



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

**DATE ISSUED:** April 14, 2026 **REPORT NO:** HAR26-006

**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 Mercado Apartments

**COUNCIL DISTRICT:** 8

**REQUESTED ACTION**

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Notes in the aggregate amount not to exceed \$30,073,052 to facilitate the acquisition and new construction of 92 housing units and rehabilitation of 132 existing units for a total of 224 housing units at MAAC Mercado L.P.’s Mercado Apartments at 2001 Newton Ave. in the Barrio Logan Community Plan neighborhood of San Diego. Mercado Apartments will consist of 222 rental housing units that will remain affordable for 55 years for individuals and families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers’ units.

**STAFF RECOMMENDATION**

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

- 1) Authorize the issuance of a tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Notes in an aggregate amount not to exceed \$30,073,052 to facilitate MAAC Mercado L.P.’s acquisition and new construction of 92 housing units and rehabilitation of 132 existing units for a total of 224 housing units at Mercado Apartments at 2001 Newton Ave. in the Barrio Logan Community Plan neighborhood of San Diego. Mercado Apartments will consist of 222 rental housing units that will remain affordable for 55 years for individuals and families earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers’ units.
- 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 General Counsel and Bond Counsel, and to take such actions that are necessary, convenient or appropriate to implement these approvals upon advice of General Counsel and/or Bond Counsel

**SUMMARY**

**Table 1 – Development Details**

Developer	Metropolitan Area Advisory Committee on Anti-poverty of San Diego County Inc. (MAAC)
Address	2001 Newton Ave., San Diego, CA 92113
Council District	8
Community Plan Area	Barrio Logan

Development Type	New construction and rehabilitation
Construction Type	Type V
Stories	One four-story building with 92 units (new construction) 23 two-story buildings with 132 units (rehabilitation)
Parking Type	212 existing surface parking spaces <del>-118</del> parking spaces will be removed 94 net surface parking spaces will remain
Local Amenities	<p><u>Mass Transit:</u>          Barrio Logan Trolley Station is 0.4 of a mile from the subject site.</p> <p><u>Grocery:</u>          Northgate Market, 1950 Main Street, is 0.3 of a mile from the subject site.</p> <p><u>Schools:</u></p> <ul style="list-style-type: none"> <li>• Perkins Elementary (K-8), is 0.3 of a mile from the subject site.</li> <li>• Garfield Senior High is 1.4 miles from the subject site.</li> </ul>
Housing Type	Affordable multifamily for individuals and families
Accessibility	Wheelchair accessibility in 15 percent (34) of the units, and 10 percent (23) of the units will be accessible to residents with visual/and/or hearing impairment.
Lot Size	Approximately 4.34 acres, 189,050 square feet
Units	222 deed-restricted affordable residential units and two unrestricted managers' units
Density	51.6 units per acre (224 units ÷ 4.34 acres = 51.6 dwelling units/acre)
Unit Mix	<p><u>New Construction:</u>          34 one-bedroom units          31 two-bedroom units  <u>+ 27 three-bedroom units</u>          92 Subtotal units</p> <p><u>Rehabilitation:</u>          16 one-bedroom units          56 two-bedroom units  <u>+ 60 three-bedroom units</u>          132 Subtotal units</p> <p>224 Combined Total Units</p>
Gross Building Area	242,291 Total square feet (105,911 sq. ft. new construction + 136,380 sq. ft. rehab)

Net Rentable Area	210,375 Total square feet (81,459 sq. ft. new construction + 128,916 sq. ft. rehab)
Affordable Units in Service_by Council District	Council District 8 includes 4,831 affordable rental housing units currently in service, which represents 16 percent of the 29,497 affordable rental housing units in service citywide.

Background

On July 18, 2025 (Report HCR25-051; Resolution HC-2043), the SDHC Board:

- a. Approved the property owner’s request to develop 224 units, in combination of rehabilitation and new construction.
- b. Authorized preliminary steps to issue up to \$75,000,000 of tax-exempt Multifamily Housing Revenue Bonds.
- c. Held a TEFRA public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986. 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)
- d. Approved recasting of existing debt. The developer requested the loan be transferred, in its entirety, to the new owner/borrower, MAAC Mercado L.P. The loan terms would restart for a new 55 years, beginning at the close of the current escrow.

