



## EXECUTIVE SUMMARY

MEETING DATE: March 14, 2025

HCR25-015

SUBJECT: Loan Recommendation for Serra Mesa Apartments

COUNCIL DISTRICT: 7

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

### REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$2,500,000 to a to-be-formed limited partnership to facilitate the acquisition and new construction of Serra Mesa Apartments at 3440 Sandrock Road, San Diego, CA 92123, in the Serra Mesa neighborhood of San Diego, which will consist of 59 rental housing units that will remain affordable for 55 years for persons with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit. The development includes an award of 30 designated Veterans Affairs Supportive Housing (VASH) Project-Based Housing Voucher units for VASH-eligible veterans experiencing homelessness, including five units for veterans with incomes at or below 30% of AMI and 25 units for veterans with incomes at or below 50% to 60% of AMI.

### EXECUTIVE SUMMARY OF KEY FACTORS:

- Serra Mesa Apartments is a proposed 60-unit, new construction affordable rental housing development for veterans and non-veterans.
- The development site is a vacant former City of San Diego library building. The site is being leased to the developer, Community HousingWorks (CHW).
- The U.S. Department of Veterans Affairs (VA) San Diego Healthcare System provides clinical health and case management services to VASH participants.
- The VA will connect veteran residents with partners to meet their needs in areas such as transportation, health connections, and food resources. The VA will work with the veterans to ensure their transportation needs are met and will act as the liaison to schedule rides for medical care through the Veterans Transportation Service (VTS).
- On-site services will be provided by CHW's internal residents' services programs for all 59 units. Program specifics will differ for each community but fall into core service initiative areas: Financial Well-being, Next Generation Success, and Health and Wellness.
- The development site is within 0.2 of a mile from Metropolitan Transit System bus stops. A middle school and elementary school are within 0.7 of a mile from the site. A grocery store is three miles away, and a high school is four miles away.
- The units will include an Energy Star-rated refrigerator, dishwasher and electric range/oven, garbage disposal, and vinyl plank flooring in the kitchens and bathrooms.
- The amenities at the development will include 22 automobile parking spaces, bike parking, lobby area, community room space, a public courtyard, a leasing office, a computer lab, and laundry facilities.
- CHW, is an award-winning nonprofit that develops and operates affordable and supportive housing.
- Serra Mesa Apartments has an estimated total development cost of \$43,803,370 (\$730,056/unit).
- Financing will include a combination of sources, including the proposed SDHC loan and a City of San Diego Bridge to Home loan.
- The funding sources and uses proposed to be approved by this action are included SDHC's FY 2025 budget.



## REPORT

**DATE ISSUED:** March 6, 2025

**REPORT NO:** HCR25-015

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of March 14, 2025

**SUBJECT:** Loan Recommendation for Serra Mesa Apartments

**COUNCIL DISTRICT:** 7

***Advance notice of San Diego Housing Commission Board of Commissioners' hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B) for Staff Recommendation No. 1.***

### **REQUESTED ACTION**

Approve a proposed residual receipts loan in an amount not to exceed \$2,500,000 to a to-be-formed limited partnership to facilitate the acquisition and new construction of Serra Mesa Apartments at 3440 Sandrock Road, San Diego, CA 92123, in the Serra Mesa neighborhood of San Diego, which will consist of 59 rental housing units that will remain affordable for 55 years for persons with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit. The development includes an award of 30 designated Veterans Affairs Supportive Housing (VASH) Project-Based Housing Voucher units for VASH-eligible veterans experiencing homelessness, including five units for veterans with incomes at or below 30% of AMI and 25 units for veterans with incomes at or below 50% to 60% of AMI.

### **STAFF RECOMMENDATIONS**

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

- 1) Approve a residual receipts loan in an amount not to exceed \$2,500,000 to a to-be-formed limited partnership to facilitate the new construction of the Serra Mesa Apartments at 3440 Sandrock Road, San Diego, CA 92123, in the Serra Mesa neighborhood of San Diego, which will consist of 59 rental housing units that will remain affordable for 55 years for persons with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit. The development includes an award of 30 designated Veterans Affairs Supportive Housing (VASH) Project-Based Housing Voucher units for VASH-eligible veterans experiencing homelessness, including five units for veterans with incomes at or below 30% AMI, and 25 units for veterans with incomes at or below 50% to 60% of AMI. SDHC's proposed loan and vouchers will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report and meeting compliance requirements with all applicable PBV regulations. Such third-party funding commitments will be subject to SDHC General Counsel's approval.

