



SAN DIEGO  
HOUSING  
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San Diego Housing Commission (SDHC)  
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act  
(TEFRA) Hearing and Resolution for Sea Breeze Gardens Apartments  
Presentation to the SDHC Board of Commissioners  
April 12, 2024

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## SDHC – Sea Breeze Gardens Apartments Development Summary

- Proposed rehabilitation of 266 affordable rental housing units and two unrestricted manager’s units at 4808-4888 Logan Avenue in Council District 4.
  - 266 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/year for three- to four-person households.
- Preserves the affordability of the property as a new 55-year affordability term will be executed.
- All affordable units are covered by a Project-Based Section 8 contract administered by Los Angeles LOMOD Corporation.
- Sea Breeze Gardens development consists of:
  - 36 two-story residential buildings with a mix of two- and three-bedroom units
  - 1 commercial building (currently housing a daycare center under a long-term lease).
  - 1 community clubhouse
  - 6 standalone laundry facilities



# SDHC – Sea Breeze Gardens Apartments

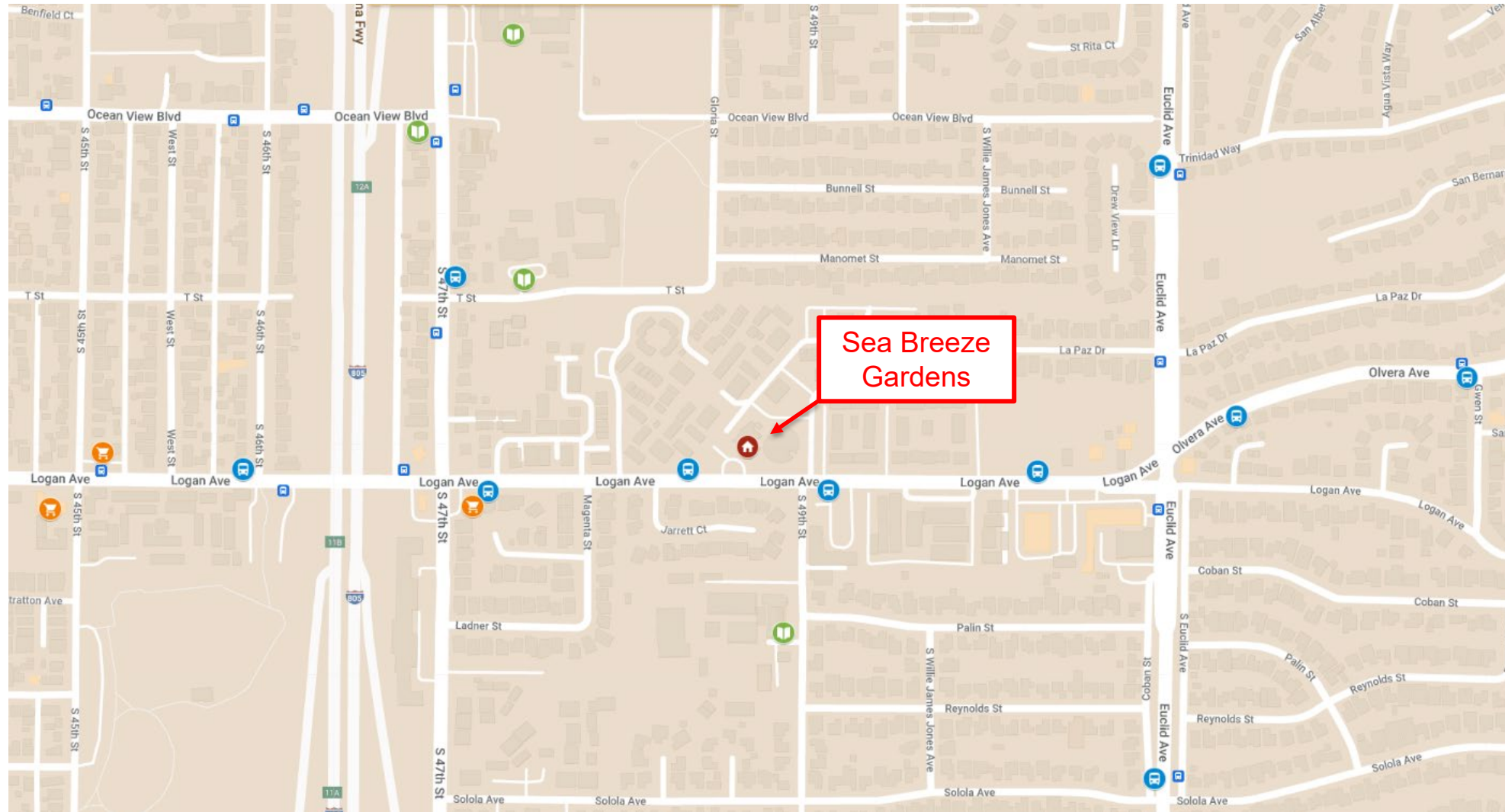
## Developer and Service Provider Summary

