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San Diego Housing Commission (SDHC)
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act
(TEFRA) Resolution for Iris at San Ysidro Apartments
Housing Authority of the City of San Diego Agenda Item #4
San Diego City Council Agenda Item #332
October 10, 2023

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SDHC – Iris at San Ysidro Apartments Development Summary

- Proposed new construction of 99 affordable rental housing units and one unrestricted manager's unit at 1663 Dairy Mart Road in Council District 8.
 - 99 affordable units for households with income from 25 percent to 60 percent of San Diego's Area Median Income (AMI)
 - \$27,550/year – \$82,680/year for two-person to four-person households
- 99 units at the property will remain affordable for 55 years.
- Mix of one-, two- and three-bedroom units.
- Consists of a single four-story residential building.
- Transit: Iris Trolley station is 0.5 miles from the property (Transit-Oriented Development).



SDHC – Iris at San Ysidro Apartments

Developer Summary

- National CORE
 - Experienced, award-winning, nonprofit developer
 - Owns more than 10,000 apartments in the Western United States, 6,700 units in Southern California
 - Successfully completed previous developments with SDHC residual receipts loans
- National CORE 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 25 PBVs (not permanent supportive housing) and a residual receipts loan of up to \$2,300,000.
 - SDHC Board approved the loan on June 11, 2021.
- National CORE requested an exception to Section 1.9 of the SDHC Bond Policy to allow for the bond purchaser and tax credit investor to be related parties.
 - With the exception, the project would generate additional equity to ensure financial feasibility instead of creating a financing gap.
 - As a result, SDHC granted the exception to Section 1.9 of the SDHC Bond Policy.



SDHC – Iris at San Ysidro Apartments Service Providers

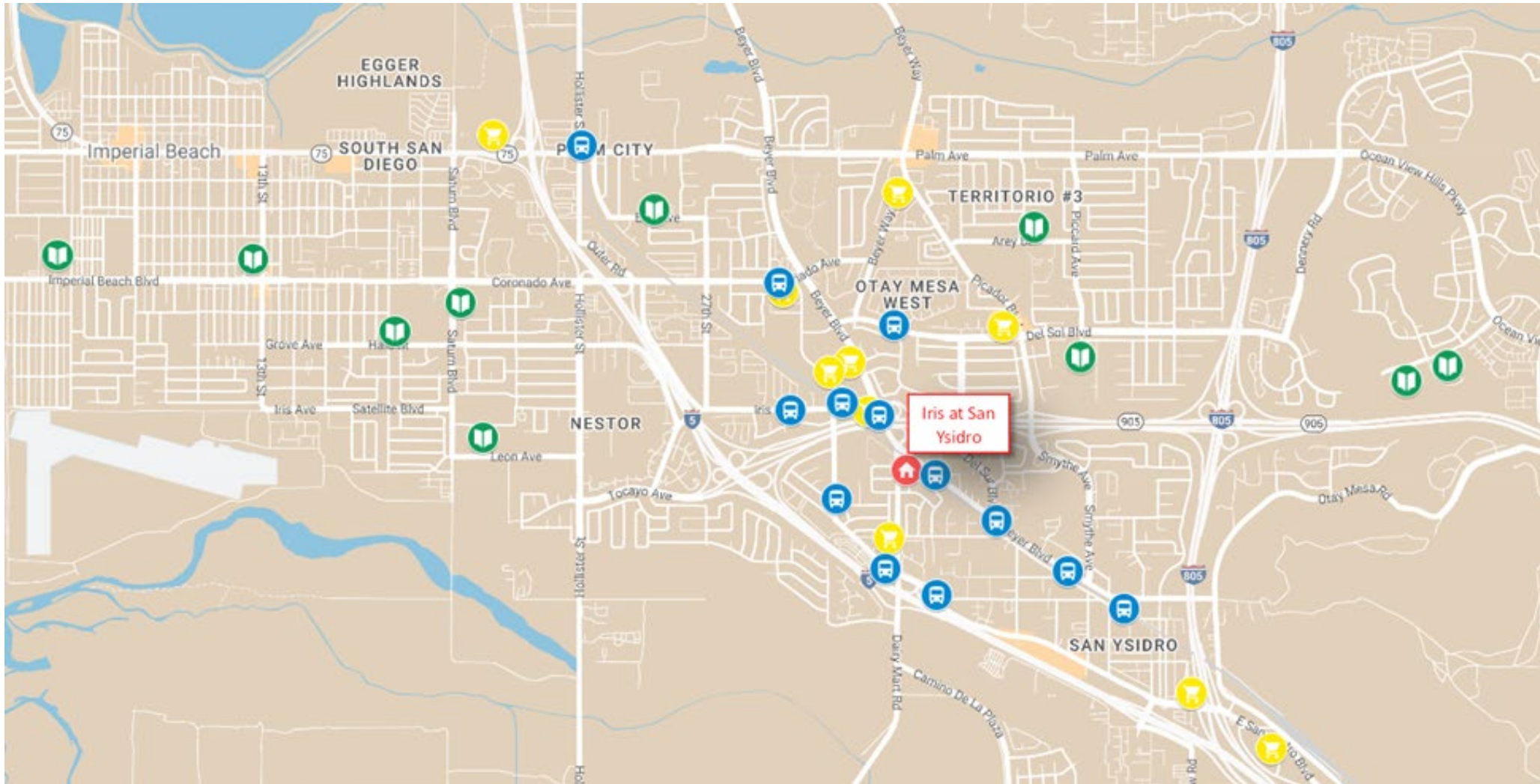
- Services will be provided at no cost for all residents.
 - County of San Diego Behavior Health Services (15 one-bedroom “No Place Like Home” units)
 - Case management, crisis counseling, links to other mental or dental care, enrollment in Medi-Cal or other public assistance, and workshops teaching cooking, unit maintenance, money management and other life skills.
 - Hope Through Housing Foundation & Casa Familiar (all residents)
 - Assistance with income taxes, translations, immigration forms, Social Security and SSI applications and renewals
 - San Ysidro Health (Residents aged 55 and older)
 - Supportive and case management services to assist in maintaining housing stability and overall wellness
 - Programs to educate residents about managing their conditions, improving their health, and staying healthy