- 2) Authorize SDHC’s President and Chief Executive Officer (President and CEO), or designee, to:
  - a. Execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
  - b. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$2,500,000 maximum SDHC loan amount may not increase.
  - c. Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President and CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement this approval and delegation of authority by SDHC upon advice of the General Counsel.

**SUMMARY**

**Table 1 – Development Details**

Address	3440 Sandrock Road, San Diego, CA 92123
Council District	7
Community Plan Area	Serra Mesa Community Plan Area
Developer	Community HousingWorks (CHW)
Development Type	New Construction
Construction Type	The building will be five stories (Type V wood frame over Type 1 construction) above a one-story of podium parking that will contain 22 parking spaces, four motorcycle spaces, bicycle parking, a lobby, and 1,012 square feet of community room space.
Parking Type	22 surface parking spaces and four motorcycle spaces
Local Amenities	<p><u>Mass Transit:</u>          The site is served by the Metropolitan Trolley System’s 928 bus line, with bus stops on Sandrock Road &amp; Murray Ridge Road, northbound 0.2 of a mile away and southbound 0.1 of a mile away. The Mission Trolley Station is 3.3 miles from the subject site.</p> <p><u>Grocery:</u>          Food 4 Less, 4995 Shawline Street, 3.0 miles from the subject site.</p> <p><u>Schools:</u>          Wegeforth Elementary, 3443 Ediwhar Avenue, 0.3 of a mile from subject site.          Taft Middle School, 9191 Gramercy Drive, 0.7 of a mile from subject site.          Canyon Hills High School, 5156 Santo Road, 4.0 miles from subject site</p>
Housing Type	Multifamily affordable housing for persons, including 30 units of permanent supportive housing for VASH eligible veterans experiencing homelessness.

Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment. The building will be served by a single elevator. The development will meet California Tax Credit Allocation Committee requirements.
Lot Size	0.34 of an acre (14,810 square feet)
Units	60 (59 units restricted/affordable)
Density	176.5 dwelling units per acre (60 units ÷ 0.34 of an acre = 176.5)
Unit Mix	59 affordable rental units: 56 one-bedroom units, three two-bedroom units, and one unrestricted two-bedroom manager's unit.
Gross Building Area	39,937 square feet
Net Rentable Area	34,944 square feet
Project-Based Vouchers (PBVs)	30 PBVs for veterans experiencing homelessness eligible for VASH at or below 30% AMI (5) and at or below 50-60% AMI (25)
Affordable Units in Service by Council District	Council District 7 includes 2,059 affordable rental housing units currently in service, which represents 7.6 percent of the 27,034 affordable rental housing units in service citywide.

The Development

Serra Mesa Apartments is a proposed 60-unit, new construction affordable rental housing development for veterans and non-veterans. The development will be at 3440 Sandrock Road, in San Diego's Serra Mesa neighborhood (Attachment 1 – Site Map). Serra Mesa Apartments will include 56 one-bedroom units, three two-bedroom units, and one unrestricted two-bedroom manager's unit.

The development site is a vacant former City of San Diego library building. The site is being leased to the developer, CHW. The intent of this real estate disposition is to promote the development of permanent supportive and affordable housing. In this development's 60 units, 30 of the proposed tenants will include veterans experiencing homelessness. The proposed development is within a neighborhood of San Diego with a larger-than-average veteran population. The development's design will incorporate space for veterans' case management, resident services and property management.

The development will have 56 one-bedroom units and four two-bedroom units. There will be one five-story building with four levels of wood frame construction over one bottom-podium story for 22 automobile parking spaces, four motorcycle spaces, bicycle parking, lobby entrance, leasing office, a 1,012-square-foot community room space, a computer lab, laundry facilities (six washers and six dryers), and rooms for electrical, boiler, trash, and mechanical systems. The property will have a second story with a 2,765-square-foot courtyard on top of the podium level. The building will have one elevator.

The units will include an Energy Star-rated refrigerator, dishwasher and electric range/oven, garbage disposal, and vinyl plank flooring in the kitchens and bathrooms. The amenities at Serra Mesa Apartments include 22 automobile parking spaces, bike parking, lobby area, community room space, a public courtyard, a leasing office, a computer lab, and laundry facilities.

