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HOUSING
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San Diego Housing Commission Island Village Apartments Proposed Sale and Loan Payoff September 17, 2015

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SDHC – Island Village Apartments Proposed Sale and Loan Payoff Recommendations

Recommend that the San Diego Housing Commission (SDHC) take the following actions:

- 1) Approve proposed sale of Island Village Apartments from current owner “Island Palms Apartments LP” to proposed buyer “East Village West LP.”
 - Approval of the sale is contingent upon certain terms described in Attachment 3 of report HCR15-075.

- 2) Approve proposed payoff of SDHC’s existing residual receipts loan:
 - Estimated at approximately \$6,092,528.



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Recommendations (Cont.)

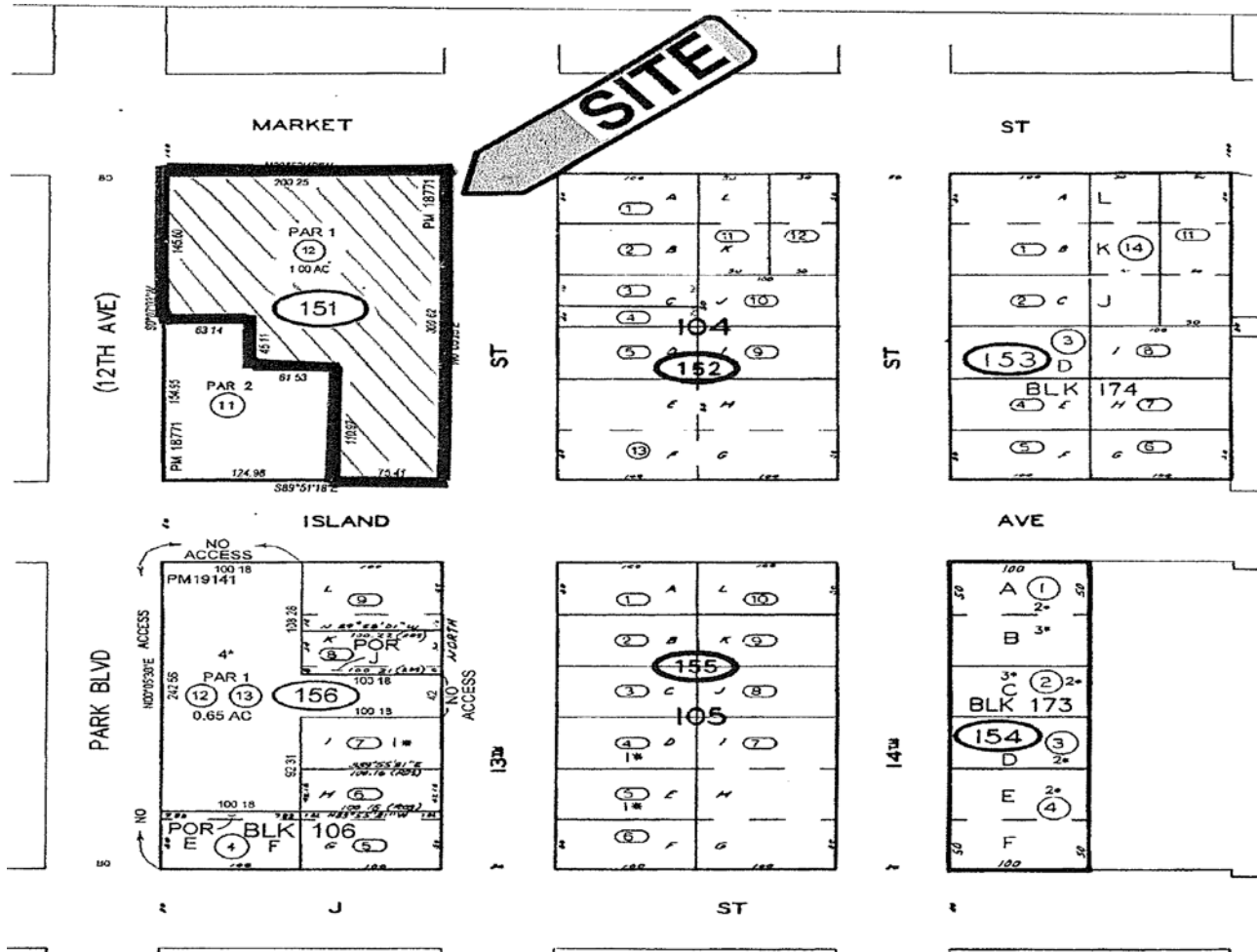
- 3) Approve taking necessary steps to pay off existing tax-exempt multifamily housing revenue bonds issued in 2001.
 - Approve Stradling Yocca Carlson & Rauth as Bond Counsel for bonds payoff.

