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HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act
(TEFRA) Hearing and Resolution for Cuatro at City Heights Apartments
Presentation to the SDHC Board of Commissioners
January 19, 2024

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SDHC – Cuatro at City Heights Apartments Development Summary

- Proposed new construction of 115 affordable rental housing units and two unrestricted managers' units throughout four separate sites in Council District 9.
 - 115 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI).
 - \$28,950/year – \$82,680 for one-person to four-person households
 - Affordable for 55 years for individuals and families, including veterans experiencing homelessness
- 115 units at the property will remain affordable for 55 years.
- Mix of studio, one-, two- and three-bedroom units.
- Scattered-site project, consists of four four-story residential buildings on four separate parcels, representing three projects.
 - Site #1 (Project #1) – 4050 El Cajon Blvd.
 - Site #2 (Project #2) – 3951 University Ave.
 - Site #3 (Project #3) – 4050 University Ave.
 - Site #4 (Project #3) – 4102-4122 University Ave.
- Transit lines: Blue 1 & 60, Red 235 & 215 are less than 0.1 mile away.



SDHC – Cuatro at City Heights Apartments

Developer Summary

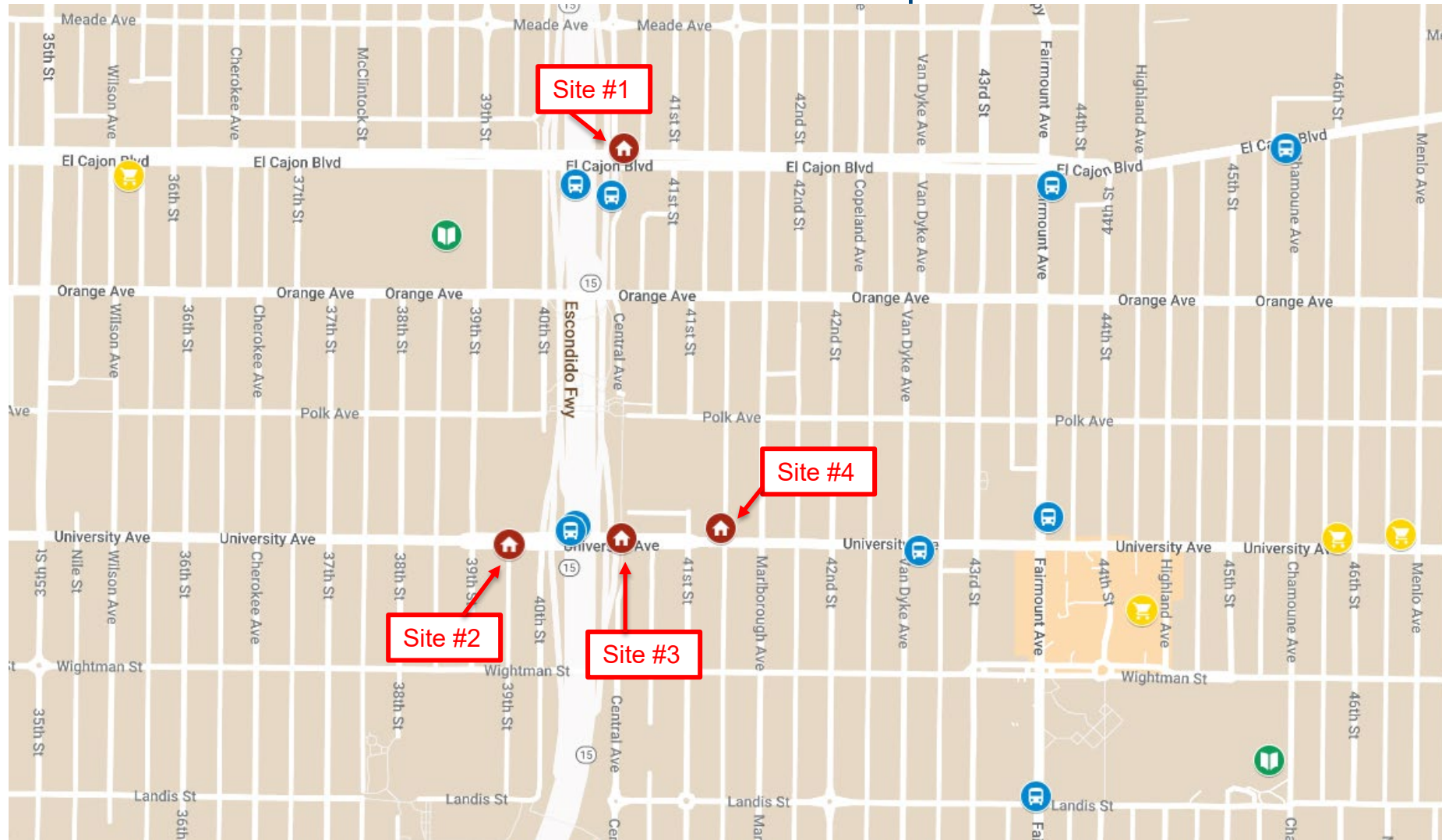
- Wakeland Housing and Development Corporation:
 - Experienced, award-winning, nonprofit developer
 - Has developed over 7,900 affordable units
 - Current portfolio of approximately 6,000 affordable units
 - Successfully completed previous developments with SDHC residual receipts loans and multifamily housing revenue bonds
- Wakeland applied to SDHC for 48 federal rental housing vouchers through SDHC's Fiscal Year 2022 Affordable Housing Notice of Funding Availability.
 - SDHC provided an award for 48 federal Project-Based Housing Vouchers for households with income up to 60 percent of AMI that are not experiencing homelessness.
- City Heights Community Development Corporation will provide services for all residents.
- Interfaith Community Services will provide services for the 30 veterans experiencing homelessness.





