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HOUSING
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San Diego Housing Commission (SDHC)
Preliminary Bond Authorization and Tax Equity and Fiscal
Responsibility Act (TEFRA) for Sea Breeze Gardens Apartments
Presentation to the SDHC Board of Commissioners
July 21, 2023

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Real Estate Division



SDHC – Sea Breeze Gardens Apartments Development Summary

- Proposed rehabilitation of 267 affordable rental housing units and one unrestricted manager’s unit at 4808-4888 Logan Avenue in Council District 4’s Chollas Valley.
 - 267 affordable units for households with income from 30 percent to 60 percent of San Diego’s Area Median Income (AMI).
 - \$37,250/year – \$82,680 for three-person to four-person households
- Preserves the affordability of the property as a new 55-year affordability term will be executed.
- Mix of two- and three-bedroom units.
- Bus lines: Public bus stop (ID 11000) located within steps from Sea Breeze Gardens Apartments parking lot located on Logan Avenue.

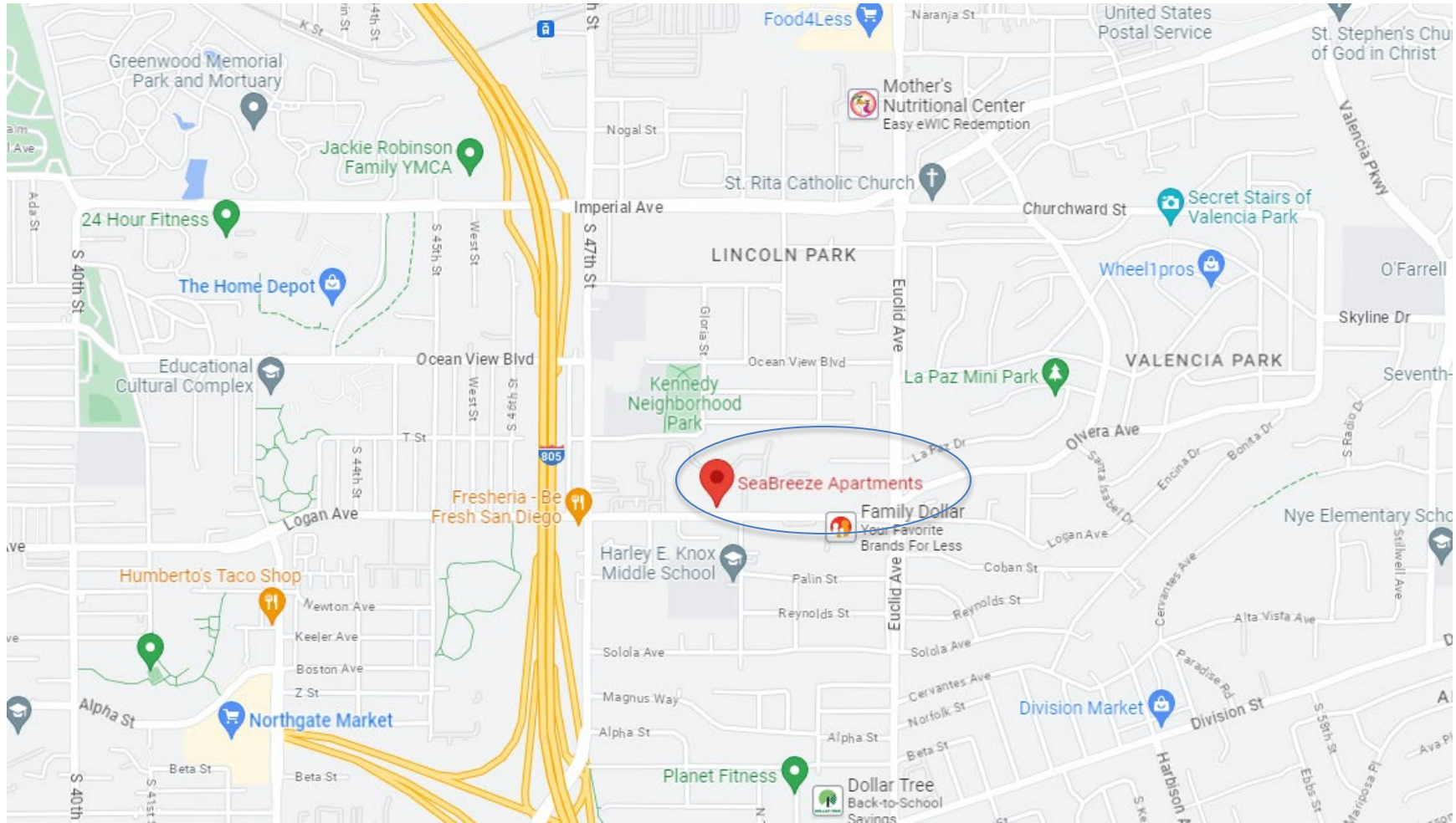


SDHC – Sea Breeze Gardens Apartments Developer Summary

- Lincoln Avenue Capital (LAC)
 - Experienced, award-winning, for-profit developer
 - Owns and operates more than 22,000 units across 120 properties throughout the United States
- Pacific Housing Inc. will provide services at no cost for all residents:
 - Community activities
 - Health and wellness classes
 - Year-round Service Coordinator
 - After school programs for kids ranging from 7-17 years of age

