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# San Diego Housing Commission (SDHC)

## Loan Recommendation for Palm City Transit Village Phase 1

Presentation to the SDHC Board of Commissioners  
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# SDHC – Palm City Transit Village Phase 1

## Development Summary

- Palm City is the proposed new construction of 78 affordable rental housing units for individuals and families, and one unrestricted manager's unit, in the Otay Mesa-Nestor neighborhood of Council District 8.
  - 78 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
    - \$34,750/year to \$99,240/year for one-person to four-persons households
    - 55-year affordability term
- Mix of 29 studios, nine one-bedroom, 20 two-bedroom and 20 three-bedroom units, plus one unrestricted manager's unit
- The site is Metropolitan Transit System-owned vacant land.
  - The developer has negotiated a 99-year ground lease.
- Palm City consists of one, six-story, residential building to be located at 2340 Palm Ave., San Diego.
- The project includes commercial space consisting of a 2,500-square-foot, on-site bodega/grocery store.
- Phase 1 of a 501-unit, four-phase, mixed-income development with affordable units and middle-income units



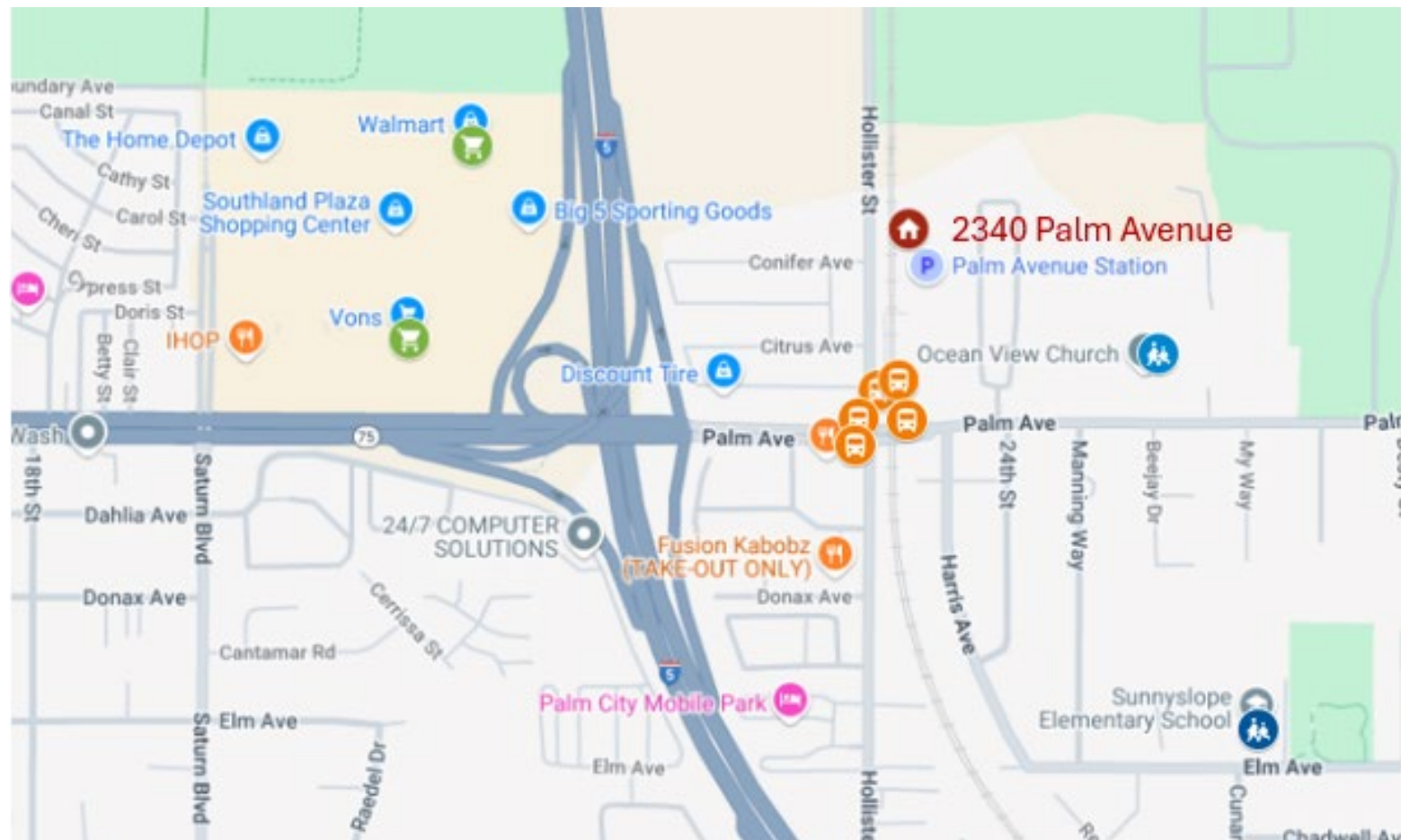
# SDHC – Palm City Transit Village Phase 1

