



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 17, 2022

HCR22-118

SUBJECT: Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Rancho Bernardo Transit Village

COUNCIL DISTRICT(S): 5

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

#### REQUESTED ACTION:

Take the initial steps to issue up to \$42,500,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds in an amount not to exceed \$21,000,000 to facilitate the Bernardo Family Housing LP's construction of a new 100-unit affordable housing development that will be located at 16785 -16787 West Bernardo Drive, San Diego, CA 92127, in the Rancho Bernardo neighborhood, which will consist of 99 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- Rancho Bernardo Transit Village (RBTv) is a proposed 100-unit new construction, affordable housing development that will replace a vacant portion of the San Diego Metropolitan Transit System (MTS) Rancho Bernardo Transit Station's existing parking lot.
- MTS will lease the property for 99 years to the RBTv's ownership entity Bernardo Family Housing L.P.
- RBTv will consist of 49 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units, and one unrestricted manager's three-bedroom unit.
- The developer is Affirmed Housing, an award-winning, experienced, for-profit. It has developed many affordable developments utilizing Housing Commission loans, including tax-exempt bonds.
- Pursuant to the Housing Commission's Fiscal Year 2022 Notice of Funding Availability, Affirmed Housing applied to the Housing Commission and was awarded 30 Project-Based Housing Vouchers (PBVs) for this development.
- The total development cost is estimated at \$75,011,389 (\$750,114 per unit for 100 new units).
- The RBTv development's use of U.S. Department of Housing and Urban Development Project-Based Housing Vouchers, will require the development to pay prevailing wages.
- No Housing Commission cash loan funds are proposed for RBTv.
- If the Housing Commission Board approves the staff-recommended actions, staff will apply for a necessary Bond allocation approval from the California Debt Limit Allocation Committee and tax credits approval from the California Tax Credit Allocation Committee.
- For RBTv, the staff recommends that the Housing Commission recommend:
  - Take initial steps for the Housing Authority to issue up to \$42,500,000 of tax-exempt Bonds and up to \$21,000,000 of taxable Bonds, and
  - Hold an IRS-required Tax Equity and Fiscal Responsibility Act hearing.



## REPORT

**DATE ISSUED:** November 10, 2022

**REPORT NO:** HCR22-118

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of November 17, 2022

**SUBJECT:** Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)  
Hearing for Rancho Bernardo Transit Village

**COUNCIL DISTRICT:** 5

### **REQUESTED ACTION**

*Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings are scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on November 17, 2022, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that these hearings not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.*

Take the initial steps to issue up to \$42,500,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds in an amount not to exceed \$21,000,000 to facilitate the Bernardo Family Housing LP's construction of a new 100-unit affordable housing development that will be located at 16785 -16787 West Bernardo Drive, San Diego, CA 92127, in the Rancho Bernardo neighborhood, which will consist of 99 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions, as described in this report.

- 1) Approve the following steps to issue up to \$42,500,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds and taxable bonds in an amount not to exceed \$21,000,000 to facilitate Bernardo Family Housing LP's development of the Rancho Bernardo Transit Village (RBTv) at 16785 – 16787 West Bernardo Drive, San Diego, CA 92127, which will consist of 99 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income, and one unrestricted manager's unit.
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$42,500,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the development of RBTv by Bernardo Family Housing LP, a California limited partnership;

- b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$42,500,000 for RBTV; and
  - c. Approve the financing team of Orrick, Herrington & Sutcliffe LLP as the Bond Counsel and PFM Advisors as the Financial Advisor.
- 2) Authorize the Housing Commission's President & Chief Executive Officer (President & 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.
- 3) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$42,500,000 to facilitate the development of RBTV.

## **SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

Address	16785-16787 West Bernardo Drive, San Diego, CA 92127
Council District	Council District 5
Community Plan Area	Rancho Bernardo Community Plan
Developer	Affirmed Housing
Development Type	New Construction
Construction Type	Type IIIA over Type IA , 5-story building
Parking Type	Proposed parking spaces will be as follows:  85 parking stalls (MTS Replacement Stalls) <u>+38</u> spaces (for exclusive use of Affirmed's on-site offices) 123 subtotal non-residential parking spaces <u>+78</u> parking spaces (for 100 residential units) <u>201</u> total parking spaces
Mass Transit	The site is a portion of the Rancho Bernardo Transit Station at 17051 West Bernardo Drive, which provides bus service. The Mid-Coast Trolley extension (at University Towne Center) is approximately 20 miles from the RBTV site.
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Housing Type	Affordable Family
Lot Size	1.2 Acres (52,272 square feet)
Units	99 affordable units and one unrestricted manager's unit

Density	83.33 dwelling units per acre (100 units ÷ 1.2 acres)
Unit Mix	49 one-bedroom units (537 sq. ft.), 25 two-bedroom units (815 sq. ft.), 25 three-bedroom units (1,090 sq. ft.) and 1 three-bedroom manager's unit
Gross Building Area	99,000 square feet (plus an additional approximately 14,500 square feet of commercial office space and approximately 80,000 square feet of two-story parking)
Net Rentable Area	75,028 square feet
Project Based Housing Vouchers (PBV)	30 PBV for individuals and families earning up to 30 percent of AMI who are not experiencing homelessness)
Affordable Units in Service by Council District	Council District 5 includes 1,612 affordable rental housing units currently in service, which represents 6.6 percent of the 24,858 affordable rental housing units in service citywide.

### The Development

RBTV is a proposed 100-unit, new construction, family housing development in the Rancho Bernardo neighborhood. The RBTV site will replace a vacant portion of the San Diego Metropolitan Transit System (MTS) Rancho Bernardo Transit Station's existing parking lot.

RBTV's proposed unit amenities will include: air conditioning, refrigerator, oven, dishwasher, disposal, microwave, blinds, and computer access. Site amenities will include: a children's play area, a community room, shaded outdoor gathering spaces with built-in seating, and a leasing office.

The 99-unit affordable housing development will consist of 49 one-bedroom units (537 square feet), 25 two-bedroom units (815 square feet), and 26 three-bedroom units (1,090 square feet). RBTV's proposed building will have five stories of modified wood construction built over a two-story concrete podium structure.

### The Property

RBTV will be built on a vacant portion of an MTS parking lot at 17051 West Bernardo Drive, San Diego, CA 92127, which is north of Bernardo Center Drive, south of Bernardo Center Road, and west of Interstate 15. The site is near bus service, grocery stores, pharmacies, healthcare options, and the Rancho Bernardo library. A site map is at Attachment 2.

