



SAN DIEGO  
HOUSING  
COMMISSION

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# San Diego Housing Commission (SDHC) Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Resolution for Harrington Heights, Formerly Known as 13<sup>th</sup> & Broadway

Housing Authority of the City of San Diego Agenda Item #3

San Diego City Council Agenda Item #331

October 10, 2023

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Real Estate Division



## SDHC – Harrington Heights Apartments Development Summary

- Proposed new construction of 270 affordable rental housing units and three unrestricted manager's units at 1320 Broadway in Council District 3
  - 270 affordable units for households with income from 25 percent to 50 percent of San Diego's Area Median Income (AMI).
    - \$24,100/year – \$62,050/year for one-person to three-person households
- 270 units of the property will remain affordable for 55 years.
  - 65 units will be set aside for individuals experiencing literal and chronic homelessness
  - 10 units will be set aside for veterans experiencing homelessness
  - 40 units will be set aside for individuals with low income
- Mix of studio, one- and two-bedroom units
- Consists of one U-shaped tower of 15 stories
- Transit: Blue/Orange/Silver Trolley (0.1 miles). Bus lines 2, 7, 20, 30, 215, 225, 235, and 992



# SDHC – Harrington Heights Apartments

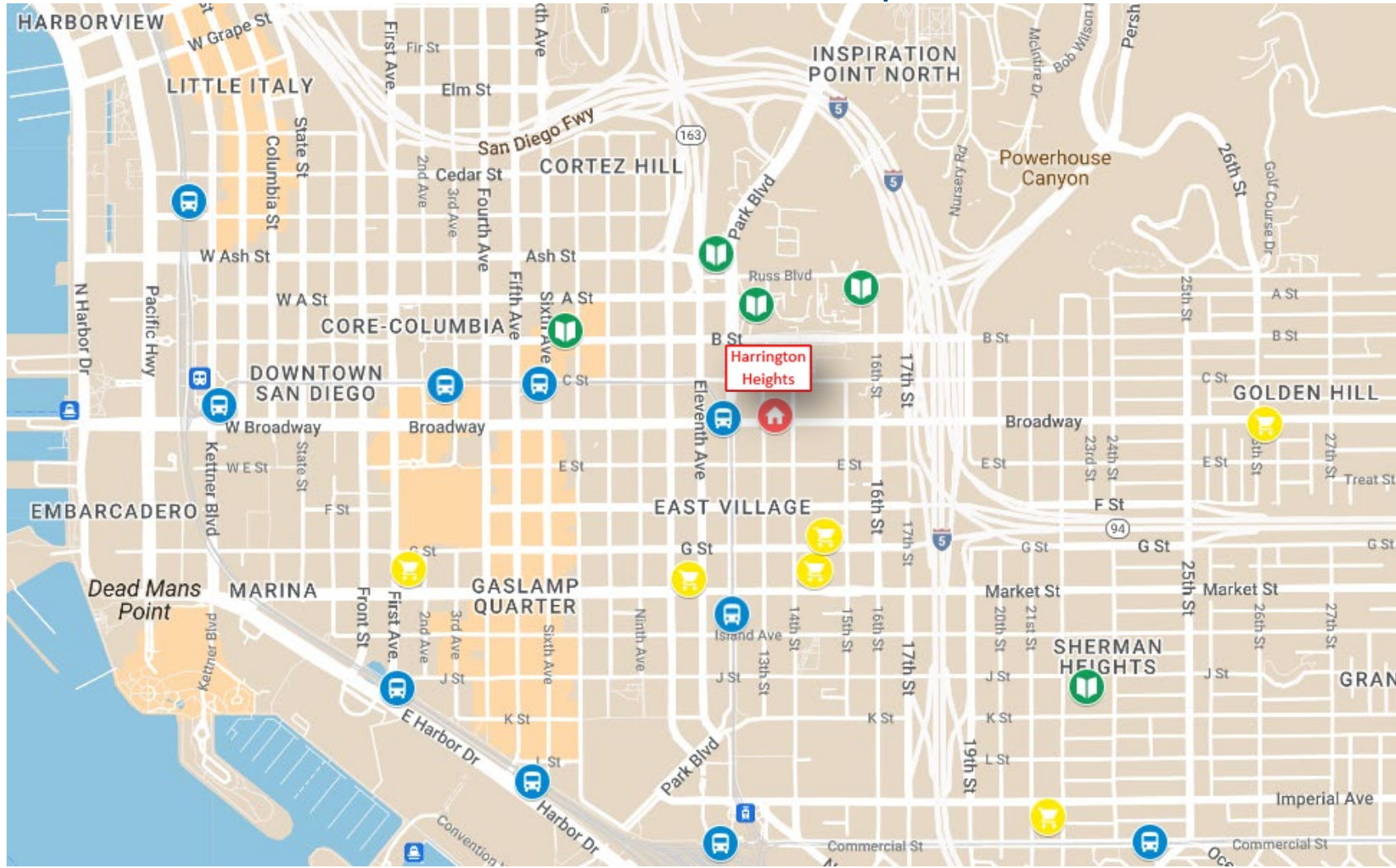
## Developer Summary

- Chelsea Investment Corporation (CIC)
  - Experienced, award-winning, for-profit developer
  - Developed more than 3,500 affordable housing units in San Diego
  - Owns more than 77 developments
  - Successfully completed previous developments with SDHC residual receipts loans
- CIC applied for a residual receipts loan and federal Project-Based Housing Vouchers (PBVs) through SDHC's Fiscal Year 2020 Notice of Funding Availability.
  - SDHC preliminarily awarded 115 PBVs
    - 65 Permanent Supportive Housing (PSH) PBVs
    - 10 Veterans Affairs Supportive Housing (VASH) PBVs
    - 40 Non-PSH PBVs
  - SDHC awarded residual receipts loan of up to \$8,000,000.
    - SDHC Board of Commissioners approved the loan October 13, 2022.
- Alpha Project, as the lead service provider, and U.S. Department of Veterans Affairs will be responsible for providing case management services for the PSH units.



# SDHC – Harrington Heights Apartments

## Local Amenities Map



## SDHC – Harrington Heights Apartments

### Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Federal LIHTC Equity	\$55,606,156	Land (inc. Existing Improvements)	\$75,748
State LIHTC Equity	2,205,903	Hard Costs (inc. Contingency)	99,533,433
Tax Exempt Permanent Loans	21,300,000	Development Impact Fees	9,732,166
SDHC Loan	8,000,000	Architect & Engineering	4,540,697
City of San Diego Loan	10,140,000	Financing Fees and Interest	18,976,928
HCD IIG/AHSC Grant	6,302,134	Developer Fee	3,500,000
HCD MHP Loan	20,000,000	Other Soft Costs	6,473,770
HCD AHSC Loan	13,700,000		
State Health and Human Services Agency/ Department of Developmental Services Loan	3,000,000		
Soft Loan Interest	1,278,550		
Deferred Developer Fee	1,300,000		
Total Development Cost	\$142,832,743	Total Development Cost	\$142,832,743

