



SAN DIEGO
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San Diego Housing Commission (SDHC) Tax Equity and Fiscal Responsibility Act (TEFRA) Resolution and Final Bond Authorization for Cerro Pueblo Apartments

City Council Agenda Item #331

Housing Authority of the City of San Diego Agenda Item #3

February 13, 2024

Jennifer Kreutter
Vice President, Multifamily Housing Finance
Real Estate Division



SDHC – Cerro Pueblo Apartments Development Summary

- Proposed rehabilitation of 45 affordable rental housing units and one unrestricted manager's unit at 2835 Clairemont Drive in Council District 2.
 - 45 affordable units for seniors with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI)
 - \$33,100/year – \$66,180/year for two-person households
- 45 units at the property will remain affordable for 55 years.
- All units at Cerro Pueblo are one-bedroom units.
- Consists of one two-story building and two one-story residential buildings.
- Transit: Cerro Pueblo is less than 100 feet from the nearest bus stop (Stop ID 94094).



SDHC – Cerro Pueblo Apartments

Developer Summary

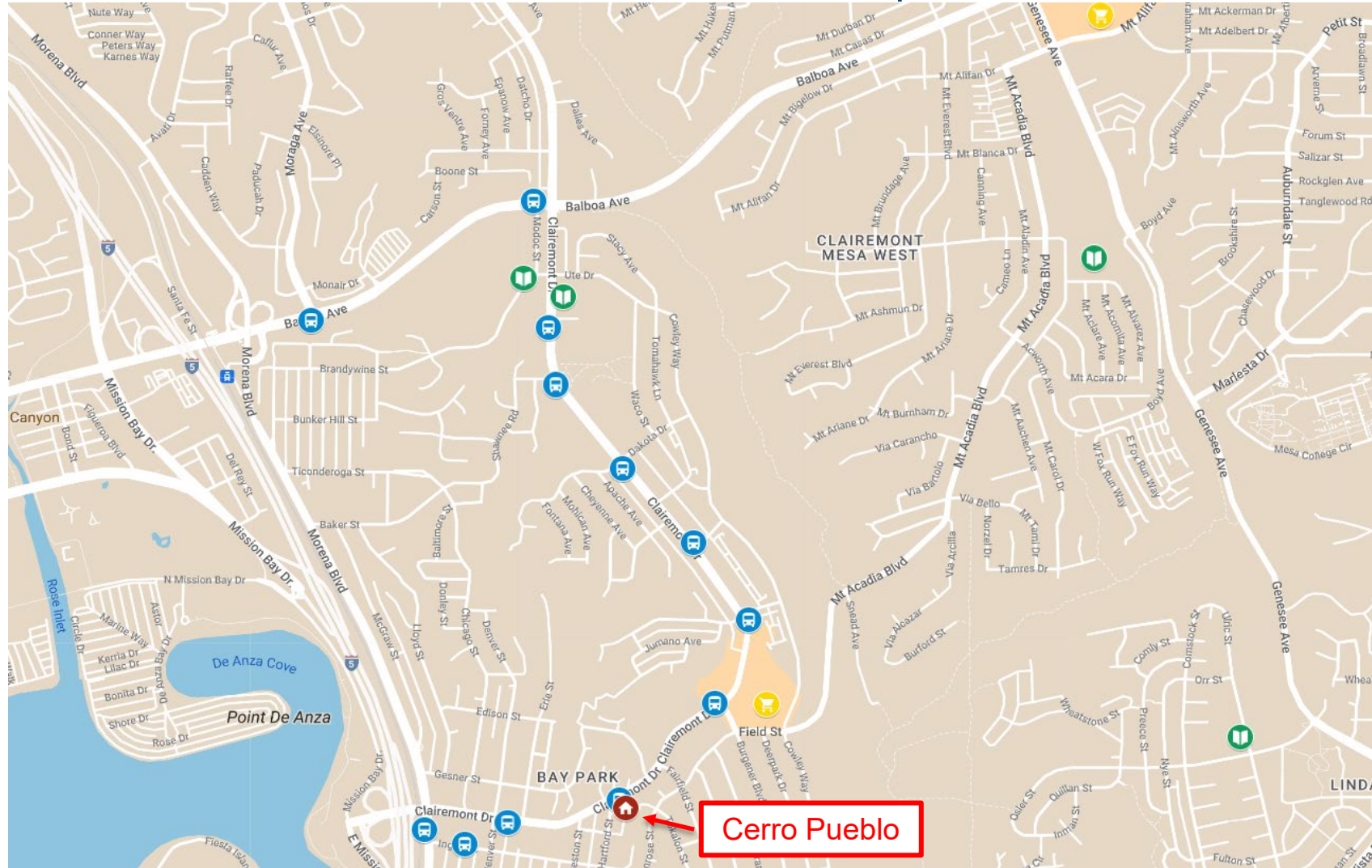
- RAHD Group LLC
 - Experienced, award-winning developer
 - Developed over 8,000 units
 - Completed over 130 affordable transactions
 - Owns 1,500 developed units
 - Successfully completed previous developments with Housing Authority of the City of San Diego as bond issuer
- Catholic Charities will be responsible for providing case management services to all residents free of charge.
 - Access to healthcare and mental health services
 - In-home and long-term care planning
 - Accessing food and nutrition
 - Financial management and planning