MTS will enter into a ground lease for 99 years with the project ownership entity, Bernardo Family Housing LP. Rent will be paid annually, in arrears, based upon 5 percent of the available cash flow after all debt and operating expenses are paid.

### Resident Services

The developer, Affirmed Housing, has a Memorandum of Understanding with Compass for Affordable Housing (Compass) to provide resident services to RBTV's tenants. The services will include: adult educational, health and wellness classes, financial literacy, resume building, nutrition, exercise, art, parenting, food preparation, career building, job readiness (resume writing, interviewing skill), computer

education, service coordinator advocacy, voter registration, activities to develop community leadership capacities, and other enrichment activities.

#### Prevailing Wages

RBTVs proposed use of 30 U.S. Department of Housing and Urban Development Project-Based Housing Vouchers, administered by the Housing Commission, will require the project to pay prevailing wages.

#### Relocation

The subject property is vacant. No relocation is necessary.

#### Accessibility

The California Tax Credit Allocation Committee (CTCAC) requires wheelchair accessibility in 10 percent of the units, and an additional 4 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 RBTV units will be accessible in accordance with the Americans with Disabilities Act.

#### Project Sustainability

RBTV will be constructed in conformance with CTCAC minimum energy efficiency standards. The development's features will include a rooftop photovoltaic solar energy system, Leadership in Energy and Environmental Design (LEED) lighting, and energy efficient appliances. Water efficiency and conservation has been incorporated into the development's design, including low-flow fixtures and drought-resistant landscaping. The project will be Green Point rated.

#### Development Team

During the tax credit compliance period, RBTV will be owned by Bernardo Family Housing LP, a single-asset California limited partnership consisting of: AHG Rancho Bernardo, LLC. as the Administrative General Partner, CFAH Housing, LLC as the Managing General Partner, and a to-be-selected tax credit limited partner (Attachment 3 – Organization Chart).

Affirmed Housing is RBTV's developer. Since its start in 1992, Affirmed Housing has completed, or has under construction, 70 developments with over 5,500 affordable rental and for-sale apartments and homes in various locations. Affirmed Housing has approximately 1,130 apartments in the planning stage throughout California. Affirmed Housing is an award-winning, for-profit, real estate development firm located in San Diego. Affirmed Housing has completed several affordable housing developments utilizing Housing Commission loans. It has worked with the Housing Commission on multiple projects utilizing tax-exempt Multifamily Housing Revenue Bonds issued by the Housing Authority. Affirmed Housing's completed developments in collaboration with the Housing Commission include: the Bluewater and Stella apartments with a total of 160 units in adjacent properties, the 85-unit Zephyr apartments, the 197-unit Cielo Carmel apartments, the 223-unit Connections Housing, and the 63-unit Cypress apartments.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Affirmed Housing Group, Inc.
Owner/Borrower	Bernardo Family Housing LP.
Managing General Partner	CFAH Housing LLC
Administrative General Partner	AHG Rancho Bernardo, LLC
Tax Credit Investor Limited Partner	To be selected
Architect	Architect Orange
General Contractor	To be selected
Property Management	ConAm Management Corporation
Tenant Services Providers	Compass for Affordable Housing
Construction/Permanent Lender	To be selected

**Property Management**

RBTV will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company, based in San Diego, with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It is experienced in property management, marketing, maintenance, renovations and tax credit developments. ConAm manages 599 units for Affirmed Housing.

**FINANCING STRUCTURE**

RBTV has an estimated total development cost of \$75,011,389 (\$750,114/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for RBTV.

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

<b>Financing Sources</b>	<b>Amount</b>	<b>Financing Uses</b>	<b>Amount</b>	<b>Per Unit</b>
Bond financed permanent loan	\$16,288,609	Land and closing costs	\$ 250,001	\$2,500
City of San Diego Bridge to Home loan	5,000,000	Construction \$52,346,585 Contingency ± <u>4,187,726</u> Total \$56,534,311	56,534,311	565,343
County of San Diego loan	2,000,000	Financing costs	3,546,750	35,468
Commercial Investor Equity	1,000,000	Reserves	496,000	4,960
Deferred developer fee	3,880,000	Other soft costs	2,593,800	25,938
Four percent federal tax credit equity	31,665,537	Soft cost contingency	540,527	5,405
State of California tax credit equity	15,177,243	City permits and development impact fees	2,300,000	23,000

		Architect and Engineering	2,370,000	23,700
		Developer's fee	6,380,000	63,800
<b>Total Sources</b>	<b>\$75,011,389</b>	<b>Total Uses</b>	<b>\$75,011,389</b>	<b>\$750,114</b>

Developer Fee

\$6,380,000 - Gross developer fee

- 3,880,000 - Minus deferred developer's fee

\$2,500,000 - Net cash developer's fee

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The proposed developer's fee complies with the HAR 17-011 "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

Housing Commission staff has 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	$\$75,011,389 \div 100 \text{ units} =$	\$750,114
Housing Commission Subsidy Per Unit	--	\$0
Acquisition Cost Per Unit	$\$250,001 \div 100 \text{ units} =$	\$2,500
Gross Building Square Foot Hard Cost	Residential = 99,000 sq. ft. Commercial = 14,500 sq. ft. 2-story parking = +80,000 sq. ft. $\$56,534,311 \div 193,500 \text{ sq. ft.} =$	\$292 *
Net Rentable Square Foot Hard Cost	$\$47,465,191 \div 75,028 \text{ sq. ft.} =$	\$633

\*The total hard cost of \$56,534,311 includes costs for residential, commercial/office space and two stories of parking that combined, total approximately 193,500 square feet.

When the commercial/office space and parking for said the commercial and office is removed from the project's total development cost, the cost per unit drops to \$695,000. The tax-exempt bonds proceeds will not be used to cover the commercial/office space. The commercial/office space is \$55,000 per unit. When consolidating the residential, parking and commercial/office space, the total per unit cost is \$750,000.

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to the subject development.

