



SAN DIEGO  
HOUSING  
COMMISSION

“We’re About People”

San Diego Housing Commission  
San Diego Affordable Housing  
Transit-Oriented Development Fund  
Market Assessment Approval  
December 2, 2016

Wendy DeWitt  
Director of Business &  
Program Development  
Real Estate Division





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Recommendation

- That the San Diego Housing Commission (SDHC) recommend that the Housing Authority of the City of San Diego (Housing Authority) approve the San Diego Affordable Housing Transit-Oriented Development Fund (TOD Fund) Market Assessment and authorize Forsyth Street Advisors (Forsyth) to proceed with fund implementation.



# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Recommendation (Cont.)

- Approval of the Market Assessment and authorization to proceed with fund implementation:
  - Direct San Diego TOD Fund investment to identified market opportunity areas, in conformance with SDHC and City of San Diego policy objectives;
  - Confirm the financial products the San Diego TOD Fund should initially prioritize for offering;
  - Approve general parameters for a loan fund;



# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Recommendation (Cont.)

- Authorize proceeding with a capital structure that utilizes public investment funds as credit enhancement for senior debt raised from commercial financial institutions. This structure can include program-related investments provided by foundations, corporate philanthropists, area employers and individuals; and
- Create a governance structure that allows the public sponsors to be highly engaged—governed by a Credit Committee of key stakeholders.





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund

## Project Overview

- In January 2016, SDHC and Civic San Diego (CivicSD) jointly entered into a contract with Forsyth Street Advisors to create, implement, and manage a San Diego TOD Fund.
- Objectives:
  1. Leverage SDHC's and CivicSD's affordable housing financing resources;
  2. Spur mixed-use, mixed-income affordable housing development near transit; and
  3. Support City of San Diego's Smart Growth and Climate Action Plan policy objectives.





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Project Overview (Cont.)

- Capitalize with a mix of public, private, and philanthropic funds and provide below-market interest rate loans for the creation and preservation of affordable housing near transit.
- Raise between \$60 million and \$100 million of investment by leveraging a minimum of \$3 of private capital for every \$1 of public funds committed.





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Project Overview (Cont.)

- Forsyth Street Advisors:
  - Specialty finance and municipal advisory firm based in New York City with 10+ years experience in deployment and management of public-private investment funds
  - Designed, implemented and serves as fund manager for the New York City Acquisition Fund and the New Generation Fund in Los Angeles
- Seifel Consulting:
  - Sub-consultant, based in San Francisco
  - Urban economics advisory firm with experience in guiding the creation of transit-oriented developments and more than 100 redevelopment projects.





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Project Overview (Cont.)

- The San Diego TOD Fund Project has three phases:
  - Phase 1 – Fund Design
    - Market assessment, fund concept recommendations
  - Phase 2 – Fund Implementation
    - Structure, governance, investor outreach, close the fund
  - Phase 3 – Fund Management
    - Day-to-day administration of fund operations
    - Loan underwriting, servicing, and asset management
    - Coordination with fund oversight committee
- Phase 1 is now complete
  - Request approval of SDHC and CivicSD Boards, as well as Housing Authority and City Council





# AFFORDABLE HOUSING TRANSIT-ORIENTED DEVELOPMENT FUND

PRESENTATION TO THE SAN DIEGO HOUSING COMMISSION  
DECEMBER 2, 2016

FORSYTH STREET

# Market Analysis

## SUMMARY

### □ Goal:

- Identification and categorization of development opportunities in proximity to transit

### □ Approach:

- Focus on subset of “Smart Growth” areas (see next slide)
  - Existing and Planned Transit
  - Significantly greater transit accessibility as measured by the median of number of transit stations and/or boardings within the area
  - Strong housing growth potential
  - Typically served by Light Rail and/or Rapid Service (bus rapid transit)

# Smart Growth Concept Map May 2016

## Smart Growth Opportunity Areas

- Existing/Planned Potential
- Metropolitan Center
  - Urban Center
  - Town Center
  - Community Center
  - Rural Village
  - Special Use Center
  - Mixed Use Transit Corridor