- Lincoln Avenue Capital (LAC)
  - Experienced for-profit developer
  - Owns and operates more than 26,000 units across 119 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

## Local Amenities Map



# 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        |
| Direct Taxable First Mortgage (Freddie Mac) | 19,546,793           | Construction Costs            | 22,271,688           |
| Seller Carryback Note (Residential)         | 6,766,583            | Project Soft Costs            | 2,524,173            |
| Seller Carryback Note (Commercial)          | 228,000              | Tax Credit Fees               | 169,995              |
| Federal Tax Credit Equity                   | 53,339,674           | Bond Costs                    | 519,250              |
| GP Contribution                             | 100                  | Bridge Loan Costs             | 4,365,095            |
| Deferred Developer Fee                      | 1,526,797            | Permanent Loan Costs          | 1,468,648            |
|   |                      | Closing Costs                 | 289,040              |
|   |                      | Escrows and Reserves          | 2,185,261            |
|   |                      | Developer Fee                 | 6,214,797            |
|   |                      |                               |                      |
| <b>Total Development Cost</b>               | <b>\$156,407,947</b> | <b>Total Development Cost</b> | <b>\$156,407,947</b> |

- Estimated Total Development Cost Per Unit (268 Units) = \$583,612



# SDHC – Sea Breeze Gardens Apartments

## Current Affordability and Monthly Rents

| Unit Type                                 | AMI  | Units      | CTCAC*<br>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              |
| <b>Subtotal Two-bedroom Units</b>         |  | <b>100</b> |                      |
| 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              |
| <b>Subtotal Three-bedroom Units</b>       |  | <b>167</b> |                      |
| <b>Subtotal Affordable Units</b>          |  | <b>267</b> |                      |
| Manager's unrestricted three-bedroom unit | --   | <u>1</u>   |                      |
| <b>Total</b>                              |  | <b>268</b> |                      |

\*California Tax Credit Allocation Committee



# 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          |
| <b>Subtotal Two-bedroom Units</b>         |  | <b>100</b> |                  |
| 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>132</u> | \$2,150          |
| <b>Subtotal Three-bedroom Units</b>       |  | <b>166</b> |                  |
| <b>Subtotal Affordable Units</b>          |  | <b>266</b> |                  |
| Manager's unrestricted three-bedroom unit | --   | <u>2</u>   |                  |
| <b>Total</b>                              |  | <b>268</b> |                  |



# SDHC – Sea Breeze Gardens Apartments Development Timeline

| Milestones   | Estimated Dates |
|--|-----------------|
| <ul style="list-style-type: none"> <li>• Housing Authority consideration of Bond Authorization.....</li> </ul> | May 21, 2024    |
| <ul style="list-style-type: none"> <li>• Estimated Bond issuance and escrow / loan closing.....</li> </ul>     | June 3, 2024    |
| <ul style="list-style-type: none"> <li>• Estimated start of construction work.....</li> </ul>                  | June 3, 2024    |
| <ul style="list-style-type: none"> <li>• Estimated completion of construction work.....</li> </ul>             | December 2025   |





# SDHC – Sea Breeze Gardens Apartments 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 of Commissioners (Board) take the following actions and recommend that the Housing Authority and City Council take the following actions:**

### **SDHC Board**

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of a tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4808-4888 Logan Avenue in the Chollas Valley Neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.
- 2) Approve an updated financing team to include Jones Hall as Bond Counsel.



# SDHC – Sea Breeze Gardens Apartments

## Staff Recommendations (Continued)

### Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4808-4888 Logan Avenue in the Chollas Valley Neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.
- 2) Authorize SDHC's 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 SDHC 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 – Sea Breeze Gardens Apartments

## Staff Recommendations (Continued)

### **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 \$75,000,000 to facilitate Sea Breeze Gardens Preservation LP's acquisition and rehabilitation of Sea Breeze Gardens, a 268-unit affordable housing development at 4808-4888 Logan Avenue in the Chollas Valley Neighborhood in Council District 4, which will consist of 266 units that will remain affordable for 55 years for families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.



## Questions & Comments



# SDHC – Sea Breeze Gardens Apartments

