



REPORT TO THE HOUSING AUTHORITY  
EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: May 7, 2007 REPORT NO.: HAR07-13  
ATTENTION: Members of the Housing Authority  
ORIGINATING DEPT: San Diego Housing Commission  
SUBJECT: Preliminary Bond Items for Parkside Terrace Apartments  
COUNCIL DISTRICT: District 2  
STAFF CONTACT: Cissy Fisher (619) 578-7585

**Please note:** There is a City Council companion for this item.

REQUESTED ACTION:

Take the initial steps to issue Housing Authority mortgage revenue bonds to fund acquisition and construction of the 77-unit Parkside Terrace Apartments. Borrower would develop the property and restrict rents below market; issuance of bonds would require Housing Authority approval at a later date and is contingent upon approval of a loan by the Redevelopment Agency.

STAFF RECOMMENDATION:

Housing Authority **a**) approve a bond inducement resolution (a “declaration of official intent”) for up to \$18 million in multifamily housing revenue bonds for development of the Parkside Terrace Apartments, located at 505 13<sup>th</sup> Street, by Wakeland Housing and Development Corporation (Wakeland); and, **b**) approve an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee for an allocation of authority to issue tax-exempt “private activity bonds” for the project.

EXECUTIVE SUMMARY:

Parkside Terrace is a proposed new construction project to be located on the north side of Island Avenue between 13<sup>th</sup> and 14<sup>th</sup> Streets in the East Village neighborhood of downtown San Diego. The project would create a total of 77 multifamily rental units including 28 studios, 15 one-bedroom, 29 two-bedroom, and 5 three-bedroom apartments. Wakeland, a 501 (c)(3) non-profit housing developer, will be responsible for the construction and development of the project.

Parkside Terrace will provide 76 rental units for occupancy, and at rents affordable to low and very-low income households: 13 units will be restricted at 50% Area Median Income (AMI) (\$31,050 for a household of three) and 63 units will be restricted at 60% AMI (\$37,250 for a household of three). In addition, one two-bedroom unit will be reserved for an on-site manager and will not be occupancy-restricted.

The \$18 million allocation that will be sought from CDLAC is approximately 15% higher than the amount for which the project is currently being underwritten (\$16 million). The developer has requested this cushion to account for possible increases in the bond amount due to increases in construction costs or decreases in the assumed interest rate. Of the total \$16 million estimated bond issuance amount, approximately \$11.6 million in housing revenue bonds will be used to finance the construction of the project and will be paid off at conversion to permanent financing.

The permanent bond amount is estimated to be approximately \$4.4 million and will be based upon project costs, revenues, and interest rates at the time of bond issuance.

FISCAL CONSIDERATIONS:

Approval of these preliminary actions does not commit the Housing Authority to issue bonds. Should the Housing Authority at a later date authorize the issuance of bonds for the project, the bonds would not constitute a financial liability to the Housing Authority or the City of San Diego because security for repayment of the bonds would be limited to the value of the property and its revenues. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On September 14, 2004, the Redevelopment Agency approved an Owner Participation Agreement (“OPA”) with Oak Shelter Systems, LLC to develop a mixed-use project on the subject site. In 2005, Oak Shelter Systems determined that the project was no longer financially feasible and asked to terminate the OPA.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On February 28, 2007, the CCDC board recommended that the Redevelopment Agency: 1) terminate the original OPA with Oak Shelter Systems, LLC; 2) approve a new OPA with Parkside Terrace, L.P.; and 3) grant design review approval of the proposed project. On April 27, 2007, the Housing Commission recommended approval of these preliminary bond items.

ENVIRONMENTAL REVIEW:

Under the 2006 Final Environmental Impact Report (FEIR) for Centre City, an Environmental Secondary Study is prepared by CCDC for all developments in the Centre City area in order to evaluate the project’s compliance with the Downtown Community Plan and Planned District Ordinance and, therefore, the findings and conclusions of the FEIR. A Secondary Study was completed for Parkside Terrace and the project was found to be in compliance with those planning documents. As a result, no further environmental review is required.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Low and very-low income households are the intended residents of the project. Wakeland will develop the project. American Baptist Churches of the Pacific Southwest, a California nonprofit corporation, doing business as Transformation Ministries currently owns the site. It is anticipated that Red Capital Markets will act as the tax credit investor and that Wells Fargo Bank, N.A. and California Community Reinvestment Corporation will provide debt for the project.

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Cissy Fisher  
Director, Housing Finance and Development

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Elizabeth C. Morris  
President and Chief Executive Officer