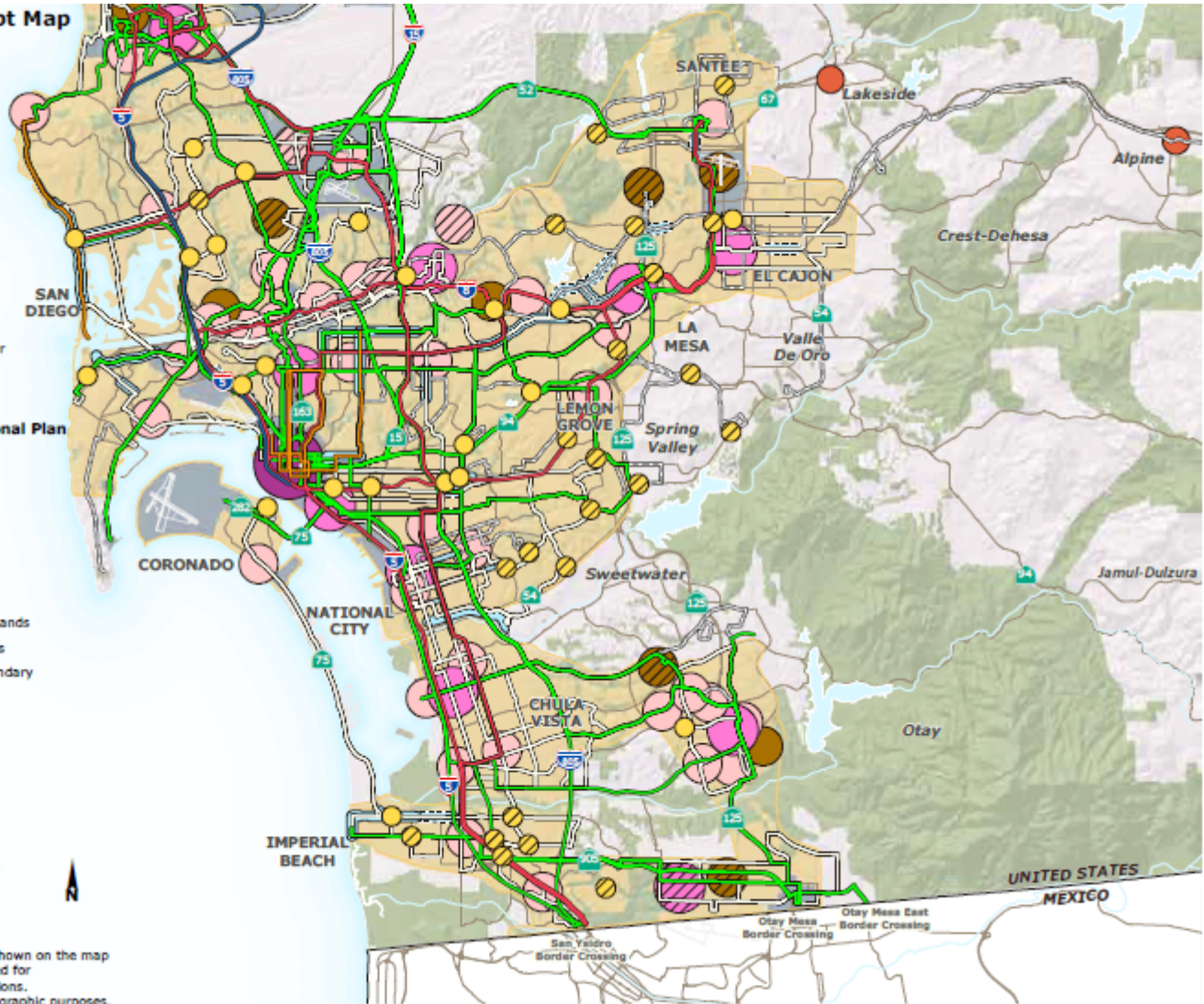
## 2050 Transit Network\* from San Diego Forward: The Regional Plan

- COASTER/AMTRAK/Metrolink
- Trolley/SPRINTER
- SPRINTER Express
- Rapid Transit
- Streetcar/Shuttle
- High Frequency Local Bus
- Local Bus

- Conserved or Proposed Habitat Lands
- Existing Major Employment Areas
- Urban Area Transit Strategy Boundary



All Smart Growth Opportunity Areas shown on the map have been identified and recommended for inclusion on the map by local jurisdictions.  
\*Transit network generalized for cartographic purposes.



# Outreach Process

## DIALING IN AN APPROACH & STRATEGY

- ▣ **Extensive stakeholder outreach, market analysis, and products options**
- ▣ **Input from:**
  - Working Group
  - SDHC, CivicSD, and SANDAG staff
  - Other government agencies and public officials
  - Affordable housing developers
  - Advocates and industry groups
- ▣ **Outreach Findings: Financing product concepts identified as potential focus for the fund**
  - Core acquisition financing products – short- to mid-term and longer-term
  - Additional products over time

# Financing Product Concepts

## SUMMARY

### SHORT- TO MID-TERM ACQUISITION FINANCING

- Loans for the acquisition and predevelopment of **project-ready** sites intended to be developed into affordable rental housing in the **short- to mid-term**.
- Supports affordable housing development in proximity to **existing** or **near-term** transit.
- Bridge to **existing** subsidy programs for near-term, priority projects.
- Assists affordable housing developers in **rapidly** and **cost-effectively** acquiring sites.

### LONGER-TERM ACQUISITION FINANCING

- Loans for the acquisition and predevelopment of **strategic sites** intended to be developed into affordable rental housing over the **mid- to longer-term**. Sites may have remaining zoning or entitlement needs that will be worked through over the term of the loan.
- Supports affordable housing development in proximity to **planned** transit.
- Bridge to **existing** or **future** subsidy programs in mid- to long-term priority areas.
- Facilitates affordable housing developer acquisition of sites as soon as their long-term strategic value becomes clear.

