



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act
(TEFRA) Hearing and Resolution for Sea Breeze Gardens Apartments
City Council Agenda Item #332
Housing Authority of the City of San Diego Agenda Item #2
May 21, 2024

Jennifer Kreutter
Vice President of Multifamily Housing Finance
Real Estate Division
San Diego Housing Commission



SDHC – Sea Breeze Gardens Apartments Development Summary

- Proposed rehabilitation of 266 affordable rental housing units and two unrestricted manager’s units at 4802-4890 Logan Avenue in Council District 4.
 - 266 affordable units for households with income from 30 percent to 60 percent of San Diego’s Area Median Income (AMI).
 - \$37,250/year – \$82,680/year for three- to four-person households.
- Preserves the affordability of the property as a new 55-year affordability term will be executed.
- All affordable units are covered by a Project-Based Section 8 contract administered by Los Angeles LOMOD Corporation.
- Sea Breeze Gardens development consists of:
 - 36 two-story residential buildings with a mix of two- and three-bedroom units
 - 1 commercial building (currently housing a daycare center under a long-term lease).
 - 1 community clubhouse
 - 6 standalone laundry facilities



SDHC – Sea Breeze Gardens Apartments Development Summary (Continued)

- Proposed rehabilitation:
 - New in-unit appliances
 - Plumbing and lighting fixtures
 - Flooring
 - Cabinet and countertop replacement
 - Full roof replacement
 - Renovated community amenities
 - Playground
 - Six laundry facilities
 - Leasing office with clubhouse
 - Landscaping
 - General site work repairs, such as current accessibility requirements under the Americans with Disabilities Act



