

EXECUTIVE SUMMARY

DATE ISSUED: December 11, 2009

REPORT NO: HCR 09-117

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009

SUBJECT: Lien Priority Revision - 15th & Commercial Special Needs Housing
(Council District 2)

SUMMARY:

The Housing Commission and the Housing Authority previously approved an up to \$3,500,000 residual receipts loan, to 15th and Commercial L.P., as part of the financing for new construction of a 140-unit twelve-story multi-use complex, at 15th & Commercial Streets, for special needs transitional and permanent supportive rental housing. The developer, S.V.D.P. Management Inc., obtained a nine percent tax credit allocation but, due to market conditions, has been unable to find an investor willing to provide the necessary tax credit pricing. Under the American Recovery and Reinvestment Act of 2009 (ARRA), the State Tax Credit Allocation Committee (TCAC) allows exchanging the tax credits for \$20,000,000 (without an investor) as a fifteen year revocable grant with a promissory note and senior position deed of trust to TCAC. As required by TCAC regulations, the Housing Commission's proposed loan lien priority must be subordinated for fifteen years to the proposed \$20,000,000 TCAC deed of trust.

STAFF RECOMMENDATION:

Approve: 1) the TCAC \$20,000,000 from ARRA tax-credits-for-cash exchange funds to be secured in first position priority (as required by TCAC regulations) ahead of the Housing Commission's previously approved \$3,500,000 loan to 15th and Commercial L.P.; 2) using a bank-requested funds distribution schedule; and 3) authorize the President and Chief Executive Officer to execute all necessary documents.

FISCAL CONSIDERATIONS:

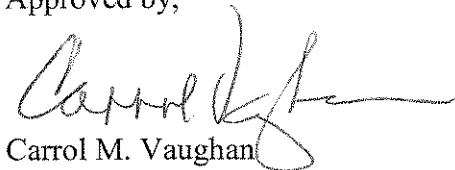
None.

Respectfully submitted,



Cissy Fisher
Vice President
Special Housing Initiatives

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

REPORT

DATE ISSUED: December 11, 2009

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009

SUBJECT: Lien Priority Revision - 15th & Commercial Special Needs Housing
(Council District 2)

REQUESTED ACTION:

Housing Commission approval to revise the lien priority, and to use a bank-requested funds distribution schedule, on a previously approved residual receipts loan to 15th and Commercial L.P. for new construction of 140 units of special needs transitional, and permanent supportive, rental housing.

STAFF RECOMMENDATION:

1. Approve allowing the State Tax Credit Allocation Committee's (TCAC) proposed \$20,000,000 American Recovery and Reinvestment Act of 2009 (ARRA) tax-credits-for-cash exchange funds to be secured in first position priority (as required by TCAC regulations) ahead of the Housing Commission's previously approved residual receipts loan of up to \$3,500,000, to 15th and Commercial L.P., to be developed by S.V.D.P. Management Inc.
2. Use the funds distribution schedule described in this report.
3. Authorize the President and Chief Executive Officer, or his designee,
 - a. To execute any and all documents that he deems necessary to effectuate the transaction and implement the project; and
 - b. To adjust financing terms/conditions as necessary to accommodate market changes and/or TCAC/Treasury Department requirements that may occur after approval of this report but before close of escrow.

Note: the \$3,500,000 maximum loan amount will not increase. Documentation of the terms and conditions of this loan would be approved by the Housing Commission's General Counsel.

BACKGROUND:

The Housing Commission (on June 12, 2009) and the Housing Authority (on July 21, 2009) previously approved an up to \$3,500,000 residual receipts loan to 15th and Commercial L.P. to facilitate the proposed new construction of a twelve-story multi-use complex, at 15th & Commercial Streets, with 140 new units including permanent supportive rental housing (64 units) and transitional housing (75 units, each with two beds) and a manager's unit, for extremely low-income and very low-income residents.

The developer, S.V.D.P. Management Inc. (SVDP) is a nonprofit public benefit corporation dba Father Joe's Villages. SVDP owns the Bishop Maher Center ("BMC") at 1501 Imperial Avenue adjacent to the St. Vincent de Paul Joan Kroc Center. SVDP proposes to: demolish the BMC existing two-story structure; construct a twelve-story new tower (total 125,824 sq ft) for different residential populations on separate floors. Each separate population will have its own secured entrances and separate facilities. The

140 unit project will include 124 units designated for those who are homeless or at-risk of becoming homeless (with supportive programs to prepare them for independent living) and will include 25 units for persons with disabilities. The building will include Universal Design features to assist the disabled.

The Housing Commission's June 2009 approved loan was contingent upon the developer (SVDP) obtaining various third-party funding, including competitively applying for and receiving necessary nine percent tax credits awarded by the California Tax Credit Allocation Committee (TCAC). On September 10, 2009, SVDP was successful in obtaining a \$20,000,000 TCAC tax credit allocation and all the necessary third party funding commitments. The TCAC award requires the developer to obtain building permits, secure all necessary financing, and be able to start construction by February 8, 2010. However, current market conditions have caused a substantial decrease in tax credit investors' demand and pricing. The 15th and Commercial L.P. has been unable to find an investor willing to provide the tax credit pricing necessary for this project.

In accordance with the American Recovery and Reinvestment Act of 2009 (ARRA), the State of California allows eligible developers to directly exchange their tax credits for cash (at eighty cents per dollar of tax credits) without investor participation, if they have made a good faith effort to sell their TCAC awarded tax credit allocation. Special needs projects with experienced sponsors (such as the 15th & Commercial L.P. project) are eligible for a non-competitive exchange of credits for cash; other projects seeking cash exchange must participate in a TCAC second competition round. On November 9, 2009, 15th & Commercial L.P. applied to TCAC for the ARRA tax-credits-for-cash exchange and the developer expects automatic approval. On December 16, 2009, TCAC will announce the ARRA awardees for the exchange of tax credits for cash and this information will be reported at the Housing Commission meeting.

