



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC)
Loan Recommendation, Loan Modification, Preliminary Bond
Authorization, and Tax Equity and Fiscal Responsibility Act
(TEFRA) Hearing for Hacienda Townhomes
Presentation to the SDHC Board of Commissioners
April 6, 2023

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SDHC – Hacienda Townhomes Development Summary

- Proposed acquisition with rehabilitation of 51 affordable rental housing units and one unrestricted manager's unit:
 - 51 affordable units for households with income from 30 percent to 60 percent of San Diego's Area Median Income ((AMI).
 - \$31,250/year – \$78,060/year for two-person to four-person households
 - Affordable for 55 years.
 - 350 17th Street in the Downtown San Diego neighborhood.
 - Consists of four buildings above one level of subterranean parking.
- The Park and Market trolley stop is 0.3 mile from the site.
- The bus stop at 16th Avenue and Market Street is 0.2 mile from the site.



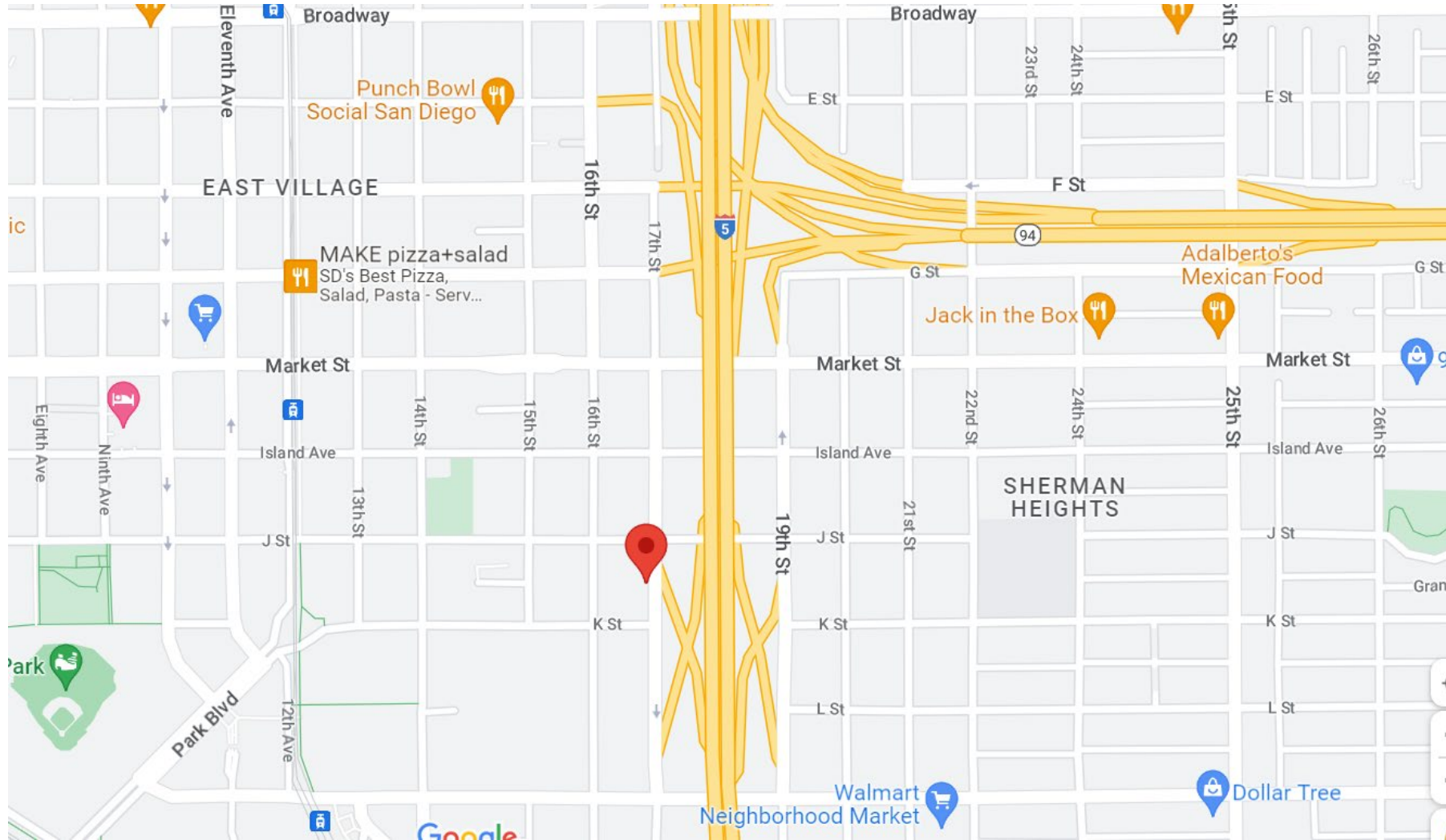
SDHC – Hacienda Townhomes

Developer

- San Diego Community Housing Corporation (SDCHC):
 - Experienced, community-based, nonprofit developer
 - SDCHC is in full compliance on its previous Housing Commission funded loans.
- SDCHC applied to SDHC for a forgivable loan and 19 federal rental housing vouchers through SDHC’s Fiscal Year 2021 Preservation Notice of Funding Availability (NOFA) and Affordable Housing NOFA, respectively.
 - SDHC awarded 19 federal Project-Based Housing Vouchers for households with income up to 30 percent of AMI.
 - Proposed new SDHC forgivable loan of \$2,200,000.
- In 1992, SDHC entered into a residual receipts loan for the property, currently estimated at \$2,962,000.
- SDCHC has been the service provider for the past 20 years and will continue as lead service provider.
- Urban League of San Diego will provide additional services for financial literacy classes/services.



SDHC – Hacienda Townhomes Location Map



SDHC – Hacienda Townhomes

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Tax-exempt permanent bond	\$3,316,000	Land + Acquisition Cost	\$10,038,750
Seller's carry back loan	5,416,036	Construction cost + Contingency	8,276,125
SDHC existing loan to be recast	2,962,000	Financing costs	1,359,862
SDHC proposed new forgivable loan	2,200,000	Other soft costs	1,390,000
City of San Diego Former Redevelopment Agency existing loan extension	683,000	Developer fee	2,000,000
Deferred developer fee	550,107	Local permits and fees	156,000
4 percent tax credit equity	8,607,976	Reserves	514,382
Total Development Cost	\$23,735,118	Total Development Cost	\$23,735,118

- Estimated Total Development Cost per unit (52 units) = \$456,445



SDHC – Hacienda Townhomes

Affordability and Estimated Rents

Unit Type	AMI	Units	Max Gross Rent
One-Bedroom Unit	30% (\$31,250/year for two-person household)	1	\$732
Two-Bedroom Units	30% (\$35,150/year for three-person household)	20	\$878
Two-Bedroom Units	50% (\$58,550/year for three-person household)	3	\$1,463
Two-Bedroom Units	60% (\$70,260/year for three-person household)	<u>3</u>	\$1,756
Subtotal Two-Bedroom Units.....	--	26	--
