



HOUSING AUTHORITY REPORT

EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: July 2, 2007 REPORT NO.: HAR07-017
ATTENTION: Chair and Members of the Housing Authority
ORIGINATING DEPT: San Diego Housing Commission
SUBJECT: Preliminary Bond Items for Boulevard Apartments
COUNCIL DISTRICT: District 3
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 the development of a 24-unit rental complex located in the San Diego community of North Park. 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 gap loan funding by the Redevelopment Agency and/or Housing Authority.

STAFF RECOMMENDATION:

Housing Authority **a)** approve a bond inducement resolution (a “declaration of official intent”) for up to \$7 million in multifamily housing revenue bonds for development of the Boulevard Apartments, by S.V.D.P. Management, Inc. (SVDP) and Chelsea Investment Corporation (Chelsea); and **b)** approve 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 \$7 million for the Boulevard Apartments.

EXECUTIVE SUMMARY:

The site for the proposed Boulevard Apartments is located at 3133-3137 El Cajon Boulevard, on the south side of El Cajon Boulevard between Iowa Street and Illinois Street, two blocks west of the 805 freeway. The project will provide a total of 24 affordable housing units, approximately 2,000-square-feet of commercial space, and a 17-space parking garage on a 0.24-acre site. The project would also include a landscaped roof deck with barbeque facilities, patio cover, picnic tables and a children’s play area. Each unit would feature a private balcony.

The 24 residential units would consist of 3 one-bedroom units, 18 two-bedroom units and 3 three-bedroom units. Although the Housing Commission’s Bond Program would normally restrict rents at 50% and 60% of the Area Median Income (AMI) (\$31,600 and \$37,920 for a family of three), other funding sources require substantially lower restricted rents. As a result, 14 units will be restricted at 30% AMI (\$18,950 for a household of three) and 9 units will be restricted at 40% AMI. One unit will be reserved for an on-site manager and will not be occupancy-restricted.

SVDP and Chelsea will be joint venture partners in a limited partnership that has been established to own and operate the Boulevard Apartments; SVDP will be the managing general partner and an affiliate

of Chelsea will be the administrative general partner. SVDP and Chelsea have collaborated on five affordable housing projects during the previous twelve years.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested actions. Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee. It is possible that the Housing Commission will be asked to participate in the local subsidy. The development team is currently gathering funding commitments.

PREVIOUS HOUSING AUTHORITY And/Or COMMITTEE ACTIONS:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On April 19, 2005, the Greater North Park Community Planning Group voted 6-5-2 to recommend approval of the project, with the condition that the applicant provide explicit documentation that there is a 50-year agreement specifying St. Vincent de Paul as the manager and operator of the property. On March 15, 2007, with a vote of 5-0-2, the Planning Commission approved the site development permit for the project.

ENVIRONMENTAL REVIEW:

On March 15, 2007, the Planning Commission certified Environmental Impact Report No. 55461 in accordance with the State of California Environmental Quality Act guidelines.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Very-low income households are the intended residents of the project. SVDP and Chelsea compose the development team for the project. The SVDP board members and the owners of Chelsea are listed in Attachments 2 and 3. The Richmond Group has been tentatively selected to provide equity for the project.

Respectfully submitted,

Approved by,

Cissy Fisher
Director, Housing Finance and Development

Elizabeth C. Morris
President and Chief Executive Officer