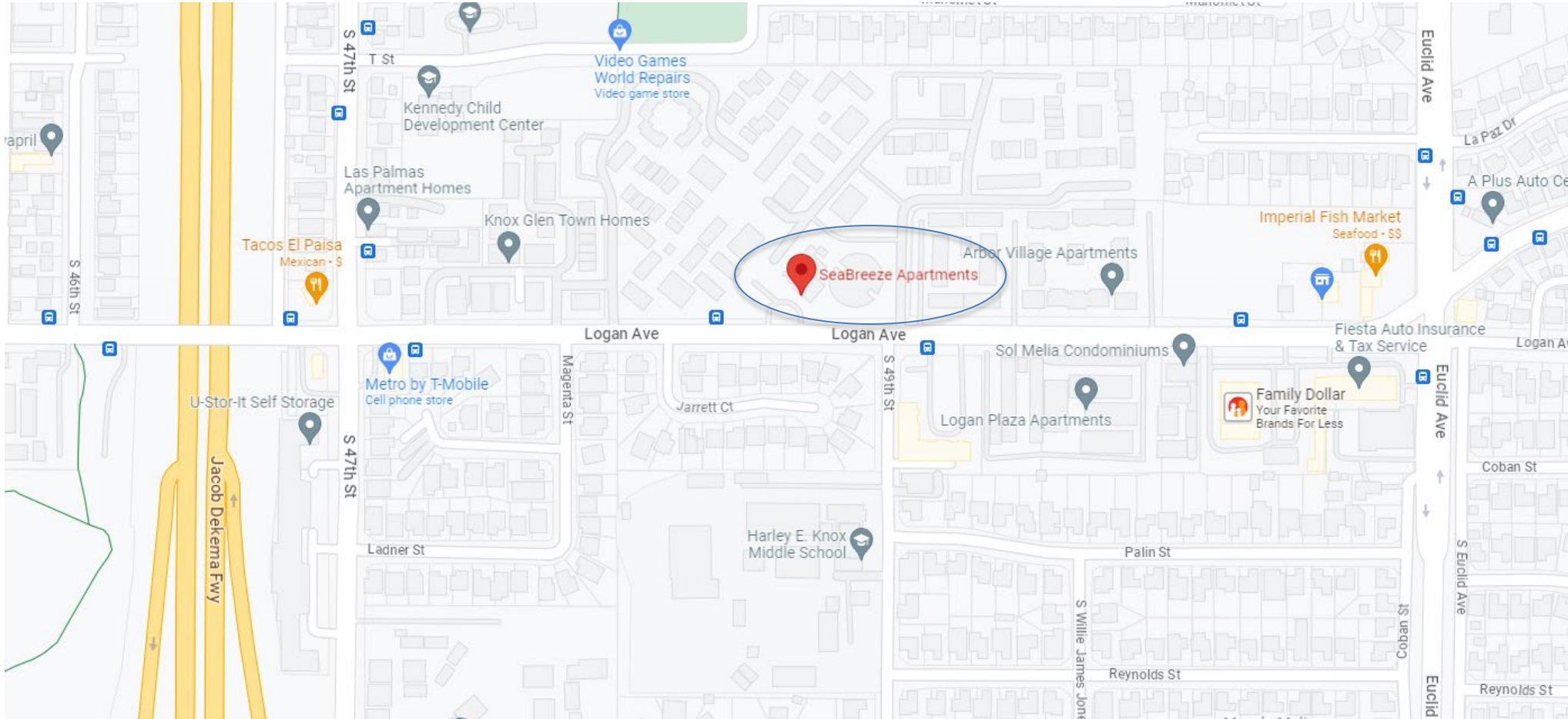


SDHC – Sea Breeze Gardens Apartments Location Map