Three-Bedroom Units	30% (\$39,050/year for four-person household)	14	\$1,015
Three-Bedroom Units	50% (\$65,050/year for four-person household)	3	\$1,691
Three-Bedroom Units	60% (\$78,060/year for four-person household)	<u>7</u>	\$2,030
Subtotal Three-Bedroom Units.....	--	24	--
Subtotal Residential Units	--	51	--
2-Bedroom Manager (Unrestricted)	--	1	--
Total Units	--	52	--



SDHC – Hacienda Townhomes 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.....	September 2023
• Housing Authority estimated approval of bond authorization	October 2023
• Estimated bond issuance and escrow/loan closing.....	December 2023
• Estimated start of construction work.....	January 2024
• Estimated completion of construction work.....	January 2025



SDHC – Hacienda Townhomes Exterior





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SDHC – Hacienda Townhomes Courtyard



SDHC – Hacienda Townhomes Bond Issuance Summary

- Proposed bond issuance of up to \$14,000,000 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 – Hacienda Townhomes

Staff Recommendations

That the SDHC Board take the following actions:

- 1) Approve an SDHC forgivable loan in an amount not to exceed \$2,200,000 to a Casa Nueva II L.P. a California limited partnership (Hacienda) at 350 17th Street, San Diego, with 51 affordable rental housing units that will remain affordable for 55 years for households with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.
- 2) Approve the transfer, restructuring, and extension of the affordability term of an existing Housing Commission loan, currently estimated at \$2,962,000, from the owner Hacienda Townhomes Ltd., to Casa Nueva II L.P., a California limited partnership.



SDHC – Hacienda Townhomes Staff Recommendations (continued)

- 3) Authorize SDHC's President and Chief Executive Officer (President & CEO), or designee, to:
- a. Execute all necessary documents and instruments to effectuate these transactions and implement the project, in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
 - b. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur for the proposed and existing Housing Commission loans, provided that the proposed \$2,200,000 maximum SDHC loan amount may not increase; and
 - c. Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by the SDHC upon advice of the General Counsel.



SDHC – Hacienda Townhomes Staff Recommendations (Continued)

- 4) Approve the following steps to issue up to \$14,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds for Hacienda:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$14,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Hacienda by Casa Nueva II 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 \$14,000,000 for Hacienda; and
 - c. Approve the bond financing team of Quint and Thimmig as Bond Counsel and CSG Advisors as Bond Financial Advisor.



SDHC – Hacienda Townhomes Staff Recommendations (Continued)

- 5) 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.

- 6) 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 \$14,000,000 to facilitate the acquisition and rehabilitation of Hacienda.



SDHC – Hacienda Townhomes

Questions & Comments

