

(R-85-648)

RESOLUTION NUMBER R- 261781

ADOPTED ON OCT 22 1984

WHEREAS, the City Council by Resolution No. R-255192, adopted October 12, 1981, approved in concept the issuance of Multifamily Rental Housing Revenue Bonds in an amount not to exceed \$150 million; and

WHEREAS, during the three years since adoption of the resolution Multifamily Rental Housing Bonds in the amount of \$118,823,400 have been issued; and

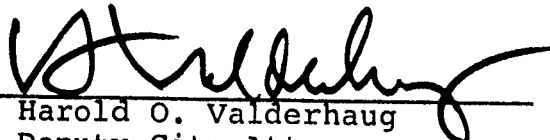
WHEREAS, several new developments which would require the issuance of additional bonds in excess of the \$150 million cap have been proposed; and

WHEREAS, the Executive Director of the Housing Commission has recommended that the City Council allow the continued issuance of bonds for multifamily rental housing projects subject to a condition that each project be evaluated by the City Council prior to the issuance of any bonds for such projects; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the City Council hereby approves a continuance of the City's Multifamily Rental Housing Bond program and the issuance of bonds cumulatively totalling in excess of \$150 million on those conditions and provisions as set forth in that Housing Commission Report to the Honorable Mayor and City Council No. 84-027CC, a copy of which is attached hereto and by this reference incorporated herein.

APPROVED: John W. Witt, City Attorney

By


Harold O. Valderhaug
Deputy City Attorney

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Or.Dept:Hsg.Comm.
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SAN DIEGO
HOUSING COMMISSION

BEN MONTIJO • EXECUTIVE DIRECTOR

R E P O R T T O T H E H O N O R A B L E M A Y O R A N D C I T Y C O U N C I L

DATE: October 8, 1984 REPORT NO.: 84-027CC
ATTENTION: Council Docket of October 22, 1984
FROM: Ben Montijo, Executive Director
SUBJECT: Future Issuance of Multifamily Rental Housing Bonds

SUMMARY

Issue - Should the City Council continue the issuance of multifamily bonds using the current program guidelines, and allowing bonds to be sold for rehabilitation of existing units.

Recommendation - It is recommended that the City Council continue the multifamily bond program using the current guidelines to evaluate each project on a "case by case" basis, and allowing bonds to be sold for rehabilitation of existing units.

Fiscal Impact - The sale of the bonds create no financial obligation for either the City of San Diego or the Housing Commission. All costs of issuing the bonds are paid by the developer. Additionally, the developers pay an extra 1/8 of 1% of the bond amount each year to the Housing Commission to pay for the ongoing monitoring of the bond program. Any surplus amounts after administration costs will be available to help provide rentals for very low income families.

BACKGROUND

On October 12, 1981, the City Council by Resolution No. R-255192 authorized issuance of Multifamily Rental Housing Bonds in an amount not to exceed \$150 million. Ordinance No. O-15746 adopted by the City Council on May 3, 1982, established the procedural framework for issuance of Multifamily Rental Housing Bonds. During the three years since the resolution authorizing the multifamily bonds, the City has sold \$118,823,400 in bonds to finance the construction

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of 3,290 new rental units throughout the City. The Housing Commission is currently working on structuring issues for several new developments. If more than one of these obtains the necessary commitments from loan underwriters, requests and receives City Council approval for issuance of bonds; then the \$150 million goal would be exceeded.

Attachment A shows the size and location of each development.

Under the general provisions of the bond financing program, each development must meet the following criteria:

- (1) Projects must be located within the City of San Diego;
- (2) Financings must be for new construction developments;
- (3) Projects cannot be converted to condominiums for at least ten (10) years;
- (4) A minimum of twenty percent (20%) of the units in each project must be occupied by or held available for occupancy by low and moderate income households (80% or less of the San Diego Median Income);
- (5) Eighty percent of the units in each development will be market rate rentals;
- (6) The project must have all required regulatory planning and environmental approvals prior to funding a loan for a particular development; and
- (7) Each development must be approved by both the Housing Commission and the City Council.

The staff recommendation would keep the above guidelines intact. An additional guideline would be included to authorize the Housing Commission to request developer proposals for using tax exempt bonds to finance the rehabilitation of existing units. As in the case of new developments there would be an open ended invitation for developers-owners to apply for tax exempt financing for acquisition and rehabilitation of existing housing projects which meet Bond financing requirements.

The City's Multifamily Mortgage Revenue Bond Law outlines specific procedures which must be followed in completing a bond issue. The process includes two public hearings, the first to introduce the ordinance and the second to adopt the ordinance.

