



## 2021 AFFORDABLE HOUSING NOFA

Community Development Commission-Housing  
Authority of the City of National City

Carlos Aguirre, Director

June 7, 2022



# NOFA Overview

- Provided an opportunity for housing development companies to apply for **up to \$10 million** in available Fiscal Year (FY) 2022 funding
- Solicited applications for **affordable housing rental or ownership projects**
- Funds are intended to serve as **gap financing**

# NOFA Timeline

- **October 14, 2021:** Release of NOFA
- **October 14 - November 1, 2021:** Question Period
- **November 19, 2021:** Application Deadline
  - Two applications received, requesting a total of \$18 million for the \$10 million available funds in the NOFA
- **November 19 - January 5, 2022:** Application Review Period
- **April 7, 2022:** Addendum Issue Date
  - Added a financial feasibility and gap analysis
  - Request for information to applicants
- **June 7, 2022:** Recommendation

# Submitted Applications

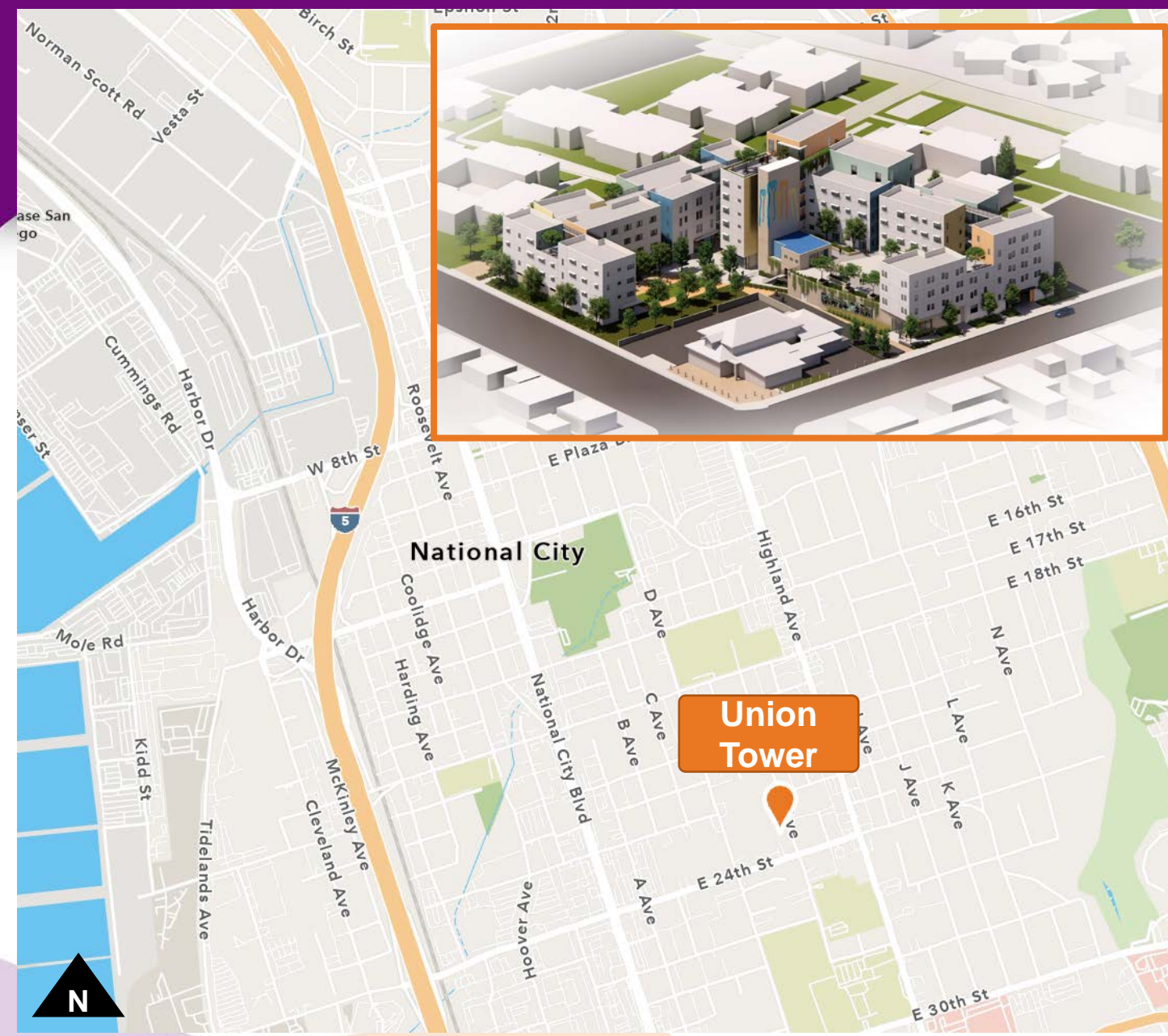
Project Name	Project Description	Site Address	Total/ Restricted Units	Total Development Cost <sup>1</sup>	Amount Requested
<b>Azuriik</b>	Type 1, single 22-story, high rise mixed-use affordable housing building, containing 400 units and offering indoor and outdoor community service facility space	233 Roosevelt Avenue National City	400/ 396	\$236.2 million	\$10.0 million
<b>Union Tower</b>	94-units of affordable apartment homes with on-site services and community amenities	2313 F Avenue National City	94/ 93	\$53.0 million	\$8.0 million

Notes: (1) Updated based on provided information from the applicant during the financial gap analysis.