### ADDITIONAL OPPORTUNITIES

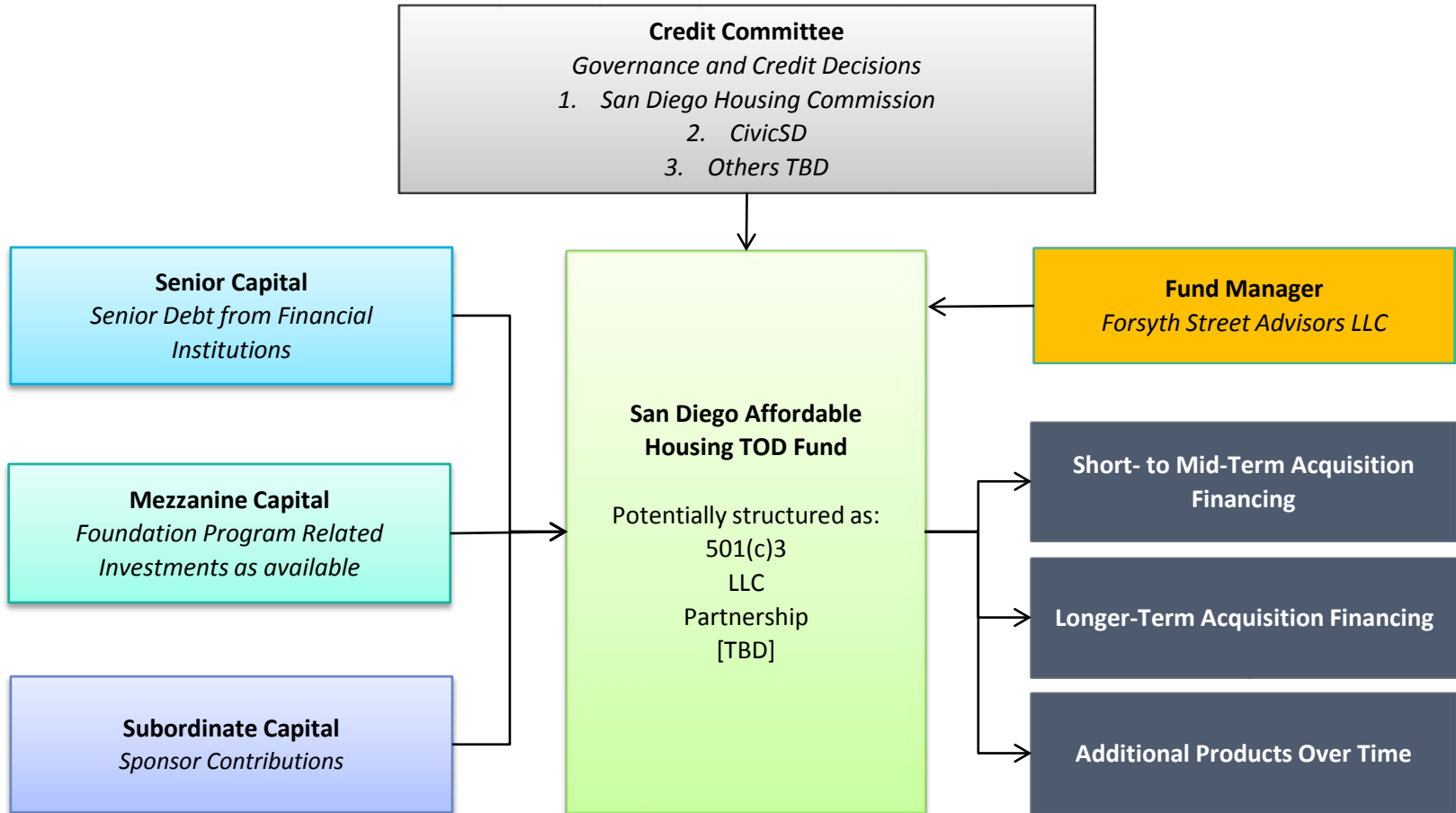
- Loans for the rehabilitation of **small- to mid-size** (10-50 unit) properties that will **retain** and **incorporate** new affordable rental housing.
- Creates new opportunities for **infill TOD**, potentially including property types such as SROs.

# Structural Approach

## CENTRAL SPONSOR ROLE

- **New, long-term resource** for affordable housing production in the City of San Diego
- **Supports** the Sponsors' affordable housing and TOD policy objectives
- **Coordinated** with existing and future Sponsor subsidy resources
- **Seeded** with Sponsor contributions that leverage additional capital
- **Key governance role** for the Sponsors through representation on the fund's Credit Committee

# Fund Organizational Structure





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund Anticipated Timeline

- January 2016 – Executed contract with Forsyth Street Advisors
- November/December 2016 – Request approval of the Market Assessment from SDHC and CivicSD Boards
- January/February 2017 – Request City Council approval of the Market Assessment and authorization to commence on Phase 2 Fund Implementation
- November 2017 – TOD Fund closes
- November 2017 – November 2027 – TOD Fund deployment and potential recapitalization





# SDHC - San Diego Affordable Housing Transit-Oriented Development Fund

## Questions?

