



SAN DIEGO  
HOUSING  
COMMISSION

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San Diego Housing Commission (SDHC)  
Preliminary Bond Authorization and Tax Equity and Fiscal  
Responsibility Act (TEFRA) Hearing for Cuatro at City Heights  
Presentation to the SDHC Board of Commissioners  
April 6, 2023

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## SDHC – Cuatro at City Heights Development Summary

- Proposed new construction of 115 affordable rental housing units and two unrestricted manager's unit throughout four separate sites:
  - 115 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI).
    - \$27,350/year – \$78,060 for one-person to four-person households
  - Affordable for 55 years for families, including large families, and 30 veterans experiencing homelessness
- Scattered-site project, consisting of four locations:
  - Site #1: 4050 El Cajon Boulevard, San Diego, CA 92105
  - Site #2: 3951 University Avenue, San Diego, CA 92105
  - Site #3: 4050 University Avenue, San Diego, CA 92105
  - Site #4: 4102-4122 University Avenue, San Diego, CA 92105
- Bus lines: Blue 1 & 60, Red 235 & 215 are less than 0.1 mile away.

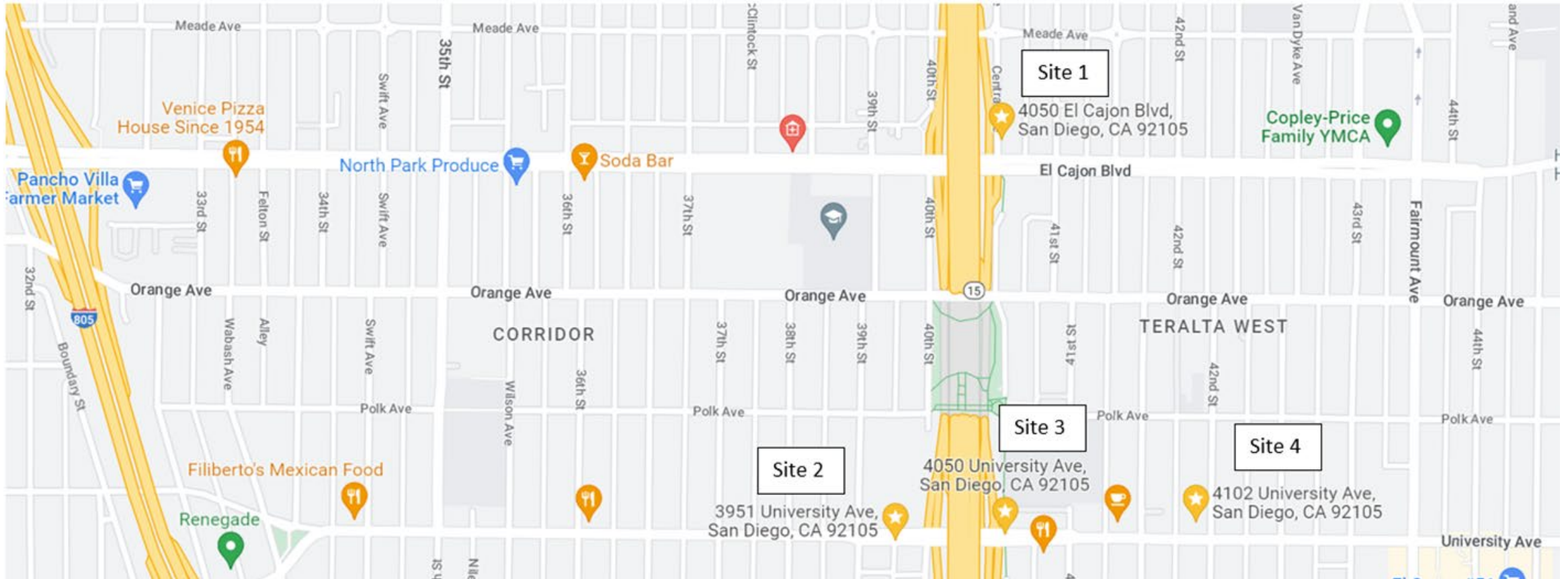


## SDHC – Cuatro at City Heights Developer

- Wakeland Housing and Development Corporation:
  - Experienced, award-winning, nonprofit developer
  - Portfolio of approximately 7,800 affordable units
  - Successfully completed previous developments with SDHC residual receipts loans
- Wakeland applied to SDHC for 48 federal rental housing vouchers through SDHC’s Fiscal Year 2022 Affordable Housing Notice of Funding Availability.
  - SDHC provided an award for 48 federal Project-Based Housing Vouchers for households with income up to 60 percent of AMI.
- City Heights Community Development Corporation will provide services for all residents.
- Interfaith Community Services will provide services for the 30 veterans experiencing homelessness.