- Estimated Total Development Cost Per Unit (273 Units) = \$523,197



# SDHC – Harrington Heights Apartments

## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Studio	25% (currently \$24,100/year for a one-person household)	68	\$603
Studio	40% (currently \$38,600/year for a one-person household)	111	\$965
Studio	50% (currently \$48,250/year for a one-person household)	<u>45</u>	\$1,206
<b>Subtotal Studio Units</b>		<b>224</b>	
One-bedroom	25% (currently \$27,550/year for a two-person household)	7	\$689
One-bedroom	40% (currently \$44,100/year for a two-person household)	11	\$1,034
One-bedroom	50% (currently \$55,150/year for a two-person household)	<u>4</u>	\$1,292
<b>Subtotal One-bedroom Units</b>		<b>22</b>	
Two-bedroom	25% (currently \$31,000/year for a three-person household)	9	\$775
Two-bedroom	40% (currently \$49,600/year for a three-person household)	10	\$1,240
Two-bedroom	50% (currently \$62,050/year for a three-person household)	<u>5</u>	\$1,550
<b>Subtotal Two-bedroom Units</b>		<b>24</b>	
<b>Subtotal Affordable Units</b>		<b>270</b>	
Manager's unrestricted two-bedroom unit	--	<u>3</u>	
<b>Total</b>		<b>273</b>	





# SDHC – Harrington Heights Apartments

## Development Timeline

Milestones	Estimated Dates
• Housing Authority consideration of bond authorization.....	October 10, 2023
• City Council consideration of TEFRA resolution.....	October 10, 2023
• Estimated bond issuance and escrow/loan closing.....	October 2023
• Estimated start of construction work.....	November 2023
• Estimated completion of construction work.....	November 2025



# SDHC – Harrington Heights Apartments Architect's Rendering





## SDHC – Harrington Heights Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$68,700,000 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 – Harrington Heights Apartments

## Staff Recommendations

### **That the Housing Authority take the following actions:**

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$68,700,000 and taxable bonds in an amount not to exceed \$41,000,000 to fund 13th & Broadway CIC, LP's acquisition and new construction of Harrington Heights, a new affordable rental housing development to be located at 1320 Broadway, San Diego, CA 92101, which will consist of 270 units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego's Area Median Income (AMI). Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for individuals with low income. There will be three unrestricted managers' units.
- 2) Authorize the SDHC 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 – Harrington Heights Apartments Staff Recommendations (Continued)

### **That the City Council take the following actions:**

- 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 \$68,700,000 to facilitate the development of Harrington Heights a new affordable rental housing development at 1320 Broadway, San Diego, CA 92101, which will consist of 270 units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego's Area Median Income (AMI). Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for individuals with low income. There will be three unrestricted managers' units.



## Questions & Comments



# SDHC – Harrington Heights Apartments

