



We're About People

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

City Council Agenda Item #331

Housing Authority Agenda Item #3

May 12, 2026

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Development Summary

- Proposed new construction of 92 housing units and rehabilitation of 132 existing units for a total of 224 housing units, with two unrestricted managers' units, at 2001 Newton Avenue in Council District 8.
- 222 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI).
 - \$39,700/year – \$99,240/year for two- to four-person households.
- 55-year affordability term.

Site Amenities

- Community building with a kitchen
- Computer room
- Leasing office
- Services coordination space
- Laundry building
- Playground
- On-site daycare space



Developer and Service Provider Summary

- Metropolitan Area Advisory Committee on Anti-poverty of San Diego County Inc. (MAAC)
 - Founded in 1965
 - Headquartered in San Diego
 - Has developed 1,142 units of affordable housing in San Diego
 - Is in full compliance with prior SDHC loans
- Service Provider (MAAC): MAAC will provide centralized, comprehensive services based on a case management and resource navigation model.
 - Job search assistance
 - Resume and interview coaching
 - Vocational training programs
 - Immigration assistance
 - Unemployment benefits
 - Energy assistance programs
 - Food assistance
 - Access to free or low-cost medical insurance
 - Tax preparation services
 - First-time homebuyer education
 - Credit counseling
 - Debt counseling



Local Amenities Map





Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
LIHTC Equity	\$37,311,500	Acquisition Cost	\$30,200,000
SDHC Recast RDA Loan (assumed)	3,251,469	Hard Costs	47,043,394
Permanent Loan	18,990,000	Hard Costs Contingency	3,030,594
City of San Diego CDBG Loan (assumed)	18,359,728	Soft Costs	6,763,309
Seller Note	7,078,007	Soft Costs Contingency	411,887
City of San Diego RDA Loan (assumed)	6,745,896	Architect & Engineering	1,668,300
General Partner Capital	781,637	Financing Costs	10,170,243
General Partner Capital – Prior Sale Proceeds	15,175,950	Impact & Permit Fees	1,642,000
Deferred Developer Fee	5,413,684	Escrows and Reserves	1,833,206
		Developer's Fee	10,344,758
Total Development Cost	\$113,107,871	Total Development Cost	\$113,107,871

Estimated Total Development Cost Per Unit (224 Units) = \$504,946



Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$39,700/year for two-person household)	15	\$930
One bedroom	50% (\$66,150/year for two-person household)	14	\$1,550
One bedroom	60% (\$79,380/year for two-person household)	17	\$1,860
Subtotal One Bedroom Units	--	46	--
Two bedrooms	30% (\$44,650 /year for three-person household)	29	\$1,116
Two bedrooms	50% (\$74,450/year for three-person household)	17	\$1,861
Two bedrooms	60% (\$89,340/year for three-person household)	48	\$2,233
Subtotal Two Bedroom Units	--	94	--
Three bedrooms	30% (\$49,600/year for four-person household)	33	\$1,290
Three bedrooms	50% (\$82,700/year for four-person household)	13	\$2,150
Three bedrooms	60% (\$99,240/year for four-person household)	36	\$2,580
Subtotal Three Bedroom Units	--	82	--
Manager's three bedrooms unit (Unrestricted)	--	2	
Total Units	--	224	--



Development Timeline

Milestones	Estimated Dates
Housing Authority consideration of Bond Authorization	May 12, 2026
Estimated Bond issuance and Escrow/Loan Closing	May 2026
Estimated start of construction work	June 2026
Estimated completion of construction work	December 2027



Architect's Rendering





Bond Issuance Summary

- Proposed bond issuance of up to \$30,073,052 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 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 San Diego City Council take the following action:

- 1) Adopt a resolution approving the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Notes in an amount up to \$30,073,052 to facilitate MAAC Mercado L.P.'s acquisition and new construction of 92 housing units and rehabilitation of 132 existing units for a total of 224 housing units at Mercado Apartments at 2001 Newton Ave. in the Barrio Logan Community Plan neighborhood of San Diego. Mercado Apartments will consist of 222 rental housing units that will remain affordable for 55 years for individuals and families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.



Staff Recommendations (Continued)

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

- 1) Authorize the issuance of a tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Notes in an aggregate amount not to exceed \$30,073,052 to facilitate MAAC Mercado L.P.'s acquisition and new construction of 92 housing units and rehabilitation of 132 existing units for a total of 224 housing units at Mercado Apartments at 2001 Newton Ave. in the Barrio Logan Community Plan neighborhood of San Diego. Mercado Apartments will consist of 222 rental housing units that will remain affordable for 55 years for individuals and 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 General Counsel and Bond Counsel, and to take such actions that are necessary, convenient or appropriate to implement these approvals upon advice of General Counsel and/or Bond Counsel.



Questions & Comments



Current Aerial View



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20 ft



Architect's Rendering