# SDHC – Cuatro at City Heights Location Map



# SDHC – Cuatro at City Heights

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
4% Federal Tax Credit Equity	\$29,113,276	Land + Acquisition Cost	\$5,435,000
Bond Financed Permanent Loan	6,574,650	Design & Engineering	2,915,000
Deferred Developer's Fee	1,300,000	Legal / Financial / Consultants	405,000
Commercial Tenant Contribution	4,011,971	Permits & Fees	2,671,000
City of San Diego Loan	4,000,000	Construction Costs	52,338,491
Affordable Housing Program (AHP)	1,000,000	Financing Costs	10,906,992
Multifamily Housing Program (MHP)	22,155,752	Marketing / Administrative	620,000
Veterans Housing & Homelessness Prevention Program (VHHP)	8,443,317	Developer's Fee	350,000
Infill Infrastructure Grant (HCD IIG)	5,343,300	Hard Cost Contingency	2,616,925
		Soft Cost Contingency	533,858
<b>Total Development Cost</b>	<b>\$81,942,266</b>	<b>Total Development Cost</b>	<b>\$81,942,266</b>

- Estimated Total Development Cost per unit (117 units) = \$700,363
- Affordable Residential Development Cost per unit (117 units) = \$666,073



# SDHC – Cuatro at City Heights

## Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
Studio	30% (\$27,350 / year for one-person household)	11	\$683
Studio	40% (\$36,450 / year for one-person household)	3	\$911
Studio	50% (\$45,550 / year for one-person household)	10	\$1,138
Studio	60% (\$54,660 / year for one-person household)	<u>2</u>	<u>\$1,366</u>
<b>Subtotal Studio</b>		<b>26</b>	
One Bedroom	30% (\$31,250 / year for two-person household)	13	\$732
One Bedroom	40% (\$41,650 / year for two-person household)	3	\$976
One Bedroom	50% (\$52,050 / year for two-person household)	12	\$1,220
One Bedroom	60% (\$62,460 / year for two-person household)	<u>1</u>	<u>\$1,464</u>
<b>Subtotal One-Bedroom Units</b>		<b>29</b>	
Two-Bedroom	30% (\$35,150 / year for three-person household)	8	\$878
Two-Bedroom	40% (\$46,850 / year for three-person household)	3	\$1,171
Two-Bedroom	50% (\$58,550 / year for three-person household)	10	\$1,463
Two-Bedroom	60% (\$70,260 / year for three-person household)	<u>10</u>	<u>\$1,756</u>
<b>Subtotal Two-Bedroom Units</b>		<b>31</b>	
Three Bedroom	30% (\$39,050 / year for four-person household)	8	\$1,015
Three Bedroom	40% (\$52,050 / year for four-person household)	3	\$1,353
Three Bedroom	50% (\$65,050 / year for four-person household)	9	\$1,691
Three Bedroom	60% (\$78,060 / year for four-person household)	<u>9</u>	<u>\$2,030</u>
<b>Subtotal Three-Bedroom Units</b>		<b>29</b>	
<b>Subtotal Residential Units</b>		<b>115</b>	
2-Bedroom Manager (Unrestricted)		2	
<b>Total Units</b>		<b>117</b>	



# SDHC – Cuatro at City Heights Development Timeline

Milestone	Estimated Date
• CDLAC bond application & CTCAC tax credit application.....	May 23, 2023
• CDLAC bond & CTCAC tax credit allocation meetings.....	August 23, 2023
• Housing Commission estimated final bond authorization.....	October 2023
• Housing Authority estimated approval of bond authorization..	November 2023
• Estimated bond issuance and escrow/loan closing.....	January 2024
• Estimated start of construction work.....	January 2024
• Estimated completion of construction work.....	August 2025