SDHC – Cuatro at City Heights Apartments

Local Amenities Map



SDHC – Cuatro at City Heights Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Permanent Loan	\$6,901,000	Acquisition & Closing Costs	\$7,240,000
Tax Credit Equity	37,780,452	Design & Engineering	4,286,000
City of San Diego Loan	4,000,000	Legal / Financial / Consultants	335,000
Accrued Deferred Interest – City of San Diego	159,000	Permits & Fees	3,000,000
State Housing and Community Development (HCD) Veterans Housing and Homelessness Prevention (VHHP)	8,443,317	Construction Costs	58,861,967
HCD Multifamily Housing Program	22,155,752	Financial Costs	10,657,328
HCD Infill Infrastructure Grant – General Partner (GP) Loan	5,343,300	Marketing / Administrative	150,000
Federal Home Loan Bank – Affordable Housing Program	1,000,000	Developer's Fee	10,600,000
Deferred Developer Fee	8,400,000	Hard Cost Contingency	2,919,598
GP Capital Contribution (Commercial Piece)	4,913,212	Soft Cost Contingency	453,000
		Reserves	593,240
Total Development Cost	\$99,096,133	Total Development Cost	\$99,096,133

Estimated Total Development Cost Per Unit (117 Units) = \$846,975



SDHC – Cuatro at City Heights Apartments Cost Drivers

- Construction costs and related inflation have significantly increased.
- Changes to the building design have increased the permits and fees to cover additional review and to expedite the City of San Diego's process.
- Higher than average interest rates when compared to years prior.
- Necessary increase in the contingency budget to compensate for increasing interest and construction cost.
- Volatility in the insurance market has increased the insurance costs.
- Due to the mixed-use zoning, the Cuatro at City Heights design will include 13,094 square feet of commercial/office space.





