



SAN DIEGO  
HOUSING  
COMMISSION

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# San Diego Housing Commission (SDHC)

## Loan Recommendation for Avanzando San Ysidro

### Presentation to the SDHC Board of Commissioners

April 25, 2025

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## SDHC – Avanzando San Ysidro Development Summary

- Proposed new construction of 101 affordable rental housing units for individuals and families and two unrestricted manager's units throughout two separate sites in the San Ysidro neighborhood of Council District 8
  - 101 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
    - \$36,400/year (two-person household at 30 percent of AMI) – \$90,900/year (four-person household at 60 percent of AMI)
    - Affordable for 55 years for individuals and families
- Mix of one-, two- and three-bedroom units
- Scattered-site project
  - Site #1: 317 Cottonwood Road and 210-240 South Vista Avenue (four four-story residential buildings)
  - Site #2: 125 Cypress Drive (three four-story residential buildings)



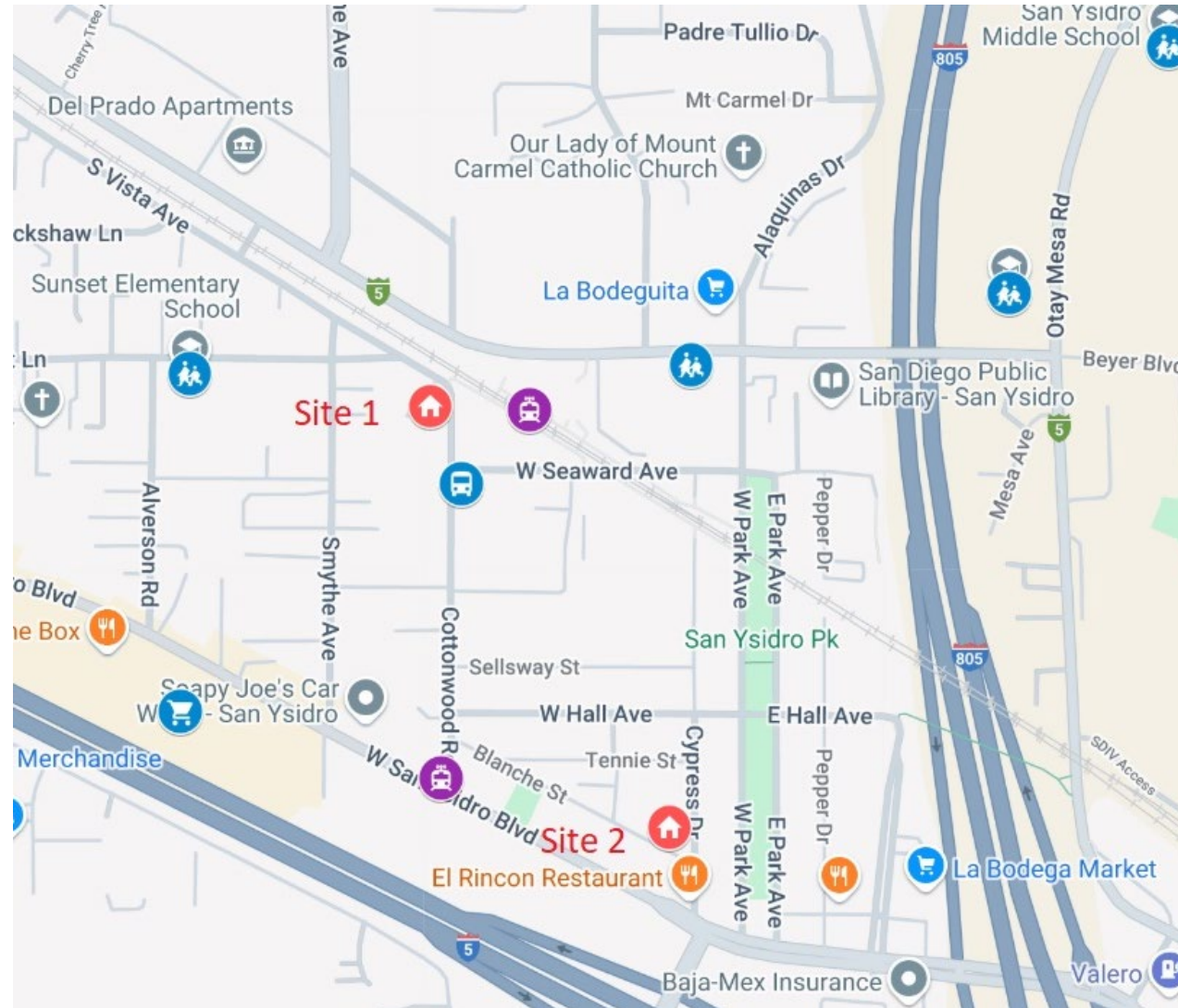
# SDHC – Avanzando San Ysidro

## Developer Summary

- Avanzando San Ysidro is a joint venture between Hitzke Development Corp. and Casa Familiar.
  - Hitzke Development Corp. is an experienced for-profit developer in San Diego.
    - Successfully completed a previous development with SDHC loan funds
    - Developed 449 affordable housings units in Southern California
  - First new construction development for Casa Familiar, but they have been providing resident and social services in the San Ysidro community for over 50 years.
- Pursuant to SDHC's Fiscal Year 2024 Notice of Funding Availability (NOFA), SDHC staff provided a recommendation for a residual receipts loan of up to \$4,120,000.
- Service Provider:
  - Casa Familiar will provide services for all residents at no cost, including:
    - Financial coaching
    - Health education
    - Public benefit services