**Table 5 – Comparable Development Projects**

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
<b>Proposed Subject – RBTV</b>	<b>2022</b>	<b>100</b>	<b>\$75,011,389 (with prevailing wage)</b>	<b>\$750,114</b>	<b>\$0</b>	<b>\$292</b>
Iris at San Ysidro	2022	100	\$56,449,080 (with prevailing wage, no commercial/office space component)	\$564,182	\$23,000	\$307
Ventana al Sur	2021	101	\$57,337,762 (with prevailing wage, no commercial/office space component)	\$567,701	\$43,564	\$512
Keeler Court	2019	71	\$40,891,780 (with prevailing wage, no commercial/office space component)	\$575,941	\$0	\$304

RBTV’s \$750,114 development cost per unit is higher than is typical of multifamily rental housing because of various factors including:

- Construction costs inflation has significantly increased in the past year. Due to market conditions and several natural disasters (Hurricane Ian, etc.) that have increased the demand for construction materials at the national level, resulting in significant price increases.
- Higher-than-expected sewer and water off-site work is required. Through Affirmed’s design review process with the City of San Diego, a water study was submitted to the City of San Diego, and the City of San Diego determined that a water loop is required rather than an upgrade of an existing system. Additionally, it was also determined that approximately 550 feet of additional sewer is required for the property.
- Escalation of interest rates (approximately 4 percent in past 10 months). In early 2022, interest rates were in the 3-4 percent range and, most recently, they are now averaging above 7 percent.
- Necessary increase in the contingency budget to compensate for increasing interest and construction costs.



- Volatility in the insurance market has increased the insurance costs. Many of these increases can be attributed to insurance companies' payouts for wildfire damage in other parts of the State and the higher remediation and repair costs of flood damage in multifamily properties.
- MTS requires the developer to provide 85 parking stalls within the RBTV podium for MTS patrons as replacement parking.
- City of San Diego permits and development impact fees add \$23,000 per unit to the costs.
- Due to the mixed-use zoning, the RBTV's design will include 14,500 square feet of commercial office space. The costs associated with this portion of the development are not being paid for by tax-exempt bond proceeds and are not part of the \$695,000 per unit cost to construct the affordable units.

When the commercial/office space and parking for said the commercial and office is removed from the project's total development cost, the cost per unit drops to \$69,000. The tax-exempt bonds proceeds will not be used to cover the commercial/office space. When the commercial/office space and parking for said the commercial and office is removed from the project's total development cost, the cost per unit drops to \$695,000. The tax-exempt bonds proceeds will not be used to cover the commercial/office space. The commercial/office space is \$55,000 per unit. When consolidating the residential, parking and commercial/office space, the total per unit cost is \$750,000.

#### **TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make four percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission. Housing Commission bond inducement resolutions must be obtained prior to application submittal, and Housing Authority TEFRA resolutions must be secured by the time of project closing. These actions do not obligate the Housing Authority to issue bonds.

The Housing Commission Board of Commissioners 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).

The developer plans to submit a bond allocation application to CDLAC on February 4, 2023 (estimated), for a May 2023 (estimated), bond allocation meeting (dates are subject to change at CDLAC's discretion). However, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the proposed development.

The developer will be seeking a CDLAC bond allocation of approximately \$42,500,000 in tax-exempt Multifamily Housing Revenue Bonds, and taxable bonds in an amount not to exceed \$21,000,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The developer proposes that the bonds will be used to provide

construction and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5. Staff recommends assigning Orrick, Herrington & Sutcliffe LLP as the Bond Counsel and PFM Advisors as the Bond Financial Advisor to work on the development. The proposed bond financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Program Policy.

### **AFFORDABLE HOUSING IMPACT**

#### **Project-Based Vouchers (PBV)**

The Housing Commission has provided a preliminary award recommendation of 30 PBVs for RBTv for households with income up to 30 percent of AMI, currently: a) \$31,250 per year for a two-person (one-bedroom) household; b) \$35,150 per year for a three-person (two-bedroom) household; and c) \$39,050 for a four-person (three-bedroom) household. The recommendation for these vouchers is contingent upon completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment, and verification of services. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in RBTv's 30 voucher-assisted units. The PBV units will be: 10 one-bedroom units, 10 two-bedroom units and 10 three-bedroom units. The tenants will be selected from the Housing Commission's PBV Wait List. Tenant supportive services will be provided by Compass for Affordable Housing.

#### **Affordability**

The RBTv development will be subject to applicable tax credit and Bond regulatory agreements, which will restrict affordability of 99 units for 55 years. CTCAC rent and occupancy restrictions will apply.

**Table 6 – Affordability & Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>CTCAC Gross Rents</b>
One-bedroom units (Voucher units)	30% (\$31,250/year for two-person household)	10	\$732
One-bedroom units	50% (\$52,050/year for two-person household)	9	\$1,138
One-bedroom units	55% (\$57,250/year for two-person household)	23	\$1,152
One-bedroom units	60% (\$62,460/year for two-person household)	7	\$1,366
<b>Subtotal One Bedroom Units</b>	<b>--</b>	<b>49</b>	<b>--</b>
Two-bedroom units (Voucher units)	30% (\$35,150/year for three-person household)	10	\$878
Two-bedroom units	50% (\$58,550/year for three-person household)	4	\$1,463

Two-bedroom units	55% (\$64,400/year for two-person household)	4	\$1,610
Two-bedroom units	60% (\$70,260/year for three-person household)	7	\$1,756
<b>Subtotal Two Bedroom Units</b>	--	<b>25</b>	--
Three-bedroom units (Voucher units)	30% (\$39,050/year for four-person household)	10	\$1,015
Three-bedroom units	50% (\$65,050/year for four-person household)	2	\$1,691
Three-bedroom units	55% (\$71,250/year for two-person household)	7	\$1,7
Three-bedroom units	60% (\$78,060/year for four-person household)	6	\$2,030
<b>Subtotal Three Bedroom Units</b>	--	<b>25</b>	--
Manager's three-bedrooms unit	Unrestricted	<b>1</b>	
<b>Total Units</b>	--	<b>100</b>	--

### **FISCAL CONSIDERATIONS**

The funding sources and uses approved by this proposed action are included in the Fiscal Year (FY) 2023 Housing Commission Budget.

#### Funding sources approved by this action will be as follows

Bond Issuer Fee: \$42,500,000 Tax-exempt bond  
                           +21,000,000 Taxable bond  
                           \$63,500,000 X 0.0025 = \$158,750  
 Total Funding Sources – up to \$158,750

#### Funding uses approved by this action

Administrative costs - \$158,750  
 Total Funding Uses - up to \$158,750

Housing Commission approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City, nor the Housing Authority, would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as Housing Commission's Bond Counsel and Financial Advisor fees.

