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San Diego Housing Commission (SDHC) Front & Beech Affordable Housing Loan Recommendation Presentation to the SDHC Board of Commissioners September 18, 2020

Colin Miller
Vice President of Multifamily Housing
Finance
Real Estate Division



SDHC – Front & Beech

Staff Recommendations

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

1. Approve an SDHC residual receipts loan of up to \$4,250,000 to Front & Beech SD LP, a California limited partnership formed by Affirmed Housing Group (Affirmed), to finance the proposed acquisition and new construction of Front & Beech Apartments, a 78-unit affordable rental housing development, to be located at the southeast corner of Front Street and Beech Street, San Diego, which will include 77 units that will remain affordable for 55 years and 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 the report. Such third-party funding commitments will be subject to SDHC General Counsel's approval.



SDHC – Front & Beech

Staff Recommendations (Continued)

2. Authorize the President and Chief Executive Officer (President & CEO), or his 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.
 - 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 \$4,250,000 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 & 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.



SDHC – Front & Beech Development Summary

- Proposed new construction of 78-unit, transit-oriented development
 - 77 affordable studios and one unrestricted manager's unit.
 - 32 Project-Based Housing Vouchers (PBV) requested
 - Amenities:
 - 5,000 square feet of community space
 - Multipurpose room
 - On-site laundry
 - Dedicated bicycle storage room



SDHC – Front & Beech Development Team Summary

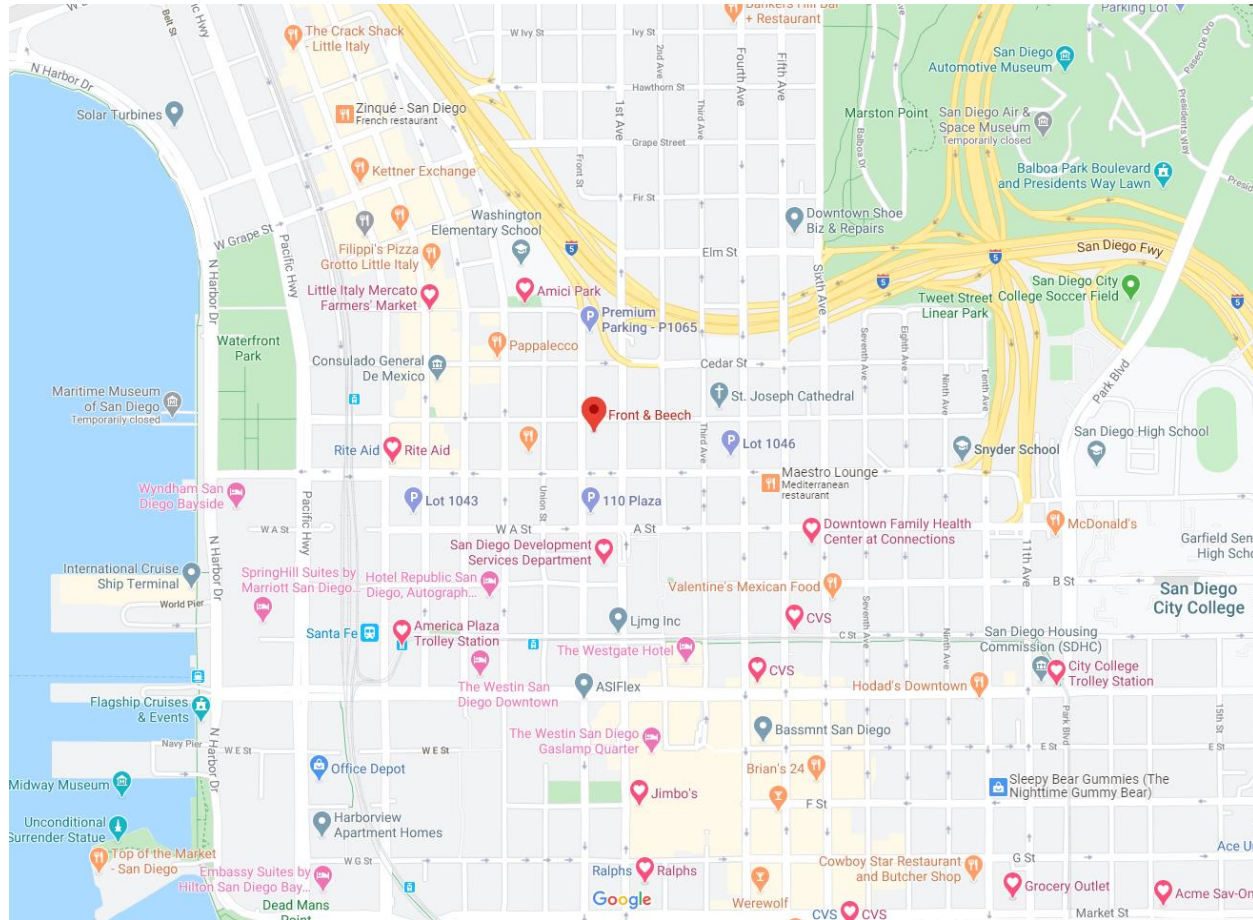
Role	Firm/Contract
Developer	Front & Beech SH, L.P. c/o Affirmed Housing Group, Inc.
General Partners	Affirmed Housing Group
Limited Partners	To be selected
Architect	Carrier Johnson & Culture
Property Management	Solari Enterprises, Inc.
General Contractor	To be selected
Construction and Permanent Lender	To be selected
Tax Credit Equity Partner	To be selected





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SDHC – Front & Beech Location Map



SDHC – Front & Beech Plans



SDHC – Front & Beech Plans (Continued)



SDHC – Front & Beech Plans (Continued)



SDHC – Front & Beech

Estimated Sources & Uses of Financing

Financing Sources		Financing Uses		Per Unit
Permanent Loan	\$8,078,808	Acquisition	\$4,179,097	\$53,578
SDHC Loan	\$4,250,000	Construction	\$21,271,000	\$272,705
CalHFA	\$3,785,968	Financing costs	\$1,876,500	\$24,057
State Tax Credit	\$6,820,232	Other soft costs	\$3,646,525	\$46,750
Federal Tax credits	\$12,382,390	City permits and impact fees	\$1,579,276	\$20,247
Deferred Developer's Fee	\$1,142,359	Developer's fee	\$3,642,359	\$46,697
		Reserves	\$265,000	\$3,397
Total Sources	\$36,459,757	Total Uses	\$36,459,757	\$467,433

- Estimated Total Development Cost Per Unit (for 78 Units) = \$467,433



SDHC – Front & Beech Affordability & Estimated Rents

Unit Type	AMI	Number of Units	Gross Rents
Studio (with PBVs)	30%	32	\$1,311
Studio	80%	45	\$1,258
Average Affordability	59%	77	-
2 Bedroom Manager	-	1	-
Total Units	-	78	-



SDHC – Front & Beech Development Timeline

Milestones	Estimated Dates
CDLAC Allocation	September 16, 2020
Close Construction Financing	January 15, 2021
Estimated Start of Construction	February 15, 2021
Estimated Completion of Construction	June 30, 2022



SDHC – Front & Beech Partnership Development Loan Proposal Summary

- Proposed SDHC loan of up to \$4,250,000
- New construction of 77 affordable units and 1 manager's unit
- Prelim approval includes 32 PBVs



SDHC – Front & Beech Partnership Development

Questions & Comments