On December 10, 2025, the California Debt Limit Allocation Committee (CDLAC) approved a \$30,073,052 tax-exempt bond allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

The Mercado Apartments development is an existing 144-unit multifamily affordable housing development at 2001 Newton Ave., San Diego, CA 92113, in the City of San Diego’s (City) Barrio Logan Redevelopment Project Area (Attachment 1 – Site Map). The development consists of 23 two-story, garden-style buildings. The proposed project includes the development of a new four-story, 92-unit building, along with the rehabilitation of 132 existing units, bringing the total to 224 units.

Summary

144 Mercado’s Existing Units  
 -12 Units Proposed to be Demolished  
 132 Subtotal  
 +92 Proposed New Construction Units  
224 Total Units (including two managers’ units)

The Property

The site is improved with 23 two-story, garden-style residential buildings containing 144 one-, two- and three-bedroom units and a two-story, elevator-served community building that includes a community room with kitchen, computer room, leasing office, service coordination space, and an on-site daycare space. The property was built in 1994 and has not had any significant rehabilitation since then. The buildings are wood-frame construction on concrete-slab foundations with painted stucco exteriors and flat roofs. The site also contains a laundry building, playground, and perimeter fencing. The Mercado Apartments development currently has 212 existing parking spaces (212 spaces for 144 units = 1.47 ratio). Of those, 118 existing parking spaces will be eliminated, and 12 existing units will be demolished to construct 92 new housing units. This will result in 94 surface parking spaces remaining at the property 94 spaces for 224 units = 0.42 ratio). The development is currently 96 percent occupied and maintains a waiting list of approximately eight years. Land uses surrounding Mercado Apartments include a combination of residential, commercial and mixed-uses.

### Appraisal

An appraisal of the subject site with an effective date of March 25, 2025, valued the property at \$33,340,000. The developer obtained the appraisal, which Kinetic Valuation Group conducted.

### Prevailing Wages

The proposed project is not subject to payment of either federal or state prevailing wages because it will not use federal or state funds for construction purposes.

### Project Sustainability

Mercado Apartments will comply with CTCAC's minimum energy efficiency standards. The development will feature a redesigned landscape that will significantly reduce water usage, aligning with California's ongoing water conservation efforts. All units will be equipped with water-efficient fixtures and energy-saving appliances, which will result in lower utility costs. Also, the installation of dual-pane windows will enhance insulation, promote indoor comfort, reduce noise, and result in lower energy costs.

### 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 ~~of these~~ accessibility requirements. -The Mercado Apartments units will be accessible in accordance with the Americans with Disabilities Act and Section 504.

### Relocation

In April 2022, Laurin Associates prepared a Mercado Apartments relocation plan. Twelve households in the two to-be-demolished buildings will need to be permanently relocated. Any tenants who may be permanently displaced due to the demolition will be supported throughout this process. Displaced tenants will be given a preference for available vacant on-site units to minimize impact. If no vacant on-site unit is available, the relocation consultant will work with the residents to find suitable substitute housing and relocation assistance in accordance with applicable law and the Mercado Apartments relocation plan. The project pro forma shows \$1,500,000 is budgeted for the temporary relocation, and \$800,000 is budgeted for the permanent relocation.

For rehabilitation-only units, in accordance with the relocation plan, the developer will temporarily relocate tenants to available units on- and off-site while the work on their unit is completed. The general contractor will strive to minimize the amount of time tenants will need to be displaced. The developer estimates temporary displacement of two to four weeks, depending upon the extent of the rehabilitation work needed for the unit.

### Development Team

Mercado Apartments will be owned by MAAC Mercado L.P., an affiliate of MAAC. The general contractor, Sun Country Builders, will construct the development. US Bank will be the tax credit investor, and Citibank will be the lender. An Organizational Chart is provided in Attachment 2.