#### Estimated Development Schedule:

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"><li>• CDLAC bond &amp; CTCAC tax credit applications</li><li>• CDLAC &amp; CTCAC allocation meetings</li><li>• Housing Commission final bond authorization</li><li>• Housing Authority final bond authorization</li><li>• Estimated Bond issuance and escrow/loan closing</li><li>• Estimated start of construction work</li><li>• Estimated completion of construction work</li></ul>	<ul style="list-style-type: none"><li>• February 2023</li><li>• May 2023</li><li>• September 2023</li><li>• October 2023</li><li>• November 2023</li><li>• November 2023</li><li>• December 2024</li></ul>

### **EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE**

Affirmed Housing reported that it is committed to advancing equity and inclusion throughout the development and operation of the project. The Housing Commission included a requirement for prospective applicants for Multifamily Housing Revenue Bonds to include a narrative and specific examples of activities and initiatives that support equity assurance. Affirmed Housing demonstrates a commitment to this effort by continuing to use the Global Diversity, Equity & Inclusion Benchmarks assessment checklist to assess current racial equity and inclusion (REI) efforts and ensure that REI policies, initiatives, and practices are intentionally imbedded in all that they do.

### **HOUSING COMMISSION STRATEGIC PLAN**

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On October 21, 2021, Affirmed Housing presented the proposed RBTV development as an informational item to the Rancho Bernardo Community Planning Board. No vote was taken for that informational item.

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

Stakeholders include Affirmed Housing as the developer, the City of San Diego as a lender, the County of San Diego as a lender, MTS as the property lessor, and the Rancho Bernardo neighborhood. The development is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 99 new affordable rental homes for individuals and families with low income.

### **ENVIRONMENTAL REVIEW**

This activity is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue Bonds and do not constitute approval of the development activity or authorization for the issuance of Bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional

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review under the provisions of CEQA by the lead agency. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,



Jennifer Kreutter  
Vice President, Multifamily Housing Finance  
Real Estate Division

Approved by,



Jeff Davis  
Interim President and Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) Development Summary  
2) Site Map  
3) Organization Chart  
4) Developer's Project Pro forma  
5) Multifamily Housing Revenue Bond Program  
6) Developer's Disclosure Statement

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)

## ATTACHMENT 1 – DEVELOPMENT SUMMARY

**Table 1 – Development Details**

Address	16785-16787 West Bernardo Drive, San Diego, CA 92127
Council District	Council District 5
Community Plan Area	Rancho Bernardo Community Plan
Developer	Affirmed Housing
Development Type	New Construction
Construction Type	Type IIIA over Type IA , 5-story building
Parking Type	Proposed parking spaces will be as follows: 85 parking stalls (MTS Replacement Stalls) <u>+38</u> spaces (for exclusive use of Affirmed's on-site offices) 123 subtotal non-residential parking spaces <u>+78</u> parking spaces (for 100 residential units) <u>201</u> total parking spaces
Mass Transit	The site is a portion of the Rancho Bernardo Transit Station at 17051 West Bernardo Drive, which provides bus service. The Mid-Coast Trolley extension (at University Towne Center) is approximately 20 miles from the RBTV site.
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Housing Type	Affordable Family
Lot Size	1.2 Acres (52,272 square feet)
Units	99 affordable units and one unrestricted manager's unit
Density	83.33 dwelling units per acre (100 units ÷ 1.2 acres)
Unit Mix	49 one-bedroom units (537 sq. ft.), 25 two-bedroom units (815 sq. ft.), 25 three-bedroom units (1,090 sq. ft.) and 1 three-bedroom manager's unit
Gross Building Area	99,000 square feet (plus an additional approximately 14,500 square feet of commercial office space and approximately 80,000 square feet of two-story parking)
Net Rentable Area	75,028 square feet
Project Based Housing Vouchers (PBV)	30 PBV for individuals and families earning up to 30 percent of AMI who are not experiencing homelessness)
Affordable Units in Service by Council District	Council District 5 includes 1,612 affordable rental housing units currently in service, which represents 6.6 percent of the 24,858 affordable rental housing units in service citywide.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Affirmed Housing Group, Inc.
Owner/Borrower	Bernardo Family Housing LP.
Managing General Partner	CFAH Housing LLC
Administrative General Partner	AHG Rancho Bernardo, LLC
Tax Credit Investor Limited Partner	To be selected
Architect	Architect Orange
General Contractor	To be selected
Property Management	ConAm Management Corporation
Tenant Services Providers	Compass for Affordable Housing
Construction/Permanent Lender	To be selected

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

<b>Financing Sources</b>	<b>Amount</b>	<b>Financing Uses</b>	<b>Amount</b>	<b>Per Unit</b>
Bond financed permanent loan	\$16,288,609	Land and closing costs	\$ 250,001	\$2,500
City of San Diego Bridge to Home loan	5,000,000	Construction \$52,346,585 Contingency ± <u>4,187,726</u> Total \$56,534,311	56,534,311	565,343
County of San Diego loan	2,000,000	Financing costs	3,546,750	35,468
Commercial Investor Equity	1,000,000	Reserves	496,000	4,960
Deferred developer fee	3,880,000	Other soft costs	2,593,800	25,938
Four percent federal tax credit equity	31,665,537	Soft cost contingency	540,527	5,405
State of California tax credit equity	15,177,243	City permits and development impact fees	2,300,000	23,000
		Architect and Engineering	2,370,000	23,700
		Developer's fee	6,380,000	63,800
<b>Total Sources</b>	<b>\$75,011,389</b>	<b>Total Uses</b>	<b>\$75,011,389</b>	<b>\$750,114</b>

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$75,011,389 \div 100 \text{ units} =$	\$750,114
Housing Commission Subsidy Per Unit	--	\$0
Acquisition Cost Per Unit	$\$250,001 \div 100 \text{ units} =$	\$2,500
Gross Building Square Foot Hard Cost	Residential = 99,000 sq. ft. Commercial = 14,500 sq. ft. 2-story parking = +80,000 sq. ft. $\$56,534,311 \div 193,500 \text{ sq. ft.} =$	\$292 *
Net Rentable Square Foot Hard Cost	$\$47,465,191 \div 75,028 \text{ sq. ft.} =$	\$633

\*The total hard cost of \$56,534,311 includes costs for residential, commercial/office space and two stories of parking that combined, total approximately 193,500 square feet.

