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San Diego Housing Commission (SDHC)  
Final Bond Authorization, and Tax Equity and Fiscal  
Responsibility Act (TEFRA) Resolution for Casa Nueva,  
formerly known as Hacienda Townhomes  
Housing Authority of the City of San Diego Agenda Item #2  
San Diego City Council Agenda Item #702  
December 13, 2023

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Real Estate Division



## SDHC – Casa Nueva Development Summary

- Proposed acquisition with rehabilitation of 51 affordable rental housing units and one unrestricted manager's unit:
  - 51 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
    - \$33,100/year for two-person household
    - \$82,680 for four-person household
  - Affordable for 55 years
  - 350 17<sup>th</sup> Street in the Downtown San Diego neighborhood
  - Consists of two four story buildings above a single level of subterranean parking
- Mix of one-, two- and three-bedroom units
- The Park and Market trolley stop is 0.3 mile from the subject site.
- The bus stop at 16th Avenue and Market Street is 0.2 mile from the site.

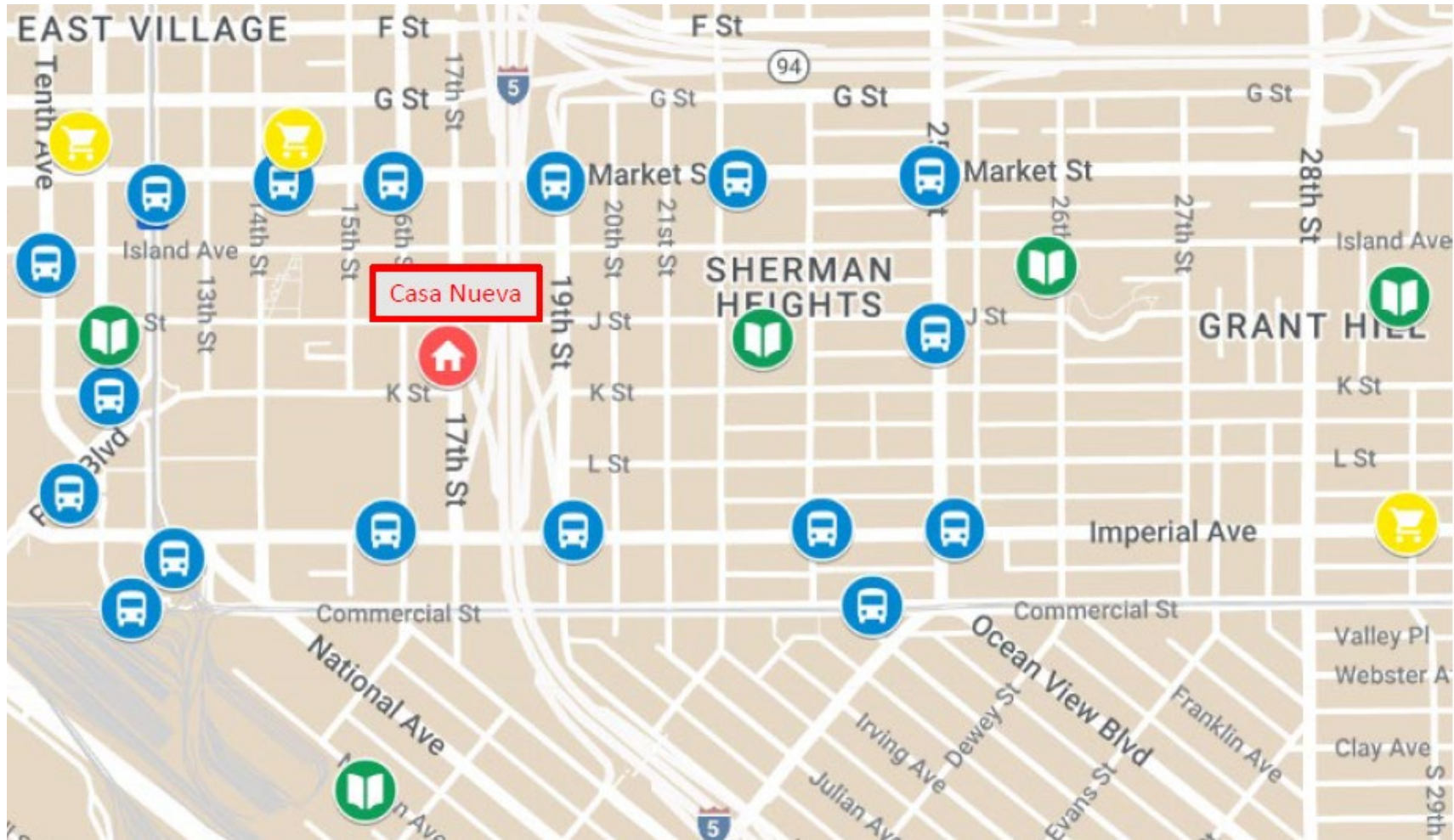


## SDHC – Casa Nueva Developer

- San Diego Community Housing Corporation (SDCHC):
  - Experienced, community-based, nonprofit developer.
  - Successfully completed previous developments with SDHC residual receipts loans.
  - SDCHC is in full compliance on its previous Housing Commission funded loans.
- SDCHC applied to SDHC for a forgivable loan and 19 federal rental housing vouchers through SDHC's Fiscal Year 2021 Preservation Notice of Funding Availability (NOFA) and Affordable Housing NOFA, respectively.
  - SDHC awarded 19 federal Project-Based Housing Vouchers.
  - SDHC awarded a forgivable loan of up to \$2,200,000.
    - SDHC Board of Commissioners (Board) approved the loan April 6, 2023.
- In 1992, SDHC entered into a residual receipts loan for the property, currently estimated at \$3,199,000.
- SDCHC will continue as lead service provider. Urban League of San Diego will provide additional services for financial literacy classes/services.



## SDHC – Casa Nueva Location Map



# SDHC – Casa Nueva

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Tax-exempt permanent bond	\$4,689,270	Acquisition Cost	\$11,110,300
Seller's carry back loan	6,239,732	Construction cost + Contingency	10,171,072
SDHC existing loan to be recast	3,199,000	Financing costs	2,560,406
SDHC proposed new forgivable loan	2,200,000	Other soft costs	565,550
City of San Diego Former Redevelopment Agency (FRA) existing loan extension	690,000	Permits and fees	104,750