TCAC ARRA Loan and Lien Priority

Instead of typical tax credit investor funds coming in as equity, the State's ARRA regulations require the tax-credit-exchanged cash to be in the form of a 15-year revocable grant or a 55-year loan to the developer. Under either scenario there is a promissory note and a deed of trust to TCAC. 15th & Commercial L.P. has elected to receive the TCAC funds in the form of the 15-year revocable grant. Because of the proportionate amount of the TCAC funds, the State's regulations will require all of the 15th & Commercial project's lenders (including the Housing Commission) to subordinate to the State's proposed first position \$20,000,000 TCAC deed of trust for the 15 year TCAC compliance period.

It was previously estimated that the Housing Commission's \$3,500,000 loan would be secured in fourth position with only an estimated \$14,937,597 in senior secured loans:

1. California State Transit Oriented Development Program loan (TOD) = \$ 6,637,597
 2. California Emergency Housing & Assistance Program loan (EHAP) = \$ 1,000,000
 3. Centre City Development Corporation = \$ 7,300,000
- \$14,937,597

Currently, the Housing Commission's \$3,500,000 loan is still proposed to be secured in fourth position but, because of the \$20,000,000 ARRA funds exchange, for the first 15 years TCAC compliance period, the Housing Commission loan would be subordinate to \$33,937,597 estimated in senior secured loans and the ARRA revocable grant. After 15 years, the Housing Commission loan would be subordinate to \$13,937,597 of senior secured loans.

The currently estimate of permanent sources and lien priority is:

Estimated Sources (including priority of loans)	Total Amount	% of Total
1 st Loan: TCAC ARRA Funds	\$20,000,000	34.06%
2 nd Loan: Calif State Transit Oriented Development Program loan (TOD)	\$6,637,597	11.30%
3 rd Loan Centre City Development Corporation residual receipts loan	\$7,300,000	12.43%
4th Loan Proposed Housing Commission residual receipts loan	\$3,500,000	5.96%
5 th Loan California Mental Health Services Act loan (Proposition 63)	\$2,357,000	4.01%
6 th Loan California Emergency Housing & Assistance Program loan (EHAP)	\$1,000,000	1.7%
7 th Loan Federal Home Loan Bank AHP loan (becomes a grant at year 15)	\$1,500,000	2.55%
8 th First 5 Commission of San Diego grant	\$6,968,025	11.87%
9 th California State Infill Infrastructure grant	\$3,089,027	5.26%
10 th Community Development Block Grant	\$291,279	.50%
11 th CAL ReUSE Grant (Calif Recycle Underutilized Sites Assessment Prog)	\$582,500	.99%
12 th SVDP/Owner's Land Note	\$ 5,500,000	9.37%
Estimated Total Sources of Funds	\$58,725,428	100%

Funds Distribution

US Bank is currently reviewing the proposed construction loan. The Housing Commission's loan is contingent upon the developer obtaining a construction loan and all other necessary funding.

In this project, almost all of the other eleven funding sources will fund incrementally during construction. The construction lender wants more non-bank funds available at the beginning both to ensure sufficient funds for cash flow purposes and due to bank credit conditions in the current lending environment. The construction lender is requesting the proposed Housing Commission \$3,500,000 loan be distributed 90% (\$3,150,000) at close of escrow and 10% (\$350,000) at construction completion.

Loan Closing Milestone

By February 8, 2010, the project must close its loans and be able to begin construction or the tax credit allocation will be rescinded.

ENVIRONMENTAL REVIEW

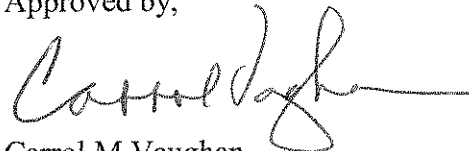
Revising the lien priority is not a project pursuant to State of California Environmental Quality Act (CEQA) Guidelines; therefore, no further CEQA processing is required. Processing under the National Environmental Protection Act is not required since no federal funds are implicated in this activity due to the Housing Commission's use of local funds.

Respectfully Submitted by,



Cissy Fisher
Vice President
Special Housing Initiatives

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Date Issued: December 11, 2009
Lien Priority Revision for 15th & Commercial
Page 4

Attachment: 1) Revised Proforma
2) Report No. HCR09-050 (June 12, 2009)

Information: J. Correia (619) 578-7538

FHC_15th and Commercial_121809

**SAN DIEGO HOUSING COMMISSION
GENERAL APPLICATION FORM - Project Overview**

DATE: December 1, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED IN SHADED CELLS (Check all boxes that apply)

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 3,500,000
 TECHNICAL ASSISTANCE PREDEVELOPMENT LOAN \$ _____
 _____ PROJECT SUPPORT GRANT \$ _____

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT CONDITION: UNIMPROVED SITE RESIDENTIAL COMMERCIAL
YEAR BUILT: 1974 EXISTING STRUCTURE OTHER (DESCRIBE) _____

PROJECT NAME: 15th & Commercial
ADDRESS: 1501 Imperial Ave. San Diego CA 92101
STREET CITY STATE ZIP
LEGAL DESCRIPTION: 5, 6, 7, 8 56 Sherman's Addtn. 535-622-06 51
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____

DWELLING UNITS:	<u>139</u>	<u>1</u>				<u>140</u>	<u>12</u>	
	<small>0-BEDROOM</small>	<small>1-BEDROOM</small>	<small>2-BEDROOM</small>	<small>3-BEDROOM</small>	<small>4-BEDROOM</small>	<small>5-BEDROOM</small>	<small>TOTAL UNITS</small>	<small># of stories</small>

HC Assisted Units:	<u>139</u>					<u>139</u>	
	<small>0-BEDROOM</small>	<small>1-BEDROOM</small>	<small>2-BEDROOM</small>	<small>3-BEDROOM</small>	<small>4-BEDROOM</small>	<small>5-BEDROOM</small>	<small>TOTAL UNITS</small>

EXISTING USES OF PROPERTY: Transitional shelter. No. of Buildings 1

DESCRIPTION OF PROPOSED PROJECT: Three floors child development center, four floors of transitional housing (75 SRO-type units with two beds each), four floors with 64 permanent housing studios (49 of which are supportive units for homeless or at-risk-of-homeless individuals).