### Resident Services

#### *Veterans Affairs Supportive Services for Permanent Supportive Housing (PSH) residents:*

The U.S. Department of Veterans Affairs (VA) will provide tenant-veterans, with supportive services and case management. The VA San Diego Healthcare System provides clinical health and case management services to VASH participants. The VA will connect them with partners to meet their needs in areas such as transportation, health connections, and food resources. The VA will work with the veterans to ensure their transportation needs are met and will act as the liaison to schedule rides for medical care through the Veterans Transportation Service (VTS). VTS provides qualifying veterans with free transportation in a multi-passenger van to and from the VA Medical Center, as well as to the Mission Valley Clinic. The services are intended to assist qualifying veterans who do not have access to transportation options of their own to be able to travel to their medical appointments and receive the care needed.

#### *Resident Services for All Residents:*

On-site services will be provided by CHW's internal residents' services programs for all 59 units. Program specifics will differ for each community but fall into core service initiative areas: Financial Well-being, Next Generation Success, and Health and Wellness. Programs and services will be offered to all residents, ongoing in nature, at no cost to residents, and will be provided on-site at the community center. CHW invests in measuring the impact of these core services, to continually improve results.

### Developer's Request

In response to SDHC's Fiscal Year 2024 Permanent Supportive Housing (PSH) Notice of Funding Availability (NOFA), CHW applied for a loan and Project-Based Housing Vouchers (PBVs) for the Serra Mesa Apartments development. On May 9, 2024, SDHC staff provided a preliminary recommendation award for a residual receipts loan of up to \$3,000,000, subject to SDHC Board approval, and an award of 30 VASH PBVs for the Serra Mesa Apartments development, contingent upon U.S. Department of Housing and Urban Development's (HUD) approval of the Subsidy Layering Review for the development. On January 28, 2025, Special Programs Development staff informed CHW that the original preliminary recommendation of \$3,000,000 was reduced to \$2,500,000 for the project to remain compliant and not exceed a maximum subsidy of \$100,000 per unit in accordance with SDHC's NOFA guidelines when aggregating the City of San Diego's Bridge to Home loan with SDHC's proposed loan. The

### Property

The subject property is a City of San Diego-owned corner lot of 0.34 of an acre. It is improved with a parking lot and a vacant former library building, which CHW plans to demolish and remove. No relocation is necessary. The site is in the Serra Mesa neighborhood, between Glenhaven Street and Hurlbut Street. Serra Mesa is neighbored by Montgomery-Gibbs Executive Airport and Kearny Mesa to the north, Linda Vista to the west, and Tierra Santa to the east. Adjacent to the west of the site are residential properties. To the east, across Sandrock Road, there is an apartment building and a Montessori School. This location has nearby access to retail, transit, and parks as well as public schools. Located one mile north of the site, directly west of Kearny Mesa Road, is a retail center with a Costco and a Target. The site is also within a half mile of a CVS Pharmacy, the Serra Mesa-Kearny Mesa Branch Library and Cabrillo Heights Park. Also, the Kearny Mesa Veterans Affairs outpatient center is less than a quarter mile to the north on Aero Drive.

### Appraisal

An appraisal of the subject site, with an effective date of March 5, 2025, valued the property at \$4,100,000. The appraisal was conducted by Colliers International Valuation.

### Prevailing Wages

The proposed use of 30 HUD VASH Project-Based Housing Vouchers, which SDHC administers, at the Serra Mesa Apartments will require the development to pay federal Davis-Bacon wages. The developer reports that State of California prevailing wages must be paid as a condition of the land transfer. Therefore, the development will be subject to paying federal or state prevailing wage rates, whichever is higher.

### Project Sustainability

Serra Mesa Apartments will be constructed in conformance with CTCAC minimum energy efficiency standards. Serra Mesa Apartments will embrace sustainable technologies. The development will be built within green building standards. The open-air corridors are designed to keep operating costs down, save energy and encourage healthy air flow. The project will specify Energy-Star rated appliances for kitchens and laundry rooms. The development will include energy-efficient LED lighting in common areas and individual units, use programmable thermostats and zoning to control temperatures in individual units, and incorporate high-performance windows and doors with low U-values and low-E coatings to minimize heat transfer. In addition, landscaping is proposed with drought-tolerant plants and selected to reduce maintenance costs and resources.

CHW's energy consultant will analyze and provide recommendations to increase sustainability and operating efficiency. The Serra Mesa Apartments will prioritize energy- and water-saving investments that benefit both operations and the tenants. The proposed sustainability features in CHW's communities, including Serra Mesa Apartments, aim to provide healthy living environments for residents to reduce their susceptibility to chronic illness and to preserve the development for long-term stewardship.