SDHC – Sea Breeze Gardens Apartments

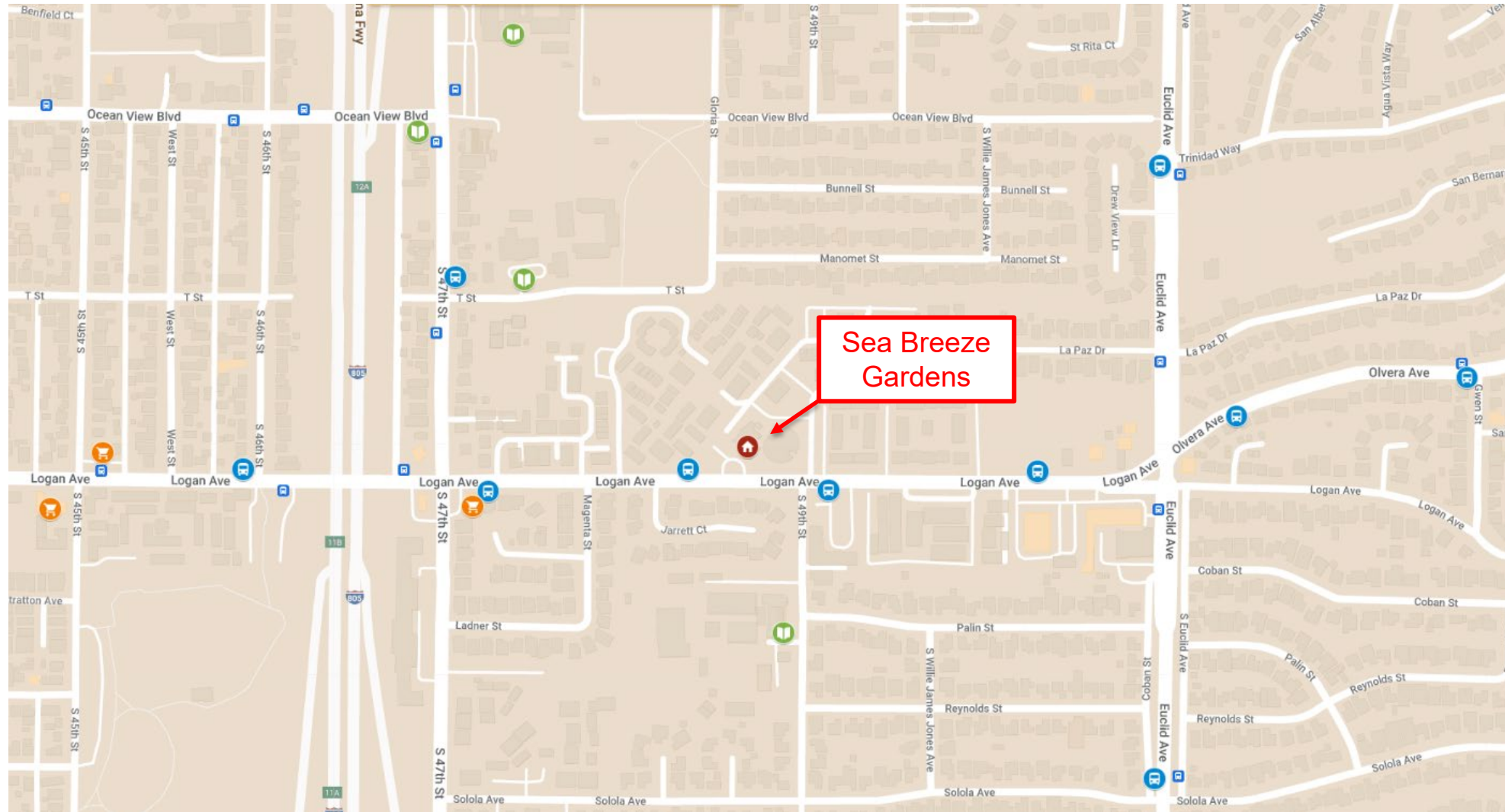
Developer and Service Provider Summary

- Lincoln Avenue Communities (LAC)
 - Experienced for-profit developer
 - Owns and operates more than 26,000 units across 119 properties throughout the United States
- Pacific Housing Inc. will provide services at no cost for all residents.
 - Community activities
 - Health and wellness classes
 - Year-round Service Coordinator
 - After-school programs for kids ranging from 7-17 years of age



SDHC – Sea Breeze Gardens Apartments

Local Amenities Map



SDHC – Sea Breeze Gardens Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Permanent Loan (Tax-Exempt)	\$75,000,000	Acquisition	\$116,400,000
Direct Taxable First Mortgage (Freddie Mac)	19,546,793	Construction Costs	22,271,688
Seller Carryback Note (Residential)	6,766,583	Project Soft Costs	2,524,173
Seller Carryback Note (Commercial)	228,000	Tax Credit Fees	169,995
Federal Tax Credit Equity	53,339,674	Bond Costs	519,250
GP Contribution	100	Bridge Loan Costs	4,365,095
Deferred Developer Fee	1,526,797	Permanent Loan Costs	1,468,648
		Closing Costs	289,040
		Escrows and Reserves	2,185,261
		Developer Fee	6,214,797
Total Development Cost	\$156,407,947	Total Development Cost	\$156,407,947

- Estimated Total Development Cost Per Unit (268 Units) = \$583,612



SDHC – Sea Breeze Gardens Apartments

Current Affordability and Monthly Rents

Unit Type	AMI	Units	CTCAC* Gross Rent
Two-bedroom	50% (currently \$62,050/year for a three-person household)	10	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>90</u>	\$1,861
Subtotal Two-bedroom Units		100	
Three-bedroom	50% (currently \$68,900/year for a four-person household)	17	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>150</u>	\$2,150
Subtotal Three-bedroom Units		167	
Subtotal Affordable Units		267	
Manager's unrestricted three-bedroom unit	--	<u>1</u>	
Total		268	

*California Tax Credit Allocation Committee



SDHC – Sea Breeze Gardens Apartments

Proposed Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Two-bedroom	30% (currently \$37,250/year for a three-person household)	10	\$930
Two-bedroom	50% (currently \$62,050/year for a three-person household)	10	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>80</u>	\$1,861
Subtotal Two-bedroom Units		100	
Three-bedroom	30% (currently \$41,350/year for a four-person household)	17	\$1,075
Three-bedroom	50% (currently \$68,900/year for a four-person household)	17	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>132</u>	\$2,150
Subtotal Three-bedroom Units		166	
Subtotal Affordable Units		266	
Manager's unrestricted three-bedroom unit	--	<u>2</u>	
Total		268	



SDHC – Sea Breeze Gardens Apartments Development Timeline

Milestones	Estimated Dates
<ul style="list-style-type: none"> • Housing Authority consideration of Bond Authorization..... 	May 21, 2024
<ul style="list-style-type: none"> • Estimated Bond issuance and escrow / loan closing..... 	June 3, 2024
<ul style="list-style-type: none"> • Estimated start of construction work..... 	June 3, 2024
<ul style="list-style-type: none"> • Estimated completion of construction work..... 	December 2025



SDHC – Sea Breeze Gardens Apartments Property Exteriors



SDHC – Sea Breeze Gardens Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$75,000,000 in tax-exempt 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 City.
- Neither the 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 – Sea Breeze Gardens Apartments

Staff Recommendations (Continued)

That the Housing Authority and City Council take the following actions:

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4802-4890 Logan Avenue in the Chollas Valley neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.
- 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.



SDHC – Sea Breeze Gardens Apartments

Staff Recommendations (Continued)

City Council

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4802-4890 Logan Avenue in the Chollas Valley Neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.



Questions & Comments



SDHC – Sea Breeze Gardens Apartments