SDHC – Cuatro at City Heights Apartments Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Studio	30% (Currently \$28,950/ year for a one-person household)	11	\$723
Studio	40% (Currently \$38,600/ year for a one-person household)	3	\$965
Studio	50% (Currently \$48,250/ year for a one-person household)	10	\$1,206
Studio	60% (Currently \$57,900/ year for a one-person household)	<u>2</u>	<u>\$1,447</u>
Subtotal Studio Units		26	
One-bedroom	30% (Currently \$33,100/ year for a two-person household)	13	\$775
One-bedroom	40% (Currently \$44,100/ year for a two-person household)	3	\$1,034
One-bedroom	50% (Currently \$55,150/ year for a two-person household)	12	\$1,292
One-bedroom	60% (Currently \$66,180/ year for a two-person household)	<u>1</u>	<u>\$1,551</u>
Subtotal One-bedroom Units		29	
Two-bedroom	30% (Currently \$37,250/ year for a three-person household)	8	\$930
Two-bedroom	40% (Currently \$49,600/ year for a three-person household)	3	\$1,241
Two-bedroom	50% (Currently \$62,050/ year for a three-person household)	10	\$1,551
Two-bedroom	60% (Currently \$74,460/ year for a three-person household)	<u>10</u>	<u>\$1,861</u>
Subtotal Two-bedroom Units		31	
Three-bedroom	30% (Currently \$41,350/ year for a four-person household)	8	\$1,075
Three-bedroom	40% (Currently \$55,100/ year for a four-person household)	3	\$1,433
Three-bedroom	50% (Currently \$68,900/ year for a four-person household)	9	\$1,791
Three-bedroom	60% (Currently \$82,680/ year for a four-person household)	<u>9</u>	<u>\$2,150</u>
Subtotal Three-bedroom Units		29	
Subtotal Affordable Units		115	
2-Bedroom Manager (Unrestricted)	--	<u>2</u>	
Total Units		117	



SDHC – Cuatro at City Heights Apartments

Development Timeline

Milestones	Estimated Dates
• Housing Authority consideration of bond authorization.....	February 13, 2024
• City Council consideration of TEFRA resolution.....	February 13, 2024
• Estimated bond issuance and escrow/loan closing.....	February 2024
• Estimated start of construction work.....	March 2024
• Estimated completion of construction work.....	November 2025



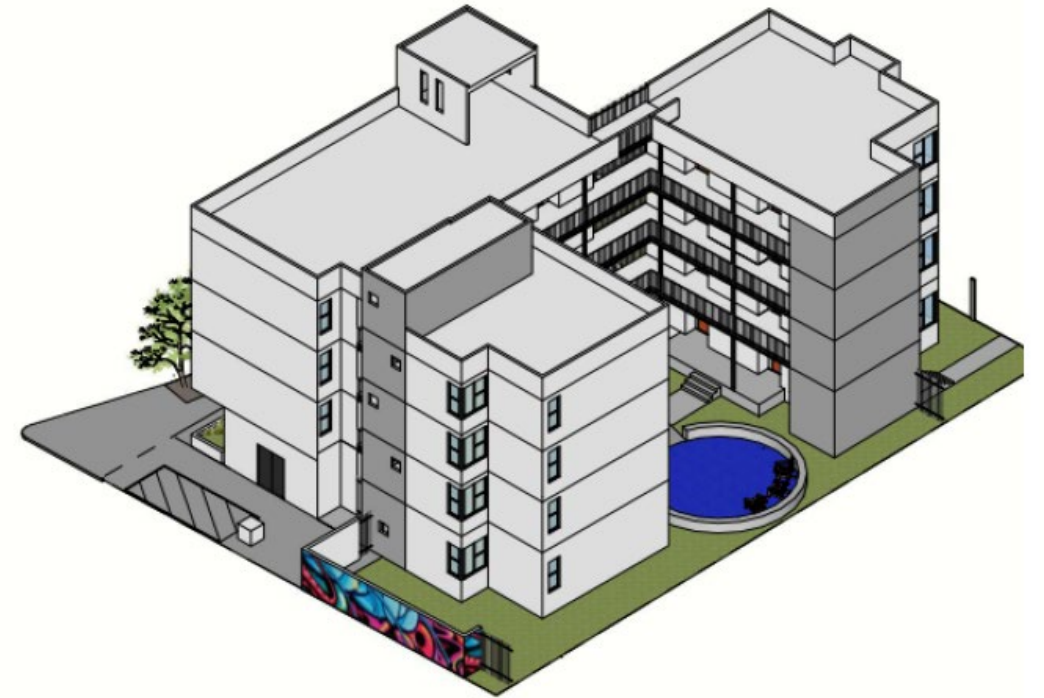
SDHC – Cuatro at City Heights Apartments

