



# REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** April 14, 2026

**REPORT NO:** HAR26-005

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of May 12, 2026

**SUBJECT:** Final Bond Authorization for Hillcrest Hall

**COUNCIL DISTRICT:** 3

**REQUESTED ACTION**

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000 to fund Hillcrest Hall LP’s acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager’s unit.

**STAFF RECOMMENDATIONS**

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000 to fund Hillcrest Hall LP’s acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave, in the Uptown Community Plan area, which will consist of 97 units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager’s unit.
  
- 2) Authorize the San Diego Housing Commission’s (SDHC) 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.

**SUMMARY**

**Table 1 –Development Details**

Address	1601 University Avenue
Council District	3
Community Plan Area	Uptown Community Planning Group
Developer	CRP Affordable Housing Community Development LLC (CRP)
Development Type	New construction

Construction Type	Three levels of Type I new construction, with five stories of Type III new construction above.
Parking Type	9 surface automobile parking spaces 10 surface motorcycle parking stalls 50 covered bicycle stalls
Local Amenities	<p><u>Mass Transit:</u></p> <ul style="list-style-type: none"> <li>University Avenue and Park Boulevard Rapid Bus Stop ID: 12066 (0.1 miles from the property)</li> <li>University Avenue and Herbert Street Rapid Bus Stop ID: 10494 (Immediately outside of the property)</li> <li>University Avenue and Normal Street Rapid Bus Stop ID: 10865 (Directly across the street from the property)</li> </ul> <p><u>Grocery:</u>          Trader Joes (0.4 of a mile from the property)          Ralphs (0.4 mile of a mile from property)          Whole Foods (0.5 of a mile from the property)</p> <p><u>Schools:</u>          Alice Birney Elementary School (0.6 of a mile from the property)          Roosevelt Middle School (0.8 of a mile from the property)          Garfield High School (2.7 miles from the property)</p>
Housing Type	Affordable Multifamily for low-income families, including large families.
Accessibility	Wheelchair accessibility in 15 percent of the units, and 10 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	Four parcels totaling 0.45 of an acre
Units	98 (97 units restricted/affordable)
Density	218 dwelling units per acre (98 units ÷ 0.45 of an acre)
Unit Mix	97 affordable rental units: 35 one-bedroom units, 28 two-bedroom units, 34 three-bedroom units, and one unrestricted three-bedroom manager's unit.
Gross Building Area	66,404 square feet
Net Rentable Area	61,754 square feet
Affordable Units in Service by Council District	Council District 3 includes 9,369 affordable rental housing units currently in service, which represents 32 percent of the 29,497 affordable rental housing units in service citywide.

Background

On June 21, 2024, the SDHC Board (Report No. HCR24-055) approved taking preliminary steps to authorize the issuance of up to \$40,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of Hillcrest Hall and held a TEFRA public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986. If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required. If, for any reason, an extension to the bond issuance date is requested, Bond Counsel has advised SDHC to hold a new TEFRA hearing.

The SDHC Board is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

On August 5, 2025, the California Debt Limit Allocation Committee (CDLAC) approved a \$26,250,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

On August 25, 2025, SDHC provided to CDLAC on behalf of CRP the Voluntary Return of Excess Bond Allocation. This voluntary return has lowered the previously awarded \$26,250,000 allocation to \$18,200,000. On September 5, 2025, CDLAC approved the Voluntary Return of Excess Bond Allocation and issued a revised resolution for \$18,200,000 in tax-exempt bonds.

### The Development

Hillcrest Hall is a proposed 98-unit, new construction, affordable rental housing development within a single, eight-story building. The development will be at 1601 University Ave, in San Diego's Uptown neighborhood (Attachment 1 – Site Map). Hillcrest Hall will provide 97 affordable rental units and one unrestricted manager's unit. It will include 35 one-bedroom units, 28 two-bedroom units, 34 three-bedroom units, and one three-bedroom manager's unit.