Founded in 1965 and based in San Diego, MAAC is a nonprofit, mission-driven organization. MAAC has served as general partner for eight affordable developments consisting of 1,142 units in San Diego County, including Hillside Views Apartments, Laurel Trea, San Martin de Porres, and Seniors on Broadway. MAAC works to build a supportive community that includes quality property management, tenant governance councils, culturally sensitive social services, work skill enhancement programs, community leadership and organization. A comprehensive residents' program is provided, which includes: a diverse and culturally appropriate library, an After School Reading Program, on-site childcare (Head Start), a lunch program, and summer camp participation programs. Experienced County

Development staff, resident volunteers, college, high school and other community volunteers support these on-site programs.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM / CONTACT</b>
Developer	MAAC
Owner/Borrower	MAAC Mercado L.P.
General Partner	MAAC
Administrative Limited Partner	MAAC
Tax Credit Investor / Equity Provider	US Bancorp Impact Finance (US Bank)
Architect	Martinez & Cutri
General Contractor	Sun Country Builders
Property Management	Hyder Property Management Professionals
Tax-exempt Construction Lender	Citibank Community Capital (Citi)
Permanent Lender	Citibank Community Capital
TE GLN Fiscal Agent	Computershare Trust Company N.A.

Property Management

Hyder Property Management Professionals (Hyder) is a highly experienced property manager that currently manages 122 affordable properties, totaling 7,890 units throughout California. It is headquartered in San Marcos, CA. For over 50 years, Hyder has implemented a wide range of federal and state housing programs while specializing in serving multifamily housing, seniors housing, and special needs housing. Hyder has successfully worked as property manager on multiple developments that have utilized SDHC capital and bonds.

Tenant Services Provider

MAAC will be the Tenant Services Provider. MAAC offers centralized, comprehensive services based on a case management and resource navigation model to promote economic mobility through connecting to resources such as CalWorks, job search assistance, resume and interview coaching, access to vocational training programs, referrals to immigration assistance, securing unemployment benefits, referrals to energy assistance programs, referrals to food assistance, access to free or low-cost medical insurance, free income tax preparation services, referrals to Feeding San Diego’s food distribution program, first-time homebuyer education, credit counseling, and debt counseling.

**FINANCING STRUCTURE**

Mercado Apartments has an estimated total development cost of \$113,107,871 (\$504,946/unit). The developer’s pro forma is included as Attachment 3 and is summarized in Table 3.

In order to be more competitive for a bond allocation from CDLAC, SDHC agreed to allow the new ownership entity to assume the existing loan for Mercado Apartments. As of the estimated closing date in May 2026, the SDHC loan amount is expected to be \$2,822,956 (\$1,425,000 in principal plus \$1,397,956 in interest).

**Table 3 – Estimated Sources and Uses of Permanent Financing**

Permanent Sources	Amounts	Permanent Uses	Amounts	Per Unit
Citi Permanent Loan	18,990,000	Land & Buildings Cost \$30,100,000 Closing Costs 100,000	\$30,200,000	\$134,821
City of San Diego Community Development Block Grant (CDBG) Loan (Assumed)	15,275,000	<u>Rehabilitation Portion</u> Construction Costs \$8,939,245 Demolition 136,196 Personal Property 1,853,078 Site Improvements 421,861 Gen'l/Profit/Overhead 1,912,809 GC Ins/Bond 305,291 Subtotal..... 13,568,480 Contingency (10%) + 1,356,848 Total Rehabilitation \$14,925,328	14,925,328	66,631
Accrued Deferred Interest – City of San Diego CDBG Loan (Assumed)	3,084,728	<u>New Construction Portion</u> Demolition Costs \$ 262,955 Construction Costs 26,085,334 Personal Property 1,097,962 Site Improvements 804,546 Grading 229,415 Gen'l/Profit/Overhead 3,479,448 GC Ins/Bond 680,504 Photovoltaic System 834,750 Subtotal..... 33,474,914 Contingency (5%) +1,673,746 Total construction \$35,148,660	35,148,660	156,914
MAAC seller Note	6,145,193	Financing Costs	10,170,423	45,404
Accrued Deferred Interest MAAC seller Note	932,814	Other Soft Costs	1,396,254	6,233
City of San Diego Recast RDA loan (Assumed)	5,856,851	Soft Costs Contingency	411,887	1,839
Accrued Deferred Interest City of San Diego Recast RDA Loan (Assumed)	889,045	Replacement Reserve 144,000 Operating Reserves +1,689,206 Capitalized Reserves 1,833,206	1,833,206	8,184
Deferred Developer Fee	5,413,684	Architect and Engineering Costs	1,668,300	7,448
SDHC Recast RDA Loan (Assumed)	2,822,956	Development Impact Fees Local Permits and Fees 142,000	1,500,000 634	6,696
Accrued Deferred Interest SDHC Recast RDA Loan (Assumed)	428,513	Legal Costs	270,000	1,205
General Partner Capital –Sponsor	100	Relocation Costs	2,300,000	10,268
General Partner Capital – Existing Reserves	781,537	Insurance During Construction	1,166,333	5,207
General Partner Capital –Prior Sale Proceeds	15,175,950	Developer's Fee	10,344,758	46,182
LIHTC Equity from MAAC Mercado LP*	\$37,311,500	Costs of TE GLN Issuance	1,630,722	7,280