### Relocation

The property is vacant. No relocation is necessary.

### Development Team

During the tax credit compliance period, Serra Mesa Apartments will be owned by a to-be-formed limited partnership. Also, to-be-formed is an LLC as the Managing General Partner, a to-be-selected Administrative General Partner, and a to-be-selected tax credit limited partner (Attachment 2 – Organization Chart).

The developer, CHW, is an award-winning nonprofit that develops and operates affordable and supportive housing. Founded and headquartered in San Diego County in 1988, CHW develops and owns affordable apartment communities with resident-centered services for working families, older adults, people with disabilities, and special-needs populations. CHW has successfully developed new and renovated existing multifamily, affordable rental apartments in urban, suburban, and rural communities in California and Texas. With 4,289 rental apartments operating in 47 communities statewide and with approximately 428 apartments in construction, CHW serves more than 11,000 children and adults each year. CHW has been recognized for many forms of innovation including finance, design, and resident services programming. CHW

has demonstrated an ability to innovate and create replicable templates for complex financing. In the last several years, Based upon the developer’s experience and performance, SDHC staff has determined that the developer has the capacity to successfully complete the proposed Serra Mesa Apartments development.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Community HousingWorks
Owner/Borrower	To-be-formed LP
Managing General Partner	To-be-formed LLC
Tax Credit Investor Limited Partner	To-be-determined
Architect	Stephen Dalton Architects
General Contractor	Highland PM LLC
Property Management	ConAm Management Corporation
Construction and Permanent Lender	To-be-determined
Tenant Services Providers	CHW and US Department of Veterans Affairs

Property Management

Serra Mesa Apartments will be managed by a third-party professional property management agent, ConAm Management Corporation, based in San Diego County. Consistent with permanent supportive housing developments, ConAm will apply housing first principles for the VASH units. Established in 1975, ConAm is recognized as one of the nation's most experienced multifamily property management corporations. ConAm manages a nationwide portfolio of approximately 56,000 apartment units in more than 26 key metropolitan areas. ConAm manages nearly 19,000 units with deed-restricted affordability levels and is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments.

Tenant Service Providers

CHW initially provided its own supportive services for most of its supportive housing residents who previously experienced homelessness, including residents at Marisol, Las Casitas, Avocado Court, and Manzanita. As priorities for housing for people experiencing homelessness shifted to prioritize the most vulnerable, disabled, and people experiencing chronic homelessness, CHW contracted supportive services with nonprofits that offer more specialized case management staff and mental and behavioral health programming. At Serra Mesa Apartments, additional supportive services for the veteran units will be provided by the VA.

The HUD-VASH program started in 2008 and has a long history of working with veterans experiencing chronic homelessness. VA San Diego Healthcare System HUD-VASH staff members are provided training on working with this population through internal training requirements outlined in the HUD-VASH Directive. The HUD-VASH program uses the “Housing First” model, which focuses on providing appropriate housing options as quickly as possible, with as few requirements or conditions as possible, and access to supportive services, as needed.

**FINANCING STRUCTURE**

Serra Mesa Apartments has an estimated total development cost of \$43,803,370 (\$730,056/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 3 and summarized below.

**Table 3 – Estimated Sources and Uses of Financing**

<b>Sources</b>	<b>Financing</b>	<b>Amount</b>	<b>Financing Uses</b>	<b>Amount</b>	<b>Per Unit</b>
Conventional Permanent Loan		\$9,693,000	Land Acquisition \$4,200,000 Escrow/Other 52,000 Off-site Costs + 335,060 Total Land Costs \$4,587,060	\$4,587,060	\$76,451
City of San Diego Capitalized Ground Lease		4,200,000	GC Construction \$24,526,016 Non-GC Work 50,000 Contingency + 1,308,932 Total Construction 25,884,948	25,884,948	431,416
City of San Diego Bridge to Home		4,000,000	Financing	631,194	10,520
SDHC Proposed Loan		2,500,000	Permits & Fees	1,414,223	23,570
Impact Fee Waiver		192,045	Reserves	389,555	6,493
SDHC Accrued Deferred Interest		103,648	Architectural & Engineering	1,639,481	27,325
City of San Diego Accrued Deferred Interest		114,577	Construction Interest	2,659,787	44,330
General Partner Capital		100	Other Soft Costs	3,797,122	63,285
9 Percent Federal Tax Credit Equity		23,000,000	Developer's Fee	2,800,000	46,667
<b>Total Sources</b>		<b>\$43,803,370</b>	<b>Total Uses</b>	<b>\$43,803,370</b>	<b>\$730,056</b>