When the commercial/office space and parking for said the commercial and office is removed from the project's total development cost, the cost per unit drops to \$695,000. The tax-exempt bonds proceeds will not be used to cover the commercial/office space. The commercial/office space is \$55,000 per unit. When consolidating the residential, parking and commercial/office space, the total per unit cost is \$750,000.

**Table 5 – Comparable Development Projects**

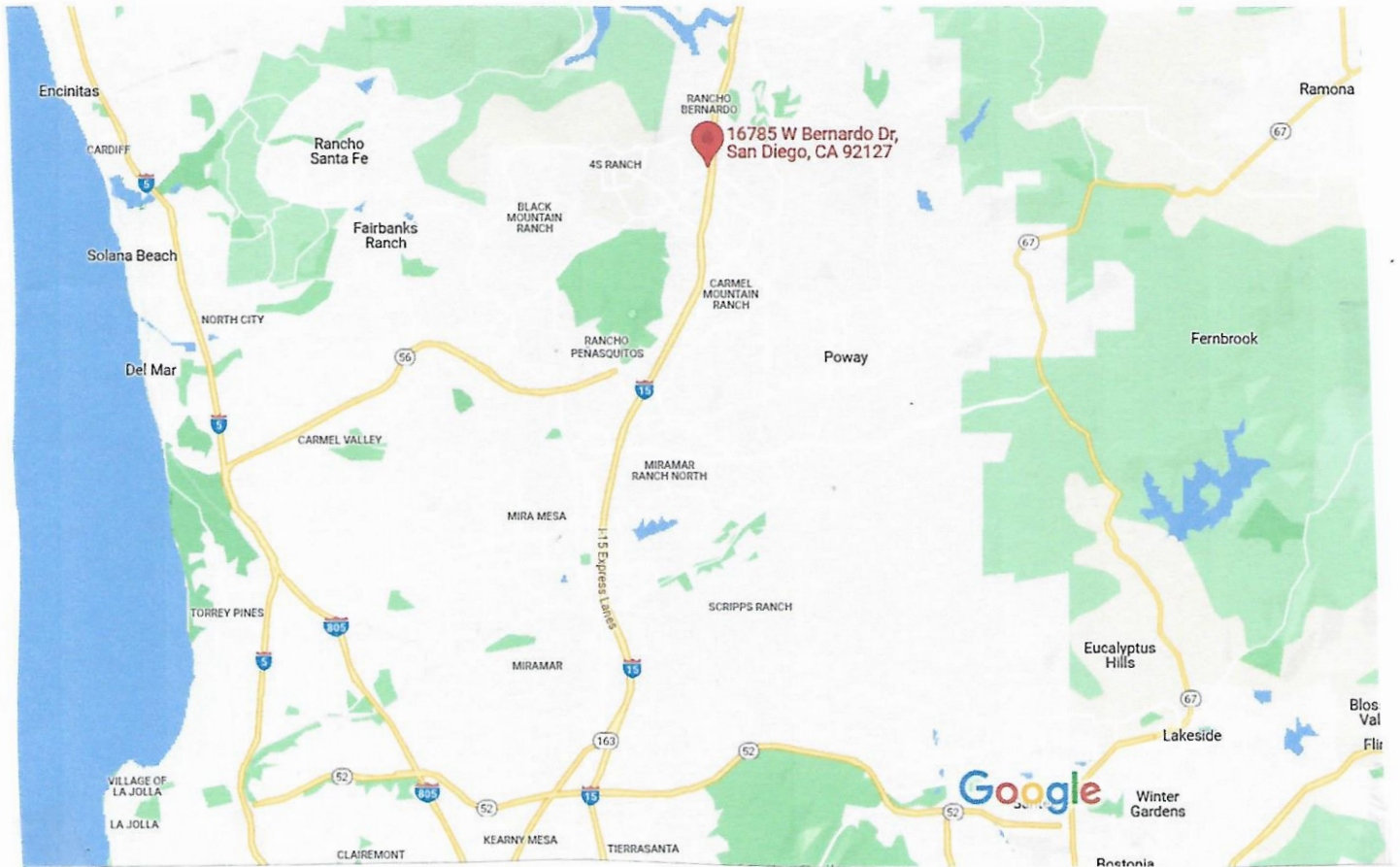
New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
<b>Proposed Subject – RBTB</b>	<b>2022</b>	<b>100</b>	<b>\$75,011,389 (with prevailing wage)</b>	<b>\$750,114</b>	<b>\$0</b>	<b>\$292</b>
Iris at San Ysidro	2022	100	\$56,449,080 (with prevailing wage, no commercial/office space component)	\$564,182	\$23,000	\$307
Ventana al Sur	2021	101	\$57,337,762 (with prevailing wage, no commercial/office space component)	\$567,701	\$43,564	\$512
Keeler Court	2019	71	\$40,891,780 (with prevailing wage, no commercial/office space component)	\$575,941	\$0	\$304



**Table 6 – Affordability & Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>CTCAC Gross Rents</b>
One-bedroom units (Voucher units)	30% (\$31,250/year for two-person household)	10	\$732
One-bedroom units	50% (\$52,050/year for two-person household)	9	\$1,138
One-bedroom units	55% (\$57,250/year for two-person household)	23	\$1,152
One-bedroom units	60% (\$62,460/year for two-person household)	7	\$1,366
<b>Subtotal One Bedroom Units</b>	--	<b>49</b>	--
Two-bedroom units (Voucher units)	30% (\$35,150/year for three-person household)	10	\$878
Two-bedroom units	50% (\$58,550/year for three-person household)	4	\$1,463
Two-bedroom units	55% (\$64,400/year for two-person household)	4	\$1,610
Two-bedroom units	60% (\$70,260/year for three-person household)	7	\$1,756
<b>Subtotal Two Bedroom Units</b>	--	<b>25</b>	--
Three-bedroom units (Voucher units)	30% (\$39,050/year for four-person household)	10	\$1,015
Three-bedroom units	50% (\$65,050/year for four-person household)	2	\$1,691
Three-bedroom units	55% (\$71,250/year for two-person household)	7	\$1,7
Three-bedroom units	60% (\$78,060/year for four-person household)	6	\$2,030
<b>Subtotal Three Bedroom Units</b>	--	<b>25</b>	--
Manager's three-bedrooms unit	Unrestricted	<b>1</b>	
<b>Total Units</b>	--	<b>100</b>	--