- 4) Authorize SDHC Executive Vice President & Chief Operating Officer to execute various documents, adjust terms, and perform acts necessary, convenient, and/or appropriate to implement, upon advice of General Counsel or Bond Counsel.





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Location – 1245 Market Street



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photo – from Market Street and 13th Street



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photo – Interior Courtyard



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photos – Community Space



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photos – Living Unit



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photos – Living Unit (Cont.)





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SDHC – Island Village Apartments Proposed Sale and Loan Payoff

Site Photo – Adjacent to Park and Market Trolley Station





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Development Summary

- Located at 1245 Market Street
- Adjacent to Park & Market Trolley Station.
- Development summary at Table 1 (page two of report HCR15-075).
- 281 existing Single Room Occupancy studio units (one manager's unit).
- Four stories, with ground floor commercial.
- 81 parking spaces in one-level subterranean parking.
- Constructed in 2003.



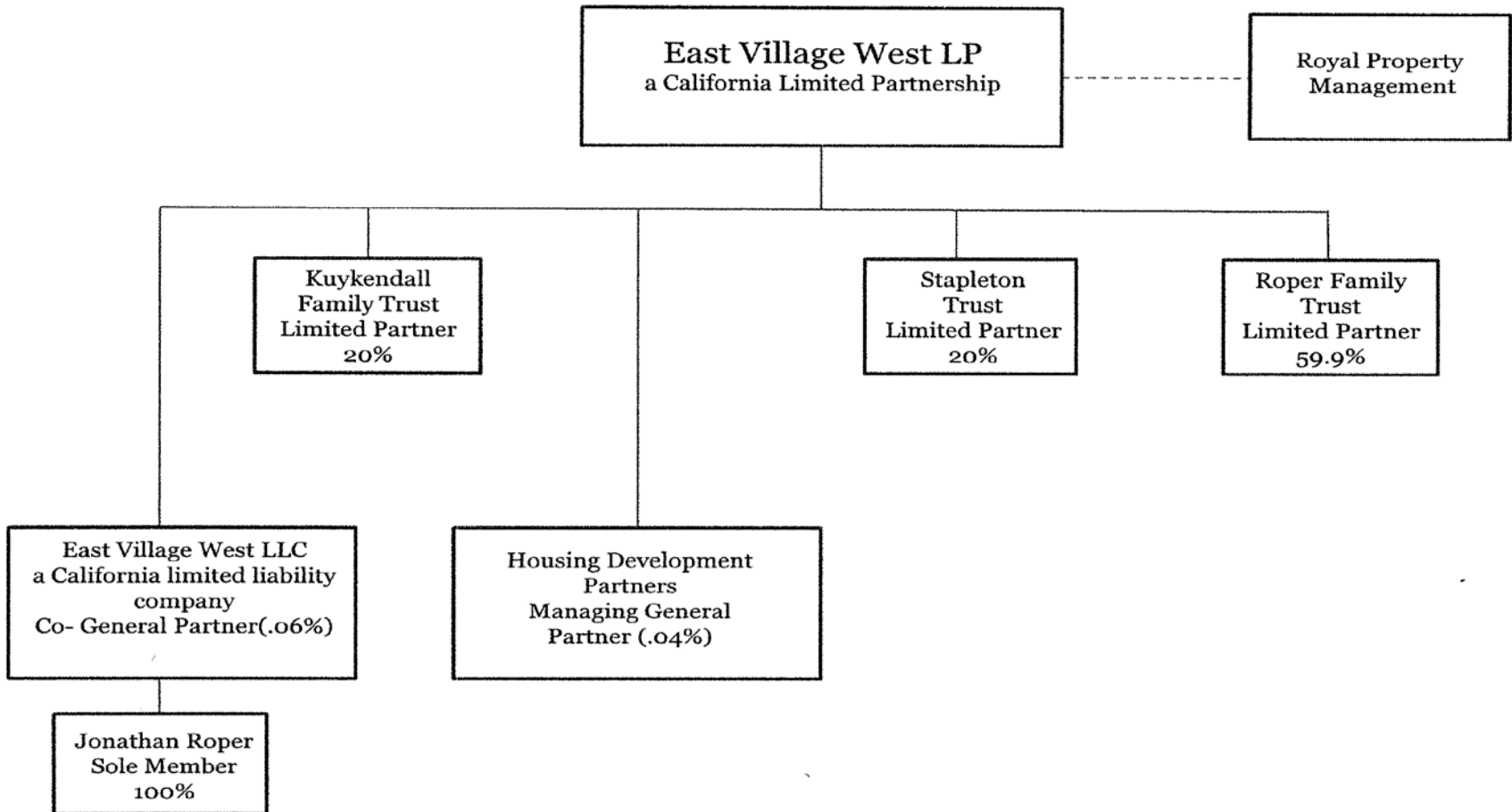


SDHC – Island Village Apartments Proposed Sale and Loan Payoff SDHC Current Loan

- Loan amount: \$4,400,000 (\$3,600,000 in 2001 and \$800,000 in 2005).
- Interest rate: 3 percent simple interest.
- Principal and accrued interest due: December 1, 2056.
- Residual receipts payments (reviewed annually).
 - Until 2016 annual residual payments are the lesser of either
 - a) equal amortized payment calculated over 55-year amortization period; or
 - b) 75 percent of the residual receipts.
 - Starting in 2016, the remaining balance is to be re-amortized to 2056.
 - Since 2001, no residual payments have been made.
- Tax-exempt multifamily housing revenue bonds: \$11,000,000 issued.