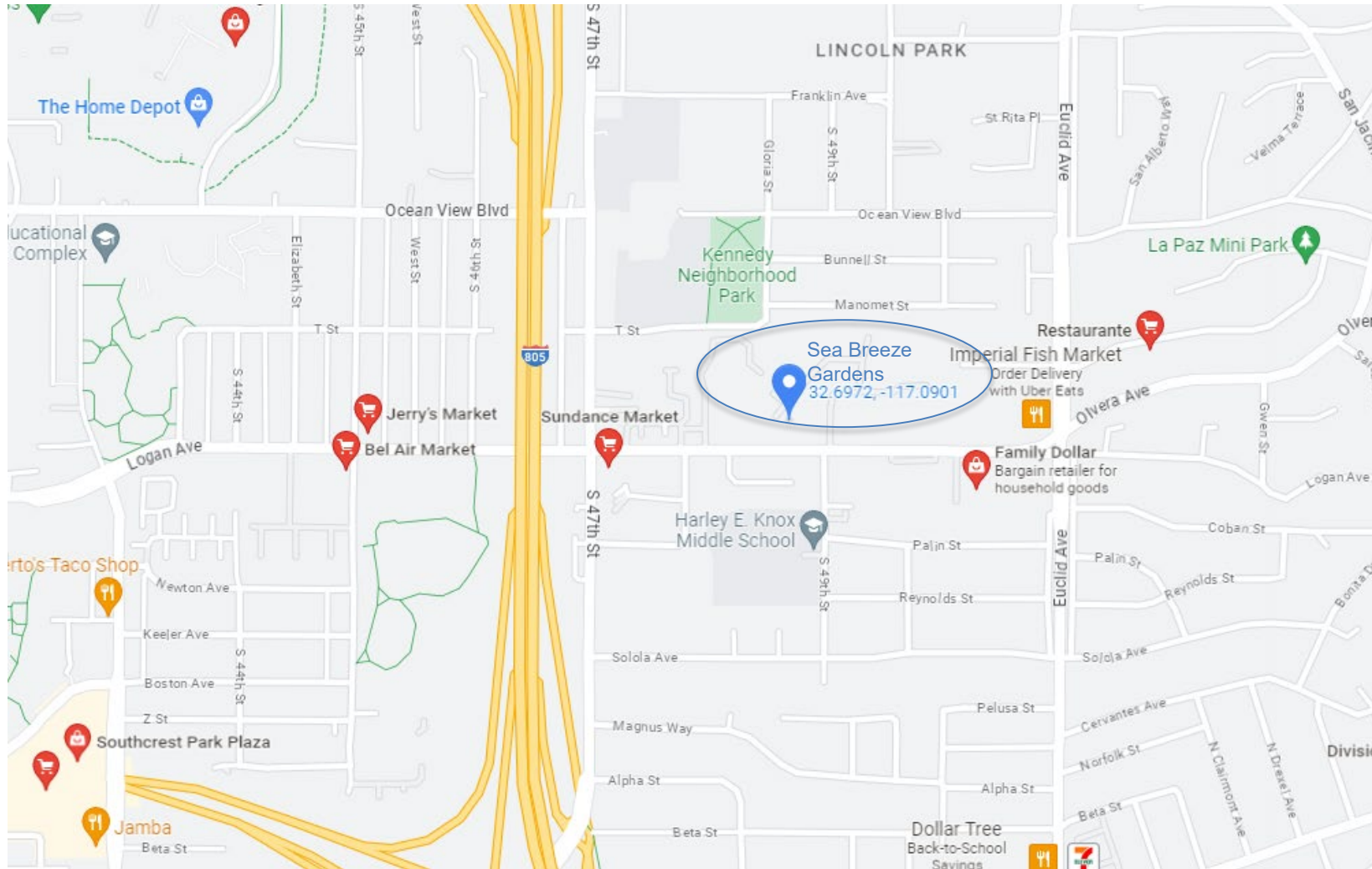


SDHC – Sea Breeze Gardens Apartments