SDHC's proposed \$2,500,000 residual receipts loan will be partly funded with: the City of San Diego Affordable Housing Fund (Inclusionary Housing fund and/or Housing Trust Fund) and HUD HOME Investment Partnerships Program (HOME) funds awarded to the City of San Diego, which SDHC administers. As a result of the HOME funding, there will be HOME-restricted units. The total amount of SDHC funding sources shall not exceed \$2,500,000. A final determination of SDHC funding sources will be made by SDHC's President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized in Attachment 4.

SDHC requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of SDHC subsidy required. If other funding is secured, such proceeds will first be used to make an adjustment to reduce SDHC's loan.

**Developer Fee**

\$2,800,000 - Developer's Fee

The proposed developers' fee complies with the CTCAC's developer fee guidelines.



Development Cost Key Performance Indicators

SDHC’s staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

**Table 4 – Key Performance Indicators**

Total Development Cost Per Unit	\$43,803,370 ÷ 60 units =	\$730,056
SDHC Subsidy Per Unit	\$2,500,000 ÷ 60 units =	\$41,667
Acquisition Cost Per Unit	\$4,587,060 ÷ 60 units =	\$76,451
Gross Building Square Foot Hard Cost	\$25,884,948 ÷ 39,937 sq. ft. =	\$648
Net Rentable Square Foot Hard Cost	\$25,884,948 ÷ 34,944 sq. ft. =	\$741

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including, but not limited to, project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

**Table 5 – Comparable Development Projects**

New Construction Project Name	Year	Units	Total Development Costs	Cost Per Unit	SDHC Subsidy Per Unit	Gross Hard Cost/ Sq. Ft.
<b>Proposed Subject – Serra Mesa Apartments</b>	<b>2025</b>	<b>60</b>	<b>\$43,803,370 (with prevailing wage)</b>	<b>\$730,056</b>	<b>\$41,667</b>	<b>\$648</b>
Rose Creek Village	2024	60	\$36,137,259 (with prevailing wage)	\$602,288	\$33,333	\$587
Kindred	2024	126	\$90,122,469 (with prevailing wage)	\$715,258	\$60,749	\$360
Modica	2023	94	\$58,165,819 (without prevailing wage)	\$618,785	\$31,915	\$378

Serra Mesa Apartment’s \$730,056 cost per unit is higher than typical multifamily affordable new construction developments. This is partially due to the following factors:

- Construction Cost, Interest Rates and Insurance – Rising construction costs, interest

rates and volatility in the insurance market contribute significantly to the total development cost.

- Prevailing Wage - The project requires paying the higher of federal or state prevailing wage rates as a result of the VASH PBVs and land transfer for the development, which equates to approximately 25% of the total cost.
- Complete Communities Location – This designation results in approximately \$0.3 million of additional expenses related to public improvements, such sidewalks and streetscapes.
- Parking – There is an additional \$1.8 million of total cost, which equates to approximately 5% of the total cost, that results from the development’s 22 podium-level parking spaces.

**FISCAL CONSIDERATIONS**

The funding sources and uses approved by this proposed action are included in the Fiscal Year (FY) 2025 SDHC Budget.

Estimated funding sources approved by this action will be as follows:

SDHC loan funds (Affordable Housing Fund and/or HOME funds) – up to \$2,500,000  
Total Funding Sources – up to \$2,500,000

Estimated funding uses approved by this action will be as follows:

Loan – up to \$2,500,000  
Total Funding Uses – up to \$2,500,000

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total SDHC loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to SDHC’s benefit.

**Estimated Development Schedule**

The estimated development timeline is as follows:

<b>Milestones</b>	<b>Estimated Dates</b>
• CTCAC 9% tax credit applications	• March 18, 2025
• CTCAC allocation meeting	• June 2025
• Estimated escrow/loan closing	• December 2025
• Estimated start of construction work	• December 2025
• Estimated completion of construction work	• August 2027

The developer’s Disclosure Statement is included as Attachment 5.

**SDHC STRATEGIC PLAN**

This item relates to Strategic Priority Area No. 1 in SDHC’s Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions. SDHC is in the process of developing a new Strategic Plan.