## Application: Azuriik

- Public Funds Leveraged:
  - \$16.3 million
- Location:
  - Downtown Specific Plan
  - Lot with vacant single family and vacant small multi-family structure
  - 51% low/mod income census tract
  - Near 8<sup>th</sup> Street Transit Center, Southwestern Community College, Chamber of Commerce, Market on 8th
- Amenities include:
  - Community room with kitchen, courtyard/picnic area, playground, vegetable garden, 200 bicycle parking spaces, exercise room, media lab
- Unit Breakdown:
  - Studios: 119 units / 119 restricted
  - 1-Bdrm: 202 units / 201 restricted
  - 2-Bdrm: 50 units / 47 restricted
  - 3-Bdrm: 29 units / 29 restricted










## Application: Union Tower

- Public Funds Leveraged:
  - \$8.9 million
- Location:
  - Lot with two vacant 16-unit apartment buildings
  - 51% low/mod income census tract
  - Near high-frequency transit, Olivewood Elementary, Kimball Park
- Amenities include:
  - Computer lab and common area with kitchen, 47 bicycle parking spaces
- Unit Breakdown:
  - Studios: 0 units / 0 restricted
  - 1-Bdrm: 45 units / 45 restricted
  - 2-Bdrm: 25 units / 24 restricted
  - 3-Bdrm: 24 units / 24 restricted

# NOFA Scoring & Criteria Review

- Third-party reviewers evaluated and scored the applications on seven evaluation criteria
- Scores were compiled and averaged to develop the final point score for the applications for each criteria
- Criteria was developed to prioritize projects that:
  - Serve low-income households
  - Create new housing
  - Leveraged outside resources
  - Ready to start construction
  - Align with components of the 2021-2029 Housing Element and 2021-2025 Housing Strategic Plan
  - Communities of Opportunity

	<b>Readiness</b>
	<b>Developer Experience &amp; Capacity</b>
	<b>Project Budget</b>
	<b>Amenities &amp; Community Spaces</b>
	<b>Location</b>
	<b>Target Population &amp; Project Attributes</b>
	<b>Collaboration &amp; Planning</b>

# Final Point Score

Criteria	Points Available	Final Point Score - Union Tower	Final Point Score - Azuriik
1. Readiness	45	33	38
2. Developer Experience & Capacity	35	30	28
3. Project Budget	15	11	13
4. Amenities & Community Space	5	4	5
5. Location	25	23	21
6. Target Population & Project Attributes	15	3	3
7. Collaboration & Planning	15	13	12
<b>Total Points Available</b>	<b>155</b>	<b>116</b>	<b>120</b>





# Addendum

- Added a **financial feasibility and gap analysis** to the review process
- No new applications were accepted under the addendum
- Applicants had the opportunity to provide additional financial information
- Consistent with the original terms of the NOFA, the analysis reviewed updated pro forma that included prevailing wage labor rates

# Financial Gap Analysis Process






- Evaluated the pro forma from each respondent (the original submittals and revised submittals)
- Evaluated costs on a total, per unit, per bedroom, and per square foot basis
- Evaluated line-item budgets and ratios: hard costs, soft costs, contingencies, etc.
- Evaluated sample affordable housing projects awarded tax credits
  - 2021 award cycle: five projects in Chula Vista, National City and San Diego
  - 2020 award cycle: one project in Los Angeles (high rise)

# Financial Feasibility & Gap Analysis Findings

 Union Tower	 Azuriik
<ul style="list-style-type: none"><li>• Elevated, yet credible estimated costs</li><li>• Provides fewer units with a greater distribution of larger units</li><li>• More financially efficient<ul style="list-style-type: none"><li>• Lower costs per unit, bedroom and square foot</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Elevated, yet credible estimated costs</li><li>• Provides more, though smaller units</li><li>• Superior amenities package</li><li>• Comparatively more likely to be developed without some or all of the City's financial support</li></ul>

# Financial Feasibility & Gap Analysis Findings

## Pro Forma Notable Elements Cost Breakdown

 Project	 Land Cost	 Construction Cost / Total Cost (per net SF)	 Developer Fee	 Total Project Cost
Union Tower	\$1 / 99-year lease	\$588 / \$821	\$2.5 million	\$53.0 million
Azuriik	\$16.0 million	\$691 / \$1,061	\$28.1 million <sup>1</sup>	\$236.2 million

Notes: (1) Of the \$28.1 million total, \$12.6 million proposed to be deferred, \$8.0 million to be a contribution from General Partner

# Comparison with Recent Area Projects

Total development cost **excluding land and permit costs**  
(per net residential / gross square foot)

Project	Union Tower	Azuriik	Prevailing Wage (Two Samples)	Non-Prevailing Wage (Three Samples)	High Rise Sample / Prevailing Wage (One Sample)
Net	\$784	\$947	\$672 - \$690	\$380 - \$467	\$1,659
Gross	\$744	\$733	\$465	\$257 - \$347	\$1,115

# Recommendation

Based on the NOFA Scoring & Financial Feasibility and Gap Analysis Results:

- Initiate the underwriting process and development of loan documents to award a loan of up to **\$8,000,000** for the following Affordable Housing New Construction Project – **Union Tower**
- Initiate the underwriting process and development of loan documents to award a loan of up to **\$2,000,000** for the following Affordable Housing New Construction Project – **Azuriik**

# Next Steps

- Developer secured its remaining gap funding sources
- Staff will draft loan documents for review by the developer and the Housing Authority's legal counsel
- Conditional commitment of funds is **subject to final underwriting and the approval of all loan documents by the Housing Authority**



# Q&A

