

HOUSING AUTHORITY REPORT

EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: June 18, 2007 REPORT NO: HAR 07-018
ATTENTION: Members of the Housing Authority
For the agenda of July 10, 2007
ORIGINATING DEPARTMENT: San Diego Housing Commission
SUBJECT: Preliminary Bond Items for Colina Park North Apartments
COUNCIL DISTRICT(S): District 7
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 rehabilitation of the 64-unit Colina Park North Apartments. Borrower would acquire and rehabilitate the property and restrict rents below market; issuance of bonds would require Housing Authority approval at a later date.

STAFF RECOMMENDATION:

Housing Authority **a)** approve a bond inducement resolution (a “declaration of official intent”) for up to \$5 million in multifamily housing revenue bonds for acquisition and rehabilitation of the Colina Park North Apartments by Hamilton San Diego Apartments LP (Hamilton LP); and, **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 \$5 million for Colina Park North Apartments.

EXECUTIVE SUMMARY:

Colina Park North is an existing multifamily property located at 4333 Dawson Avenue in the community of City Heights. The project was built in 1968 and consists of two buildings, a laundry room, sixty open parking spaces, four carports, a swimming pool, and recreation room. The 64 units are composed of the following bedroom mix: 14 studios, 39 one-bedroom, and 11 two-bedroom apartments. The developer proposes to spend approximately \$1 million to rehabilitate the property.

Colina Park North will provide 63 rental units for occupancy by, 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 50 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.

Hamilton LP will own and operate Colina Park North Apartments. Hamilton San Diego Apartments LLC (Hamilton LLC), a wholly owned affiliate of Levy Affiliated Holdings (LAH), will act as the administrative general partner of Hamilton LP. LAH is a real estate private equity firm that acquires and manages assets throughout the United States, with current holdings ranging from California to North Carolina.

The total development cost of the project is estimated to be approximately \$8.5 million. The anticipated bond amount is \$4 million. Other sources of financing include federal tax credits, developer equity, and a deferred developer fee. No local affordable housing funds are anticipated.

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 do not commit the Housing Authority to issue bonds. Housing mortgage revenue bonds do 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.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Hamilton San Diego Apartments, LLC will present their proposal for Colina Park North Apartments to the City Heights Planning Group in the near future.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Low and very-low income households are the intended residents of the project. Hamilton San Diego Apartments, LLC will develop the project. Citigroup Global Markets, Inc. will provide debt for the project; at present, an equity provider has not been identified.

Respectfully submitted,

Approved by,

Cissy Fisher
Director of Housing Finance & Development

Elizabeth C. Morris
President & Chief Executive Officer