



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Vista Terrace Hills Preliminary Bond Items

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SDHC – Vista Terrace Hills Partnership Development Recommendation

- That the San Diego Housing Commission (SDHC) recommend the Housing Authority of the City of San Diego (Housing Authority):
 - Issue a bond inducement resolution for up to \$100,000,000 in multifamily housing revenue bonds/note for the development of Vista Terrace Hills by a limited partnership formed by Eden Housing, Inc.;
 - 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/note in an amount up to \$100,000,000 for Vista Terrace Hills;
 - Approve the financing team of Jones Hall as Bond Counsel and CSG Advisors as Financial Advisor;



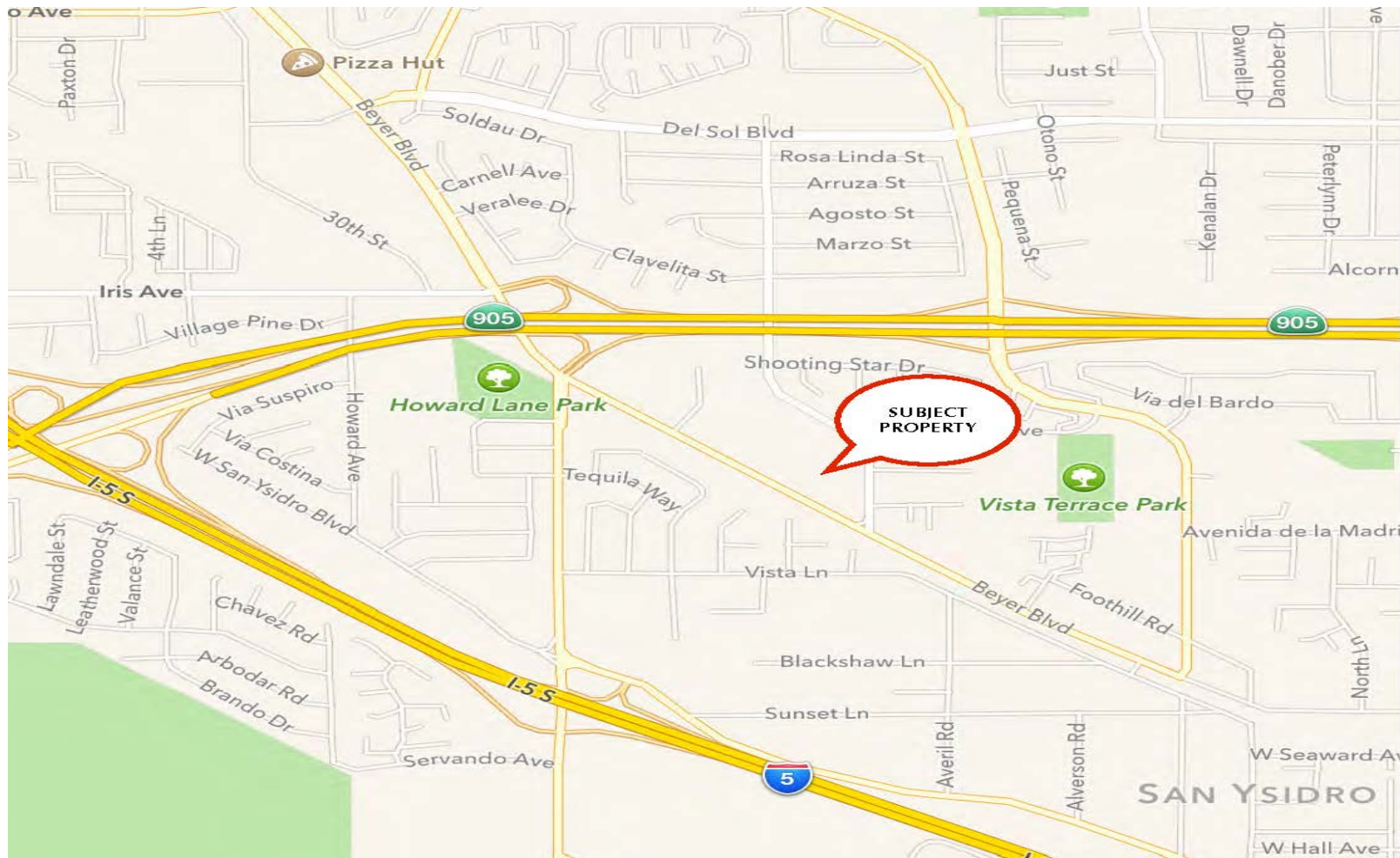


SDHC – Vista Terrace Hills Partnership Development Recommendation (Cont.)

- Request that the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of multifamily housing revenue bonds/note in an amount up to \$100,000,000; and
- Authorize SDHC President & Chief Executive Officer, or designee, to execute and perform acts necessary, convenient, and/or appropriate to implement, upon advice of General Counsel and/or the bond counsel.



SDHC – Vista Terrace Hills Partnership Development Site Location



SDHC – Vista Terrace Hills Partnership Development Project Photos



SDHC – Vista Terrace Hills Partnership Development Development Team Summary

ROLE	FIRM/CONTRACT
Owner	Eden Vista Terrace 2, L.P.
Managing General Partner	Eden Vista Terrace GP, LLC
Developer	Eden Housing, Inc.
Architect	Basis Architecture & Consulting
Property Management	Precision General Contracting
Property Manager	Eden Housing Management , Inc.
Land Owner/Seller	Eden Vista Terrace, L.P.