## Developer Summary

- National Community Renaissance (National CORE) is an award-winning, nonprofit affordable housing developer.
  - 33 years of experience
  - More than 10,000 units and \$1.6 billion in assets
  - Has successfully completed multiple previous developments with SDHC loan funds
- 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 \$1,670,734 for Palm City.
- Service Provider: National CORE will provide services, at no cost to residents, by contracting with its affiliate, Hope Through Housing Foundation. Services will include:
  - Adult education
  - Health, nutrition and exercise education
  - Skill-building classes
  - Information and referral to available community services.



# SDHC – Palm City Transit Village Phase 1 Site Map



# SDHC – Palm City Transit Village Phase 1

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Permanent Loan	\$7,653,504	Acquisition Predevelopment Loan Interest Off-site Improvements	\$100,000 \$4,709,460
State of CA Energy Commission Electric Program Investment Charge Grant (EPIC)	\$8,000,000	Construction Hard Costs: \$36,690,054 On-site Work 3,669,207 General Req/Profit/Overhead 5,650,297 Contingency: <u>+2,362,527</u> Total Construction \$48,372,085	\$48,372,085
City of San Diego Loan	\$6,229,266	Financing Costs	\$3,387,042
State of CA Infill Infrastructure Grant (IIG)	\$4,836,235	Other Soft Costs Insurance and Performance Bonds	\$1,756,323 \$1,040,967
SDHC Proposed Loan	\$1,670,734	Development Impact Fees	\$1,718,796
Regional Early Action Planning Grant (via SANDAG)	\$1,129,555	Architecture and Engineering Costs	\$2,987,000
Deferred Developer's Fee	\$461,695	Reserves	\$328,554
General Partner Contribution	\$100	Legal Costs	\$265,000
Limited Partner Equity	\$37,173,138	Developer's Fee	\$2,500,000
Total Development Sources	\$67,154,227	Total Development Cost (TDC)	\$67,154,227

- Estimated Total Development Cost Per Unit (79 units) = \$850,054



# SDHC – Palm City Transit Village Phase 1

## Cost Drivers

- Funding source-related requirements:
  - Clean energy technologies
    - All-electric building design with a large solar canopy
  - Significant on-site and off-site infrastructure improvements
- Project Labor Agreement Requirements
- State Prevailing Wage Requirements
- Construction of the shell of an on-site bodega/grocery store





# SDHC – Palm City Transit Village Phase 1

## Affordability and Estimated Rents

	AMI	Units	CTCAC Gross Rent
Studio	30% (Currently \$34,750/ /year for a one-person household)	3.	\$868
Studio	40% (Currently \$46,350/ /year for a one-person household)	6	\$1,158
Studio	50% (Currently \$57,900 /year for a one-person household)	9	\$1,447
Studio	60% (Currently \$69,480 /year for a one-person household)	<u>11</u>	<u>\$1,737</u>
<b>Subtotal Studio Units</b>		<b>29</b>	
One-Bedroom	30% (Currently \$39,700 /year for a two-person household)	1	\$930
One-bedroom	40% (Currently \$52,950 /year for a two-person household)	2	\$1,240
One-bedroom	50% (Currently \$66,150 /year for a two-person household)	3	\$1,550
One-bedroom	60% (Currently \$79,380 /year for a two-person household)	<u>3</u>	<u>\$1,860</u>
<b>Subtotal One-bedroom Units</b>		<b>9</b>	
Two-bedroom	30% (Currently \$44,650 /year for a three-person household)	2	\$1,116
Two-bedroom	40% (Currently \$59,560 /year for a three-person household)	4	\$1,489
Two-bedroom	50% (Currently \$74,450 /year for a three-person household)	6	\$1,861
Two-bedroom	60% (Currently \$79,380 /year for a three-person household)	<u>8</u>	<u>\$2,233</u>
<b>Subtotal Two-bedroom Units</b>		<b>20</b>	
Three-bedroom	30% (Currently \$49,600 /year for a four-person household)	2	\$1,290
Three-bedroom	40% (Currently \$66,150 /year for a four-person household)	4	\$1,720
Three-bedroom	50% (Currently \$82,700 /year for a four-person household)	6	\$2,150
Three-bedroom	60% (Currently \$99,240 /year for a four-person household)	<u>8</u>	<u>\$2,580</u>
<b>Subtotal Three-bedroom Units</b>		<b>20</b>	
<b>Subtotal Affordable Units</b>		<b>78</b>	
Three-Bedroom Manager (Unrestricted)	--	<u>1</u>	
<b>Total Units</b>		<b>79</b>	





