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# San Diego Housing Commission (SDHC) Loan Recommendation, Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for 73<sup>rd</sup> Street Apartments

Presentation to the SDHC Board of Commissioners

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## SDHC – 73rd Street Apartments Development Summary

- Proposed new construction of 119 affordable rental housing units and one unrestricted manager's unit at 5001 73<sup>rd</sup> Street in the College area in Council District 9:
  - 119 affordable units for households with income from 30 percent to 50 percent of San Diego's Area Median Income (AMI).
    - \$39,700/year - \$82,700/year for two- to four-person households.
- Housing units will remain affordable for 55 years.
- Site amenities will include: on-site laundry facility, bike storage, tot lot, courtyard and a large community room with features such as a computer lab, kitchen, and space for workshops, classes, community and social events.
- El Cajon Boulevard & 73<sup>rd</sup> Street Bus Stop #11445 is 0.1 of a mile from the site.
- 70<sup>th</sup> Street Light Rail Station is 0.9 of a mile from the site.



# SDHC – 73rd Street Apartments

## Developer Summary

- Eden Housing, Inc. (Eden)
  - Experienced nonprofit developer
  - Owns 12,930 affordable units in California, spanning 50 cities
- Eden applied to SDHC for a residual receipts loan and federal rental housing vouchers through SDHC's Fiscal Year 2023 Notice of Funding Availability.
- SDHC staff provided a preliminary recommendation of award for a residual receipts loan of up to \$4,000,000 and 30 federal Project-Based Housing Vouchers for the 73<sup>rd</sup> Street development.
  - Vouchers are for households experiencing homelessness with income up to 30 percent of AMI.