## ATTACHMENT 2 - SITE MAP



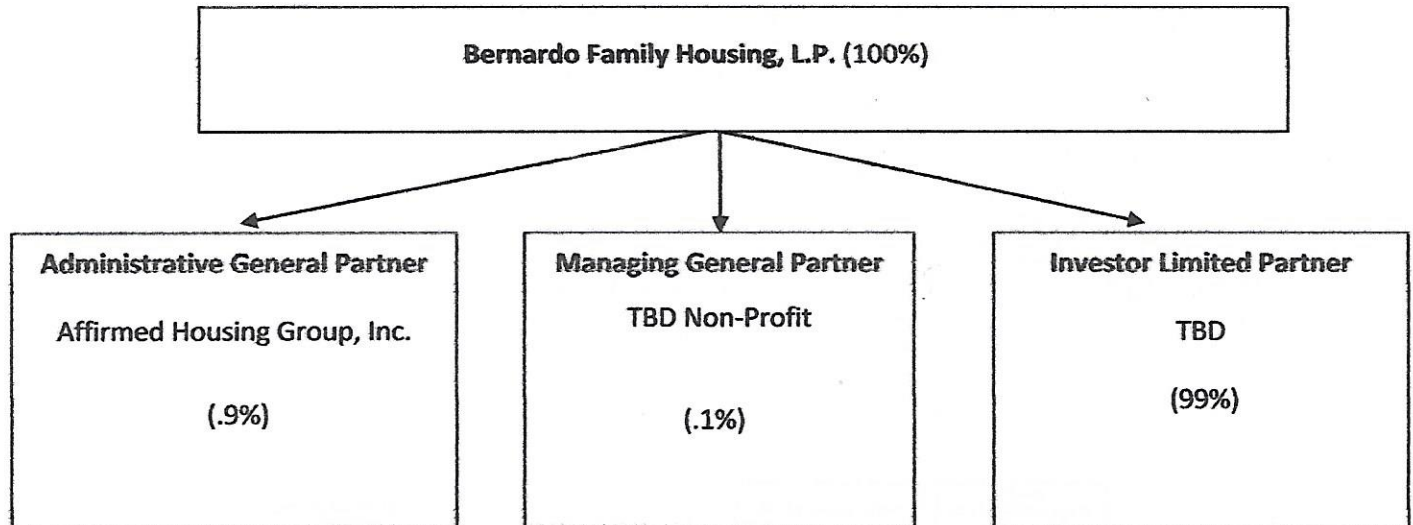
## ATTACHMENT 3 - ORGANIZATION CHART

**Bernardo Family Housing, L.P.**

### **OWNERSHIP STRUCTURE:**

#### **Limited Partnership**

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that will be the 100% ownership entity of the affordable housing project. Affirmed Housing Group will own .9% interest, the Investor Limited Partner will have 99% interest in the limited partnership, and the Managing General Partner will own .1% of the limited partnership.



### **OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:**

- |   |  |
|---|--|
| 1. James Silverwood<br>President<br>Affirmed Housing Group, Inc.<br>13520 Evening Creek Dr. N, #160<br>San Diego, CA 92128                | 3. Mellody Lock<br>Director of Development<br>Affirmed Housing Group, Inc.<br>13520 Evening Creek Dr. N, #160<br>San Diego, CA 92128   |
| 2. Jimmy Silverwood<br>Executive Vice President<br>Affirmed Housing Group, Inc.<br>13520 Evening Creek Dr. N, #160<br>San Diego, CA 92128 | 4. Tania Moshirian<br>Project Manager<br>Affirmed Housing Group, Inc.<br>13520 Evening Creek Drive N. Suite 160<br>San Diego, CA 92128 |

Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

## Rancho Bernardo Transit Affordable/Mixed Use Plaza

100 Mixed Income Affordable Family Apts; 14,500 SF Commercial Office

5 stories wood frame over 2 story concrete - 202 parking spaces

4%+State + City SD (LMIHAF) + SDHC PBVs (Non PSH) + County of SD (IHFTF)

10/4/2022

### SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Permanent Loan	\$ 16,288,609	162,886	21.7%
City of San Diego	\$ 5,000,000	50,000	6.7%
County of San Diego	\$ 2,000,000	20,000	2.7%
Commercial Investor Equity	\$ 1,000,000	10,000	1.3%
Deferred Developer Fee	\$ 3,880,000	38,800	5.2%
Federal Tax Credit Equity	\$ 31,665,537	316,655	42.2%
State Tax Credit Equity	\$ 15,177,243	151,772	20.2%
<b>TOTAL SOURCES</b>	<b>\$ 75,011,389</b>	<b>750,114</b>	<b>100.0%</b>
<b>TOTAL RESIDENTIAL</b>	<b>\$ 65,418,945</b>	<b>654,189</b>	<b>87.2%</b>
<b>TOTAL COMMERCIAL</b>	<b>\$ 5,522,644</b>	<b>55,226</b>	<b>7.4%</b>
<b>TOTAL MTS PARKING</b>	<b>\$ 4,069,800</b>	<b>40,698</b>	<b>5.4%</b>

### USES

Land/Acquisition Cost	\$ 250,001	2,500	0.3%
<b>Total New Construction Costs</b>	<b>\$ 52,346,585</b>	<b>523,466</b>	<b>69.8%</b>
<b>Hard Cost Subtotal</b>	<b>\$ 52,346,585</b>	<b>523,466</b>	<b>69.8%</b>
<b>Construction Contingency</b>	<b>\$ 4,187,726</b>	<b>41,877</b>	<b>5.6%</b>
Architecture & Engineering	\$ 2,370,000	23,700	3.2%
Construction Interest & Fees	\$ 3,044,750	30,448	4.1%
Capitalized Reserves	\$ 496,000	4,960	0.7%
Taxes & Insurance	\$ 903,600	9,036	1.2%
Cost of Issuance	\$ 302,000	3,020	0.4%
Construction Services	\$ 100,000	1,000	0.1%
Escrow & Title	\$ 80,000	800	0.1%
Legal Fees	\$ 335,000	3,350	0.4%
Devel Impact Fees & Permits	\$ 2,300,000	23,000	3.1%
Tax Credit Fees	\$ 200,000	2,000	0.3%
Misc. Soft Costs	\$ 1,175,200	11,752	1.6%
<b>Soft Cost subtotal</b>	<b>\$ 11,306,550</b>	<b>113,066</b>	<b>15.1%</b>
<b>Soft Cost Contingency</b>	<b>\$ 540,527</b>	<b>5,405</b>	<b>0.7%</b>
<b>Developer Fee</b>	<b>\$ 6,380,000</b>	<b>63,800</b>	<b>8.5%</b>
<b>TOTAL USES</b>	<b>\$ 75,011,389</b>	<b>750,114</b>	<b>100.0%</b>

