



SAN DIEGO  
HOUSING  
COMMISSION

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# San Diego Housing Commission (SDHC)

## Loan Recommendation for The Grant at Mission Trails

Presentation to the SDHC Board of Commissioners  
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# SDHC – Grant at Mission Trails

## Development Summary

- Proposed new construction of 47 affordable rental housing units and one unrestricted manager's unit at 5945 Mission Gorge Road in the Navajo Community Plan area of Council District 7
  - 47 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
    - \$39,700/year – \$99,240/year for two- to four-person households
  - 55-year affordability term
- Site amenities will include:
  - Clubhouse/community room
  - Computer room
  - Central laundry facility
  - On-site management
  - Wi-Fi
  - Tot lot with recreation room/facilities
  - Picnic area
  - Courtyard
- One seven-story building
  - First level: clubhouse and community room
  - Remaining six levels: entirely residential



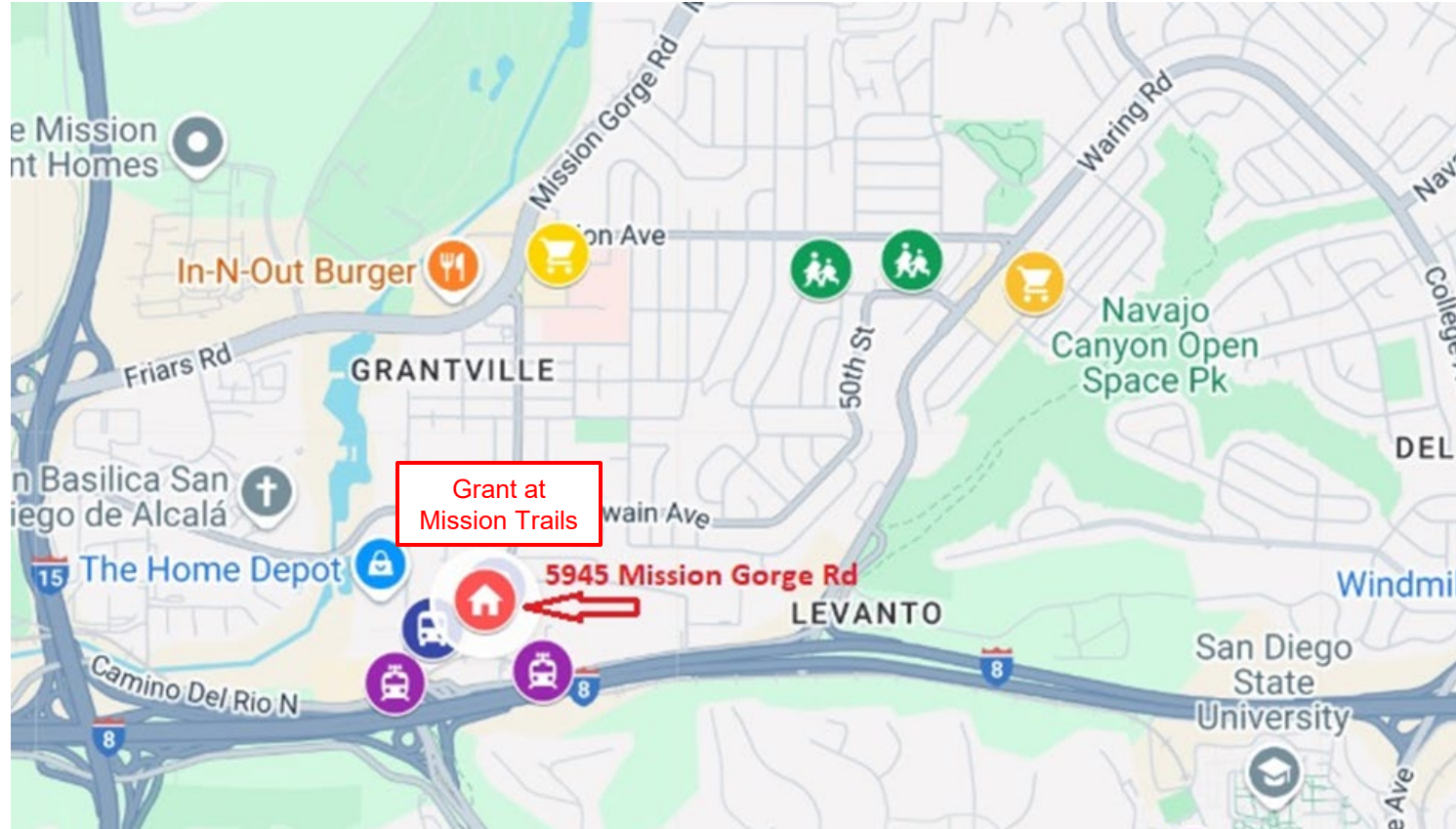
# SDHC – Grant at Mission Trails

## Developer and Service Provider Summary

- CRP Affordable Housing and Community Development (CRP)
  - Established in 2019
  - Subsidiary of Castellan Holdings LLC, an experienced, for-profit, real estate development firm, created in 2008
  - Manages over 2,500 affordable housing units
- Pursuant to SDHC’s Fiscal Year 2024 Notice of Funding Availability (NOFA), SDHC staff provided a recommendation of a residual receipts loan of up to \$2,200,000 and 12 federal Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers (PBVs).
- Services will be provided by U.S. Department of Veteran Affairs (VA), Townspeople and Pacific Southwest Community Development Corporation (PSCDC).
  - The VA will provide supportive services for the 12 VASH PBV households.
  - Townspeople will act as a secondary service provider for the 12 VASH PBV households plus two additional permanent supportive housing units for individuals and families experiencing homelessness.
  - PSCDC will act as a general service provider for residents of all family units, with a focus on nutritional education, social connection, exercise and financial literacy.