Unit amenities will include: blinds, hardwood flooring, central air conditioning, ceiling fans, coat closets, a patio/balcony, and walk-in closets. Appliances will include a stove/oven, refrigerator, icemaker, microwave, and dishwasher. The development will offer a variety of community amenities, including a community room, on-site management, picnic area, playground, private balconies, a rooftop patio, and a computer room. The building will be comprised of seven residential stories over one story of parking (9 stalls) as well as two retail/ commercial spaces totaling 2,394 square feet, the use of which is still being determined. The first level will be mainly parking but will also include the community room and commercial/retail. The second level will contain residential units along with amenities and an outdoor deck, while the remaining six levels will be entirely residential. The development is in a High Resource Area as determined by the CTCAC and California Department of Housing and Community Development (HCD) Opportunity Area Map. This provides convenient access to transit, schools, groceries, medical facilities, and parks. Notably, the development is also less than a quarter of a mile away from the rapid transit bus station at the corner of University Avenue and Park Boulevard.

### Services

The classes and activities provided by Life Skills Training and Educational Programs, Inc (LifeSTEPS) will foster residents' physical and mental well-being. LifeSTEPS has been contracted to provide Hillcrest Hall residents with a positive environment that promotes independence, healthy lifestyles, and the ability to remain contributing members of society. LifeSTEPS will provide access to health care services, social services, and spiritual and recreational activities.

Examples of the on-site social services LifeSTEPS will provide free of charge to the Hillcrest Hall residents include:

- Instructor-led adult educational classes, such as health and wellness, or skill-building classes, including but not limited to: financial literacy, computer training, homebuyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation.
- Individualized health and wellness services and programs, such as crisis intervention, practical counseling and emotional support, cleanliness and hygiene assessment, eviction prevention, government and insurance entitlements, and physical and mental health assessment.

### Developer's Request

In response to SDHC's Fiscal Year (FY) 2024 Notice of Funding Availability (NOFA), Hillcrest Hall, LP and CRP submitted an application for a loan for the Hillcrest Hall development. On March 15, 2024, SDHC staff provided a preliminary recommendation of award of a residual receipts loan up to \$5,000,000 for the development, which the SDHC Board approved on June 21, 2024 (Resolution HC-2017).

### Prevailing Wages

The proposed development is not subject to payment of federal prevailing wages as the proposed use of federal HOME Investment Partnerships Program (HOME) funds is below the 12-unit federal threshold. The development is also not subject to California state prevailing wages as the developer is not proposing to use California state financing that requires payment of such wages.

### Appraisal

An appraisal of the subject site with an effective date of April 8, 2023, and subsequently updated on August 1, 2024, valued the property at \$8,500,000. The appraisal was obtained by the developer and was conducted by Novogradac.

### Relocation

In November of 2023, 1601 University Ave LLC, (a CRP subsidiary) purchased the property at the appraised value of \$8,500,000. The Developer plans to transfer ownership of the project to the limited partnership with a Purchase and Sale Agreement valid through August 22, 2026. Once transferred, the developer will demolish a billboard, two commercial buildings and two residential buildings to construct a new, eight-story building with 97 affordable residential rental apartment units and one manager's unit. The on-site billboard is currently still in use and will be permanently relocated, while the commercial and residential structures will be removed to facilitate the new construction. Both the billboard and commercial tenants qualify for and have been paid relocation assistance as accounted for in the development budget. The two residential tenants did not qualify for relocation benefits as they were the property owners prior to 1601 University Ave LLC's acquisition. In accordance with all applicable relocation laws and regulations, Overland, Pacific & Cutler has developed a detailed relocation plan for the billboard and eligible commercial tenants.

### Accessibility

CTCAC requires wheelchair accessibility in 15 percent of the units, and an additional 10 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. The Hillcrest Hall units will be accessible in accordance with the Americans with Disabilities Act and Section 504. If HOME Investment Partnerships Program funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

### Project Sustainability

The development will comply with the CTCAC minimum energy efficiency standards. Its features will include Energy Star-rated efficient appliances and a solar component. It will be designed to achieve a Green Point certification. Green Point is a program of Build It Green, a nonprofit organization promoting healthy, energy- and resource-efficient buildings in California. Green Point scores and rates housing in five categories, including energy and water conservation, indoor air quality, sustainable building materials, and community benefits such as proximity to public transportation. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

### Development Team

During the tax credit compliance period, Hillcrest Hall will be owned by a California, single-asset limited partnership, consisting of Hillcrest Hall LP as the owner/borrower, Bold Communities as the Managing General Partner, Hillcrest Hall AGP LLC and E. Smith & Company as the Administrative General Partners, and Red Stone Equity Partners as the tax credit limited partner (Attachment 2 – Organization Chart).