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SDHC – Cerro Pueblo Apartments Local Amenities Map



SDHC – Cerro Pueblo Apartments

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond Financed Permanent Loan (Tax-Exempt)	\$10,000,000	Property Acquisition	\$9,000,000
Bond Financed Permanent Loan (Taxable)	1,100,000	Renovation Costs	4,775,200
Tax Credit Equity	6,526,869	Third Party Reports	96,200
Deferred Developer Fee	8,301	Financing Placement	474,860
		Capitalized Interest	175,000
		Accounting Fees	15,000
		Legal & Organizational Fees	200,000
		Relocation Allowance	312,000
		Tax Credit Reservation Fees	59,750
		Other Fees and Costs	300,000
		Developer Fee	2,227,260
Total Development Cost	\$17,635,270	Total Development Cost	\$17,635,270

- Estimated Total Development Cost Per Unit (46 Units) = \$383,375



SDHC – Cerro Pueblo Apartments

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rent
One-bedroom	30% (currently \$33,100/year for a two-person household)	5	\$775
One-bedroom	50% (currently \$55,150/year for a two-person household)	5	\$1,292
One-bedroom	60% (currently \$66,180/year for a two-person household)	<u>35</u>	\$1,551
Subtotal One-bedroom Units		45	
Subtotal Affordable Units		45	
Manager's unrestricted one-bedroom unit	--	<u>1</u>	
Total Units		46	



SDHC – Cerro Pueblo Apartments

Development Timeline

Milestones	Estimated Dates
• Housing Authority consideration of bond authorization.....	February 13, 2024
• City Council consideration of TEFRA resolution.....	February 13, 2024
• Estimated bond issuance and escrow/loan closing.....	February 2024
• Estimated start of construction work.....	March 2024
• Estimated completion of construction work.....	December 2024



SDHC – Cerro Pueblo Apartments

Current Property Status



SDHC – Cerro Pueblo Apartments Bond Issuance Summary

- Proposed bond issuance of up to \$10,000,000 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 – Cerro Pueblo Apartments

Staff Recommendations

That the City Council and Housing Authority take the following actions:

City Council

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$13,000,000 to facilitate the rehabilitation and preservation of Cerro Pueblo Apartments, an affordable rental housing development at 2835 Clairemont Drive, San Diego, CA 92117. Centrally positioned in the Clairemont neighborhood, Cerro Pueblo consists of 45 units that will remain affordable for 55 years for individuals with low income, earning 30 percent to 60 percent of the San Diego Area Median Income (AMI), and one unrestricted manager's unit.



SDHC – Cerro Pueblo Apartments

Staff Recommendations (Continued)

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$10,000,000 and taxable bonds in an amount not to exceed \$5,000,000 to facilitate Cerro Pueblo Housing Partners, LP's rehabilitation and preservation of Cerro Pueblo Apartments, an affordable rental housing development at 2835 Clairemont Drive, San Diego, CA 92117. Centrally positioned in the Clairemont neighborhood, Cerro Pueblo consists of 45 units that will remain affordable for 55 years for individuals earning 30 percent to 60 percent of the San Diego Area Median Income (AMI), and one unrestricted manager's unit.
- 2) Authorize the San Diego Housing Commission's (Housing Commission) President and Chief Executive Officer (President and 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 of the Housing Authority and of the Housing Commission 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.



SDHC – Cerro Pueblo Apartments

Questions & Comments



SDHC – Cerro Pueblo Apartments

