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San Diego Housing Commission (SDHC)
Loan Recommendation, Preliminary Bond Authorization and Tax Equity
and Fiscal Responsibility Act (TEFRA) Hearing for Hillcrest Hall
Presentation to the SDHC Board of Commissioners
June 21, 2024

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SDHC – Hillcrest Hall

Development Summary

- Proposed new construction of 97 affordable rental housing units and one unrestricted manager's unit at 1607 University Avenue and 3843 Herbert Street in the Uptown Community Plan area of Council District 3
 - 97 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
 - \$36,400/year – \$90,900/year for two- to four-person households
 - 55-year affordability term
- Site amenities will include on-site supportive services offices, community room, on-site management, picnic area, playground, private balconies, a rooftop patio, and a computer room.
- Seven residential stories over one story of parking (18 stalls).
 - The first level will be solely parking.
 - The second level will contain residential units along with amenities and an outdoor deck.
 - The remaining six levels will be entirely residential.



SDHC – Hillcrest Hall

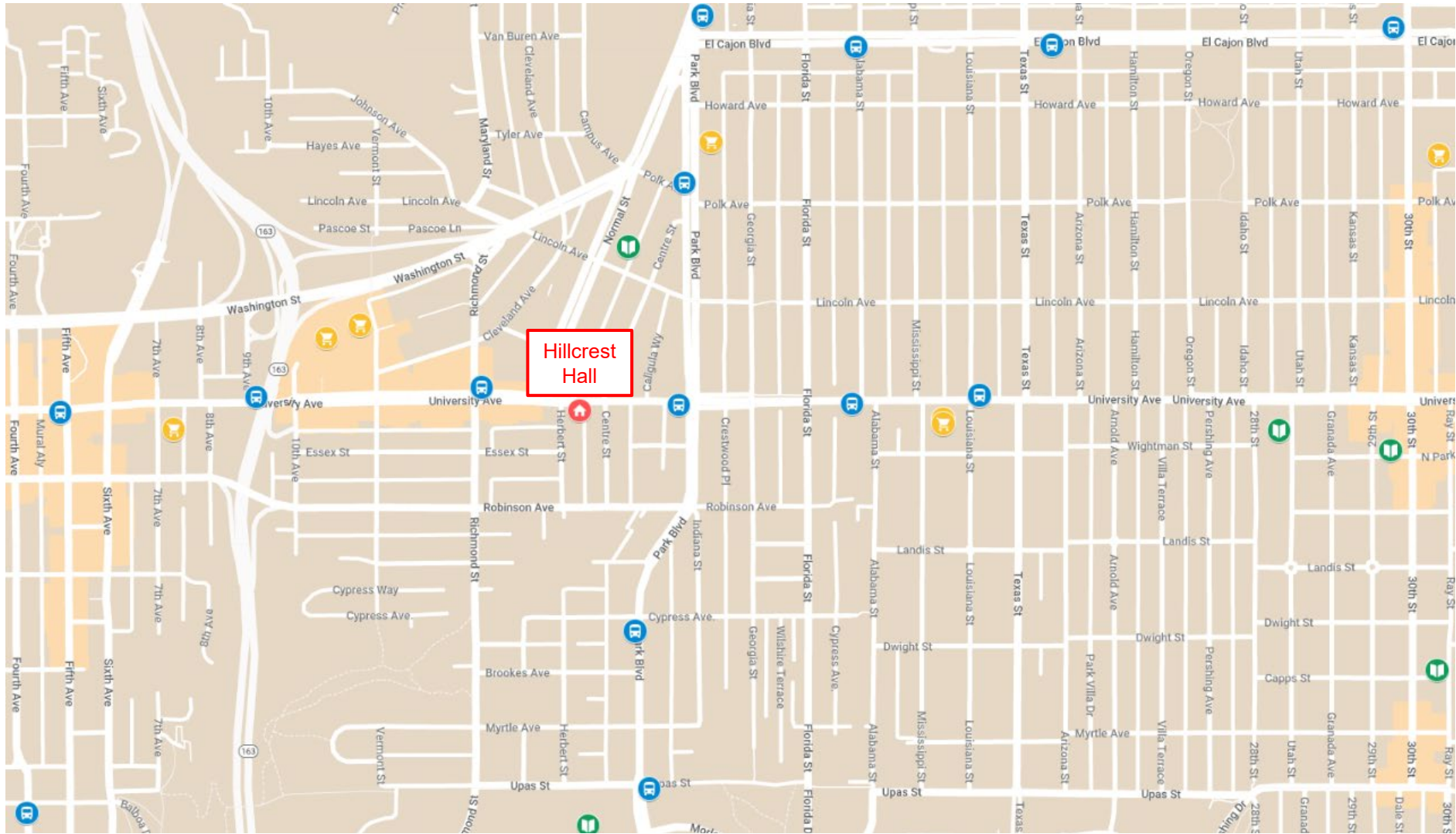
Developer and Service Provider Summary

- 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
 - Currently developing 1,000 affordable 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 \$5,000,000.
- Central Valley Coalition for Affordable Housing (CVCAH) will provide services for all residents:
 - Health care services
 - Social services
 - Financial literacy classes
 - Recreational activities