Appraised Value \$5,500,000.00

APPLICANT/BORROWER:

NAME: 15th & Commercial, L.P. CONTACT PERSON: Mathew Packard
ADDRESS: 3350 E St. San Diego CA 92102
STREET CITY STATE ZIP
TELEPHONE: (619) 446-2100 FAX NO. (619) 446-2129 E-mail address: mathew.packard@neighbor.c

LEGAL DESCRIPTION OF APPLICANT:

FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER _____
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 27-1332154

CURRENT OWNER/SELLER INFORMATION:

NAME: S.V.D.P. Management, Inc. LEGAL DESCRIPTION: See above
ADDRESS: 3350 E St. San Diego CA 92102
STREET CITY STATE ZIP
TELEPHONE: (619) 446-2100 FAX NO. (619) 446-2129

ZONING: CCPD-MC (with CUP) COMMUNITY PLAN AREA: CCDC (East Village District)
COUNCIL DISTRICT: 2 SCHOOL DISTRICT: SDUSD

SIGNATURE _____ PRINT NAME Father Joe Carrol TITLE President DATE _____

a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

N/A

b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

Board of Directors – S.V.D.P. Management, Inc.

Adelizzi, Bob

Assomull, Mukesh

Benson, Judy

Black, Charles

Boudreau, Steve (Board Secretary)

Burdick, Henry

Conway, Steve

Fischer, Bob (Board Treasurer)

Francis, Steve (Board Chair)

Jennings, Jackie

Kasperick, Vince

Malcolm, David

Mulvaney Sr., James

Norling, Richard

Panetta, Joseph D.

Parisi, Charles

Sudberry, Tom

VanDeWeghe, Bill

Ward, Linc

Witt, Ed

c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

N/A

e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.

N/A

Position Title (if any) and percent of
interest or description of character
and extent of interest

Name, Address & Zip Code

Phone Number

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - RENTAL INCOME - RI**

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

DATE: **December 1, 2009**

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: 15th & Commercial
 ADDRESS: 1501 Imperial Ave. San Diego CA 92101
STREET CITY STATE ZIP

UTILITY INFORMATION [Input X, G, E, T, or L where indicated]

Type (X) in ONE box Gas (G) or Electricity (E) Paid by Tenant (T) or Owner/Landlord (L)
 FILL IN ALL BOXES G or E FILL IN ALL BOXES T or L

<input checked="" type="checkbox"/> Apartment	Heat	E	T
<input type="checkbox"/> Duplex, Townhouse	Cooking	E	T
<input type="checkbox"/> House, Mobile Home	Water Heater	G	L
	Water/Sewer		L
	Basic Electric		T

INCOME BY UNIT TYPE

COLUMNS:												
A	B	C	D	E	F	G	H	I	J	K	L	M
BASIS FOR RENT*	NO. OF UNITS	BED-ROOMS PER UNIT	BATH-ROOMS PER UNIT	SQ FT PER UNIT	CURRENT RENT	MONTHLY HOUSING COST PER UNIT	LESS: MONTHLY UTILITY ALLOW. PER UNIT	EQUALS: MONTHLY Tenant Paid RENT PER UNIT	COMPARE TO MARKET RENT PER UNIT	AFFORDABILITY LEVEL PERCENT MEDIAN INCOME**	YEARLY GROSS RENTS ALL UNITS	YEARLY MARKET RENTS
TC	75			250	\$	\$	\$	\$		%	\$	\$
TC	24		1.00	300	\$ 414	\$ 414	\$ 13	\$ 401		33 %	\$ 115,488	\$
TC	25		1.00	300	\$ 257	\$ 257	\$ 13	\$ 244		20 %	\$ 73,200	\$
TC	15		1.00	300	\$ 553	\$ 553	\$ 13	\$ 540		44 %	\$ 97,200	\$
					\$	\$	\$	\$		%	\$	\$
					\$	\$	\$	\$		%	\$	\$
					\$	\$	\$	\$		%	\$	\$
					\$	\$	\$	\$		%	\$	\$
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					\$	\$	\$	\$		%	\$	\$
					\$	\$	\$	\$		%	\$	\$
					\$	\$	\$	\$		%	\$	\$
MGR	1	1	1.00	714	\$	\$	\$	\$		%	\$	\$
MGR					\$	\$	\$	\$		%	\$	\$

* Indicate Tax Credit Rents with "TC", Housing Commission Rents with "SDHC", HOME rents with "HOME", and Resident Manager's unit(s) with "MGR (bottom two rows)."
 ** This calculation is based on a household size of one plus the bedroom type; Please note that using tax credit rents may produce a different AMI percentage.

TOTAL RENT (YEAR) \$ 285,888 \$
 Comp. to 90% of Market: \$ 285,888 \$

OTHER INCOME	Rent subsidy for 75 transitional units	\$ 450,000
	MHSA Operating subsidy	\$ 125,229
	Laundry	\$ 10,080

TOTAL ANNUAL INCOME \$871,197

TOTAL UNITS 140

TOTAL UNIT SQ. FT. 38,664 + TOTAL COMMUNITY FACILITIES SQ. FT. 6,412

TOTAL SQ. FT. 45,076

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - OPERATING EXPENSE - OE**

DATE: December 1, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: 15th & Commercial
 ADDRESS: 1501 Imperial Ave. San Diego CA 92101
STREET CITY STATE ZIP
 TOTAL NUMBER OF UNITS 140