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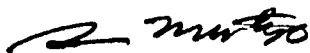
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DISCUSSION

Since the original \$150 million goal will soon be attained, the City Council needs to make a policy decision of whether to continue the Multifamily Bond program. Staff recommends that the program be continued using the above guidelines for the following reasons:

- (1) A great need still exists for rental units. City wide vacancy rates are still less than three percent (3%).
- (2) New construction of rental units is not feasible with current high interest rates on conventional loans.
- (3) The Multifamily Bond program does not compete with the private sector, but assists the private sector in providing a solution to our City's rental housing needs. The private sector developer builds, owns, and manages the units. The private sector lender underwrites, funds, and services the loan, taking all the loan risk. The City makes low cost funds available to the lender to fund the loan, but takes no loan risk.
- (4) The program is working well. The construction of over 3,290 new, well designed, well located units has been financed.
- (5) The developments meet the Housing Commission's and the City Council's goals for 80/20 mixed projects.
- (6) Federal policies have shifted responsibility for Multifamily housing production to State and Local government. Housing subsidy funds are very limited.

Respectfully submitted,



Ben Montijo
Executive Director

BM:SW:st
Dsk 12/005

Attachment A: Previously Financed Rental Housing Projects

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ATTACHMENT A

PREVIOUSLY FINANCED RENTAL HOUSING PROJECTS

TOTALS BY DISTRICT
AS OF OCTOBER 1, 1984

<u>District</u>	<u># Units</u>	<u>% Of Total</u>
1	328	10%
2	650	20%
3	349	11%
4	222	7%
5	611	18%
6	0	0%
7	442	13%
8	688	21%
Totals:	<u>3,290</u>	<u>100%</u>

<u>DATE</u>	<u>PROJECT</u>	<u>LOCATION</u>	<u>DISTRICT</u>	<u># UNITS</u>	<u>AMOUNT</u>
12/82	Mariner's Cove	Pt. Loma/Nimitz Blvd.	2	500	\$19.655
04/83	El Dorado	Tierrasanta	7	442	17.7
08/83	University Canyon	Tait and Kelly Streets	5	120	3.99
02/84	Degen/Mirawoods	Scripps Ranch	5	355	11.3
02/84	Malone	Belden Street	5	136	2.72
02/84	Baker/Brown	49th and Imperial	4	14	.3632
02/84	Baker/Rubens	50th and Orange	3	12	.2468
02/84	Azalea Gardens/ Dixon, Maznio	3768-90 Herman	3	65	1.275
02/84	Santa Fe Capital Corp.	4353-63 34th Street	3	39	.965
02/84	Santa Fe Capital Corp.	3823 Swift Avenue	3	50	1.225
02/84	Crampton/Hall	3822-26 Alabama	3	67	1.6
02/84	Hooper/Goode	1924 Adams Avenue	2	150	5.8
05/84	Baker/Walsh	Elm and Gregory	8	32	1.0679
05/84	Baker/Walsh	4402 Delta Street	4	36	1.4545
05/84	Baker/Walsh	Fairmont and Redwood	3	8	.2593

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<u>DATE</u>	<u>PROJECT</u>	<u>LOCATION</u>	<u>DISTRICT</u>	<u># UNITS</u>	<u>AMOUNT</u>
05/84	Baker/Walsh	41st and C Streets	4	4	.1039
05/84	Baker/Walsh	Elm and Felton	8	12	.2991
05/84	Baker/Walsh	39th and C Streets	4	24	.6224
05/84	Baker/Walsh	34th and Island	4	24	.6224
05/84	Baker/Walsh	Martin and Bancroft	4	42	1.2564
05/84	Baker/Walsh	Boston and Goodyear	4	6	.1554
05/84	Baker/Walsh	Fairmont and Quince	3	6	.1505
05/84	Baker/Walsh	Home and Fairmont	3	12	.2991
05/84	Baker/Walsh	Market near Uvas	4	8	.1942
05/84	Kuebler, Vanover, Walsh, Rosa	Camino de la Plaza and Willow Road	8	180	4.4789
05/84	Kuebler, Vanover Walsh, Rosa	Camino de la Plaza and Willow Road	8	232	5.9809
05/84	Vanover/Walsh	40th and Imperial	4	64	1.5545
05/84	Vanover/Walsh	Foothill and Smythe	8	40	.9719
05/84	Vanover/Engstrand/ Walsh	Euclid, north of 54th	3	70	1.8137
08/84	Mayer Group	Genesee Drive and Town Centre Drive	1	328	22.0
08/84	Zigman	Del Cardo and Palm	8	132	4.1
08/84	Appel	Palm and Beyer	8	60	2.9915
08/84	Conzelman	46th Street	3	20	.8685
TOTALS:				3,290	\$118,085,000

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OCT 22 1984

Passed and adopted by the Council of The City of San Diego on _____, by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gloria McColl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William Jones	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksmma	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dick Murphy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Uvaldo Martinez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mayor Roger Hedgecock	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

ROGER HEDGECOCK
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By Barbara Baxter, Deputy.

Office of the City Clerk, San Diego, California

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Number R- 261781 Adopted OCT 22 1984