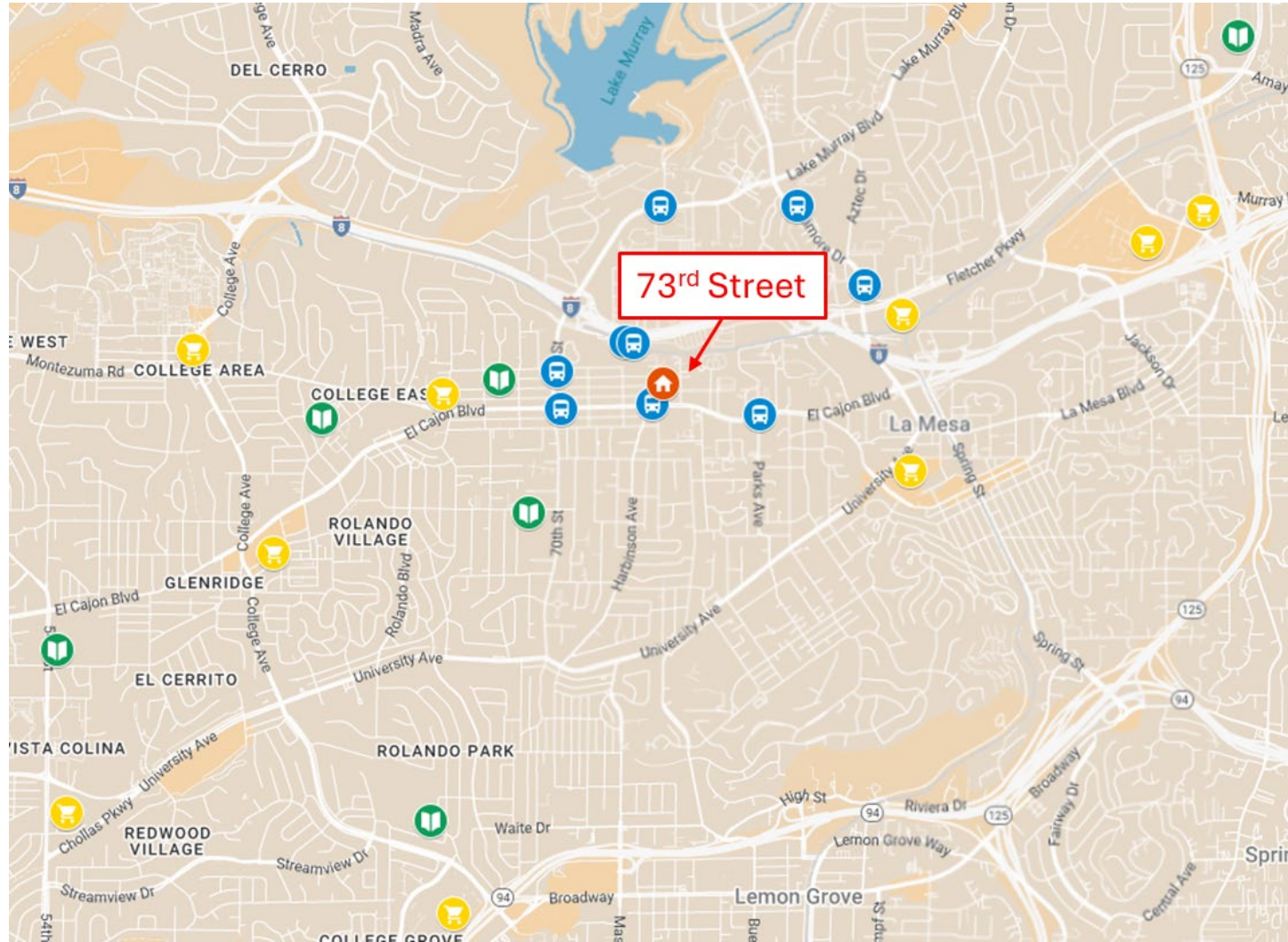


## SDHC – 73rd Street Apartments Service Provider Summary

- Eden, as the service provider, will be responsible for providing a range of dedicated permanent supportive housing (30 PBV units) and general community services at no cost for all residents.
  - Supportive services may include case management, crisis counseling, benefits counseling, ongoing mental health care, peer support and links to other mental or dental care.
  - Community services will include social events and celebrations, health and wellness classes, skill-building and financial education.



# SDHC – 73rd Street Apartments Local Amenities Map



# SDHC – 73rd Street Apartments

## Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Bond financed permanent loan	\$5,020,000	Appraised Land Value & Closing Costs	\$7,270,000
Proposed SDHC loan	4,000,000	Hard Costs	57,000,000
City of San Diego – Bridge to Home loan	3,000,000	Card Costs Contingency	2,850,000
Federal Home Loan Bank Affordable Housing Program	1,785,000	Soft Costs	9,135,853
County of San Diego – Innovative Housing Trust Fund	6,875,686	Soft Costs Contingency	323,152
State Housing and Community Development Affordable Housing and Sustainable Communities Program (Affordable Housing Development component)	20,114,753	Architectural & Engineering	1,481,250
Impact Fee Waiver	1,544,880	Reserves	879,896
Donated Land	7,200,000	Financing Fees & Interest	1,138,483
4% Tax Credit Equity	37,523,102	Legal	132,000
Deferred Developer Fee	4,923,531	Impact & Permit Fees	1,544,880
		Developer Fee	10,231,620
Total Development Cost	\$91,987,134	Total Development Cost	\$91,987,134

- Estimated Total Development Cost per unit (120 units) = \$766,559





# SDHC – 73rd Street Apartments

## Cost Drivers

The \$766,559 cost per unit for 73rd Street Apartments is primarily due to the following factors:

### Prevailing Wages

- The public funding sources utilized by the development require both federal and state prevailing wages.
- Since the project is five stories, commercial prevailing wages also apply.

### Construction Materials and Labor Costs

- The cost of construction materials, such as steel, lumber, concrete and labor, have continued to escalate.

### Interest Rates & Insurance

- Increased insurance costs due to volatility in the insurance market and uncertain interest rates

### Energy Efficiency

- The development has emphasized energy-efficient specifications, including 100 percent electrical power, energy-efficient appliances, low-flow plumbing fixtures, and intricate insulation systems.