### FINANCING ASSUMPTIONS

Permanent Loan Amount	\$16,288,609
Permanent Loan Interest Rate	6.00%
Permanent Loan Term (yr.)	17
Permanent Loan Amort (yr.)	35
Net Operating Income	\$1,281,688
Debt Service	\$1,114,512
Debt Coverage Ratio	1.15
Construction Loan Amount (TE &	\$55,048,116
Construction Loan Interest Rate	3.60%
Construction Loan Term (mo.)	30
Loan to Value	49.21%

### INCOME

Type	Qty.	%AMI	Net Income	Total Income
1BR-PBV	10	30%		
1BR	9	50%	\$ 1,166	\$ 10,494
1BR	23	55%	\$ 1,228	\$ 28,244
1BR	7	60%	\$ 1,228	\$ 8,596
2BR-PBV	10	30%		
2BR	4	50%	\$ 1,375	\$ 5,500
2BR	4	55%	\$ 1,375	\$ 5,500
2BR	7	60%	\$ 1,375	\$ 9,625
3BR-PBV	10	30%		
3BR	2	50%	\$ 1,521	\$ 3,042
3BR	7	55%	\$ 1,521	\$ 10,647
3BR	6	60%	\$ 1,521	\$ 9,126
3BR MGR	1		\$ -	\$ -
<b>TOTAL</b>	<b>100</b>			<b>\$ 90,774</b>
Annual Residential Income				\$ 1,349,002
Excess PBV Income				\$ 894,000
Other Income				\$ 20,692
<b>Total Gross Annual Income</b>				<b>\$ 2,263,694</b>
Vacancy @ 5.0%				\$ (112,150)
<b>TOTAL NET ANNUAL INCOME</b>				<b>\$ 2,151,544</b>

### EXPENSES

Administrative	\$ 1,080	\$ 108,000
Management	\$ 713	\$ 71,280
Utilities	\$ 1,700	\$ 170,000
Payroll	\$ 1,739	\$ 173,921
Total Insurance:	\$ 260	\$ 26,000
Maintenance	\$ 1,663	\$ 166,304
Other: Agency Monitoring Fees	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 7,155</b>	<b>\$ 715,505</b>
Resident Services	\$ 500	\$ 50,000
Replacement Reserves	\$ 375	\$ 37,500
Real Estate Taxes	\$ 260	\$ 26,000
Other: Misc state & local fees, is	\$ 409	\$ 40,850
<b>ANNUAL EXPENSES</b>		<b>\$ 869,855</b>

### TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$3,476,673
Federal Tax Credit Pricing	\$0.92
State Tax Credits Requested	\$20,012,187
State Tax Credit Pricing	\$0.79
LP Interest	99.00%
Applicable Rate	4.00%
50% Test	55.00%

# PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS

## Rancho Bernardo Transit Affordable/Mixed Use Plaza

Basis Limits Used: **TCAC 2022**  
Application Type: **4%+State**

County: **SAN DIEGO**  
Housing Type: **Large Family**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$268,043	0	\$0
1	\$309,051	49	\$15,143,499
2	\$372,800	25	\$9,320,000
3	\$477,184	26	\$12,406,784
4+	\$531,613	0	\$0
<b>TOTAL UNITS:</b>		100	
<b>TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:</b>			<b>\$36,870,283</b>
		<b>Yes/No</b>	
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	<b>Yes</b>	\$7,374,057
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	<b>No</b>	\$0
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	<b>No</b>	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	<b>No</b>	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features.  If yes, enter total % boost: <b>0%</b>	<b>No</b>	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: <b>Seismic Upgrading</b>	<b>No</b>	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	<b>Yes</b> <small>Please Enter Amount:</small>	\$2,000,000
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	<b>Yes</b>	\$3,687,028
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; AND (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	<b>Yes</b>	\$3,687,028
<b>4% Projects</b>			
(j)	Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and 50% of AMI. Affordable Units: <b>99</b> Total Affordable Units @ 50% to 35% of AMI: <b>15</b>	<b>15%</b>	\$5,586,407
(k)	Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of AMI. Affordable Units: <b>99</b> Total Affordable Units @ 35% of AMI or Below: <b>30</b>	<b>30%</b>	\$22,345,626
<b>TOTAL ADJUSTED THRESHOLD BASIS LIMIT:</b>			<b>\$81,550,429</b>

### HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit 117.458%

### UNADJUSTED THRESHOLD BASIS - 39% TEST

Total of (a), (b), (c), (d), & (h) cannot exceed 39% 30.000%

CONFIDENTIAL

**CONSTRUCTION & PERMANENT FINANCING**  
**Rancho Bernardo Transit Affordable/Mixed Use Plaza**

<b>Construction Financing</b>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Int. Reserve</i>
TE Construction Loan Amount	30	3.60%	36,910,002	2,379,900
Taxable Construction Loan Amount	30	3.60%	18,138,114	
Tax Credit Equity (Fed)			12,179,123	
City Of San Diego		3.00%	4,500,000	
County of San Diego		3.00%	1,800,000	
Costs Deferred Until Perm			1,484,150	
<b>Total Funds for Construction</b>			<b>75,011,389</b>	

<b>Permanent Financing</b>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Debt Service</i>
Permanent Loan	204	6.00%	\$16,288,609	1,114,512
City of San Diego	660	3.00%	5,000,000	
County of San Diego	660	3.00%	2,000,000	
Commercial Investor Equity			1,000,000	
Deferred Developer Fee		2.00%	3,880,000	
<b>Total Permanent Financing</b>			<b>28,168,609</b>	
<b>Federal Tax Credit Equity</b>			<b>31,665,537</b>	
<b>State Tax Credit Equity</b>			<b>15,177,243</b>	
<b>Total Sources of Project Funds</b>			<b>75,011,389</b>	



