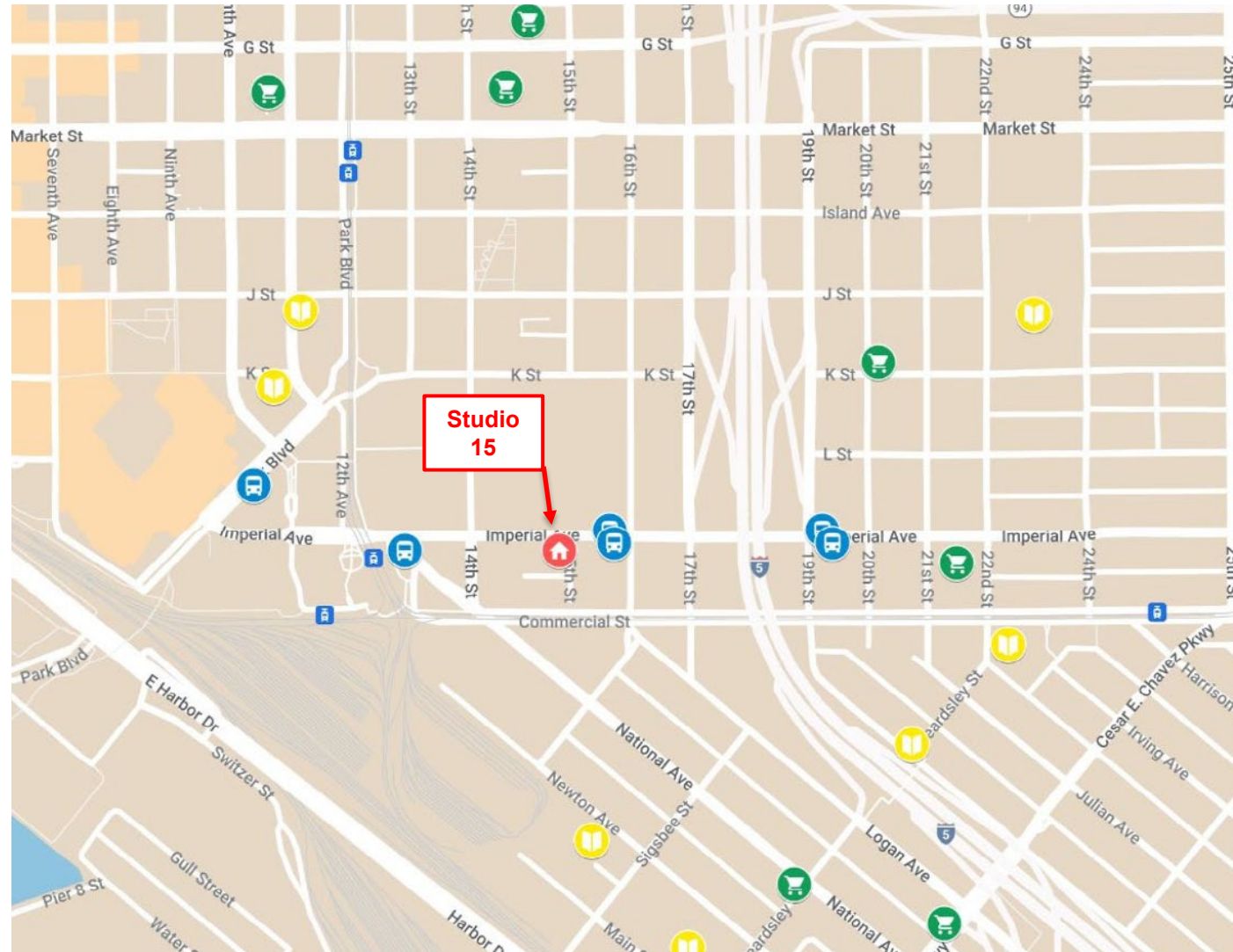




SAN DIEGO  
HOUSING  
COMMISSION

# SDHC – Studio 15 Apartments

## Local Amenities Map



# SDHC – Studio 15 Apartments

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount	Per Unit	Per Sq Ft
Bond Financed Perm Loan (Tax Exempt)	\$18,450,000	Acquisition	\$31,000,000	\$112,139	\$428
City of San Diego Assumption	\$17,397,999	Rehabilitation Costs	\$22,050,000	\$80,474	\$304
City of San Diego Assumption – Accrued Interest	\$7,260,969	Contingency	\$1,764,000	\$6,438	\$24
4% Tax Credit Equity	\$24,655,249	Relocation	\$962,500	\$3,513	\$13
Deferred Developer's Fee	\$3,703,152	Soft Costs	\$4,044,099	\$14,759	\$56
NOI During Construction	\$750,000	Financing Costs	\$5,959,500	\$21,750	\$82
		Reserves	\$777,655	\$2,838	\$11
		Developer's Fee	\$5,659,615	\$20,656	\$78
Total Development Cost	\$72,217,369	Total Development Cost	\$72,217,369	\$263,567	\$997

- Estimated Total Development Cost Per Unit (274 Units) = \$263,567



# SDHC – Studio 15 Apartments

## Affordability and Estimated Rents

Unit Type	AMI	Units	Pro Forma Rents
Studio	40% (currently \$42,450/year for a one-person household)	27	\$818
Studio	50% (currently \$53,050/year for a one-person household)	147	\$1,022
Studio	60% (currently \$63,660/year for a one-person household)	<u>98</u>	\$1,226
<b>Subtotal Studio Units</b>		<b>272</b>	
Manager's Unrestricted One-Bedroom	---	2	
<b>Subtotal One-bedroom Units</b>	---	<u>2</u>	
<b>Total</b>		<b>274</b>	



# SDHC – Studio 15 Apartments Development Timeline

Milestone	Estimated Date
• CDLAC bond and CTCAC tax credit applications.....	August 27, 2024
• CDLAC and CTCAC allocation meeting.....	December 11, 2024
• Housing Commission Board final bond authorization.....	April 2025
• Housing Authority final bond authorization.....	May 2025
• Estimated bond issuance and escrow closing.....	June 2025
• Estimated start of construction work.....	June 2025
• Estimated completion of construction work.....	June 2027

*CDLAC = California Debt Limit Allocation Committee*

*CTCAC = California Tax Credit Allocation Committee*





# SDHC – Studio 15 Apartments Property Exterior



## SDHC – Studio 15 Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$40,000,000 in tax-exempt 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 City.
- Neither the 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 – Studio 15 Apartments

## Staff Recommendations

### **That the SDHC Board of Commissioners take the following actions:**

- 1) Approve the following steps to issue up to \$40,000,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds and \$3,000,000 in taxable bonds to facilitate Studio 15 II, L.P.'s acquisition and rehabilitation of Studio 15 at 1475 Imperial Ave. in the Downtown Community Planning Area, which consists of 272 units affordable for 55 years for individuals earning 40 percent to 60 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 \$40,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Studio 15 by Studio 15 II, L.P.
  - 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 \$40,000,000 for Studio 15.
  - c. Approve the financing team of Jones Hall as the Bond Counsel and CSG Advisors, Inc. as the Financial Advisor.



## SDHC – Studio 15 Apartments 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 and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$40,000,000 to facilitate the acquisition and rehabilitation of Studio 15.



## SDHC – Studio 15 Apartments

# Questions & Comments







SAN DIEGO  
HOUSING  
COMMISSION

# SDHC – Studio 15 Apartments