Created in 2008, Castellan Holdings LLC, specializing in value-add and asset management to distressed real estate, established its affordable housing arm in 2019. A subsidiary of Castellan Holdings LLC, CRP Affordable Housing and Community Development (CRP) is a for-profit, full-service real estate firm with experience in multifamily acquisition/rehabilitation, ground-up development, and property management. CRP’s founders have owned, operated, and managed over 2,500 rent-restricted units and have significant experience providing housing to at-risk, special needs, and other vulnerable populations. Since the firm’s inception, CRP has delivered over 300 units of affordable housing, with nearly 1,000 additional units under construction. Based upon the developer’s past experience and past development performance, SDHC staff have determined that the developer has the requisite capacity to successfully complete the proposed Hillcrest Hall project.

**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	CRP Affordable Housing Community Development LLC (CRP)
Owner/Borrower	Hillcrest Hall LP
Managing General Partner	Bold Communities
Administrative General Partner #1	Hillcrest Hall AGP LLC <sup>*1</sup>
Administrative General Partner #2	E. Smith & Company <sup>*2</sup>
Tax Credit Investor Limited Partner	Red Stone Equity Partners
Architect	AO Architects
General Contractor	Ironcore Construction LLC
Property Management	FPI Management, Inc. (FPI)
Construction Lender	CitiBank
Tenant Services Providers	Life Skills Training and Educational Programs, Inc (LifeSTEPS)
Permanent Lender	CitiBank

- <sup>\*1</sup> - Hillcrest Hall AGP LLC is a Special Purpose Entity created by CRP. CRP is the sole member and manager of Hillcrest Hall AGP LLC. (0.0025% Interest)
- <sup>\*2</sup> - E. Smith and Company Inc. is the CTCAC applicant and project sponsor. (0.0051% Interest)

**General Partners**

Bold Communities is the Managing General partner and the 501(c)(3) Nonprofit Partner providing the welfare tax exemption.

E. Smith and Company Inc. is the Co-Administrative General Partner in the project and owns 0.0051% interest in the partnership. E. Smith and Company Inc. is also the entity that qualified the partnership to apply in the CDLAC set-aside for Black, Indigenous and Other People of Color (BIPOC). CRP is responsible for securing financing, managing the closing process, construction process, and asset management.

**Property Management**

California-based FPI Management, Inc. (FPI) will manage Hillcrest Hall. FPI has provided professional management services for multifamily housing owners since 1968. FPI currently manages just over 150,000 units in 16 states (Alaska, California, Colorado, Florida, Idaho, Louisiana, Montana, Minnesota, Nevada, New Mexico, Oklahoma, Ohio, Oregon, Texas, Virginia, and Washington). The FPI client list includes institutional investors, international real estate investment firms, financial institutions, multifamily development builders, private investors, City, County, and State agencies. Over 30% of FPI’s portfolio consists of rent- and income-restricted units.

**FINANCING STRUCTURE**

Hillcrest Hall has an estimated total development cost of \$71,989,337 (\$734,585 per unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 3 and summarized below.

**Table 3 – Hillcrest Hall Estimated Permanent Sources and Uses**

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Federal LIHTC* Equity	\$23,893,839	Land / Acquisition Costs	\$8,706,600	\$88,843
State LIHTC Equity	10,680,000	Hard Costs	32,830,000	335,000
Permanent Loan (Tranche A)	18,200,000	Hard Costs Contingency	1,651,830	16,855
Permanent Loan (Tranche B)	942,280	Soft Costs	3,616,906	36,907
City of San Diego Bridge to Home	3,175,000	Soft Costs Contingency	873,534	8,914
SDHC Loan	5,000,000	Architect & Engineering	1,930,000	19,694
Cash Back Forward Interest (Tax-Exempt)	1,277,640	Financing Fees & Interest	11,353,488	115,852
Cash Back Forward Interest (Taxable)	2,211,300	Impact & Permit Fees	2,450,000	25,000
Accrued Interest	673,125	Reserves	704,494	7,189
Deferred Developer Fee	5,936,153	Developer fee	7,872,484	80,331
<b>Total Development Cost</b>	<b>\$71,989,337</b>	<b>Total Development Cost</b>	<b>\$71,989,337</b>	<b>\$734,585</b>

\*“LIHTC” means Low-Income Housing Tax Credits.

