



SAN DIEGO  
HOUSING  
COMMISSION

“We’re About People”

# San Diego Housing Commission

## Bella Vista Apartments - Preliminary Bond Items

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# SDHC – Bella Vista Apartments Partnership Development Staff Recommendations

## **Recommend that the Housing Authority of the City of San Diego:**

- 1) Approve initial steps to issue up to \$23.3 million in tax-exempt multifamily housing revenue bonds, including:
  - Inducement Resolution
  - Bond Allocation Application to California Debt Limit Allocation Committee (CDLAC)
  - Approve Bond Counsel and Financial Advisor
  - Request City Council Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing
  - Bonds Final Approval at a Later Date



## SDHC – Bella Vista Apartments Partnership Development Recommendations (Cont.)

### 2) Authorize President & Chief Executive Officer to:

- Execute documents;
- Implement approvals (actions necessary, convenient, and/or appropriate to implement with General Counsel advice);
- Adjust terms; and
- Allow substitution of funds as necessary.



# SDHC – Bella Vista Apartments Partnership Development Background

- Proposed acquisition and rehabilitation and preservation of 170 existing apartment units for families
  - Located at 4742 Solola Avenue in the Encanto neighborhood
  - Previously called Logan Square Apartments
  - In 2001, Logan Square Housing Partners LP received \$1 million SDHC residual receipts loan
  - In 2001, Housing Authority issued \$10.5 million in tax-exempt Multifamily Housing Revenue Bonds for acquisition and rehabilitation
  - Logan Square Housing Partners LP previously obtained 144 Section 8 Project-Based Housing Vouchers:
    - Section 8 rental assistance administered by the U.S. Department of Housing and Urban Development (HUD)
  - Section 8 Housing Assistance Payments (HAP) contract currently in place, extends until 2027





# SDHC – Bella Vista Apartments

## Partnership Development

### Development Summary

- Developer's proposal includes payoff of Logan Square Housing Partners LP's existing SDHC loan (currently \$968,318, plus additional interest to payoff date)
- Developer requesting Housing Authority issuance of up to \$23.3 million of tax-exempt Multifamily Housing Revenue Bonds
- No SDHC cash loan funds are requested
- Proposed project funding using tax-exempt bonds, 4 percent tax credits, a seller carryback loan and deferred developer fee:
  - Developer fee amount (\$5,632,217, or \$33,131 per unit) is based on California Tax Credit Allocation Committee's (CTCAC) new rule for calculating developer fee
  - Developer proposing maximum CTCAC-allowed developer fee
  - All of the developer fee is to be deferred



# SDHC – Bella Vista Apartments

## Partnership Development

### Development Details

Address	4742 Solola Avenue
Council District	4
Community Plan Area	Southeastern San Diego Community Planning Group
Development Type	Acquisition with Rehabilitation
Construction Type	Type V (wood frame, stucco exterior)
Parking Type	Surface Parking (230 parking spaces)
Housing Type	Multifamily
Lot Size	8.58 acres, 373,745 square feet
Units	170
Density	19.81 dwelling units per acre (170 units ÷ 8.58 acres = 19.81 du)
Unit Mix	52 One-Bedroom Units, 94 Two-Bedroom Units, and 24 Three-Bedroom Units
Gross Building Area	137,756 Square Feet
Net Rentable Area	135,506 Square Feet





# SDHC – Bella Vista Apartments Partnership Development Development Team Summary

<u>ROLE/FIRM</u>
Proposed new owner - Bella Vista Affordable Communities L.P.
Developer - Islas Development LLC.
Construction Manager - Jeremy Turner
General Contractor – Phase 3 Construction Inc. (an affiliated entity owned by Ruben Islas [40% owner], Jules Arthur [40% owner], and Jeremy Turner [20% owner]).
Property Manager – Logan Property Management Inc. (an affiliated entity)
Tenant Services Provider – Casa Familiar.
Construction Lender (Multifamily Housing Revenue Bonds issue) - Hunt Capital utilizing a Fannie Mae private placement
Tax Credit Investor - WNC Inc.





