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# San Diego Housing Commission (SDHC) Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for 1304 India Street Affordable Housing

Presentation to the SDHC Board of Commissioners
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## Development Summary

- Proposed new construction of 224 affordable rental housing units and one unrestricted manager's units at 1304-1330 India Street in Council District 3.
  - 223 affordable units for households with income from 30 percent to 70 percent of San Diego's Area Median Income (AMI).
    - $36,750/year – $85,700/year for one-person households.
  - 55-year affordability term.

Site amenities will include:

- Clubhouse
- Community Room
- Co-Working Space
- Resident Lounge
- Dog Run

One eight-story building:

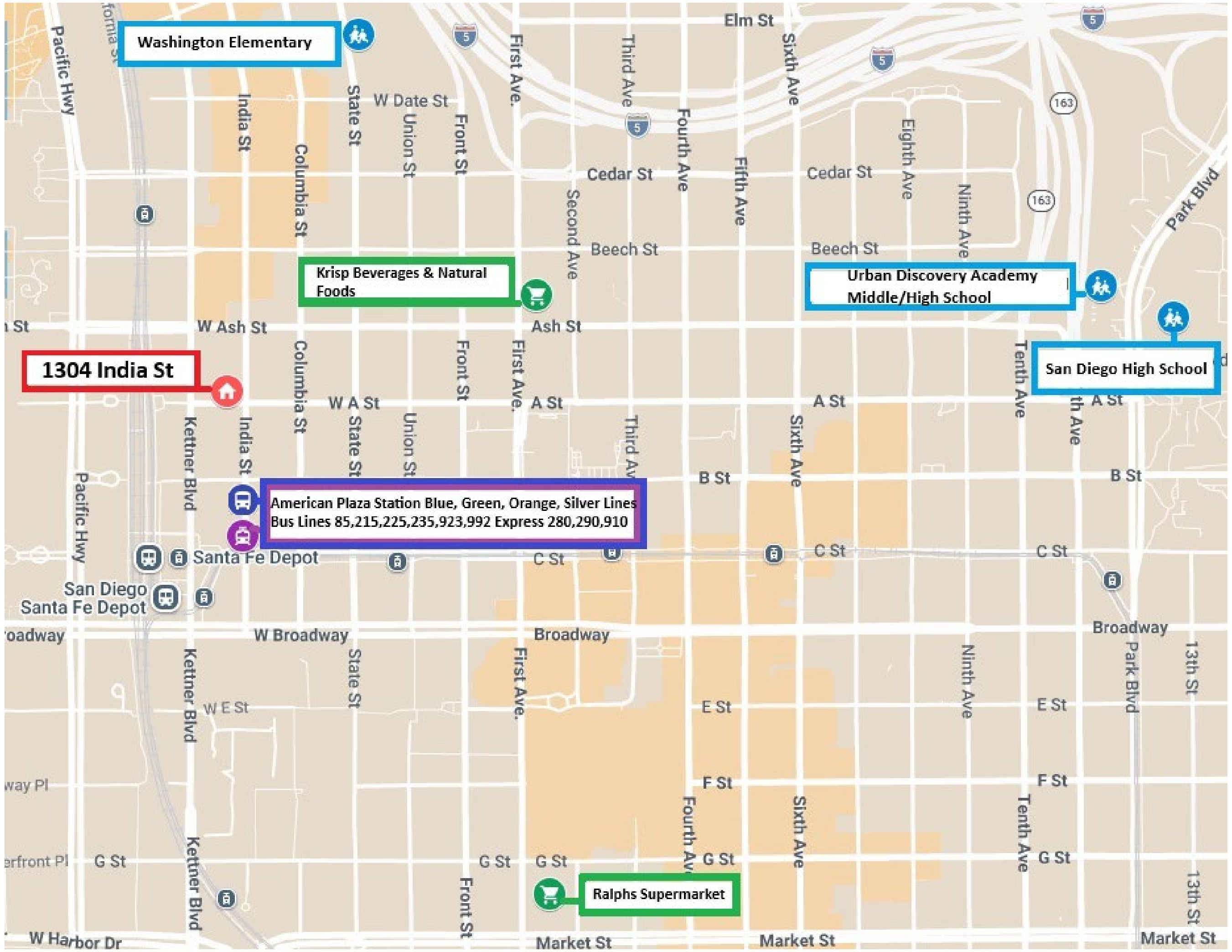
- Level 1: Leasing Office / Clubhouse
- Levels 2 – 7: Residential Units
- Level 8: Community Room, Resident Lounge, Co-Working Space and a Dog Run