SDHC’s \$5,000,000 residual receipts loan will be funded with HOME Investment Partnerships program (HOME) funds awarded by HUD to the City of San Diego and administered by SDHC, and the City of San Diego’s Housing Trust Fund, which SDHC administers. The total amount of funding sources shall not exceed the SDHC Board-approved amount of \$5,000,000. A final determination of SDHC funding sources will be made by SDHC’s President & CEO, or designee, contingent upon budget availability.

SDHC requires affordable housing developers to pursue all viable funding sources to reduce the financing gap and amount of SDHC subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce SDHC’s loan.

Developer Fee

\$7,872,484 – Gross developer fee  
 - 5,936,153 – Minus deferred developer fee  
 \$1,936,331 – Net cash developer fee

The proposed developer fee complies with SDHC’s developer fee guidelines. Projects that voluntarily returned their excess bond allocation were eligible for a one-time developer fee waiver allowing them to increase the fee amount by \$20,000 for every \$1,000,000 in tax-exempt bond allocation returned. The developer voluntarily returned \$8,050,000 of their allocation of bonds, CDLAC granted a one-time exception to exceed the 15% threshold of basis by approximately \$160,000.

Development Cost Key Performance Indicators

SDHC staff have identified development cost performance indicators that were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by industry professionals and affordable housing developers.

**Table 4 - Key Performance Indicators**

Development Cost Per Unit	\$71,989,337 ÷ 98 units =	\$734,585
Development Cost Per SQ FT (Gross)	\$71,989,337 ÷ 66,404 sq. ft. =	\$1,084
Development Cost Per SQ FT (Net)	\$71,989,337 ÷ 61,754 sq. ft. =	\$1,166
Housing Commission Subsidy Per Unit	\$5,000,000 ÷ 98 units =	\$51,020
Land / Acquisition Cost Per Unit	\$8,706,600 ÷ 98 units =	\$88,843
Gross Hard Cost Per Sq. Ft.	\$32,830,000 ÷ 66,404 sq. ft. =	\$494
Net Hard Cost Per Sq. Ft.	\$32,830,000 ÷ 61,754 sq. ft. =	\$532

The total hard cost of \$32,830,000 includes costs from residential and commercial (2,394 square feet) construction.

When the cost of the commercial space (\$366,623) is removed from the project's total development cost, the cost per unit decreases to \$730,844. The proposed SDHC loan funds will not be used as a source for the commercial/retail spaces. When consolidating the residential and commercial space, the total per unit cost is \$734,987.

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

These developments are similar in terms of new construction and target population and are provided as a comparison to the subject development.

**Table 5 - Comparable Development Projects**

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
<b>Proposed Subject – Hillcrest Hall</b>	<b>2026</b>	<b>98</b>	<b>\$72,028,688</b> (w/o prevailing wage) (with commercial shell)	<b>\$734,987</b>	<b>\$51,020</b>	<b>\$494</b>
Kindred	2025	126	\$90,122,649 (with prevailing wage)	\$715,258	\$60,759	\$360
Avanzando	2025	103	\$96,140,597 (with prevailing wage)	\$933,404	\$40,000	\$438
Grant at Mission Trails	2025	48	\$42,159,738 (with prevailing wage)	\$878,328	\$45,833	\$423
Serra Mesa	2025	60	\$43,803,370 (with prevailing wage)	\$730,056	\$41,667	\$648

**TAX EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**

Proposed Housing Bonds Financing

SDHC utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and, in conjunction with private activity bonds, make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. In general, to issue private activity bonds for a development, the Housing Authority must first submit an application to CDLAC for a private activity

bond allocation. On June 21, 2024, prior to submitting applications to CDLAC, the proposed development was presented to the SDHC Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC. On May 20, 2025, an application was submitted to CDLAC for a private activity bond allocation of up to \$26,250,000. On August 5, 2025, CDLAC approved a \$26,250,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. On August 25, 2025, SDHC provided to CDLAC on behalf of CRP the Voluntary Return of Excess Bond Allocation. This voluntary return has lowered the previously awarded \$26,250,000 allocation to \$18,200,000. On September 5, 2025, CDLAC approved the Voluntary Return of Excess Bond Allocation and issued a revised resolution for \$18,200,000 tax-exempt bonds.

During construction, the bonds, 2026 Series A-1 (Tax-Exempt) and 2026 Series A-2 (Taxable), will be sold initially through a public offering and will be structured as rated, cash-collateralized, and publicly offered construction-to-permanent bonds that will be marketed by Stifel, Nicolaus & Company, Incorporated, or a related entity, as underwriter. The bonds will be sold to the public and fully funded to the respective project funds under each indenture.

