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San Diego Housing Commission (SDHC)  
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act  
(TEFRA) Hearing and Resolution for Hillcrest Hall Apartments

City Council Agenda Item #332

Housing Authority Agenda Item #2

May 12, 2026

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San Diego Housing Commission



## Development Summary

- Proposed new construction of 97 affordable rental housing units and one unrestricted managers' unit at 1601 University Avenue in Council District 3.
- 97 affordable units for households with income from 30 percent to 70 percent of San Diego's Area Median Income (AMI).
  - \$39,700/year – \$115,800/year for two- to four-person households.
- 55-year affordability term.

### Site amenities will include:

- Clubhouse/Community Room
- Computer Room
- On-site Management
- Picnic Area
- Playground
- Private Balconies
- Rooftop Patio

### One eight-story building:

- First level: Clubhouse and Community Room
- Second level: Residential units, amenities and an outdoor deck
- Remaining six levels: Entirely residential



## Developer and Service Provider Summary

- CRP Affordable Housing and Community Development (CRP)
  - Established in 2019
  - Subsidiary of Castellan Holdings LLC, an experienced, for-profit, real estate development firm, created in 2008
  - Manages over 2,500 affordable housing units
  - Currently developing 1,000 affordable units
- Pursuant to SDHC’s Fiscal Year 2024 Notice of Funding Availability (NOFA), SDHC staff provided a recommendation of a residual receipts loan of up to \$5,000,000.
- Life Skills Training and Education Programs, Inc (LifeSTEPS) will provide services for all residents:
  - Health care services
  - Social services
  - Financial literacy classes
  - Recreational activities



## Local Amenities Map



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## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Federal LIHTC Equity	\$23,893,839	Land Acquisition	\$8,706,600
State LIHTC Equity	10,680,000	Hard Costs	32,830,000
Permanent Loan (Tax-Exempt)	18,200,000	Hard Costs Contingency	1,651,830
Permanent Loan (Taxable)	942,280	Soft Costs	3,616,906
City of San Diego Bridge to Home	3,175,000	Soft Costs Contingency	873,534
SDHC Loan	5,000,000	Architect & Engineering	1,930,000
Cash Back Forward Interest (Tax-Exempt)	1,277,640	Financing Fees & Interest	11,353,488
Cash Back Forward Interest (Taxable)	2,211,300	Impact & Permit Fees	2,450,000
RR Loans Accrued Interest	673,125	Escrows and Reserves	704,494
Deferred Developer Fee	5,936,153	Developer's Fee	7,872,484
<b>Total Development Cost</b>	<b>\$71,989,337</b>	<b>Total Development Cost</b>	<b>\$71,989,337</b>

Estimated Total Development Cost Per Unit (97 Units) = \$734,585



## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$39,700/year for two-person household)	7	\$930
One bedroom	50% (\$66,150/year for two-person household)	4	\$1,550
One bedroom	60% (\$79,380/year for two-person household)	20	\$1,860
One bedroom	70% (\$92,650/year for two-person household)	4	\$2,170
<b>Subtotal One Bedroom Units</b>	--	<b>35</b>	--
Two bedrooms	30% (\$44,650 /year for three-person household)	4	\$1,116
Two bedrooms	50% (\$74,450/year for three-person household)	3	\$1,861
Two bedrooms	60% (\$89,340/year for three-person household)	10	\$2,233
Two bedrooms	70% (\$104,200/year for three-person household)	11	\$2,605
<b>Subtotal Two Bedroom Units</b>	--	<b>28</b>	--
Three bedrooms	30% (\$49,600/year for four-person household)	4	\$1,290
Three bedrooms	50% (\$82,700/year for four-person household)	4	\$2,150
Three bedrooms	60% (\$99,240/year for four-person household)	10	\$2,580
Three bedrooms	70% (\$115,800/year for four-person household)	16	\$3,010
<b>Subtotal Three Bedroom Units</b>	--	<b>34</b>	--
Manager's three bedrooms unit	--	1	
<b>Total Units</b>	--	<b>98</b>	--



## Development Timeline

Milestones	Estimated Dates
Housing Authority consideration of Bond Authorization	May 12, 2026
Estimated Bond issuance and Escrow/Loan Closing	June 2026
Estimated start of construction work	July 2026
Estimated completion of construction work	June 2028



## Architect's Rendering



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## Bond Issuance Summary

- Proposed bond issuance of up to \$20,000,000 in tax-exempt bonds.
- Proposed bond issuance of up to \$40,000,000 in taxable bonds.
- Developer is responsible for paying all costs of issuing bonds.
- Issuance pursuant to SDHC's bond policy.
- Bond issuance will not create financial liability to SDHC, Housing Authority, nor the City of San Diego.
- Neither the full faith and credit nor taxing power of the City of San Diego nor full faith and credit of the Housing Authority will be pledged to payment of the bonds.



## Staff Recommendations

**That the SDHC Board of Commissioners take the following action and recommend that the Housing Authority and City Council take the following actions:**

### **SDHC Board**

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$20,000,000, to fund Hillcrest Hall, LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI), and one unrestricted manager's unit.



## Staff Recommendations

### **That the San Diego City Council take the following action:**

- 1) Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$20,000,000 to fund Hillcrest Hall, LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI), and one unrestricted manager's unit.



## Staff Recommendations (Continued)

### **That the Housing Authority of the City of San Diego take the following actions:**

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000, to fund Hillcrest Hall L.P's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI), and one unrestricted manager's unit.
  
- 2) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of SDHC and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.



## Questions & Comments



## Architect's Rendering



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