# SDHC – Bella Vista Apartments Partnership Development Development Summary (Cont.)

- Developer – Islas Development LLC:
  - Experienced for-profit developer
  - Developed more than 3,400 affordable multifamily housing units
- Property is owned by Logan Square Housing Partners LP (seller)
- Proposed Buyer – Bella Vista Affordable Communities LP:
  - Buyer and seller entities have some common participants
  - Contractor will be Phase 3 Construction (affiliated entity)
  - Manager will be Loan Property Management (affiliated entity)





# SDHC – Bella Vista Apartments Partnership Development Location map



[illegible]



# SDHC – Bella Vista Apartments Partnership Development Site Photos





# SDHC – Bella Vista Apartments Partnership Development Site Photos (Cont.)



# SDHC – Bella Vista Apartments Partnership Development Site Photos (Cont.)





# SDHC – Bella Vista Apartments Partnership Development Site Photos (Cont.)



# SDHC – Bella Vista Apartments Partnership Development

## Estimated Sources and Uses of Permanent Financing

Sources of Funds	Amount
Tax Exempt Bond Financed Loan	\$22,150,000
Seller Carryback Loan	776,200
Deferred Developer Fee	5,632,217
Four Percent Tax Credits	17,444,733
<b>Total Sources</b>	<b>\$46,003,150</b>

Uses of Funds	Amount
Acquisition Cost	\$28,600,000
Construction Hard Costs (including contingency)	8,770,116
Financing Costs	1,619,679
Soft Costs	823,500
Operating Reserves (3 months)	557,638
Developer Fee	5,632,217
<b>Total Development Cost</b>	<b>\$46,003,150</b>

- Estimated Total Development Costs Per Unit (for 170 Units) = \$270,607



# SDHC – Bella Vista Apartments Partnership Development Affordability

Affordability Mix	One Bdrm/1 Ba Units (629 sq. feet)		Two Bdrm/1Ba Units (825 sq. feet)		Three Bdrm/1 Ba (Flats) (1007 sq. ft.)		Three Bdrm/2 Ba (Townhomes) (1,115 sq. feet)		
	Units	Estimated Net Rent	Units	Estimated Net Rent	Units	Estimated Net Rent	Units	Estimated Net Rent	Total
HUD HAP Section 8 units:									
50% AMI units (Section 8)	5	\$1,017	10	\$1,246	1	\$1,526	1	\$1,551	17
60% AMI units (Section 8)	42	\$1,017	66	\$1,246	10	\$1,526	8	\$1,551	126
<b>Subtotal Section 8 units **</b>	<b>47</b>	<b>--</b>	<b>76</b>	<b>--</b>	<b>11</b>	<b>--</b>	<b>9</b>	<b>--</b>	<b>143</b>
Non Section 8 units:									
50% AMI units	0	--	0	--	0	--	0	--	0
60% AMI units	5	\$857	18	\$1,029	3	\$1,142	0	--	26
<b>Subtotal Non Section 8 units</b>	<b>5</b>	<b>--</b>	<b>18</b>	<b>--</b>	<b>3</b>	<b>--</b>	<b>0</b>	<b>--</b>	<b>26</b>
Manager's unit	--	--	--	--	--	--	1	--	1
<b>Combined Total Units</b>	<b>52</b>		<b>94</b>		<b>14</b>		<b>10</b>	<b>--</b>	<b>170</b>

\* Estimated net rents after utilities allowance deduction.

\*\* Project-based Section 8 tenants' rent portion is 30 percent of gross income minus allowances.





# SDHC – Bella Vista Apartments

## Partnership Development

### Development Estimated Timeline

Milestone	Estimated Date
• Housing Authority Preliminary Review	May 24, 2016
• CDLAC Application for Bond Allocation	June 14, 2016
• TCAC Application for Tax Credits. . . .	June 14, 2016
• CDLAC & TCAC Allocation Meetings.	September 21, 2016
• Housing Commission Final Review. .	September 9, 2016
• Housing Authority Final Review. . . . .	September 27, 2016
• Estimated Escrow/Financing Closing	Late 2016
• Estimated Construction Start . . . . .	Late 2016
• Estimated Construction Completion . .	Late 2017



# SDHC – Bella Vista Apartments Partnership Development Bond Issuance Summary

- Proposed bond issuance up to \$23.3 million
- Developer responsible for paying all costs of issuing bonds
- Issuance pursuant to Housing Commission's bond policy
- Bonds issuance will not create financial liability to SDHC, or to Housing Authority or to City
- Neither full faith and credit nor taxing power of the City nor full faith and credit of the Housing Authority will be pledged to payment of the bonds



# SDHC – Bella Vista Apartments Partnership Development

## Questions & Comments