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Buyer's Organization Chart



SDHC – Island Village Apartments

Proposed Sale and Loan Payoff

Affordability Under SDHC’s Covenants, Conditions & Restrictions (CC&Rs)

Affordability Mix	Studio Units		Term of Affordability	Percent of Affordable Units
	Units	Estimated Max Rent	Affordability Ending Date	
50% AMI Tax Credit	84	\$708	December 2060	30
60% AMI Tax Credit	196	\$851	December 2060	70
Manager’s unit (unrestricted)	1	--	--	--
Combined Total Units	281			100%





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Affordability Under SDHC’s CC&Rs (Cont.)

- Ongoing affordability: After the proposed payoff, the CC&Rs will continue to require affordability rent restrictions for eligible tenants earning 50 percent to 60 percent of Area Median Income on 280 units.
- Units will remain affordable through December 21, 2060.





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Proposed Terms

- 1) Proposed payoff of existing SDHC loan.
- 2) SDHC's nonprofit affiliate, Housing Development Partners, is proposed as managing general partner of new limited partnership.
- 3) SDHC to have option to purchase for 10 years.
- 4) SDHC Covenants, Conditions & Restrictions will be amended to allow:
 - a. SDHC right to foreclose if owner fails to maintain.
 - b. SDHC right to require new property manager if deficiencies occur in operation or maintenance.





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Proposed Terms (Cont.)

- 5) Proposed lump sum payment of annual bond administrative fee
 - Estimated at \$581,689 (with present value calculation).

- 6) Contingent upon obtaining all necessary approvals (including: Housing Development Partners, Housing Authority, City of San Diego, and California Tax Credit Allocation Committee).





SDHC – Island Village Apartments Proposed Sale and Loan Payoff Estimated Schedule

Milestone	Estimated Date
<ul style="list-style-type: none"><li data-bbox="98 515 869 561">• Escrow Closing Requested by Buyer	September 30, 2015



SDHC – Island Village Apartments Proposed Sale and Loan Payoff Site Photo – from Park Avenue and Market Street

