



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC) Authorization to Retire Central SDHC FNMA, LLC Mortgage Loan and Partially Retire Mortgage Loans for Kearny Vista and Valley Vista March 17, 2023

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SDHC – Retire Mortgage Loans

Fiscal Year 2023 SDHC Budget

- Fiscal Year 2023 SDHC Budget Approvals:
 - May 5, 2022: SDHC Board of Commissioners
 - June 13, 2022: Housing Authority of the City of San Diego (Housing Authority)
- Budget approval included authority to reduce notes on SDHC-owned affordable rental housing properties to:
 - Increase cash flow to stabilize SDHC properties
 - Support continued affordable housing and homelessness programming and future opportunities in these areas



SDHC – Retire Mortgage Loans SDHC-Owned/Managed Units

- SDHC, including its nonprofit affiliate, owns or manages 4,120 affordable rental housing units.



*Village North Senior Garden Apartments
SDHC-owned affordable housing
Council District 6*



SDHC – Retire Mortgage Loans

Central SDHC FNMA LLC

- September 10, 2007: Landmark agreement between SDHC and U.S. Department of Housing and Urban Development (HUD)
 - Transferred ownership of 1,366 public housing units to SDHC
 - SDHC committed to leverage the equity to create at least 350 additional affordable housing units, which SDHC far surpassed.
- A portion of the portfolio was leveraged using the Fannie Mae (FNMA) conventional multifamily loan program.
 - Lender: Greystone
 - 566 of the 1,366 units were grouped into Limited Liability Companies (LLC)
 - One LLC is Central SDHC FNMA LLC
 - 185 affordable units
 - 7 one-bedroom
 - 81 two-bedroom
 - 94 three-bedroom
 - 3 four-bedroom



Central SDHC FNMA Properties



SDHC – Retire Mortgage Loans

Loan Details – Central SDHC FNMA LLC (Fannie Mae Central)

Loan Details

	Fannie Mae Central
Balance March 2023	\$ 11,186,298
Estimated Prepayment Premium	784,498
Interest Rate	7.32%
Annual Debt Service	1,154,868
Maturity Date	January 1, 2040



SDHC – Retire Mortgage Loans Valley Vista and Kearny Vista

November 25, 2020: SDHC acquired Valley Vista to create permanent affordable rental housing units with supportive services for individuals who experienced homelessness.

Valley Vista:

- 190 affordable units and two managers' units
 - 156 one-bedroom/one-bathroom
 - 20 two-bedroom/one-bathroom
 - 16 two-bedroom/two-bathroom
- Service Provider: People Assisting the Homeless (PATH)
- Property Management: Hyder Property Management Professionals



SDHC – Retire Mortgage Loans Valley Vista and Kearny Vista (Continued)

November 25, 2020: SDHC acquired Kearny Vista to create permanent affordable rental housing units with supportive services for individuals who experienced homelessness.

Kearny Vista:

- 142 affordable units and two managers' units
 - 108 studios
 - 36 two-bedroom/two-bathroom
- Service Provider: Telecare
- Property Management: Hyder Property Management Professionals



SDHC – Retire Mortgage Loans

Loan Details – Kearny Vista and Valley Vista (JP Morgan Chase)

Before Partial Retirement of Loan

	Kearny Vista	Valley Vista
Balance March 2023	\$ 16,692,603	\$ 31,434,029
Interest Rate	3.39%	3.29%
Annual Debt Service	926,205	1,723,745
Maturity Date	November 24, 2030	November 24, 2030
Balloon Payment Due At Maturity	13,607,438	25,544,400

After Partial Retirement of Loan

	Kearny Vista	Valley Vista
Proposed Payment	\$ 10,000,000	\$ 2,879,204
Balance after Payment	6,749,265	28,663,545
Interest Rate	3.39%	3.29%
Estimated Annual Debt Service	375,624	1,576,527
Maturity Date	November 24, 2030	November 24, 2030
Balloon Payment Due at Maturity	5,477,274	23,189,039



SDHC – Retire Mortgage Loans

Fiscal Considerations

- The funding sources and uses proposed for approval by these actions were included and approved by the SDHC Board and the Housing Authority when they approved the Fiscal Year 2023 SDHC Budget.

FNMA Central Greystone Loan	\$11,970,796
JP Morgan Chase Loans	12,879,204
Legal, Lender, Escrow Fees	<u>150,000</u>
Total	\$25,000,000



SDHC – Retire Mortgage Loans

Staff Recommendations

That the SDHC Board of Commissioners take the following actions:

- 1) Authorize SDHC to retire the Greystone Servicing Corporation (Greystone) Central SDHC FNMA, LLC loan, including a prepayment premium, in total amount up to \$11,970,796 in accordance with the previous approval of the Fiscal Year 2023 SDHC annual budget.
- 2) Authorize SDHC to partially retire the JP Morgan Chase mortgage loan for Kearny Vista apartments in an amount up to \$10,000,000 in accordance with the previous approval of the Fiscal Year 2023 SDHC annual budget.
- 3) Authorize SDHC to partially retire the JP Morgan Chase mortgage loan for Valley Vista apartments in an amount up to \$2,879,204 in accordance with the previous approval of the Fiscal Year 2023 SDHC annual budget.



SDHC – Retire Mortgage Loans Staff Recommendations (Continued)

- 4) Authorize the payment of fees, costs and expenses, including but not limited to legal, escrow and lender fees, necessary to complete these approvals, in an amount up to \$150,000 in accordance with the previous approval of the Fiscal Year 2023 SDHC annual budget.
- 5) Approve the transfer of title to the properties from Central SDHC FNMA, LLC to SDHC and dissolution of Central SDHC FNMA, LLC.
- 6) Authorize SDHC’s President and Chief Executive Officer (President & CEO), or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each SDHC Commissioner.



SDHC – Retire Mortgage Loans

Questions & Comments