Architect's Rendering – Sites #1 and #2

Site #1 - 4050 El Cajon Boulevard



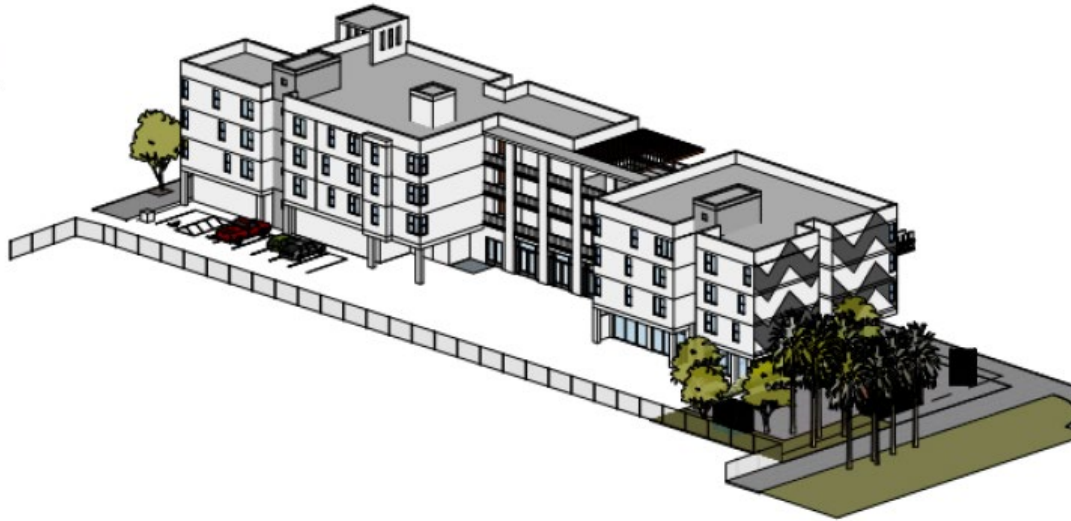
Site #2 - 3951 University Avenue



SDHC – Cuatro at City Heights Apartments

Architect's Rendering – Sites #3 and #4

Site #3 - 4050 University Avenue



Site #4 - 4102-4122 University Avenue



SDHC – Cuatro at City Heights Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$47,111,000 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 – Cuatro at City Heights Apartments

Staff Recommendations

That the SDHC Board of Commissioners (SDHC Board) take the following actions and recommend that the Housing Authority and City Council take the following actions:

SDHC Board

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$47,111,000 to finance the development of Cuatro at City Heights, a scattered-site development in the City Heights neighborhood of San Diego, consisting of three projects: a 25-unit affordable rental housing development at 4050 El Cajon Blvd. (Project 1), in an amount not to exceed \$9,413,179; a 21-unit affordable housing development at 3951 University Ave. (Project 2), in an amount not to exceed \$8,036,219; and a 71-unit affordable housing development at 4050 and 4102-4122 University Ave. (Project 3), in an amount not to exceed \$29,661,602. The scattered-site development will consist of a total of 115 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units. The three sites composing Cuatro at City Heights are identified separately in the TEFRA resolution and public hearing notice solely to comply with the requirements of TEFRA regulation section 1.147(f)-1(f)(2)(ii).
- 2) Approve an updated financing team to include Jones Hall as the Bond Counsel.



SDHC – Cuatro at City Heights Apartments

Staff Recommendations (Continued)

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$47,111,000 and taxable bonds in an amount not to exceed \$30,000,000 to fund Cuatro at City Heights LP's construction of Cuatro at City Heights, a new 117-unit affordable rental housing development at three scattered sites at 4050 El Cajon Blvd. (Project 1), 3951 University Ave. (Project 2), and 4050 and 4102-4122 University Ave. (Project 3) in the City Heights neighborhood of San Diego, which will consist of 115 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units.
- 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 the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.