SDHC – Vista Terrace Hills Partnership Development Proposed Rents

Unit Type	Restrictions	AMI	Number of Units	Proposed Tenant-Paid Gross Rents
3-bedroom	Bond	50% AMI	58	\$1,013
3-bedroom	Bond	60% AMI	150	\$1,215
4-bedroom	Bond	50% AMI	20	\$1,094
4-bedroom	Bond	60% AMI	32	\$1,313
3-bedroom - Manager		n/a	2	-
Total			262	

- 260 Project-Based Housing Vouchers (PBV) issued directly from U.S. Department of Housing and Urban Development (HUD)
- Tenants pay 30% of their adjusted gross income
- PBV contract rents post-rehabilitation:
 - 3-bedroom \$1,915
 - 4-bedroom \$2,230



SDHC – Vista Terrace Hills Partnership Development

Estimated Permanent Sources & Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Permanent Loan	\$59,591,600	Acquisition Costs	\$70,636,850
4% Tax Credit Equity	\$48,039,835	Rehabilitation Hard Costs	\$26,907,484
Seller Carryback	\$5,067,004	Hard Cost Contingency	\$5,381,497
Accrued Interest - Construction	\$304,020	Soft Costs	\$7,991,219
Withdrawal - Existing Reserves	\$356,850	Financing Costs	\$1,105,419
Income from Operations	\$2,500,000	Developer Fee	\$14,997,469
Deferred Developer Fee	\$10,877,469		
GP Capital Contributions	\$263,160		
Total Development Cost	\$126,999,938	Total Development Cost	\$126,999,938



SDHC – Vista Terrace Hills Partnership Development Proposed Scope of Rehabilitation

- New Kitchens
- Updated Baths
- Replacement of many of the buildings major systems:
 - Mechanical
 - Plumbing
 - Electrical
- Installation of Photovoltaic solar system that will provide 100% offset for electrical usage
- Major exterior building and landscaping improvements to enhance the surrounding community





SDHC – Vista Terrace Hills Partnership Development

California Tax Credit Allocation Committee (CTCAC) Developer Fee Overview

- Prior CTCAC Fee Structure – Limited to \$2,500,000
- New CTCAC Fee Structure:
 - Equivalent to 15% of project's eligible basis
 - Eligible basis is the total amount of development costs that generate Internal Revenue Code Section 42 tax credits. Includes most acquisition costs (excluding land), most construction hard costs and most depreciable soft costs - costs attributable to residential cost of acquiring and developing the project
- Up-front Fee Eligible for Collection:
 - \$2,500,000
 - Plus \$10,000 for each additional unit developed in excess of 100
 - Any amount in excess of this calculation must be deferred (payable out of project cash flows) or contributed back to the project



SDHC – Vista Terrace Hills Partnership Development CTCAC Developer Fee Overview (Cont.)

- Vista Terrace Hills Developer Fee Calculation
 - Eligible Basis Amount \$99,849,791
 - $\$99,849,791 \times 15\% = \mathbf{\$14,977,469}$
- Amount Eligible for Upfront Collection
 - \$2,500,000
 - Plus \$10,000 for each unit in excess of 100
 - $\$2,500,000 + ((260 \text{ units} - 100 \text{ units}) \times \$10,000) = \mathbf{\$4,100,000}$

Eligible Developer Fee Amount	\$14,977,469
Less Eligible Amount for Up-front Collection	<u>(\$ 4,100,000)</u>
Required Deferred Developer Fee Amount	\$10,877,469



SDHC – Vista Terrace Hills Partnership Development Development Cost Factors

- Seller carryback notes and deferred developer fees increase the total development costs
- Seller carryback notes and deferred developer fees are advantageous to developers – **they increase tax credit basis, which translates to additional tax credits as a financing source:**
 - Acquisition – Value of improvements generate eligible basis; the increased value also increases eligible basis
 - Developer Fee – Included as an eligible basis cost, the increased developer fee also increases eligible basis





SDHC – Vista Terrace Hills Partnership Development Multifamily Housing Revenue Bond Issuer

- The Housing Authority is the primary issuer for all multifamily housing revenue bonds in the City of San Diego
- The Housing Authority acts as conduit bond issuer and is a party to the bond documents:
 - Stipulate terms, obligations and performance requirements of the borrower/developer
 - Bond documents allow the Housing Authority to physically inspect developments
 - Housing Authority is responsible for ensuring that tenants are living in safe and quality housing
- If the Housing Authority were to allow outside parties to issue bonds in the City of San Diego, it would be relinquishing its right to oversee and regulate projects.



SDHC – Vista Terrace Hills Partnership Development Proposed Schedule

Milestones	Estimated Dates
• CTCAC and CDLAC allocation meetings	• July 20, 2016
• Housing Authority proposed final bond/note authorization	• August 2, 2016
• Estimated bond/note issuance and escrow closing	• August 2016
• Estimated start of rehabilitation	• August 2016
• Estimated completion of rehabilitation	• August 2017



SDHC – Vista Terrace Hills Partnership Development

Questions?