# SDHC – Palm City Transit Village Phase 1

## Development Timeline

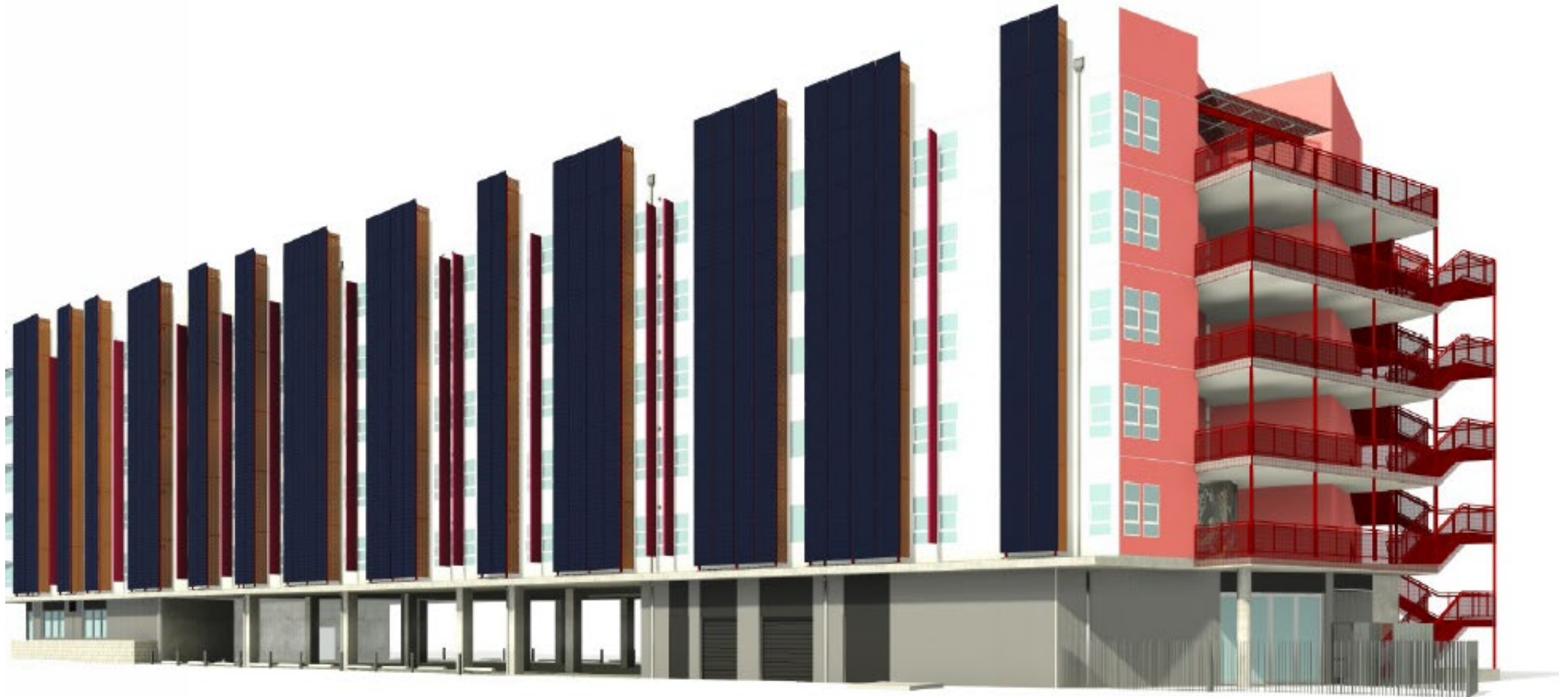
Milestone	Estimated Date
• CTCAC 9 percent tax credit application.....	July 8, 2025
• CTCAC 9 percent tax credit allocation meeting.....	September 30, 2025
• Estimated escrow/loan closing.....	December 2025
• Estimated start of construction work.....	December 2025
• Estimated completion of construction work.....	September 2027





# SDHC – Palm City Transit Village Phase 1

## Architect's Rendering



# SDHC – Palm City Transit Village Phase 1

## Staff Recommendations

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

- 1) Approve a residual receipts loan in an amount not to exceed \$1,670,734, to PCTV Phase 1 LP, a California limited partnership, to facilitate the new construction of the Palm City Transit Village Phase 1 (Palm City), at 2340 Palm Ave., San Diego, CA 92154, in the Otay Mesa-Nestor neighborhood of San Diego, which will consist of 78 rental housing units that will remain affordable for 55 years for persons with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.



# SDHC – Palm City Transit Village Phase 1

## Staff Recommendations (continued)

- 2) Authorize the President and Chief Executive Officer (President and 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 \$1,670,734 maximum Housing Commission 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.



## Questions & Comments



# SDHC – Palm City Transit Village Phase 1