SDHC – Iris at San Ysidro Apartments

Local Amenities Map



SDHC – Iris at San Ysidro Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Perm Loan	\$9,323,557	Acquisition & Closing Costs	\$6,968,377
City of San Diego EDD	5,000,000	Hard Costs	40,185,205
SDHC Loan	2,300,000	Architecture & Engineering	1,495,000
County of SD IHTF	5,000,000	Indirect Construction / Legal	2,930,199
County of SD COSR	2,211,075	Developer's Fee	6,800,000
RTCIP/DIF Fee Waiver	431,100	Rent-Up Costs / Reserves / COSR	2,900,915
4 Percent (CTCAC) Tax Credit Equity	33,264,788	Financing Costs	5,010,457
NPLH Funds	3,290,265		
Deferred Developer Fee	5,469,368		
Total Development Cost	\$66,290,153	Total Development Cost	\$66,290,153

- Estimated Total Development Cost Per Unit (100 Units) = \$662,902



SDHC – Iris at San Ysidro Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom (County NPLH Units)	25% (currently \$27,550/year for a two-person household)	15	\$689
One-bedroom	30% (currently \$33,100/year for a two-person household)	5	\$775
One-bedroom	50% (currently \$55,150/year for a two-person household)	14	\$1,292
One-bedroom	60% (currently \$66,180/year for a two-person household)	<u>8</u>	\$1,551
Subtotal One-bedroom Units		42	
Two-bedroom (Non-PSH Section 8)	45% (currently \$37,250/year for a three-person household)	13	\$930
Two-bedroom	50% (currently \$62,050/year for a three-person household)	12	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>7</u>	\$1,861
Subtotal Two-bedroom Units		32	
Three-bedroom (Non-PSH Section 8)	45% (currently \$41,350/year for a four-person household)	12	\$1,075
Three-bedroom	50% (currently \$68,900/year for a four-person household)	8	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>5</u>	\$2,150
Subtotal Three-bedroom Units		25	
Subtotal Affordable Units		99	
Manager's unrestricted two-bedroom unit	--	<u>1</u>	
Total		100	



SDHC – Iris at San Ysidro Apartments

Development Timeline

Milestones	Estimated Dates
• Housing Authority consideration of bond authorization.....	October 10, 2023
• City Council consideration of TERRA 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.....	July 2025





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SDHC – Iris at San Ysidro Apartments Architect's Rendering



SDHC – Iris at San Ysidro Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$31,500,000 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 – Iris at San Ysidro 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 \$31,500,000 and taxable bonds in an amount not to exceed \$9,000,000 to fund Iris at San Ysidro, LP's acquisition and new construction of Iris at San Ysidro, a new affordable rental housing development at 1663 Dairy Mart Road, San Ysidro, CA 92173, which will consist of 99 units that will remain affordable for 55 years for households with income of 25 percent to 60 percent of San Diego's Area Median Income (AMI), including 15 units through the County of San Diego's No Place Like Home program reserved for individuals with a serious mental illness who are at risk of homelessness or experiencing homelessness or chronic homelessness, 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 the Housing Commission 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 staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the transaction, and other required documents, including amendments to any documents.



SDHC – Iris at San Ysidro Apartments Staff Recommendations (Continued)

That the City Council take the following actions:

- 1) Adopt a Tax Equity and Fiscal Responsibility Act resolution approving the issuance of taxexempt Multifamily Housing Revenue Bonds in an amount not to exceed \$31,500,000 to facilitate the development of Iris at San Ysidro, a new affordable rental housing development at 1663 Dairy Mart Road, San Ysidro, CA 92173, which will consist of 99 units that will remain affordable for 55 years for households with income of 25 percent to 60 percent of San Diego's Area Median Income (AMI), including 15 units through the County of San Diego's No Place Like Home program reserved for individuals with a serious mental illness who are at risk of homelessness or experiencing homelessness or chronic homelessness, and one unrestricted manager's unit.



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Questions & Comments





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