SDHC – Hillcrest Hall Local Amenities Map



SDHC – Hillcrest Hall Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Perm Loan	\$11,792,490	Land Acquisition	\$8,500,000
Proposed SDHC Loan	5,000,000	Hard Costs	36,750,000
Federal Tax Credit Equity	24,647,401	Hard Costs Contingency	1,837,500
State Tax Credit Equity	14,544,283	Soft Costs	5,159,417
City of San Diego Bridge to Home Loan	3,175,000	Soft Costs Contingency	418,974
Deferred Developer Fee	5,427,917	Financing Costs	4,490,125
		Reserves	404,852
		Developer Fee	7,026,223
Total Development Cost	\$64,587,091	Total Development Cost	\$64,587,091

- Estimated Total Development Cost Per Unit (98 Units) = \$659,052



SDHC – Hillcrest Hall Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom	30% (currently \$36,400/year for a two-person household)	11	\$910
One-bedroom	50% (currently \$60,600/year for a two-person household)	4	\$1,515
One-bedroom	60% (currently \$72,800/year for a two-person household)	<u>20</u>	\$1,818
Subtotal One-bedroom Units		35	
Two-bedroom	30% (currently \$40,950/year for a three-person household)	10	\$1,024
Two-bedroom	50% (currently \$68,200/year for a three-person household)	3	\$1,705
Two-bedroom	60% (currently \$81,900/year for a three-person household)	<u>15</u>	\$2,046
Subtotal Two-bedroom Units		28	
Three-bedroom	30% (currently \$45,450/year for a four-person household)	10	\$1,136
Three-bedroom	50% (currently \$75,750/year for a four-person household)	4	\$1,894
Three-bedroom	60% (currently \$90,900/year for a four-person household)	<u>20</u>	\$2,273
Subtotal Three-bedroom Units		34	
Subtotal Affordable Units		97	
Manager's unrestricted three-bedroom unit	--	<u>1</u>	
Total		98	



SDHC – Hillcrest Hall Development Timeline

Milestone	Estimated Date
• CDLAC bond application & CTCAC tax credit application.....	August 27, 2024
• CDLAC allocation meeting & CTCAC allocation meeting.....	December 11, 2024
• SDHC Board final bond authorization.....	February 2025
• Housing Authority final bond authorization.....	March 2025
• Estimated bond issuance and escrow/loan closing.....	April 2025
• Estimated start of construction work.....	June 2025
• Estimated completion of construction work.....	March 2027



SDHC – Hillcrest Hall Architect's Rendering



SDHC – Hillcrest Hall Bond Issuance Summary

- Proposed bond issuance of up to \$40,000,000 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 – Hillcrest Hall

Staff Recommendations

That the SDHC Board of Commissioners take the following actions:

- 1) Approve an SDHC residual receipts loan in an amount not to exceed \$5,000,000 to Hillcrest Hall LP, a California limited partnership, and take the initial steps to issue up to \$40,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and up to \$7,000,000 of taxable bonds to facilitate the acquisition and new construction of Hillcrest Hall at 1601-1607 University Avenue and 3843 Herbert Street in the Uptown Community Plan, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) 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 this report. Such third-party funding commitments will be subject to SDHC General Counsel's approval.



SDHC – Hillcrest Hall

Staff Recommendations (Continued)

- 2) Authorize SDHC's President and Chief Executive Officer, 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 \$5,000,000 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.



SDHC – Hillcrest Hall

Staff Recommendations (Continued)

- 3) Approve the following steps to issue up to \$40,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$7,000,000 of taxable bonds for Hillcrest Hall:
 - a) Issue a bond inducement resolution (Declaration of Official Intent) for up to \$40,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and new construction of Hillcrest Hall by Hillcrest Hall L.P.;
 - b) Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$40,000,000 for Hillcrest Hall; and
 - c) Approve the bond financing team of Jones Hall as Bond Counsel and CSG Advisors as Bond Financial Advisor.



SDHC – Hillcrest Hall

Staff Recommendations (Continued)

- 4) Authorize SDHC's 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 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.
- 5) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing regarding the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$40,000,000 to facilitate the acquisition and new construction of Hillcrest Hall.



Questions & Comments



SDHC – Hillcrest Hall