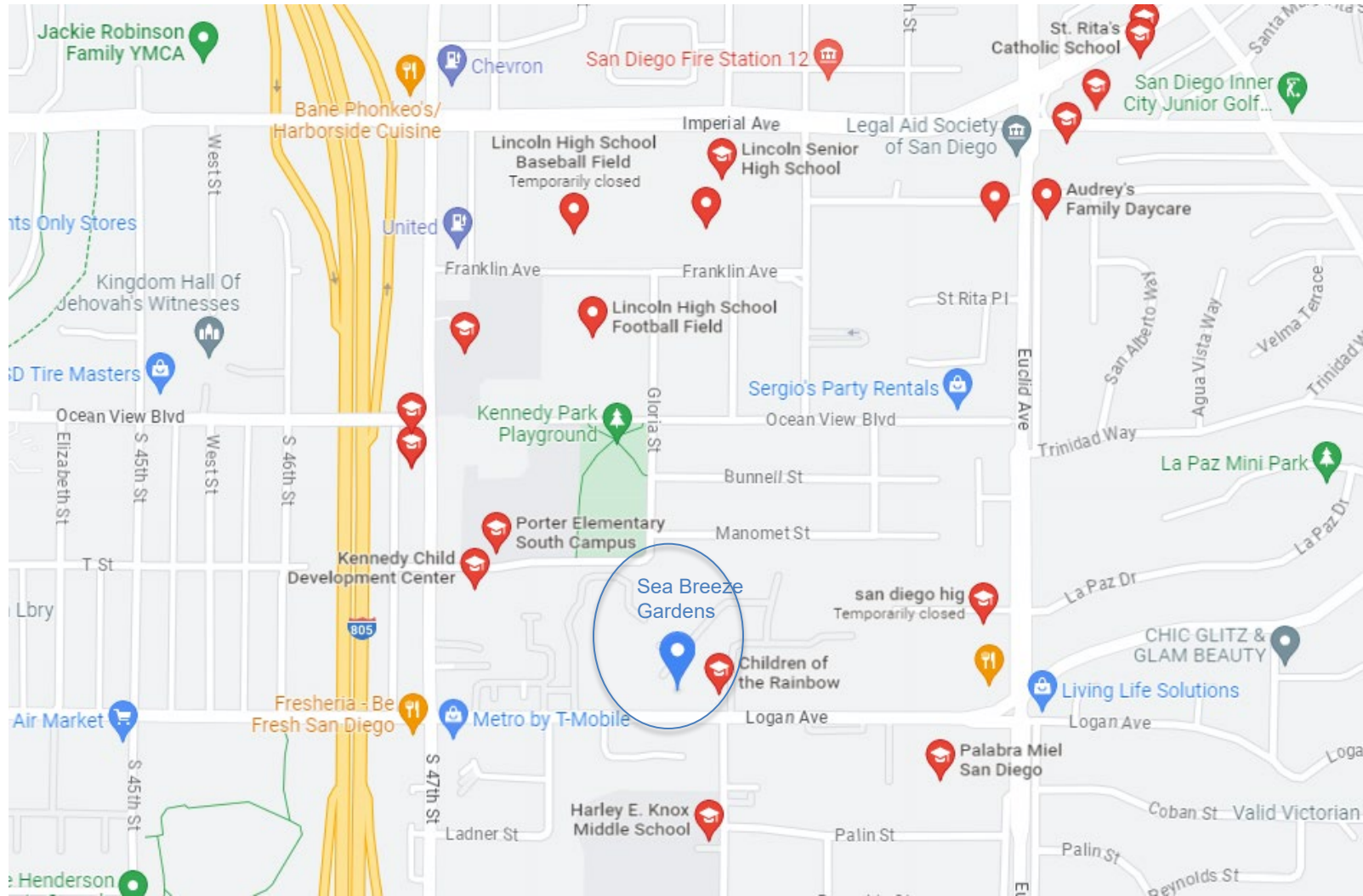
Proximity to Transit (bus)