# SDHC – Avanzando San Ysidro Site Map



# SDHC – Avanzando San Ysidro

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Tax-Exempt Permanent Loan	\$5,230,000	Land Acquisition	\$0
State of CA Affordable Housing and Sustainable Communities (AHSC)	\$20,200,000	Construction Hard Costs: \$60,917,222 Contingency: \$3,287,316	\$64,204,538
Infill Infrastructure Grant (IIG-C via SDHC)	\$6,019,116	Financing Costs	\$8,876,194
SDHC Proposed Loan	\$4,120,000	Other Soft Costs	\$2,870,378
County of San Diego Predevelopment Loan	\$1,100,000	Development Impact Fees	\$3,287,316
California Governor's Budget	\$1,260,000	Architecture and Engineering Costs	\$1,834,397
Regional Early Action Planning Grant (REAP) 2.0 (via SANDAG)	\$4,125,000	Paid Developer Fee	\$1,528,131
Deferred Developer Fee	\$1,471,870	Deferred Developer Fee	\$1,471,870
General Partner Contribution	\$12,067,755	Subordinate Deferred Developer Fee (General Partner Contribution)	\$12,067,755
Limited Partner Equity	\$40,546,838		
Total Development Sources	\$96,140,579	Total Development Cost	\$96,140,579

- Estimated Total Development Cost Per Unit (103 units) = \$933,404



## SDHC – Avanzando San Ysidro

### Cost Drivers

- Larger concentration of two and three-bedroom family units compared to typical affordable developments with predominantly studio and one-bedroom units
- Emphasis on energy efficiency and green space, including LEED Green Certification
- Project Labor Agreement and prevailing wages required by funding sources
- 1,900 square feet of commercial space included in the design due to mixed-use zoning
- Diminished economies of scale due to scattered sites
- Increased insurance costs due to volatility in the insurance market
- Redesign costs associated with requirements for EV charging stations and car-sharing programs



# SDHC – Avanzando San Ysidro

## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom	30% (Currently \$36,400/ year for a two-person household)	3	\$852
One-bedroom	40% (Currently \$48,500/ year for a two-person household)	15	\$1,136
One-bedroom	50% (Currently \$60,600/ year for a two-person household)	<u>8</u>	<u>\$1,420</u>
<b>Subtotal One-bedroom Units</b>		<b>26</b>	
Two-bedroom	30% (Currently \$40,950/ year for a three-person household)	4	\$1,023
Two-bedroom	40% (Currently \$54,550/ year for a three-person household)	12	\$1,364
Two-bedroom	50% (Currently \$68,200/ year for a three-person household)	4	\$1,705
Two-bedroom	60% (Currently \$81,840/ year for a three-person household)	<u>5</u>	<u>\$2,046</u>
<b>Subtotal Two-bedroom Units</b>		<b>25</b>	
Three-bedroom	30% (Currently \$45,450/ year for a four-person household)	4	\$1,182
Three-bedroom	40% (Currently \$60,600/ year for a four-person household)	13	\$1,576
Three-bedroom	50% (Currently \$75,750/ year for a four-person household)	13	\$1,970
Three-bedroom	60% (Currently \$90,900/ year for a four-person household)	<u>20</u>	<u>\$2,364</u>
<b>Subtotal Three-bedroom Units</b>		<b>50</b>	
<b>Subtotal Affordable Units</b>		<b>101</b>	
2-Bedroom Manager (Unrestricted)	--	<u>2</u>	
<b>Total Units</b>		<b>103</b>	





# SDHC – Avanzando San Ysidro

## Development Timeline

Milestone	Estimated Date
• SDHC proposed loan authorization.....	April 2025
• Estimated bond issuance and escrow/loan closing.....	July 2025
• Estimated start of construction work.....	July 2025
• Estimated completion of construction work.....	April 2027





# SDHC – Avanzando San Ysidro Architect's Rendering

Site 1



Site 2



# SDHC – Avanzando San Ysidro

## 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 \$4,120,000 to Avanzando San Ysidro, LP, a California limited partnership, to facilitate the new construction of Avanzando San Ysidro, a scattered-site development, consisting of two properties located 0.5 of a mile apart, at site 1: 317 Cottonwood Road and 210-240 South Vista Avenue, and site 2: 125 Cypress Drive, in the San Ysidro neighborhood of San Diego, which will consist of 101 affordable rental units that will remain affordable for 55 years for individuals and families with incomes from 30 percent to 60 percent of San Diego's Area Median Income (AMI), plus two unrestricted managers' units.

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 the SDHC General Counsel's approval.



# SDHC – Avanzando San Ysidro

## 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 \$4,120,000 maximum SDHC 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 SDHC upon advice of the General Counsel.



# Questions & Comments





# SDHC – Avanzando San Ysidro

Site 1



Site 2