<b>Total Development Cost</b>	<b>\$113,107,871</b>	<b>Total Development Cost</b>	<b>\$113,107,871</b>	<b>\$504,946</b>
-------------------------------	----------------------	-------------------------------	----------------------	------------------

*\*\*“LIHTC” means low-income housing tax credits.*

Developer Fee

\$10,344,758 – Gross Developer’s Fee  
-5,413,684 -- Minus Deferred Developer’s Fee  
 \$ 4,931,074 – Net Developer’s Fee

The developer fee for Mercado Apartments follows CTCAC and CDLAC regulations.

Development Cost Key Performance Indicators

SDHC staff have identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$113,107,871 \div 224 \text{ units} =$	\$504,946
Housing Commission Subsidy Per Unit (Recast Loan - Assumed)	$\$2,822,956 \div 224 \text{ units} =$	\$12,602
Acquisition Cost Per Unit	$\$30,200,000 \div 224 \text{ units} =$	\$134,821
Gross Building Square Foot Hard Cost	New = \$35,148,660 Rehab = <u>+14,925,328</u> $\$50,073,988 \div 242,291 \text{ sq. ft.} =$	\$207
Net Rentable Square Foot Hard Cost	New = \$35,148,660 Rehab = <u>+14,925,328</u> $\$50,073,988 \div 210,375 \text{ sq. ft.} =$	\$238

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other developments of the same construction type.

**Table 5 – Comparable Development Projects**

Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
<b>Subject: Mercado Apartments</b>	<b>2026</b>	<b>224</b>	<b>\$113,107,871 (without prev. wage)</b>	<b>\$504,946</b>	<b>\$12,602 (Recast Loan)</b>	<b>\$207</b>

73 <sup>rd</sup> Street Apartments	2025	120	\$91,987,134 (with prev. wage)	\$766,559	\$33,333	\$365
Fourth and Penn	2025	<b>54</b>	\$38,641,616 \$ (without prev. wage)	\$715,585	\$0	\$358
The Grant at Mission Trails	2025	48	\$43,372,113 (with prev. wage)	\$903,586	\$45,833	\$478

**TAX-EXEMPT GOVERNMENT LOAN NOTE**

Proposed Housing 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. Attachment 5 includes a summary of the Tax-Exempt Government Loan Note features.

Proposed Tax-Exempt Government Loan Note Issuance Summary Description

The proposed bond structure is summarized as follows:

- 1) Issuance – September 1
  - The Housing Authority will issue a Tax-Exempt Government Loan Note to Citi as the funding lender, in the amount of the CDLAC allocation of \$30,073,052.
  - At issuance, Citi will draw down \$55,000 (minimum required by Federal Tax Law) from the US Bank’s conventional construction loan as an initial draw to be held by Citi in a controlled account.
  - The \$55,000 will be held as cash collateral during construction.
- 2) Construction – Step 2  
 The Borrower Limited Partnership (MAAC Mercado LP) will draw on the US Bank Construction Loan to fund project costs.
- 3) Construction Completion – Step 3  
 Citi funds the remaining Tax-Exempt Government Loan Note to take out the US Bank Construction Loan.
- 4) Construction Loan Conversion to Permanent Financing – Step 4  
 Following the units’ lease-up, the Tax-Exempt Government Loan will be paid down to an \$18,990,000 permanent loan.