SDHC – Cuatro at City Heights Apartments

Staff Recommendations (Continued)

City Council

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution, approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$47,111,000 to finance the development of Cuatro at City Heights, a scattered-site development in the City Heights neighborhood of San Diego, consisting of three projects: a 25-unit affordable rental housing development at 4050 El Cajon Blvd. (Project 1), in an amount not to exceed \$9,413,179; a 21-unit affordable housing development at 3951 University Ave. (Project 2), in an amount not to exceed \$8,036,219; and a 71-unit affordable housing development at 4050 and 4102-4122 University Ave. (Project 3), in an amount not to exceed \$29,661,602. The scattered-site development will consist of a total of 115 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units. The three sites composing Cuatro at City Heights are identified separately in the TEFRA resolution and public hearing notice solely to comply with the requirements of TEFRA regulation section 1.147(f)-1(f)(2)(ii).

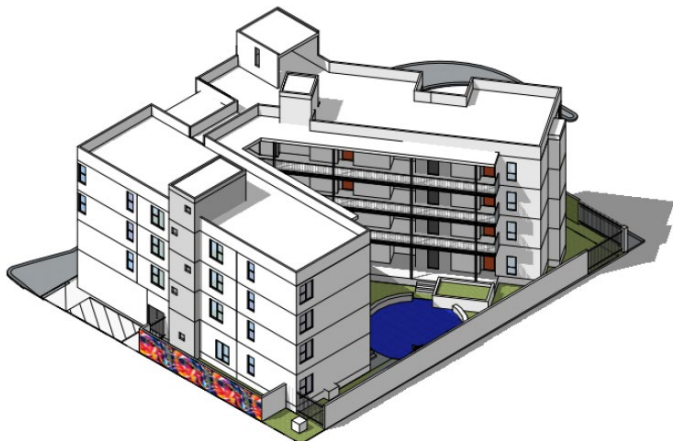


Questions & Comments

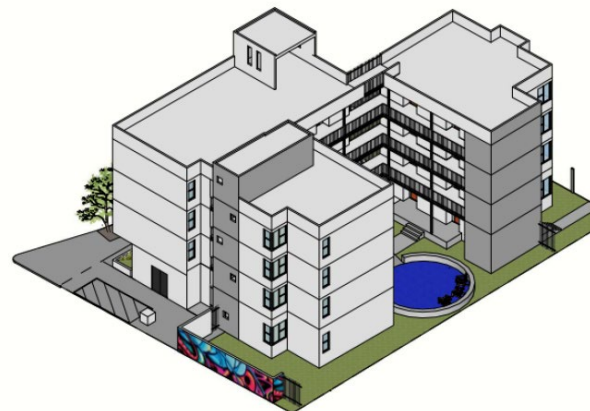


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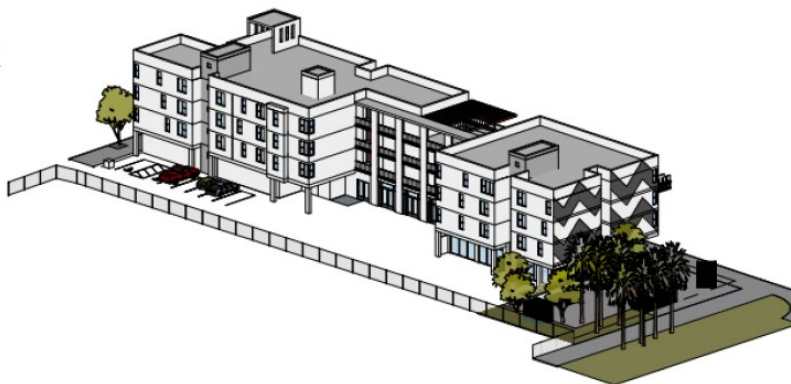
Site #1 - 4050 El Cajon Boulevard



Site #2 - 3951 University Avenue



Site #3 - 4050 University Avenue



Site #4 - 4102-4122 University Avenue