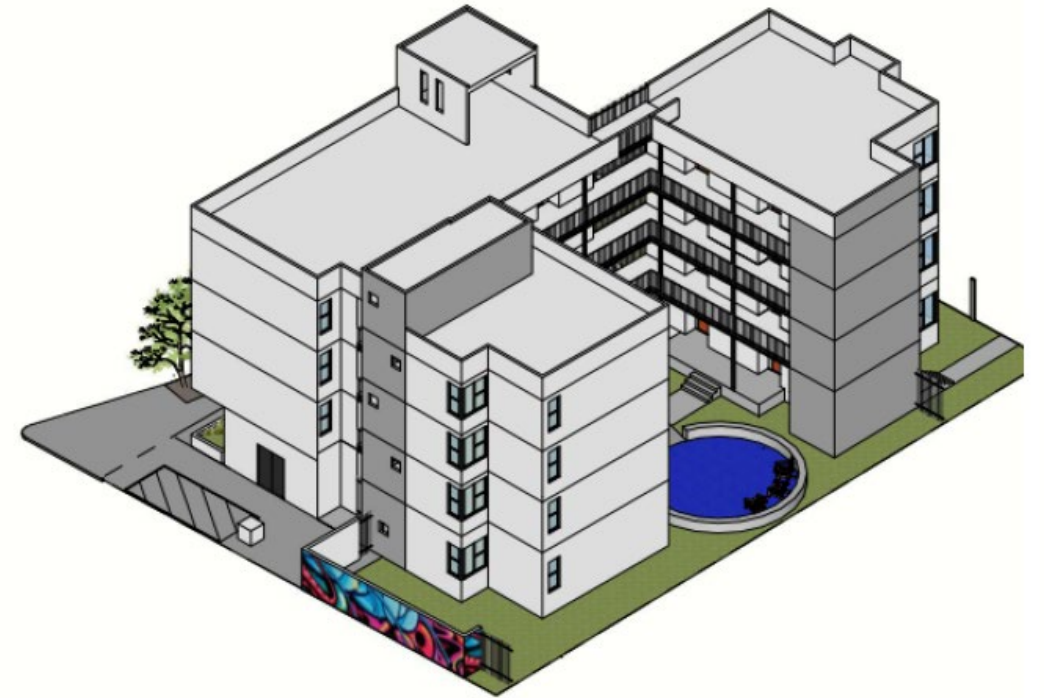
# SDHC – Cuatro at City Heights

## Project Rendering – Sites #1 and #2

Site #1 - 4050 El Cajon Boulevard



Site #2 - 3951 University Avenue

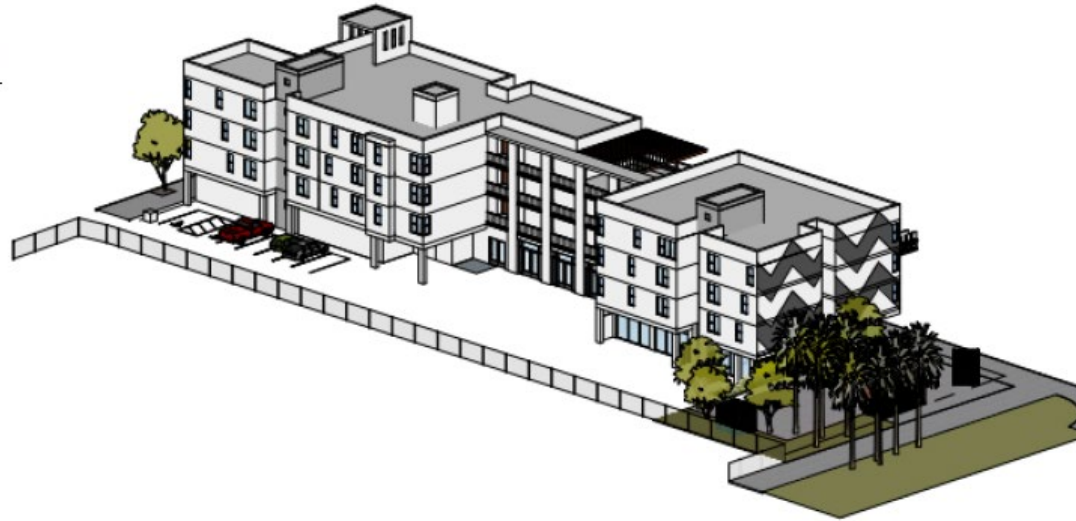




# SDHC – Cuatro at City Heights

## Project Rendering – Sites #3 and #4

Site #3 - 4050 University Avenue



Site #4 - 4102-4122 University Avenue



## SDHC – Cuatro at City Heights Bond Issuance Summary

- Proposed bond issuance of up to \$50,000,000 in tax-exempt bonds and up to \$20,000,000 in taxable 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 – Cuatro at City Heights

## Staff Recommendations

### That the SDHC Board take the following actions:

- 1) Approve the following steps to issue up to \$50,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds in an amount not to exceed \$20,000,000 for Cuatro at City Heights:
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$50,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and construction of Cuatro at City Heights by Cuatro at City Heights L.P., a California limited partnership
  - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$50,000,000 for Cuatro at City Heights; and
  - c. Approve the bond financing team of Squire Patten Boggs as Bond Counsel and Public Financial Management (PFM) as Bond Financial Advisor.



## SDHC – Cuatro at City Heights Staff Recommendations (Continued)

2. Authorize SDHC's President & 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 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.
3. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$50,000,000 to facilitate the development of Cuatro at City Heights.



## SDHC – Cuatro at City Heights

# Questions & Comments

