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San Diego Housing Commission (SDHC)  
Loan Recommendation for Kindred Apartments  
Presented to the SDHC Board of Commissioners  
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## SDHC – Kindred Apartments Development Summary

- Proposed new construction of 125 affordable rental housing units and one unrestricted manager's unit at 1501 Sixth Ave. in Council District 3.
  - 59 affordable Permanent Supportive Housing (PSH) units for seniors aged 55 and older experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI).
  - 66 affordable units for families with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI).
    - \$33,100/year – \$82,680/year for two-person to four-person households.
- 125 units at the property will remain affordable for 55 years.
- Kindred Apartments will consist of one eight-story building with 89 one-bedroom units, 19 two-bedroom units, 18 three-bedroom units (including 1 unrestricted manager's unit), and 4,580 square feet of commercial space.



# SDHC – Kindred Apartments Developer Summary

- BRIDGE Housing Corporation
  - Experienced, award-winning, nonprofit developer
  - Developed over 21,000 units
  - Successfully completed previous developments with SDHC
- Pursuant to SDHC’s Fiscal Year 2022 and 2023 Notices of Funding Availability (NOFAs), SDHC staff provided recommendations for the following:
  - Residual receipts loan up to \$7,955,600
  - 84 Project-Based Housing Vouchers
    - 59 Permanent Supportive Housing (PSH) PBVs
    - 25 Non-PSH PBVs