During construction and prior to conversion to the permanent phase, the bonds will be secured by 100% cash collateral and will receive a rating on that basis. This cash collateral will consist of the bond proceeds and deposits to the Cash Collateral Fund from draws on a conventional, taxable loan from Citibank to the Borrower. Draws on this Citibank loan will be funded, on behalf of the Borrower, to the Cash Collateral Fund held under the Trust Indentures, which funding will allow for disbursement of a like amount of Series 2026 bond proceeds to pay for construction costs. This method ensures the outstanding bonds will always be secured by 100% cash collateral. Amounts held both in the Project Fund and the Collateral Funds will be invested in Treasury securities. The interest earnings from the Treasury investments will be used to pay interest on the bonds, when due. The bonds are expected to be secured by a first lien position on the property.

At conversion to the permanent phase, the bonds will be tendered to the Trustee and paid from amounts in the Cash Collateral Funds. The tendered bonds, in excess of the permanent loan amount, will be redeemed, and the remaining tax-exempt financing, in the amount of the permanent loan, will be purchased by Citibank, as permanent lender, pursuant to a Funding Loan Agreement (and Borrower Loan Agreement).

#### Financing Documents for the Bonds:

**Trust Indenture** – The bonds will be issued pursuant to an Indenture between the Housing Authority and a to-be-selected Trustee. The Indenture sets forth the terms of the bonds, including interest rate, final maturity, and redemption provisions. The Indenture establishes accounts for deposit of bond proceeds and repayment sources. Based upon instructions contained in the Indenture, the Trustee will disburse bond proceeds for eligible costs, collect project revenues, and make payments to the bondholders. The bonds are structured as construction-to-permanent bonds and therefore, after conversion of the project to the permanent financing period following completion of the construction, the bonds are expected to remain outstanding until they are repaid at their scheduled maturity.

**Loan Agreement** – Under the terms of the Loan Agreement between the Housing Authority and the Borrower, the Housing Authority will loan the proceeds of the bonds to the Borrower to develop the project. The loan is evidenced by a note or notes in an aggregate amount corresponding to the principal amount of the bonds. With the Loan Agreement, the Housing Authority assigns its rights to receive note payments to the Trustee.

At Conversion, the Trust Indentures and the Loan Agreements will be replaced by a single Funding Loan Agreement (between Citibank, the Trustee, and the Housing Authority) and a Borrower Loan Agreement (between the Housing Authority and the Borrower).

Regulatory Agreement and Declaration of Restrictive Covenants – A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. The Regulatory Agreement restricts the rental of the 97 affordable apartments (the manager’s unit is exempt) to low-income residents for at least 55 years.

Bond Purchase Agreement – This Agreement is among the Housing Authority, the Borrower and the underwriter of the bonds. It sets forth the conditions under which the underwriter will purchase the bonds to be offered to the public.

Official Statement – During the bonds’ marketing period, an Official Statement (to be prepared by counsel to the Underwriter), in preliminary form, will be used. After the bonds are sold, final pricing information will be included, and the Official Statement will become final. The Official Statement, in preliminary form, will be used to market the bonds to investors. It describes the terms, financing structure, flow of funds, the development, and the security for the bonds during the construction period. The Official Statement, which will be executed by the Borrower, will contain limited information about the Housing Authority as issuer. This information verifies that the Housing Authority is an appropriate issuer of the bonds and that there is not existing or threatened litigation that would jeopardize the validity of the bonds. Financial statements of SDHC or the Housing Authority are not included in the Official Statement.

The financing amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing. Attachment 4 provides a general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings.

**Financial Advisor’s Recommendation**

Jones Hall is the Bond Counsel and CSG is the Bond Financial Advisor to work on the bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor’s recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor’s analysis and recommendation is at Attachment 5.

**AFFORDABLE HOUSING IMPACT**

Affordability

The Hillcrest Hall development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 97 units for 55 years. CTCAC’s rent and occupancy restrictions will apply.

