

**AFFORDABLE HOUSING
NOTICE OF FUNDING AVAILABILITY (NOFA)
EXECUTIVE LOAN COMMITTEE**

**Minutes of Tuesday, May 10, 2005 Meeting
8:30 – 10:30 a.m.**

**600 B Street, 4th Floor
Large Conference Room
San Diego, California 92101**

Members present: Chair Hank Cunningham, Robert McNeely and Sal Salas.

1. **Public Comment**

None

2. **Welcome**

Welcome to Robert McNeely, new ELC member representing Centre City Development Corporation

3. **Land Use & Housing/NOFA II Update**

Chair Cunningham briefly discussed the Affordable Housing Program (NOFA) matrix, noting that approved and requested subsidy for projects exceeds the available funds from the first NOFA issuance. He said that the Agency will be looking to bond for additional affordable housing projects after July 1, 2005.

4. **Approval of Minutes**

Executive Loan Committee Minutes of February 24, 2005 were approved (Salas/Cunningham, 2-0-1).

5. **Auburn Park (RA)**

Redevelopment Division Project Manager Bob Kennedy gave a report on the proposed Auburn Park development. Developer Jim Silverwood of Affirmed Housing Group and CSG financial advisor John Hamilton also contributed. The proposed project would contain 67 rental units, including 20 3-bedroom units, for very low and low income families at 52nd Street and University Avenue in City Heights. There would also be subterranean parking, a ½ acre park as requested by the community, a meeting room, 24-hour security and Universal Design features. The immediate community is very supportive of the project, while some local groups have voiced opposition. The presentation showed two funding scenarios – one with 9% tax credits and one using 4% and bonds. Both would apply for AHP funding and possibly a dedication of park fees from the project to maintain the attached park, which is necessary for the density of the project.

Staff recommended a commitment of \$8.5 million of Agency subsidy to fill the gap in the 4% scenario, contingent upon the developer applying for 9% tax credits and AHP funds with one subsequent round of 4% tax credits in the event that 9% is not secured.

Receipt of 9% tax credits would lower the funding gap to \$6.2 million with prevailing wages and \$5.9 without prevailing wages (about \$50,000 per bedroom). AHP funding, if awarded, would lower all of these amounts by approximately \$235,000.

Jim Silverwood of Affirmed made a request for a higher developer fee, citing the very low- and low-income levels of the family-sized units, as well as the complexity and length of time necessary to put

this project together. Community Plan and Redevelopment Plan amendments are already underway. The ELC chose to defer the decision on the higher developer fee until after a special joint meeting with the Collaborative Review Team had taken place.

Jim Varnadore, a member of the City Heights Area Planning Group, spoke against Agency funding of the Auburn Park project, saying it was too dense and would remove an industrial-zoned piece of land. He also called for more market rate housing and objected to the developer. Theresa Quiroz also opposed the project, calling it not appropriate for that site and suggesting that the site could be better used for commercial purposes. She also mentioned local groups that had voted against the project. Discussion ensued regarding the affordability mix at the project and in City Heights, in general, where market rate is very close to tax credit rent levels.

ELC Member McNeely inquired further about community concerns, developer history in the area and the status of the Environmental Impact Report.

The ELC approved a motion to recommend funding as proposed for Auburn Park, using 9% or 4% tax credits, depending upon which is secured first (Salas/McNeely, 3-0). The ELC also approved a motion for the Agency to purchase the site shortly after or concurrent with escrow, leaving the billboard parcel until after that lease has expired (Salas/McNeely, 3-0).

ELC Chair Cunningham requested that a Joint ELC/CRT meeting be held as soon as possible to discuss the developer fee issue.

6. **City Heights Square Senior Housing Project (RA)**

Redevelopment Division Project Manager Bob Kennedy discussed the impact of recent changes to prevailing wage requirements regarding tax credit projects such as the City Heights Square Senior Housing Project. Because projects that are mandated to pay prevailing wage receive a 20% bonus allocation from the Tax Credit Allocation Committee and because not paying prevailing wage only saves the project an estimated 10%, the City Heights Senior Square Housing Project will actually need a larger subsidy if prevailing wage is not applied to the project.

In light of the above, on May 3, 2005 the Agency approved \$7.1 million in subsidy to the City Heights Square Senior Housing Project, including an additional \$1,046,000 in the event prevailing wage will not apply.

7. **General Discussion**

- Preliminary Review Projects
 - Redevelopment Division Project Manager Michael Fortney gave a presentation on The Paseo project in the College Community Project Area near San Diego State University. The Paseo, a Pilot Village project, will provide 133 units of affordable housing (or 25%) for students at a ratio of two beds equals one unit. The whole project will also include retail, movie theaters, market-rate student housing and underground parking next to the trolley and bus stations. The San Diego State Foundation has submitted an application for \$10.5 million in subsidy for the affordable component. Questions and comments followed.
- Universal Design Update – San Diego Housing Commission Project Manager Carlos C. de Baca presented proposed language concerning Universal Design for inclusion in Agency agreements that provide subsidy for affordable multi-family residential developments.

8. **Meeting adjourned**