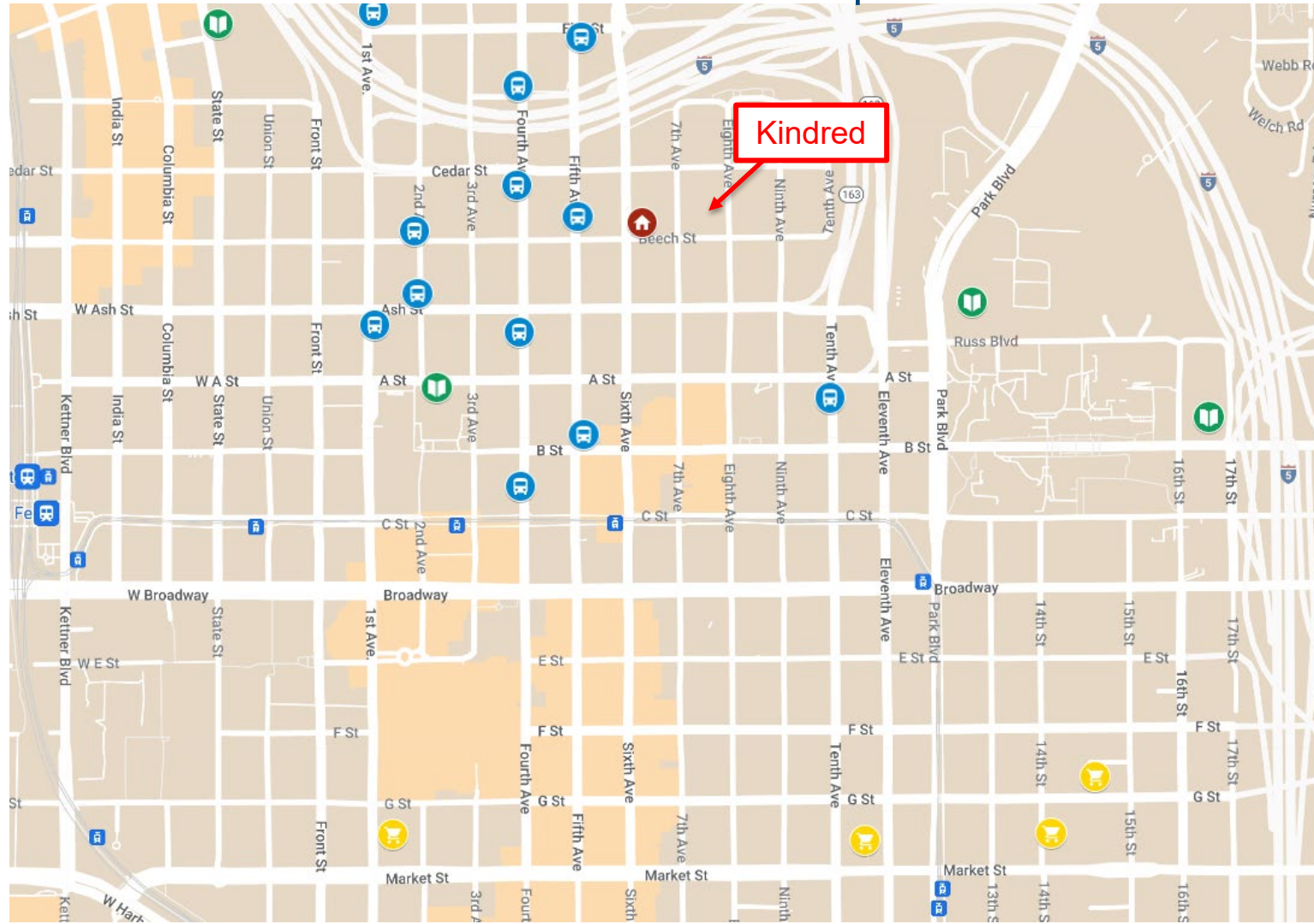


## SDHC – Kindred Apartments Service Provider Summary

- Service Providers:
  - St. Paul’s Program of All-Inclusive Care for the Elderly (PACE) is the lead supportive services provider for the 59 Senior PSH units, with St. Paul’s Senior Services as a secondary service provider.
    - Services will include comprehensive medical, dental, mental health, and social inclusion and awareness.
- Project Access will provide resident services for residents of all family units, with a focus on nutrition education, social connection, exercise and financial literacy.



# SDHC – Kindred Apartments Local Amenities Map



# SDHC – Kindred Apartments

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
CalHFA Bond Financed Permanent Loan	\$17,773,000	Land Acquisition & Closing	\$20,000
SDHC Proposed Loan	7,955,600	Design & Engineering	3,969,820
County of San Diego Innovative Housing Trust Fund	4,000,000	Legal / Financial / Consultants	407,500
Accrued Deferred Interest County of San Diego	197,412	Permits & Fees	2,761,689
Deferred Developer Fee	7,959,601	Construction Costs	54,510,839
Federal Tax Credit Equity	39,195,000	Financial Costs	7,857,727
State Tax Credit Equity	13,041,000	Marketing / Administrative	2,280,000
		Developer's Fee	10,979,601
		Hard Cost Contingency	5,451,084
		Soft Cost Contingency	601,801
		Reserves	1,282,435
<b>Total Development Cost</b>	<b>\$90,122,496</b>	<b>Total Development Cost</b>	<b>\$90,122,496</b>

- Estimated Total Development Cost Per Unit (126 Units) = \$715,258



## SDHC – Kindred Apartments Cost Drivers

- Construction costs, interest rates and inflation have increased significantly over the past few years.
- The project requires paying federal prevailing wage rates.
- Volatility in the insurance market has increased the insurance costs.
- Due to the mixed-use zoning, Kindred Apartment’s design will include 4,580 square feet of commercial/office space.
  - Proposed SDHC loan will not be used for the commercial space.



# SDHC – Kindred Apartments

## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom	30% (currently \$33,100/year for a two-person household)	59	\$775
One-bedroom	40% (currently \$44,100/year for a two-person household)	18	\$1,034
One-bedroom	50% (currently \$55,150/year for a two-person household)	7	\$1,292
One-bedroom	60% (currently \$66,180/year for a two-person household)	<u>5</u>	\$1,551
<b>Subtotal One-bedroom Units</b>		<b>89</b>	
Two-bedroom	30% (currently \$37,250/year for a three-person household)	2	\$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)	2	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>12</u>	\$1,861
<b>Subtotal Two-bedroom Units</b>		<b>19</b>	
Three-bedroom	30% (currently \$41,350/year for a four-person household)	2	\$1,075
Three-bedroom	40% (currently \$55,100/year for a four-person household)	1	\$1,433
Three-bedroom	50% (currently \$68,900/year for a four-person household)	3	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>11</u>	\$2,150
<b>Subtotal Three-bedroom Units</b>		<b>17</b>	
<b>Subtotal Affordable Units</b>	--	<b>125</b>	--
Manager's unrestricted three-bedroom unit	--	<u>1</u>	--
<b>Total Units</b>		<b>126</b>	





# SDHC – Kindred Apartments Development Timeline

Milestones	Estimated Dates
• CDLAC bond application & CTCAC tax credit application.....	April 23, 2024
• CDLAC & CTCAC allocation meeting date.....	August 7, 2024
• Estimated escrow / loan closing.....	February 2025
• Estimated start of construction work.....	February 2025
• Estimated completion of construction work.....	November 2026

*CDLAC is the California Debt Limit Allocation Committee.  
CTCAC is the California Tax Credit Allocation Committee.*



# SDHC – Kindred Apartments Architect's Rendering



# SDHC – Kindred Apartments

## 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 \$7,955,600 to Kindred Cortez Hill LP, a California limited partnership, to facilitate the acquisition and new construction of Kindred Apartments, a development at 1501 Sixth Ave., in the Downtown Community Plan Area, which will consist of 125 units that will remain affordable for 55 years. Of the development's 126 total units, 59 units will be reserved as permanent supportive housing units for seniors aged 55 and older who experienced homelessness with income up to 30% of San Diego's Area Median Income (AMI), 66 units will be reserved for families earning 30% to 60% of AMI, and one unit will be an 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 – Kindred Apartments Staff Recommendations (Continued)

- 2) Authorize the President and Chief Executive Officer (President & CEO), 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 \$7,955,600 maximum 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 & 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 – Kindred Apartments