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 1,700	\$ 12	\$ 0.04
Telephone	\$ 2,860	\$ 20	\$ 0.06
Training & Travel	\$ 10,000	\$ 71	\$ 0.22
Payroll Services	\$ 87,500	\$ 625	\$ 1.94
Program Services	\$ 38,400	\$ 274	\$ 0.85
Other:	\$	\$	\$
Subtotal Percent of Total <u>23%</u>	\$ 140,460	\$ 1,003	\$ 3.12
Marketing Expenses			
Advertising	\$ 5,000	\$ 36	\$ 0.11
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 5,000	\$ 36	\$ 0.11
Professional Fees			
Property Management	\$ 58,800	\$ 420	\$ 1.30
Auditing Services	\$ 10,000	\$ 71	\$ 0.22
Legal Services	\$ 10,000	\$ 71	\$ 0.22
Other:	\$	\$	\$
Subtotal Percent of Total <u>13%</u>	\$ 78,800	\$ 563	\$ 1.75
Utilities			
Electric	\$ 30,000	\$ 214	\$ 0.67
Gas	\$ 23,000	\$ 164	\$ 0.51
Water/Sewer	\$ 86,800	\$ 620	\$ 1.93
Other:	\$	\$	\$
Subtotal Percent of Total <u>23%</u>	\$ 139,800	\$ 999	\$ 3.10
Contract Services			
Exterminating	\$ 5,000	\$ 36	\$ 0.11
Trash Removal	\$ 10,000	\$ 71	\$ 0.22
Security Patrol	\$ 28,000	\$ 200	\$ 0.62
Building/Grounds Maintenance	\$ 30,000	\$ 214	\$ 0.67
Janitorial Services	\$ 20,000	\$ 143	\$ 0.44
Repair Services	\$ 30,000	\$ 214	\$ 0.67
Elevator & Other Equipment	\$ 10,000	\$ 71	\$ 0.22
Garage Operations/Maintenance	\$ 15,000	\$ 107	\$ 0.33
Other:	\$	\$	\$
Subtotal Percent of Total <u>25%</u>	\$ 148,000	\$ 1,057	\$ 3.28
Cleaning & Decorating			
Painting Supplies	\$ 5,000	\$ 36	\$ 0.11
Grounds Supplies	\$ 10,000	\$ 71	\$ 0.22
Other:	\$	\$	\$
Subtotal Percent of Total <u>3%</u>	\$ 15,000	\$ 107	\$ 0.33
Taxes & Insurance			
Real Property Tax Assessment	\$	\$	\$
Property Insurance	\$ 65,000	\$ 464	\$ 1.44
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>11%</u>	\$ 65,000	\$ 464	\$ 1.44
Other			
SDHC Monitoring Fees	\$ 6,300	\$ 45	\$ 0.14
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 6,300	\$ 45	\$ 0.14
Total Annual Operating Costs	\$ 598,360	\$ 4,274	\$ 13.27

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - SOURCES AND USES OF FUNDS - SU**

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DATE: December 1, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NUMBER OF UNITS: 140
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: 15th & Commercial
 ADDRESS: 1501 Imperial Ave. San Diego CA 92101
STREET CITY STATE ZIP

POSITION	TERMS		COMMITMENT		AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
	YRS.	RATE	Y/N	DATE OR EXPECTED					
1ST ARRA Grant	NA	NA	%N	12/16/2009	\$	\$		\$ 20,000,000	
2ND TOD Loan	55	3.00	%Y	6/30/2009	\$	\$ 6,637,597			
3RD CCDC	55	3.00	%Y	7/28/2009	\$	\$ 7,300,000			
4TH SDHC	55	3.00	%N	7/21/2009	\$	\$ 3,500,000			
(Select one)									
Residual Receipts or Amortized	<input checked="" type="checkbox"/>	HC Subsidy/Assisted Unit		\$ 25,180					
	<input type="checkbox"/>	HC Subsidy/Assisted Bdrn		\$ 25,180					
5TH MHSA Loan	55	3.00	%Y	8/11/2009	\$	\$ 2,357,000			
6TH EHAP-CD Loan	7	3.00	%Y	10/16/2007	\$	\$ 1,000,000			
7TH AHP (as equity)	NA	NA	%Y	5/29/2009	\$	\$			1,500,000
8TH First 5 Commission of SD	NA	NA	%Y	2/7/2005	\$	\$		\$ 6,968,025	
9TH Infill Infrastructure Grant	NA	NA	%Y	6/30/2009	\$	\$		\$ 3,089,027	
10TH Comm Development Block Grant	NA	NA	%Y	7/1/2009	\$	\$ 291,279			
11TH Cal Reuse	NA	NA	%Y	7/1/2009	\$	\$ 582,500			
12th SVDP Land Note	55	AFR	%Y	7/1/2009	\$	\$ 5,500,000			
TOTAL \$ 58,725,428					\$	\$ 27,168,376	\$	\$ 30,057,052	\$ 1,500,000

	TOTAL	CLOSING	CONSTRUCTION PERIOD			(COMPLETION)	(RENT UP)
			1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	QUARTERS 5 & 6
ARRA Grant	* \$ 20,000,000	\$ 4,000,000	\$ 2,500,000	\$ 1,500,000	\$	\$ 7,000,000	\$ 5,000,000
TOD Loan	* \$ 6,637,597	\$	\$	\$	\$	\$	\$ 6,637,597
CCDC	* \$ 7,300,000	\$ 1,460,000	\$	\$ 2,190,000	\$	\$ 2,920,000	\$ 730,000
SDHC	* \$ 3,500,000	\$ 3,150,000	\$	\$	\$	\$	\$ 350,000
MHSA Loan	* \$ 2,357,000	\$	\$	\$ 353,560	\$ 589,250	\$ 824,950	\$ 589,250
EHAP-CD Loan	* \$ 1,000,000	\$	\$	\$	\$ 1,000,000	\$	\$
AHP (as equity)	* \$	\$ 1,500,000	\$	\$	\$	\$	\$
First 5 Commission of SD	* \$	\$ 500,000	\$ 6,468,025	\$	\$	\$	\$
Infill Infrastructure Grant	* \$	\$	\$ 3,089,027	\$	\$	\$	\$
	* \$	\$	\$	\$	\$	\$	\$
	* \$	\$ 5,500,000	\$	\$	\$	\$	\$
SVDP Land Note	* \$ 873,779	\$ 291,279	\$ 582,500	\$	\$	\$	\$
TOTAL \$ 58,725,428		\$ 16,401,279	\$ 12,639,552	\$ 4,043,550	\$ 1,589,250	\$ 10,744,950	\$ 13,306,847

INFORMATION ON CONSTRUCTION LOAN
 CONSTRUCTION LENDER: US Bank
 CONSTRUCTION TIME: 18 (MONTHS)
 CONSTRUCTION INTEREST: TBD %
 COMMITTED: YES NO
 DATE OF COMMITMENT/EXPECTED: May 22, 2009

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - PRO FORMA - PF**

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: December 1, 2009

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: 15th & Commercial
 ADDRESS: 1501 Imperial Ave. San Diego CA 92101
STREET CITY STATE ZIP