**Table 6 – Affordability and Monthly Estimated Rent Table**

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$39,700/year for two-person household)	7	\$930
One bedroom	50% (\$66,150/year for two-person household)	4	\$1,550
One bedroom	60% (\$79,380/year for two-person household)	20	\$1,860
One bedroom	70% (\$92,650/year for two-person household)	4	\$2,316
<b>Subtotal One Bedroom Units</b>	--	<b>35</b>	--
Two bedrooms	30% (\$44,650 /year for three-person household)	4	\$1,116
Two bedrooms	50% (\$74,450/year for three-person household)	3	\$1,861
Two bedrooms	60% (\$89,340/year for three-person household)	10	\$2,233

Two bedrooms	70% (\$104,200/year for three-person household)	11	\$2,605
<b>Subtotal Two Bedroom Units</b>	--	<b>28</b>	--
Three bedrooms	30% (\$49,600/year for four-person household)	4	\$1,240
Three bedrooms	50% (\$82,700/year for four-person household)	4	\$2,068
Three bedrooms	60% (\$99,240/year for four-person household)	10	\$2,481
Three bedrooms	70% (\$115,800/year for four-person household)	16	\$2,895
<b>Subtotal Three Bedroom Units</b>	--	<b>34</b>	--
Manager's three-bedroom unit	--	<b>1</b>	
<b>Total Units</b>	--	<b>98</b>	--

**FISCAL CONSIDERATIONS**

The funding sources and uses proposed to be approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2026 SDHC Budget.

Funding sources approved by this action will be as follows

Bond Issuer Fee: \$20,000,000 (Tax-exempt) X 0.0025 = \$50,000  
 + \$40,000,000 (Taxable) X 0.0025 = \$100,000  
 Total Funding Sources – up to \$150,000

Funding uses approved by this action

Administrative costs - \$150,000  
 Total Funding Uses - up to \$150,000

The bonds will not constitute a debt of the City of San Diego. If the bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority, nor SDHC because security for the repayment of the bonds will be limited to specific project-related revenue sources. Neither the faith and credit nor the taxing power of the City nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including SDHC's issuer fee, annual bond administration fee, and SDHC's bond counsel fee and financial advisor's fee.

**Development Schedule**

The estimated development timeline is as follows:

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"> <li>• Housing Authority consideration of bond authorization</li> <li>• Estimated bond issuance and escrow/loan closing</li> <li>• Estimated start of construction work</li> <li>• Estimated completion of construction work</li> </ul>	<ul style="list-style-type: none"> <li>• May 12, 2026</li> <li>• June 2026</li> <li>• July 2026</li> <li>• June 2028</li> </ul>

**SDHC STRATEGIC PLAN**

This item relates to Strategic Priority Area No. 3 in SDHC's Strategic Plan for Fiscal Years (FY) 2026-2030: Create and Preserve Housing.

**STATEMENT for PUBLIC DISCLOSURE**

The developer's Disclosure Statement is at Attachment 6.

### **NONDISCRIMINATION ASSURANCE**

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

CRP is committed to ensuring they do not discriminate in their hiring and employee engagement practices. Their response included specific examples of their commitment to nondiscrimination. CRP also submitted a workforce report for record-keeping purposes only. Staff have requested updated supportive documents.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On June 6, 2023, CRP presented the proposed development as an action item to the Uptown Planners Community Planning Group. The community planning group voted unanimously to support the development.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include CRP as the developer, E. Smith & Company as the Administrative General Partner, Bold Communities as the Managing General Partner, the City of San Diego as a lender, SDHC as a lender, and the Uptown Community Planning Group. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 97 new, affordable, transit-oriented rental homes for working San Diego families.

### **ENVIRONMENTAL REVIEW**

#### California Environmental Quality Act

The proposed activity to authorize tax-exempt bond issuance to fund the acquisition and new construction of Hillcrest Hall has been reviewed for consistency with and is covered in the 2019 Final Program Environmental Impact Report (PEIR) for the Uptown Community Plan, (SCH No. 2016061023) which was certified by City Council Resolution No. R-3104766 on November 14, 2016. This activity is a subsequent discretionary action and is not considered a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

#### National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development. Authority to Use Grant Funds was received from HUD on November 27, 2025.

Respectfully submitted,

**Colin Miller**

Colin Miller  
Senior Vice President of Real Estate Development  
Real Estate Division

Approved by,

**Lisa C. Jones**

Lisa C. Jones  
President and Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) Site Map  
2) Organization Chart

- 3) Developer's Project Pro Forma
- 4) Bond Program Summary
- 5) Financial Advisor's Analysis
- 6) Developer's Disclosure Statement

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at [www.sdhc.org](http://www.sdhc.org).