## Developer and Service Provider Summary

- Developer: DM Development
  - Established in 2010
  - Leading for-profit affordable and supportive multifamily housing developer in California
  - Developed 12 communities with over 400 units
  - Over 600 units in development

- Service Provider: To be identified
  - Will have relevant and appropriate experience meeting all California Tax Credit Allocation Committee (CTCAC) requirements.
  - Services will include but are not limited to:
    - Social events and celebrations
    - Health and wellness classes
    - Unit maintenance
    - General life skills building
    - Financial literacy classes
    - Coordination and referral to appropriate local agencies

## Local Amenities Map



## Estimated Permanent Financing Sources and Uses

| Permanent Financing Sources | Amount | Permanent Uses | Amount |
|---|---|---|---|
| Bond Financed Permanent Loan | $24,140,145 | Land Acquisition | $17,358,159 |
| Federal LIHTC Equity | 31,810,559 | Hard Costs | 44,062,570 |
| Lease-up Income During Construction | 879,000 | Hard Costs Contingency | 2,355,633 |
| Seller Note | 7,300,000 | Architect & Engineering | 1,500,000 |
| Safehold Ground Lease Proceeds | 17,500,000 | Permits & Fees | 6,356,250 |
| Berkadia B Bonds | 1,464,000 | Financing Fees & Interest | 8,037,596 |
| State Tax Credit Equity | 6,596,200 | Reserves | 1,109,856 |
| GP Equity | 100 | Insurance & Soft Costs | 3,100,688 |
| Deferred Developer Fee | 8,367,490 | Title & Legal | 355,000 |
| | | Soft Costs Contingency | 815,804 |
| | | Developer's Fee | 12,905,937 |
| Total Development Cost | $98,057,494 | Total Development Cost | 98,057,496 |

Estimated Total Development Cost Per Unit (225 Units) = $435,811

## Affordability and Estimated Rents

| Unit Type | AMI | Units | CTCAC Gross Rents |
|---|---|---|---|
| Studio | 30% ($36,750/year for a one-person household) | 22 | $918 |
| Studio | 50% ($61,250/year for a one-person household) | 34 | $1,531 |
| Studio | 60% ($73,500/year for a one-person household) | 70 | $1,837 |
| Studio | 70% ($85,700/year for a one-person household) | 98 | $2,143 |
| **Subtotal Studio Units** | **--** | **224** | **--** |
| Manager's three bedrooms unit | -- | 1 | |
| **Total Units** | **--** | **225** | **--** |

## 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 | February 2027 |
| Housing Authority final bond authorization | March 2027 |
| Estimated bond issuance and escrow/loan closing | June 2027 |
| Estimated start of construction work | June 2027 |
| Estimated completion of construction work | June 2029 |

## Architect’s Rendering

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## Bond Issuance Summary

- Proposed bond issuance of up to $50,000,000 in tax-exempt bonds.
- Proposed bond issuance of up to $20,000,000 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.

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## Staff Recommendations

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

1) Approve the following steps to issue up to $50,000,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds and up to $20,000,000 of taxable bonds to facilitate a to-be-formed California limited partnership's development of the 1304 India development at 1304-1330 India Street in the Downtown Neighborhood Community Plan area, which will consist of 224 units affordable for 55 years for individuals and families earning 30 percent to 70 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit:

   a. Issue a bond inducement resolution (Declaration of Official Intent) for up to $50,000,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the development of 1304 India 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 $50,000,000 for 1304 India.
   c. Approve the financing team of Jones Hall as the Bond Counsel and CSG 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 $50,000,000 to facilitate the development of 1304 India.

# Questions & Comments

# SDHC – 1304 India Street Affordable Housing