Replacement Reserve	\$ <u>84,000</u>	LP Asset Mgmt Fee	\$ <u>5,000</u>	GP Management Fee	\$ <u>-</u>
Rental Income	\$ <u>285,888</u>	Project Income Increase	<u>2.50</u> %	Mortgage Amount	\$ <u>-</u>
Other Income	\$ <u>585,309</u>	Operating Exp. Increase	<u>3.50</u> %	Mortgage Rate	<u>NA</u>
Operating Expenses	\$ <u>598,360</u>	Vacancy Loss	<u>7.00</u> %	Mortgage Term (Years)	<u>NA</u>
LP & GP Annual Increase	<u>2.5</u> %	Deferred Dev. Fee	\$ <u>-</u>	Interest on Def. Dev. Fee	<u>4.50</u> %

SDHC Participation	\$ <u>3,500,000</u>	Residual Receipts or Amortize	<input checked="" type="checkbox"/> <input type="checkbox"/>	Interest Rate	<u>3.000</u> %
Percent of Residual to HC	<u>-</u>	Term (Years)	<u>55</u>		

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 871,197	\$ 892,977	\$ 915,301	\$ 938,184	\$ 961,638
Vacancy	\$ 60,984	\$ 62,508	\$ 64,071	\$ 65,673	\$ 67,315
Effective Gross Income	\$ 810,213	\$ 830,469	\$ 851,230	\$ 872,511	\$ 894,324
Operating Expense	\$ 598,360	\$ 619,303	\$ 640,978	\$ 663,412	\$ 686,632
Net Operating Income	\$ 211,853	\$ 211,166	\$ 210,252	\$ 209,099	\$ 207,692
Debt Service (1st)	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699
Coverage (1st)	<u>2.66</u>	<u>2.65</u>	<u>2.64</u>	<u>2.62</u>	<u>2.61</u>
Replacement Reserve	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000
Cash Flow	\$ 48,154	\$ 47,467	\$ 46,553	\$ 45,400	\$ 43,993
LP Asset Management Fee	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Residual 50%	\$ 21,577	\$ 21,171	\$ 20,650	\$ 20,008	\$ 19,237
State TOD Residual 17%	\$ 7,336	\$ 7,198	\$ 7,021	\$ 6,803	\$ 6,541
State MHSA Residual 6%	\$ 2,589	\$ 2,541	\$ 2,478	\$ 2,401	\$ 2,308
CCDC Residual 18%	\$ 7,768	\$ 7,622	\$ 7,434	\$ 7,203	\$ 6,925
SDHC Residual 9%	\$ 3,884	\$ 3,811	\$ 3,717	\$ 3,601	\$ 3,463
Net Cash Flow	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 985,679	\$ 1,010,321	\$ 1,035,579	\$ 1,061,469	\$ 1,088,006
Vacancy	\$ 68,998	\$ 70,722	\$ 72,491	\$ 74,303	\$ 76,160
Effective Gross Income	\$ 916,682	\$ 939,599	\$ 963,089	\$ 987,166	\$ 1,011,845
Operating Expense	\$ 710,664	\$ 735,537	\$ 761,281	\$ 787,926	\$ 815,503
Net Operating Income	\$ 206,018	\$ 204,062	\$ 201,808	\$ 199,240	\$ 196,342
Debt Service (1st)	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699
Coverage (1st)	<u>2.58</u>	<u>2.56</u>	<u>2.53</u>	<u>2.50</u>	<u>2.46</u>
Replacement Reserve	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000
Cash Flow	\$ 42,319	\$ 40,363	\$ 38,109	\$ 35,541	\$ 32,643
LP Asset Management Fee	\$ 5,657	\$ 5,798	\$ 5,943	\$ 6,092	\$ 6,244
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Residual 50%	\$ 18,331	\$ 17,282	\$ 16,083	\$ 14,725	\$ 13,199
State TOD Residual 17%	\$ 6,233	\$ 5,876	\$ 5,468	\$ 5,006	\$ 4,488
State MHSA Residual 6%	\$ 2,200	\$ 2,074	\$ 1,930	\$ 1,767	\$ 1,584
CCDC Residual 18%	\$ 6,599	\$ 6,222	\$ 5,790	\$ 5,301	\$ 4,752
SDHC Residual 9%	\$ 3,300	\$ 3,111	\$ 2,895	\$ 2,650	\$ 2,376
Net Cash Flow	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 1,115,206	\$ 1,143,086	\$ 1,171,663	\$ 1,200,955	\$ 1,230,979
Vacancy	\$ 78,064	\$ 80,016	\$ 82,016	\$ 84,067	\$ 86,168
Effective Gross Income	\$ 1,037,141	\$ 1,063,070	\$ 1,089,647	\$ 1,116,888	\$ 1,144,810
Operating Expense	\$ 844,046	\$ 873,587	\$ 904,163	\$ 935,809	\$ 968,562
Net Operating Income	\$ 193,096	\$ 189,482	\$ 185,484	\$ 181,079	\$ 176,248
Debt Service (1st)	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699	\$ 79,699
Coverage (1st)	<u>2.42</u>	<u>2.38</u>	<u>2.33</u>	<u>2.27</u>	<u>2.21</u>
Replacement Reserve	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000
Cash Flow	\$ 29,397	\$ 25,783	\$ 21,785	\$ 17,380	\$ 12,549
LP Asset Management Fee	\$ 6,400	\$ 6,560	\$ 6,724	\$ 6,893	\$ 7,065
GP Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Residual 50%	\$ 11,498	\$ 9,612	\$ 7,530	\$ 5,244	\$ 2,742
State TOD Residual 17%	\$ 3,909	\$ 3,268	\$ 2,560	\$ 1,783	\$ 932
State MHSA Residual 6%	\$ 1,380	\$ 1,153	\$ 904	\$ 629	\$ 329
CCDC Residual 18%	\$ 4,139	\$ 3,460	\$ 2,711	\$ 1,888	\$ 987
SDHC Residual 9%	\$ 2,070	\$ 1,730	\$ 1,355	\$ 944	\$ 494
Net Cash Flow	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>



REPORT

DATE ISSUED: June 12, 2009 **REPORT NO:** HCR09-050

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of June 19, 2009

SUBJECT: Loan for 15th & Commercial Special Needs Housing
(Council District 2)

REQUESTED ACTION:

Recommend Housing Authority approval of a proposed residual receipts loan to finance the new construction of a multi-use development including 140 units of special needs transitional rental housing.