**Bond Counsel and Municipal Advisor Recommendation**

Anzel Galvan LLP will be the Bond Counsel. Ross Financial will be the Municipal Advisor in connection with the issuance of the Note. The financial advisor’s analysis and recommendation is at Attachment 6.

**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:

Issuer Fee: \$30,073,052 (Tax-Exempt Government Loan Note) X 0.0025 = \$ 75,183

Funding uses approved by this action will be as follows:

Administrative Costs: up to \$75,183  
 Total Funding Uses: up to \$75,183

Approval of the Tax-Exempt Government Loan Note does not commit the Housing Authority to issue the note. The Tax-Exempt Government Loan Note would not constitute a debt of the City of San Diego. If a Tax-Exempt Government Loan Note is ultimately issued for the development, the Tax-Exempt Government Loan Note will not financially obligate the City, the Housing Authority or SDHC because security for the repayment of the Tax-Exempt Government Loan Note will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the Tax-Exempt Government Loan Note. The developer is responsible for the payment of all costs under the financing, including the SDHC annual administrative fee, as well as SDHC Bond Counsel and Financial Advisor fees.

**Estimated Development Schedule**

The estimated development timeline is as follows:

<b><u>Milestones</u></b>	<b><u>Estimated Dates</u></b>
<ul style="list-style-type: none"> <li>• Housing Authority final bond authorization</li> <li>• Estimated bond issuance and escrow/ 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>• May 2026</li> <li>• June 2026</li> <li>• December 2027</li> </ul>

**AFFORDABLE HOUSING IMPACT**

Affordability

Mercado Apartments will be subject to an SDHC Declaration of Covenants and Restrictions, in addition to applicable tax credit agreements, which will restrict the affordability of 222 units for 55 years from the close of escrow. The rent and occupancy restrictions required by SDHC, CDLAC, CTCAC and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the SDHC loan restricted units. The more stringent funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

**Table 6A – New Construction Portion - Affordability and Monthly Estimated Rent Table**

Unit Type	AMI	Units	CTCAC Gross Rents
<b>NEW CONSTRUCTION:</b>			
One bedroom (550 sq. ft.)	30% (currently \$39,700/year for a two-person household)	8	\$930
One-bedroom (550 sq. ft.)	50% (currently \$66,150/year for a two-person household)	14	\$1,550
One bedroom (550 sq. ft.)	60% (currently \$79,380/year for a two-person household)	8	\$1,860
<b>Subtotal One-Bedroom Units</b>	--	<b>30</b>	
Two bedrooms (750 sq. ft.)	30% (currently \$44,650/year for a three-person household)	8	\$1,116
Two bedrooms (750 sq. ft.)	50% (currently \$74,450/year for a three-person household)	15	\$1,861
Two bedrooms (750 sq. ft.)	60% (currently \$89,340/year for a three-person household)	15	\$2,233
<b>Subtotal Two-Bedroom Units</b>	--	<b>38</b>	--
Three bedrooms (930 sq. ft.)	30% (currently \$49,600/year for a four-person household)	6	\$1,290
Three bedrooms (930 sq. ft.)	50% (currently \$82,700/year for a four-person household)	11	\$2,150
Three bedrooms (930 sq. ft.)	60% (currently \$99,240/year for a four-person household)	6	\$2,580
<b>Subtotal Three-Bedroom Units</b>	--	<b>23</b>	--
<b>Subtotal Residential Units</b>	--	<b>91</b>	--
<b>Manager's Unit*</b> Three bedrooms (930 sq. ft.)	--	<b>1</b>	
<b>Total New Construction Units</b>	--	<b>92</b>	--

*\*One of two managers' units will be built new to replace a demolished manager's unit.*

