We're About People

San Diego Housing Commission (SDHC)
Loan Modification for Potiker Family Senior Residence (formerly known as Market Square Manor)

Presentation to the SDHC Board of Commissioners
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Development Summary

- Proposed rehabilitation of 198 affordable rental housing units and two unrestricted managers' units at 525 14th Street in Council District 3.
    - 198 affordable units for seniors ages 62 and older with income from 30 percent to 45 percent of San Diego's Area Median Income (AMI).
        - $36,750/year – $55,125/year for a two-person household.
- Principal and interest in the amount of $5,964,453 will transfer to the new partnership and will extend affordability for a new 55-year term.

<u>Project-Based Vouchers (PBV)</u>

- The existing Housing Assistance Payment contract will transfer 36 PBVs to the new partnership.

Development Summary (Continued)

Site amenities will include:

- Clubhouse/Community Room
- Computer Room/Library
- Commercial Kitchen
- Exercise Room and Pool Table
- Laundry Rooms on Each Level
- Courtyard with Vegetable Garden

One five-story building with elevator service:

- First level: Clubhouse, Community Room, Computer Lab, Library, Laundry Room and Commercial Kitchen
- Levels 2 - 4: Residential units and Laundry Rooms
- Fifth level: Exercise Room, Pool Table and Courtyard with Vegetable Garden

Rehabilitation Summary (Continued)

- Proposed rehabilitation: Approximately $14.7 million of renovations to extend the property's useful life and preserve affordability for a new 55-year term.

Rehabilitation scope will include but is not limited to:

- Converting eight units to meet California Tax Credit Allocation Committee (CTCAC) mobility accessibility requirements
- Adding communications accessibility features to two units to meet CTCAC accessibility requirements
- Mini-split HVAC systems in all units
- Updating all light fixtures to LED
- New water-saving plumbing fixtures
- Replacing blinds as needed
- All new cooktops with exterior vented hoods
- Replacement of all sewer lines and water supply pipes
- New vinyl plank flooring as needed
- New cabinets and countertops
- Repainting all units
- Replacing all windows
- Installing solar panels

Rehabilitation Summary (Continued)

Interior Common Area:

- Repaint all interior common areas
- Replace carpet with vinyl plank flooring
- Refurbish restrooms
- Install new mailboxes
- Install new water softener equipment

Exterior:

- New roof with solar system
- New windows
- Full exterior repaint (including wrought iron fence)
- Tile replacement
- New rooftop mechanical equipment
- New signage.

Life Safety and Security:

- Replace fire alarm control panels
- Modernize elevator cab
- Upgrade keypads, intercom and camera system

Relocation Summary

- No residents will be permanently displaced due to the rehabilitation.
- $1.33 million relocation budget to cover all temporary relocation costs, such as:
  - Transportation
  - Accessibility accommodations
  - Meal stipends
  - Packing
  - Storage
  - Other resident needs
- Vacant units will be renovated and used as on-site “hospitality units” to temporarily relocate residents during construction.
- The developer retained Clark Land Resources to prepare a relocation plan.
  - The relocation plan complies with all CTCAC requirements and the Uniform Relocation Act (URA).
- Rehabilitation will be completed in phases.
  - Approximately 15 to 20 units at a time over a 21-day period
  - Residents will return to their original unit or a comparable unit upon completion of the work.
  - Rehabilitation of the residential units is expected to take approximately 18 months.

Developer Summary

Chelsea Investment Corporation (Development Consultant)

- Award winning for-profit development corporation established in 1995
- Developed over 9,700 affordable housing units across 77 developments
- 1,000 affordable units currently in development

Senior Housing Corporation (Developer and Managing General Partner)

- Subsidiary of Serving Seniors established in 2000
- Currently owns and manages over 703 affordable housing units across five developments

Central Valley Coalition for Affordable Housing (Managing General Partner)

- Nonprofit organization founded in 1989 by the Housing Authority of the County of Merced
- Develops, rehabilitates and manages affordable multifamily rental and senior housing communities
- Has provided social services and supportive service classes to over 100 developments and served over 7,223 people

Resident Services and Property Management

Serving Seniors (Service Provider)

- Serving Seniors will continue to provide services for all residents:
  - Congregate Meals / Enrichment Activities
  - Behavioral Health / Healthcare Services
  - Case Management / Resident Outreach
  - Life Skills Training
  - Health and Educational Classes
  - Senior Counseling Program
  - Food Program
  - Computer Training

Hyder (Property Management)

- Founded in 1973, Hyder has over 50 years of experience managing affordable housing and implementing federal and state housing programs.
- Hyder currently oversees more than 120 properties and serves thousands of residents.

Local Amenities Map

Estimated Permanent Financing Sources and Uses

Permanent Financing Sources	Amount	Permanent Uses	Amount
Federal LIHTC Equity	$21,537,224	Acquisition & Closing Costs	$36,150,100
Perm Loan (Tranche A)	5,861,000	Hard Costs	14,752,890
SDHC note w/accrued interest	5,964,453	Hard Costs Contingency	1,475,289
SHC notes w/accrued interest	4,687,280	Relocation	1,330,208
Soft Loan Interest	4,273,855	Architecture and Engineering	598,060
Seller Carryback loan	23,657,362	Financing Fees and Interest	390,267
Bond Deposit Refund	88,500	Other Soft Costs	8,525,099
Transfer of Operating Reserve	90,000	Soft Costs Contingency	287,897
Transfer of Replacement Reserves	187,636	Reserves	790,714
Income from Operations during rehab	330,000	Developer Fee	5,040,449
Deferred Developer Fee	2,663,662		
Total Development Cost	$69,340,973	Total Development Cost	$69,340,973

Estimated Total Development Cost Per Unit (200 Units) = $346,705

Affordability and Estimated Rents

Unit Type	AMI	Units	CTCAC Gross Rents
Studio	30% ($36,750/year for two-person household)	38	$918
Studio	40% ($49,000/year for two-person household)	86	$1,223
Studio	45% ($55,125/year for two-person household)	74	$1,377
Subtotal Studio Units	**--**	**198**	**--**
Manager's one-bedroom units	--	2	
Total Units	**--**	**200**	**--**

Development Timeline

Milestones	Estimated Dates
Estimated closing	December 2026
Estimated start of construction / rehabilitation work	December 2026
California Debt Limit Allocation Committee deadline to close	February 8, 2027
Estimated completion of construction / rehabilitation work	July 2028

Current Property Photos

Architect's Rendering – Post-Renovation

Staff Recommendations

That the SDHC Board of Commissioners take the following actions:

1) Approve the owner's request to modify certain existing SDHC loan terms for a loan estimated at $5,964,453 on the current target closing date of December 15, 2026, for Senior Housing Corporation to facilitate the rehabilitation of Potiker Family Senior Residence at 525 14th St. in Downtown, which consists of 198 units that will remain affordable for 55 years for seniors ages 62 and older with income from 30 percent to 45 percent of San Diego's Area Median Income (AMI), and two unrestricted manager's 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 General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

Questions & Comments

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