STAFF RECOMMENDATION:

Seek Housing Authority approval, as described in this report, for the following:

1. Approve a Housing Commission residual receipts loan, of up to \$3,500,000, to 15th and Commercial L.P., to facilitate the proposed new construction of a twelve-story multi-use complex, at 15th & Commercial Streets, with 140 new units (64 units of new permanent supportive rental housing, 75 units of transitional housing to replace existing transitional housing unit-for-unit, and a manager's unit) for extremely low-income and very low-income residents, and an adjacent child-daycare/school facility.

The project will include 124 units designated for those who are homeless or at-risk of becoming homeless, with supportive programs to prepare them for independent living. The 124 units include 25 units for persons with disabilities.

2. The Housing Commission's proposed loan would be contingent upon the developer receiving all necessary third party funding commitments including the California Tax Credit Allocation Committee (TCAC) award of 9% percent tax credits to the project, as described in this report. This loan commitment is for the 2009 tax credit competition round and may be extended to subsequent tax credits rounds with the written approval of the President and Chief Executive Officer. Such third-party funding commitments would be subject to the Housing Commission's General Counsel approval.
3. Authorization for the President and Chief Executive Officer, or his designee,
 - a. to execute any and all documents that he deems necessary to effectuate the transaction and implement the project;
 - b. to adjust financing terms/conditions as necessary to accommodate market changes that may occur after approval of this report but before close of escrow;
 - c. the \$3,500,000 maximum loan amount may not increase.

Documentation of the terms and conditions of this loan would be language approved by the Housing Commission's General Counsel.

BACKGROUND:

The developer, S.V.D.P. Management Inc. (SVDP) is a nonprofit public benefit corporation dba Father Joe's Villages. SVDP owns the Bishop Maher Center ("BMC") at 1501 Imperial Avenue (Attachment 2 site map). BMC is adjacent to the St. Vincent de Paul Joan Kroc Center, in the East Village District of the Downtown Community Planning Area, and it is part of the Center's continuum of care for the homeless. BMC is a prefabricated two-story structure built in 1977 and used as a 150-beds transitional housing for single men. The BMC structure's age and setup are functionally outmoded and inefficient.

The Proposed Development

SVDP proposes to: form a tax credit limited partnership (15th and Commercial L.P.); obtain 9% tax credits and other financing; demolish the BMC existing two-story structure; construct a twelve-story new tower (total 125,824 sq ft) for residential and non-residential uses; and construct a one-story child care facility with outdoor playground. During construction SVDP will erect (at 14th and Commercial) a leased tent-type structure (similar to the City's Winter Shelter program) with upgrades such as a fire-sprinkler system, to temporarily replace BMC's current 150 beds for single men.

The new tower's floors one through three will serve as a non-residential child care center, to be physically separate from the other on-site uses. To permanently replace the BMC, the tower floors four through seven will have 75 single room occupancy units (two beds each; 150 total beds), with shared bathrooms, as long term transitional housing for homeless single men. Occupying floors eight through eleven will be 64 units of new permanent supportive rental housing, with individual bathrooms and kitchens, restricted to very low income persons with household incomes at or below 40% of Area Median Income (\$23,150) for a one person household, and a manager's unit. Each population will have its own entrances and separate facilities.

The twelfth floor will have common areas, three guest rooms for visitors/staff (which will be commercial space beyond the 140 affordable units), and a building-security dog kennel. The building includes a 16-space one-level underground parking garage and office space. The building will include Universal Design features to assist the disabled. At least seven units (5%) will be accessible for persons with mobility impairments and an additional three units (2%) will incorporate features for the visually or hearing impaired. The development costs include payment of Prevailing Wage rates.

Developer's Request

In response to the Housing Commission's current Notice of Funding Availability (NOFA) for Construction, Acquisition, and Operation of Affordable Rental Housing dated October 21, 2008, SVDP submitted a loan request for 15th & Commercial's construction and permanent gap financing. SVDP also requested financing from the Centre City Development Corporation and is requesting various funds from the State of California. Staff is recommending a Housing Commission loan of up to \$3,500,000.

The Property

The property is presently owned by SVDP. The BMC property was MAI-appraised (on March 13, 2009) at \$5,500,000 based upon the restricted use. The 20,000 sq ft (.46 acre) rectangular site, at 1501 Imperial Avenue, is located on the north side of Commercial Street, south of Imperial Avenue, between 15th and 16th Streets. North of the site is the Joan Kroc Center. To the south are open storage and auto

repair facilities. To the east are commercial buildings and single-family residences. To the west is SVDP's Paul Mirabile Center and Studio 15, a 275-unit affordable apartment development. The site is near the 12th and Imperial trolley transfer center and there is nearby bus service.

The Co-developers:

SVDP is the property owner and co-developer. SVDP is affiliated with St. Vincent de Paul Village, a complex of buildings and programs in downtown San Diego that provides a continuum of care for homeless individuals and families. SVDP and St. Vincent de Paul Village, Inc. are 501(c)(3) organizations, each with its own Board of Directors; however the two entities do collaborate closely for fundraising and program development, and share the same President, Father Joe Carroll. The co-developer, Chelsea Investment Corporation (Chelsea), for over twenty years has been developing affordable housing in San Diego County, Imperial County, and in Arizona. Chelsea has developed or acquired and rehabilitated 44 projects accounting for approximately 4,880 units. Each of Chelsea's affordable housing developments has involved a non-profit partner or client. Chelsea has developed 24 projects in San Diego County.

SVDP and Chelsea have collaborated on six affordable housing projects in San Diego, including:

- Paul Mirabile Center, a 175 unit short-term single adult facility (new construction 1994) (1501 Imperial Ave., San Diego, 92101);
- Village Place Apartments, a 47 unit permanent affordable housing facility (rehabilitation 1996) (32 17th Street, San Diego 92101);
- Toussaint Academy of the Arts and Sciences, a 21 unit residence and high school for youth (rehabilitation 1998), (1404 5th Avenue, San Diego 92101);
- Villa Harvey Mandel, a 90-unit six-story permanent affordable housing project dedicating 25 units for mentally ill/chemically dependent adults (new construction 2002). Villa Harvey Mandel included 9% tax credits and a \$2,000,000 Housing Commission residual receipts loan (72 17th Street, San Diego 92101), and it is fully in compliance with its Housing Commission loan;
- 16th & Market, a 136 unit twelve-story, new construction, affordable housing bond-financed project (1550 Market Street, San Diego 92101).
- Boulevard Apartments, a 24 unit, four-story, new construction apartment development for special needs and/or formerly homeless residents. Financing included a \$600,000 Housing Commission residual receipts loan (3137 El Cajon Boulevard, San Diego 92104).