SDHC – Sea Breeze Gardens Apartments Proximity to Grocery Stores



SDHC – Sea Breeze Gardens Apartments Proximity to Schools



SDHC – Sea Breeze Gardens Apartments Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Permanent Loan (Tax-Exempt)	\$75,000,000	Acquisition	\$116,400,000
Bond Financed Permanent Loan (Taxable)	3,924,294	Construction Cost	18,719,633
Seller Carryback Note	12,400,000	Financing Costs	4,984,318
Four percent tax credit equity	55,741,147	Soft Costs	783,500
General Partner Capital Contribution	100	Escrows and Reserves	2,473,175
Deferred Developer's Fee	5,098,903	Developer's fee	8,803,818
Total Development Cost	\$152,164,444	Total Development Cost	\$152,164,444

- Estimated Total Development Cost Per Unit (268 Units) = \$567,778



SDHC – Sea Breeze Gardens Apartments

Current Affordability and Monthly Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Two-bedroom	50% (currently \$62,050/year for a three-person household)	10	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>90</u>	\$1,861
Subtotal Two-bedroom Units		100	
Three-bedroom	50% (currently \$68,900/year for a four-person household)	17	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>150</u>	\$2,150
Subtotal Three-bedroom Units		167	
Subtotal Affordable Units		267	
Manager's unrestricted three-bedroom unit	--	<u>1</u>	
Total		268	



SDHC – Sea Breeze Gardens Apartments

Proposed Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
Two-bedroom	30% (currently \$37,250/year for a three-person household)	10	\$930
Two-bedroom	50% (currently \$62,050/year for a three-person household)	10	\$1,551
Two-bedroom	60% (currently \$74,460/year for a three-person household)	<u>80</u>	\$1,861
Subtotal Two-bedroom Units		100	
Three-bedroom	30% (currently \$41,350/year for a four-person household)	17	\$1,075
Three-bedroom	50% (currently \$68,900/year for a four-person household)	17	\$1,791
Three-bedroom	60% (currently \$82,680/year for a four-person household)	<u>133</u>	\$2,150
Subtotal Three-bedroom Units		167	
Subtotal Affordable Units		267	
Manager's unrestricted three-bedroom unit	--	<u>1</u>	
Total		268	



SDHC – Sea Breeze Gardens Apartments Development Timeline

Milestones	Estimated Dates
<ul style="list-style-type: none"> • CDLAC bond application & CTCAC tax credit application..... 	September 6, 2023
<ul style="list-style-type: none"> • CDLAC bond & CTCAC tax credit allocation meetings..... 	December 6, 2023
<ul style="list-style-type: none"> • Housing Commission estimated final bond authorization..... 	April 2024
<ul style="list-style-type: none"> • Housing Authority estimated approval of bond authorization.. 	May 2024
<ul style="list-style-type: none"> • Estimated bond issuance and escrow/loan closing..... 	June 2024
<ul style="list-style-type: none"> • Estimated start of construction work..... 	June 2024
<ul style="list-style-type: none"> • Estimated completion of construction work..... 	December 2025



SDHC – Sea Breeze Gardens Property Exteriors



SDHC – Sea Breeze Gardens Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$75,000,000 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 – Sea Breeze Gardens Apartments

Staff Recommendations

That the SDHC Board take the following actions:

1. Approve the following steps to issue up to \$75,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$4,000,000 in taxable bonds for Sea Breeze Gardens:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$75,000,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the preservation of Sea Breeze Gardens Apartments by Sea Breeze Gardens Preservation, L.P.;
 - 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 \$75,000,000 for Sea Breeze Gardens Apartments;
 - c. Approve the bond financing team of Squire Patton Boggs as Bond Counsel and Public Financial Management (PFM) as the Financial Advisor.



SDHC – Sea Breeze Gardens Apartments 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 \$75,000,000 to facilitate the rehabilitation of Sea Breeze Gardens Apartments.



Questions & Comments



SDHC – Sea Breeze Gardens Property Exteriors