**AFFORDABLE HOUSING IMPACT**

**Project-Based Vouchers (PBV)**

SDHC has provided a preliminary award recommendation of 30 PBVs for Serra Mesa Apartments for VASH eligible veterans experiencing homelessness. The recommendation for these vouchers is contingent upon successful completion of a Subsidy Layering Review, National Environmental Policy Act clearance, execution of an Agreement to Enter into Housing Assistance Payment Contract, verification of services and all applicable SDHC and PBV regulations. Under the PBV program, the tenant’s rent portion is determined by a calculated amount based on the tenant’s income level with the remainder being federally subsidized up to a gross rent level approved by SDHC.

The 30 VASH PBV units at Serra Mesa Apartments will be one-bedroom units. PBV tenants experiencing homelessness will be identified by the VA. Supportive Services for these tenants will be provided by the VA and CHW.

**Affordability**

The Serra Mesa Apartments development will be subject to an SDHC Declaration of Covenants and Restrictions, in addition to applicable tax credit agreements, which will restrict affordability of 59 units for 55 years. The rent and occupancy restrictions required by CTCAC will apply.

**Table 6 – Affordability & Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>CTCAC Gross Rents</b>
One bedroom (506 sq. ft.) for veterans experiencing homelessness	30% (\$36,400/year for two-person household)	5	\$852
One bedroom (506 sq. ft.) for veterans experiencing homelessness	50% (\$60,600/year for two-person household)	15	\$1,420
One bedroom (506 sq. ft.) for veterans experiencing homelessness	60% (\$72,720/year for two-person household)	10	\$1,704
<b>Subtotal One-Bedroom Units for Homeless Veterans</b>	--	<b>30</b>	--
One bedroom (506 sq. ft.) for non-veterans	30% (\$36,400/year for two-person household)	9	\$852
One bedroom (506 sq. ft.) for non-veterans	60% (\$72,720/year for two-person household)	17	\$1,704
<b>Subtotal One-Bedroom Units for Non-Veterans</b>	--	<b>26</b>	--
Two bedrooms (738 sq. ft.) for general low-income tenants	30% (\$40,950/year for three-person household)	1	\$1,023
Two bedrooms (738 sq. ft.) for general low-income tenants	50% (\$68,200 per year for three-person household)	2	\$1,705
<b>Subtotal Two-Bedrooms Units for general low-income</b>	--	<b>3</b>	--

<b>tenants</b>			
Manager’s unrestricted two-bedroom unit	--	<b>1</b>	
<b>Total Units</b>	--	<b>60</b>	--

**NONDISCRIMINATION ASSURANCE**

At SDHC, We’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

CHW’s focus for their developments is on providing a resident centered environment, with sustainability and community connection. They conduct extensive outreach during the Interest List period to ensure all interested community members are aware of the opportunity and can apply. Staff has requested a workforce report for record keeping purposes only.

**COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On August 15, 2024, CHW presented the proposed development as an informational item to the Serra Mesa Planning Group.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include CHW as the developer, the VA as a service provider, the City of San Diego and SDHC as lenders, the State of California as a potential tax credit funder, the Serra Mesa neighborhood, and future residents of Serra Mesa Apartments, including veterans experiencing homelessness. Serra Mesa Apartments is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 59 affordable rental homes for individuals and families, including veterans experiencing homelessness.

**ENVIRONMENTAL REVIEW**

California Environmental Quality Act

The proposed Loan Agreement between the San Diego Housing Commission and Community HousingWorks, a California nonprofit public benefit corporation, provides a loan for the Serra Mesa Apartments affordable housing project in an amount of \$2,500,000. The project is adequately covered in the Final Program Environmental Impact Report (FEIR) for the Complete Communities Housing Choices and Mobility Solutions Program Environmental Impact Report (SCH No. 201906003) which was certified by City Council on May 5, 2020 (Resolution R-313279). This activity is a subsequent discretionary action and is, therefore, not considered to be a separate project for the purposes of CEQA pursuant to State CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to CEQA Statute Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. An Environmental Assessment will be processed in accordance with the requirements of the National Environmental Policy Act

(NEPA). The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development.

Respectfully submitted,



Jennifer Kreutter  
Vice President, Multifamily Housing Finance  
Real Estate Division

Approved by,



Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments:

- 1) Site Map
- 2) Organization Chart
- 3) Developer's Project Pro Forma
- 4) Proposed Loan Terms
- 5) Developer's Disclosure Statement

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at [www.sdhc.org](http://www.sdhc.org).