Development Team

ROLE/FIRM
Owner - 15 th and Commercial L.P., (a California limited partnership); SVDP managing general partner
Co-Developers - Chelsea Investment Corporation (fee developer owned by James Schmid) and S.V.D.P. Management Inc. (nonprofit) dba Father Joe's Villages.
Architect – JWDA (Joseph Wong Design Associates), owned by Joseph Wong
Prevailing Wage Monitoring - Gonzalez-White Consulting; owned by Lisa Gonzalez
Contractor - Roel Construction Co.
Construction Lender - U.S. Bank
Tax Credit Investor Limited Partner - Richman Group Capital
Management - SVDP Management Inc

Affordable Housing Impact

15th & Commercial will have 140 residential units consisting of: 139 restricted-rent studio units, and a one-bedroom unrestricted manager's unit. The proposed project would have 110 units restricted at up to 30% Area Median Income (AMI) (\$17,350 for a household of one), fourteen studio units restricted at up to 35% AMI (\$20,250 for a household of one), fifteen studio units restricted at up to 40% AMI (\$23,150 for a household of one). It is proposed that the Housing Commission's loan will have 55-year rent restrictions against the property's 64 units of new permanent supportive rental housing.

Initial rent and income restrictions for the project are summarized in the chart below:

Unit Type	Income Restrictions (% of Area Median Income)	# Units	HC Loan's Est'd Monthly Restricted Rents (net of utility allowance)	Estimated Monthly Market Rate Rents *	Estimated Monthly Below-Mkt Savings Per Unit	Estimated Annual Below-Market Savings
Studio Transitional (250 sq ft units)	30% AMI	** 75	\$0 **	\$490 *	**	**
Studio (MHSA Program) (300 sq ft units)	30% AMI	25	\$244	\$588 *	\$344	\$103,200
Studio (300 sq ft units)	30% AMI	10	\$401	\$588 *	\$187	\$22,440
Studio (300 sq ft units)	35% AMI	14	\$401	\$588 *	\$187	\$31,416
Studio (300 sq ft units)	40% AMI	15	\$540	\$588 *	\$48	\$8,640
One Bedroom Manager's Unit	Unrestricted	1	n/a	n/a	n/a	n/a
Total Units		140				
Total Annual Rent Savings						\$165,696

* - Estimated Market Rents based on San Diego County Apartment Owners Association Vacancy Survey Fall 2008, for studio units in zip code 92101, using an average \$1.96 per sq foot for market rents: 250 sq ft x \$1.96 = \$490/mo and 300 sq ft x \$1.96 = \$588/mo.

** - The 75 transitional units are restricted by other sources of funds but not by the Housing Commission's loan.

Proposed Rents Would Be Based on the Redevelopment Law Rent Methodology

The developer has applied for CCDC funding. CCDC's Owner Participation Agreements (OPA), typically reference that the project is subject to California Redevelopment Law (CRL). For annual adjustments to restricted rents, CRL requires the CCDC to use a rent calculation methodology based on the California Health & Safety Code. CRL methodology is different from the Housing Commission's standard HUD-based rent calculation methodology. The developer has requested that the Housing Commission's loan use CCDC's CRL rent calculation methodology for time-to-time rent restriction adjustments. For 2009, CRL rents are lower than the standard HUD-Based rents. It is proposed that the Housing Commission's loan would use CCDC's CRL methodology for periodic rent restriction adjustments.

FISCAL CONSIDERATIONS:

Approval of this report's recommendation would result in the expenditure of up to \$3,500,000 in Housing Commission local funds. The estimated total development cost is \$58,706,716 (\$419,330/140 units). The Housing Commission's cost to assist in restricting 64 units (of the 140 total units) would be its proposed \$3,500,000 loan (\$54,688 per unit). Terms of the Housing Commission financing would be a residual receipts loan bearing simple interest at 3%. The Housing Commission's loan will be due in 55 years. The Commission loan would be recourse until the timely completion of the project, after which it would become non-recourse. It is proposed that the Housing Commission's occupancy and rent levels be consistent with the CCDC's OPA requirements where possible.

Estimated funding sources are:

Estimated Sources (including priority of loans)	Total Amount	% of Total	Residential Portion (65.17%)	Non-Residential Portion (34.83%)
1. California State Transit Oriented Development * Program loan (TOD) – (Not Yet Committed).	\$6,637,597	11.31%	\$6,637,597	\$0
2. California Emergency Housing & Assistance Program loan (EHAP) – (Committed 10/19/07).	\$1,000,000	1.7%	\$1,000,000	\$0
3. Centre City Development Corporation residual receipts loan (Not Yet Committed)	\$7,300,000	12.43%	\$7,300,000	\$0
4. Proposed Housing Commission residual receipts loan - (Not Yet Committed)	\$3,500,000	5.96%	\$3,500,000	\$0
5. California Mental Health Services Act loan * (Proposition 63) – (Not Yet Committed)	\$2,378,282	4.05%	\$2,378,282	\$0
6. Federal Home Loan Bank AHP loan (becomes a grant at yr 15); (Committed 12/15/06)	\$1,500,000	2.56%	\$1,500,000	\$0
7. First 5 Commission of San Diego (Committed 2/7/05)	\$6,968,025	11.87%	\$0	\$6,968,025
8. California State Infill Infrastructure Grant – (Not Yet Committed)	\$3,089,027	5.26%	\$3,089,027	\$0
9. Community Development Block Grant (Committed 7/18/07)	\$291,279	.5%	\$0	\$291,279
10. CAL ReUSE Grant (California Recycle Underutilized Sites Assessment Program) Not Yet Committed	\$582,500	.99%	\$379,627	\$202,873
11. Tax Credit Equity (9% credits) (Not Yet Committed)	\$19,980,000	34.03%	\$10,624,972	\$9,355,028
12. SVDP/Owner's Land Equity Donation	\$ 5,500,000	9.37%	\$3,584,459	\$1,915,541
13. SVDP Deferred Developer Fee	\$2,882	.005%	\$2,882	\$0
Estimated Total Sources of Funds	\$58,706,716	100%	\$38,898,123 66% of project	\$19,808,593 34% of project

* - the State TOD and MHSA loans require annual debt service payment of .42% of the loan amount, plus residual payments.