# SDHC – Grant at Mission Trails Local Amenities Map



## SDHC – Grant at Mission Trails

### Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Federal Tax Credit Equity	\$17,360,217	Land Acquisition and Acquisition Closing Costs	\$2,851,350
State Tax Credit Equity	7,669,240	Hard Cost (Construction)	23,625,399
Permanent Loan	7,561,712	Hard Cost Contingency	1,426,605
City of San Diego CDBG Bridge to Home Loan	2,500,000	Architectural & Engineering	1,875,000
SDHC Proposed Loan	2,200,000	Financing Fees & Interest	3,657,495
County of San Diego ARPA	2,750,000	Legal & Professional	377,500
Accrued Interest (RR Loans)	572,833	Operating Reserves	268,612
Deferred Developer Fee	1,545,735	Impact & Permit Fees	1,199,155
		Remaining Soft Cost	2,122,320
		Soft Cost Contingency	710,567
		Developer Fee	4,045,735
<b>Total Development Cost</b>	<b>\$42,159,738</b>	<b>Total Development Cost (TDC)</b>	<b>\$42,159,738</b>

- Estimated Total Development Cost Per Unit (48 Units) = \$878,328



# SDHC – Grant at Mission Trails

## Cost Drivers

- Larger concentration of two- and three-bedroom family units compared to typical affordable developments with predominantly studio and one-bedroom units
- Federal prevailing wage requirements due to the use of 12 VASH PBVs
- Site location:
  - Irregular shape
  - On a flood-plain
  - Will require additional structural improvements, soil stabilization and general construction needs
- Emphasis on energy-efficient specifications
- Increased insurance costs due to volatility in the insurance market and uncertain interest rates



# SDHC – Grant at Mission Trails

## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-Bedroom (PSH PBV)	30% (\$39,700/year for two-person household)	12	\$993
<b>Subtotal One-bedroom Units</b>		<b>12</b>	
Two-bedroom	30% (\$44,650/year for three-person household)	2	\$1,116
Two-bedroom	40% (\$59,550/year for three-person household)	5	\$1,489
Two-bedroom	50% (\$74,450/year for three-person household)	4	\$1,861
Two-bedroom	60% (\$89,340/year for three-person household)	<u>12</u>	\$2,233
<b>Subtotal Two-bedroom Units</b>		<b>23</b>	
Three-bedroom	50% (\$82,700/year for a four-person household)	6	\$2,068
Three-bedroom	60% (\$99,240/year for a four-person household)	<u>6</u>	\$2,481
<b>Subtotal Three-bedroom Units</b>		<b>12</b>	
<b>Subtotal Affordable Units</b>		<b>47</b>	
Manager's unrestricted two-bedroom unit	--	<u>1</u>	
<b>Total</b>		<b>48</b>	



# SDHC – Grant at Mission Trails Development Timeline

Milestone	Estimated Date
<ul style="list-style-type: none"> <li>• Estimated bond issuance and escrow/loan closing.....</li> </ul>	July 2025
<ul style="list-style-type: none"> <li>• Estimated start of construction work.....</li> </ul>	July 2025
<ul style="list-style-type: none"> <li>• Estimated completion of construction work.....</li> </ul>	June 2027





# SDHC – Grant at Mission Trails Architect's Rendering



# SDHC – Grant at Mission Trails

## Staff Recommendations

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

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$2,200,000 to The Grant at Mission Trails LP, a California limited partnership, to facilitate the acquisition and new construction of The Grant at Mission Trails, a development at 5945 Mission Gorge Road, in the Navajo Community Plan area, which will consist of 47 units that will remain affordable for 55 years. Of the development's 47 affordable units, 12 units will be reserved for veterans experiencing homelessness who are eligible for Veterans Affairs Supportive Housing (VASH) vouchers with an income up to 30 percent of San Diego's Area Median Income (AMI) and 35 units will be reserved for families earning 30 percent to 60 percent of AMI. Additionally, there will be one unrestricted manager's unit.

SDHC's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to SDHC General Counsel's approval.



## SDHC – Grant at Mission Trails Staff Recommendations (Continued)

- 2) Authorize the President and Chief Executive Officer (President and CEO), or designee:
  - a. To execute any and all documents necessary 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. To 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 \$2,200,000 maximum loan amount may not increase.
  - c. To 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 the SDHC Board upon advice of the General Counsel.



## Questions & Comments



# SDHC – Grant at Mission Trails