Accrued interest seller's carryback loan	220,907	Architect and engineering costs	429,660
Accrued interest FRA existing loan	430,891		
Accrued interest SDHC existing loan	47,636	Relocation costs	625,000
Deferred developer's fee	356,508	Reserves	330,193
Four percent tax credit equity	9,822,987	Developer's fee	2,000,000
<b>Total Development Cost</b>	<b>\$27,896,931</b>	<b>Total Development Cost</b>	<b>\$27,896,931</b>

- Estimated Total Development Cost per unit (52 units) = \$536,479





# SDHC – Casa Nueva

## Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
One-Bedroom Unit	30% (\$33,100/year for two-person household)	1	\$732
Two-Bedroom Units	30% (\$37,250/year for three-person household)	19	\$775
Two-Bedroom Units	50% (\$62,050/year for three-person household)	<u>7</u>	\$930
<b>Subtotal Two-Bedroom Units.....</b>	--	<b>26</b>	--
Three-Bedroom Units	30% (\$41,350/year for four-person household)	14	\$1,075
Three-Bedroom Units	50% (\$68,900/year for four-person household)	4	\$1,791
Three-Bedroom Units	60% (\$82,680/year for four-person household)	<u>6</u>	\$2,150
<b>Subtotal Three-Bedroom Units.....</b>	--	<b>24</b>	--
<b>Subtotal Residential Units</b>	--	<b>51</b>	--
2-Bedroom Manager (Unrestricted)	--	1	--
<b>Total Units</b>	--	<b>52</b>	--



# SDHC – Casa Nueva Development Timeline

Milestone	Estimated Date
• Housing Authority consideration of final bond authorization.....	December 13, 2023
• City Council consideration of TEFRA resolution.....	December 13, 2023
• Estimated bond issuance and escrow/loan closing.....	January 2024
• Estimated start of construction work.....	January 2024
• Estimated completion of construction work.....	January 2025





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## SDHC – Casa Nueva Exterior







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## SDHC – Casa Nueva Courtyard



## SDHC – Casa Nueva Bond Issuance Summary

- Proposed bond issuance of up to \$12,968,761 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 – Casa Nueva

### Staff Recommendations

**That the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (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 \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one 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.



# SDHC – Casa Nueva

## Staff Recommendations (Continued)

### City Council

- 1) Adopt a Tax Equity and Fiscal Responsibility Act resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$12,968,761 to facilitate the development of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one manager's unit.





## Questions & Comments





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## SDHC – Casa Nueva