Developer Fee:

The Developer has proposed receiving a \$2,000,000 developer fee. However, CCDC's policy is to limit the maximum developer fee at \$1,400,000 (as covered by the tax credits' eligible basis). For consistency with CCDC's Owner's Participation Agreement (OPA), the Housing Commission loan would defer to, and be consistent with, CCDC's approved maximum amounts for the developer fee, for amounts of any deferred developer fee, and for the incremental disbursement payments of the developer's fee.

The Proposed Housing Commission Loan:

1. The Housing Commission loan is contingent upon the Developer obtaining the estimated necessary funding approvals from the various other sources.
2. The proposed Housing Commission loan would be subject to Redevelopment Agency/Centre City Development Corporation (CCDC) approval of a necessary loan.
3. Shares of Cash Flow Residual Receipts – the developer wishes to share in 50% of the residual receipts. Also, some of the California State funding sources (MHSA and TOD programs) and the proposed CCDC loan, require sharing in the residual receipts. It is proposed that the Housing Commission loan commitment allow a proportionate sharing of the residual receipts among the developer and the public lenders. An estimated proposed sharing follows:

Four Public Lenders' Proportionate Loans:	
State Transit Oriented Development Program (TOD) Loan =	\$ 6,637,597 (33% of four loans total X 50% = 17%)
State Mental Health Services Act Program (MHSA) Loan =	\$ 2,355,406 (12% of four loans total X 50% = 6%)
Centre City Development Corp Proposed Loan	= \$ 7,300,000 (37% of four loans total X 50% = 18%)
Housing Commission Proposed Loan	= \$ 3,500,000 (18% of four loans total X 50% = 9%)
Four Loans Total = \$19,793,003	

Estimated Split of Total Residual Receipts:	Proposed Distribution of Residual Receipts:
Developer's proposed share	50% of Residual Receipts per year
State TOD Program estimated share	17% of Residual Receipts per year
State MHSA Program estimated share	6% of Residual Receipts per year
Centre City Development Corporation's proposed share	18% of Residual Receipts per year
Housing Commission's proposed share	9% of Residual Receipts per year

4. Cost savings will be shared as allowed by TCAC.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

On November 17, 2007, the City Council approved a Conditional Use Permit (No.2007-24) for the proposed project. On March 30, 2009, the City Council approved Resolution No. 304771 authorizing the Mayor to support applications for project application to the California Department of Housing and Community Development for State Transit Oriented Development funds and State Infill Infrastructure Grant funds. This Housing Commission proposed loan is scheduled to be heard at Loan Committee June 3, 2009.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On September 13, 2007, the Centre City Advisory Committee gave a positive recommendation for approval of the design, and conditional use permit. On September 6, 2007, the East Village Association (a non-profit group of residents, merchants and property owners) gave its unanimous support for the proposed project.

ENVIRONMENTAL REVIEW:

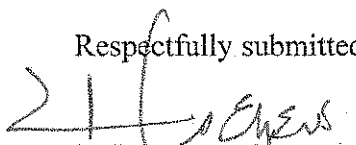
On November 13, 2007, by Resolution #303174 for the 15th & Commercial project, it was stated that:
"this activity is covered under the Final Environmental Impact Report [FEIR] for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and Redevelopment Plan for the Centre City Redevelopment Project, which was certified by the Redevelopment Agency by Resolution R-04001 and by the City Council by Resolution R-301265 on March 14, 2006, and the Addendum to the FEIR for the 11th Amendment to the Redevelopment Plan for the Centre City Redevelopment Project, Amendments to the San Diego Downtown Community Plan, Centre City Planned District Ordinance, Marina Planned District Ordinance, and Mitigation, Monitoring and Reporting Program of the FEIR for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and the Redevelopment Plan for the Centre City Redevelopment Project certified by the Redevelopment Agency by Resolution R-04192 and by the City Council by R-302932 on July 31, 2007. This activity is adequately addressed in the environmental documents noted above and the secondary study prepared for this project reveals there is no change in circumstance, additional information, or project changes to warrant additional environmental review. Because the prior environmental documents adequately covered this activity as part of the previously approved project, this activity is not a separate project for purposes of review under the California Environmental Quality Act [CEQA] pursuant to CDQA Guidelines Sections 15060(c)(3), 15180, and 15378(c)."

The project has been found to be in compliance with the above-stated environmental documents; therefore, no further environmental review is required. No federal funding is contemplated by the Housing Commission's funding action and NEPA processing is not required due to the Housing Commission's use of local funds.


KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders include: SVDP as the co-developer and general partner, Chelsea as the co-developer and project consultant, very-low income households as the intended residents of the project, the Centre City Development Corporation and the neighborhood community of East Village. U.S. Bank is the anticipated construction lender. The tax credit equity will be provided by Richman Group Capital Corporation. The SVDP board members and Chelsea's owners are listed in the Disclosure Statement Attachment 7.

Respectfully submitted,


D. Lawrence Clemens
Senior Vice President

Approved by,


Carrol Vaughan
Executive Vice President and Chief Operating Officer

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Loan for 15th & Commercial
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- Attachments:
1. Location Map
 2. Development Summary
 3. Estimated Timeline
 4. SDHC General Application Proforma
 5. Housing Commission Loan Terms
 6. Disclosure Statement *
 7. Financial Information *

* Distribution of this attachment is limited. A copy is available for review at the Housing Commission offices located at 1122 Broadway, Suite 300 and at the offices of the City Clerk located on the 2nd floor of 202 "C" Street.

Information: J. Correia (619) 578-7587

ATTACHMENT 1 - LOCATION MAP
1501 Imperial Ave
San Diego, CA 92101