**Table 6B – REHABILITATION PORTION - Affordability and Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>CTCAC Gross Rents</b>
<b>REHABILITATION:</b>			
One bedroom (550 sq. ft.)	30% (currently \$39,700/year for a two-person household)	7	\$912
One bedroom (550 sq. ft.)	60% (currently \$79,380/year for a two-person household)	9	1,503
<b>Subtotal One- Bedroom Units</b>	--	<b>16</b>	
Two bedrooms (750 sq. ft.)	30% (currently \$44,650/year for a three-person household)	21	\$966
Two bedrooms (750 sq. ft.)	50% (currently \$74,450/year for a three-person household)	2	\$1,439
Two bedrooms (750 sq. ft.)	60% (currently \$89,340/year for a three-person household)	33	\$1,759
<b>Subtotal Two- Bedroom Units</b>	--	<b>56</b>	--
Three bedrooms (930 sq. ft.)	30% (currently \$49,600/year for a four-person household)	27	\$1,024
Three bedrooms (930 sq. ft.)	50% (currently \$82,700/year for a four-person household)	2	\$1,625
Three bedrooms (930 sq. ft.)	60% (currently \$99,240/year for a four-person household)	30	\$1,986
<b>Subtotal Three- Bedroom Units</b>	--	<b>59</b>	--
<b>Subtotal Residential Units</b>	--	<b>131</b>	--
<b>Manager's Unit * (three bedrooms) (930 sq. ft.)</b>	--	<b>1*</b>	--
<b>Total Rehabilitation Units</b>	--	<b>132</b>	--

*\*One manager's unit is among the 12 units to be reconstructed (see Table 6A).*

**SDHC STRATEGIC PLAN**

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

**STATEMENT FOR PUBLIC DISCLOSURE**

The developer's Disclosure Statement is at Attachment 7.

**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.

The developer, MAAC, is committed to equal opportunity for all and maintains a policy of nondiscrimination in all personnel and volunteer recruitment, employment training, promotion and

administration as well as client services and procurement practices. MAAC has nondiscrimination policies in place and provides compassionate, person-centered services and has submitted a workforce report for record-keeping purposes only.

### **PREVIOUS SDHC BOARD OF COMMISSIONERS ACTIONS**

On April 16, 2026, the SDHC Board of Commissioners (SDHC Board) forwarded to the City Council and Housing Authority the staff-recommended actions in this report without an SDHC Board recommendation. The SDHC Board's vote was three ayes and two nays. Commissioner Stephen Cushman submitted a letter in opposition for the Housing Authority's and City Council's consideration (Attachment 8.)

On July 18, 2025, the SDHC Board voted 5-0 (Report HCR26-051; Resolution HC-2043) to approve the property owner's request to develop 224 units, in combination of rehabilitation and new construction; authorized preliminary steps to issue up to \$75,000,000 of tax-exempt Multifamily Housing Revenue Bonds; held a Tax Equity and Fiscal Responsibility Act public hearing; and approved recasting existing debt.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORT**

When the project was first proposed, on February 15, 2023, MAAC presented its Mercado Apartments proposal to the Barrio Logan Community Planning Group. The Planning Group voted to deny the project. Six members were against and two members were in favor of the project. Their concern was the reduced parking and suggested having an underground level of parking. Upon further review, the developer determined adding underground parking would render the development financially infeasible. In light of state law provisions permitting reduced parking requirements for 100% affordable housing developments, (further supported by the project's proximity to the Barrio Logan Trolley Station), the developer opted to proceed with development of the project as planned.

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

Stakeholders include MAAC as the developer and services provider, the City of San Diego as a lender and as the Former Redevelopment Agency's Successor Agency, SDHC as a current lender, the Barrio Logan neighborhood, and Mercado Apartments' current and future residents. 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 80 net new, affordable, rental homes for low-income individuals and families.

### **ENVIRONMENTAL REVIEW**

#### **California Environmental Quality Act**

The proposed actions to authorize and adopt a resolution approving the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Notes to facilitate MAAC Mercado L.P.'s acquisition and new construction of 92 housing units and rehabilitation of 132 existing units, has been reviewed for consistency with and is covered in the Mitigated Negative Declaration (MND) for the Mercado Apartments, (SCH No. 2025020359/Project No. 0696585). 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 project's funding. Authority to Use Grant Funds was received from the U.S. Department of Housing and Urban Development on May 3, 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) Multifamily Housing Revenue Bond Program
  - 5) TE GLN Features Summary
  - 6) Municipal Advisor's Analysis
  - 7) Developer's Disclosure Statement
  - 8) Commissioner Cushman Mercado Opposition Letter

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