### Large Family Unit Component

- The project has no studio units and a high share of two- and three-bedroom units. This family component required the developer to provide additional community amenities, including play areas and community space.



# SDHC – 73rd Street Apartments

## Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom (PBV)	30% (\$39,700/year for two-person household)	28	\$930
One bedroom	40% (\$52,950/year for two-person household)	15	\$1,240
One bedroom	50% (\$66,150/year for two-person household)	15	\$1,550
<b>Subtotal One-Bedroom Units</b>	--	<b>58</b>	--
Two bedrooms (PBV)	30% (\$44,650/year for three-person household)	2	\$1,116
Two bedrooms	30% (\$44,650/year for three-person household)	4	\$1,116
Two bedrooms	40% (\$59,550/year for three-person household)	16	\$1,489
Two bedrooms	50% (\$74,450/year for three-person household)	9	\$1,861
<b>Subtotal Two-Bedroom Units</b>	--	<b>31</b>	--
Three bedrooms	30% (\$49,600/year for four-person household)	4	\$1,240
Three bedrooms	40% (\$66,150/year for four-person household)	15	\$1,654
Three bedrooms	50% (\$82,700/year for four-person household)	11	\$2,068
<b>Subtotal Three-Bedroom Units</b>	--	<b>30</b>	--
Manager's two-bedroom unit	--	1	
<b>Total Units</b>	--	<b>120</b>	--





# SDHC – 73rd Street Apartments

## Development Timeline

Milestone	Estimated Date
• California Debt Limit Allocation Committee (CDLAC) bond application & California Tax Credit Allocation Committee (CTCAC) tax credit application.....	September 9, 2025
• CDLAC allocation meeting & CTCAC allocation meeting.....	November 19, 2025
• SDHC Board final bond authorization.....	January 2026
• Housing Authority final bond authorization.....	February 2026
• Estimated bond issuance and escrow/loan closing.....	March 2026
• Estimated start of construction work.....	March 2026
• Estimated completion of construction work.....	August 2027



# SDHC – 73rd Street Apartments Architect's Rendering



# SDHC – 73rd Street Apartments

## Bond Issuance Summary

- Proposed bond issuance of up to \$47,000,000 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 – 73rd Street Apartments

### Staff Recommendations

#### **That the SDHC Board of Commissioners take the following actions:**

1. Approve an SDHC residual receipts loan in an amount not to exceed \$4,000,000 to 73rd Street Apartments, LP, a California limited partnership, to facilitate the acquisition and new construction of 73rd Street Apartments at 5001 73rd St., in the College area neighborhood, which will consist of 119 affordable rental housing units that will remain affordable for 55 years for households with income of 30 percent to 50 percent of San Diego's Area Median Income (AMI), of which 30 units will be permanent supportive housing for households experiencing homelessness, and one unrestricted manager's unit.

SDHC's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to SDHC General Counsel's approval.



## SDHC – 73rd Street Apartments Staff Recommendations (Continued)

2. Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to:
  - a. Execute all necessary documents and instruments to effectuate the transaction 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, provided that the proposed \$4,000,000 maximum SDHC loan amount may not increase.
  - c. Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President and 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 Board upon advice of the General Counsel.



## SDHC – 73rd Street Apartments Staff Recommendations (Continued)

3. Approve the following steps to issue up to \$47,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and \$15,900,000 of taxable bonds for 73rd Street Apartments:
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$47,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and new construction of 73rd Street Apartments by 73rd Street Apartments 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 \$47,000,000 for 73rd Street Apartments.
  - c. Approve the bond financing team of Hawkins, Delafield & Wood as Bond Counsel and CSG Advisors as Bond Financial Advisor.





## SDHC – 73rd Street Apartments Staff Recommendations (Continued)

4. Authorize SDHC's 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 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.
5. Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing regarding the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$47,000,000 to facilitate the acquisition and new construction of 73rd Street Apartments.



## SDHC – 73rd Street Apartments

# Questions & Comments



# SDHC – 73rd Street Apartments Architect's Rendering