**DEVELOPMENT BUDGET**      **icho Bernardo Transit Affordable/Mixed Use PI**

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Purchase Price	1	1	-		
Land Carry Cost + Misc. Fees	250,000	250,000	-		
Land Carry Cost	-	-	-		
<b>Total Land Cost or Value</b>	<b>250,001</b>	<b>250,001</b>	<b>-</b>		
Existing Improvements Value	-	-	-		-
Off-Site Improvements	-	-	-	-	-
<b>Total Acquisition Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Land Cost / Acquisition Cost</b>	<b>250,001</b>	<b>250,001</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REHABILITATION</b>					
Abatement/Demolition	-	-	-		
Structures	-	-	-	-	-
General Requirements	-	-	-	-	-
Contractor Overhead	-	-	-	-	-
Contractor Profit	-	-	-	-	-
Prevailing Wages	-	-	-	-	-
General Liability Insurance	-	-	-	-	-
Contractor Contingency	-	-	-	-	-
<b>Total Rehabilitation Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Relocation Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW CONSTRUCTION</b>					
Site Work	5,130,000	5,130,000	-	5,130,000	-
Structures	30,298,000	27,220,000	3,078,000	27,220,000	-
General Requirements	1,800,000	1,773,000	27,000	1,773,000	-
Contractor Overhead	1,800,000	1,800,000	-	1,800,000	-
Contractor Profit	1,800,000	1,773,000	27,000	1,773,000	-
Solar PV	570,000	570,000	-	570,000	
Prevailing Wages					
General Liability Insurance/ Bond Prem	1,087,585	1,087,585	-	1,087,585	-
Parking (MTS/Resi/Office):	9,690,000	7,822,680	1,867,320	7,822,680	-
Other: Site Security	171,000	171,000	-	171,000	-
<b>Total New Construction Costs</b>	<b>52,346,585</b>	<b>47,347,265</b>	<b>4,999,320</b>	<b>47,347,265</b>	<b>-</b>

**DEVELOPMENT BUDGET**      **Rancho Bernardo Transit Affordable/Mixed Use Plaza**

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
<b>ARCHITECTURAL FEES</b>					
Design (incl ADA)	1,570,000	1,370,000	200,000	1,370,000	-
Other:		-	-	-	-
<b>Total Architectural Costs</b>	<b>1,570,000</b>	<b>1,370,000</b>	<b>200,000</b>	<b>1,370,000</b>	<b>-</b>
<b>Total Survey and Engineering</b>	<b>800,000</b>	<b>700,000</b>	<b>100,000</b>	<b>700,000</b>	<b>-</b>
<b>CONST. INTEREST &amp; FEES</b>					
Tax-Exempt Construction Loan Interest	1,554,900	1,531,577	23,324	1,531,577	-
Origination Fee	450,000	450,000	-	450,000	-
Cost of Issuance	302,000	302,000	-	30,200	-
Taxes	30,000	30,000	-	30,000	-
Insurance	873,600	873,600	-	873,600	-
Title and Recording	80,000	80,000	-	56,000	-
Construction Service Fees (Bank)	100,000	100,000	-	100,000	-
Other: Const Mgmt & Deputy Services	12,500	12,500	-	12,500	
Other: Taxable Construction Interest	387,200	387,200	-	387,200	
<b>Total Const. Interest &amp; Fees</b>	<b>3,790,200</b>	<b>3,766,877</b>	<b>23,324</b>	<b>3,471,077</b>	<b>-</b>

<i>PERMANENT FINANCING</i>					
Loan Origination Fee	140,000	140,000	-		
Credit Enhancement/Application Fee	-	-	-		
Title and Recording	-	-	-		
Taxes	-	-	-		
Insurance	-	-	-		
Other: SDHC	74,850	74,850	-		
Other: Interest Prior to Conversion	825,000	825,000	-		
<b>Total Perm. Financing Costs</b>	<b>1,039,850</b>	<b>1,039,850</b>	<b>-</b>		
<i>LEGAL FEES</i>					
Lender Legal Pd. by Applicant	155,000	155,000	-	65,000	-
Other : Partnership & Transaction	180,000	180,000	-	10,000	-
<b>Total Attorney Costs</b>	<b>335,000</b>	<b>335,000</b>	<b>-</b>	<b>75,000</b>	<b>-</b>
<i>RESERVES</i>					
Rent Reserves	-	-	-		
Capitalized Operating Reserve	-	-	-		
*3- Month Operating Reserve	496,000	496,000	-		
Other: (Specify)	-	-	-		
<b>Total Reserve Costs</b>	<b>496,000</b>	<b>496,000</b>	<b>-</b>		

# DEVELOPMENT BUDGET

# Rancho Bernardo Transit Affordable/Mixed Use Plaza

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
<b>Total Appraisal Costs</b>	10,500	10,500	-	10,500	-
<b>Total Hard Cost Contingency</b>	4,187,726	4,187,726	-	4,187,726	-
<i>OTHER PROJECT COSTS</i>					
TCAC App/Allocation/Monitoring	200,000	200,000	-		
Environmental Audit	55,000	55,000	-	55,000	-
Local Dev. Impact Fees	2,000,000	1,800,000	200,000	1,800,000	-
Permit Processing Fees	300,000	300,000	-	300,000	-
Marketing	25,000	25,000	-		
Furnishings, Fixtures, Equipment	400,000	400,000	-	400,000	-
Market Study	12,000	12,000	-	12,000	-
Accounting/Reimbursables	60,000	60,000	-	60,000	-
<b>Soft Cost Contingency</b>	540,527	540,527	-	540,527	-
Lease-Up Costs	50,000	50,000	-	50,000	-
Other: transit passes	63,000	63,000	-		-
Other: MTS/City fees	100,000	100,000	-	100,000	-
Other:	-	-	-		-
<b>Total Other Costs</b>	3,805,527	3,605,527	200,000	3,317,527	-
<b>SUBTOTAL PROJECT COST</b>	68,631,389	63,108,745	5,522,644	60,479,094	-
	Total Project Cost	Total Residential	Total Commercial	Total	
<i>DEVELOPER COSTS</i>					
Developer Overhead/Profit	6,380,000	6,380,000	-	6,380,000	-
Consultant/Processing Agent	-	-	-	-	-
Project Administration	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-
Other: (Specify)	-	-	-	-	-
<b>Total Developer Costs</b>	6,380,000	6,380,000	-	6,380,000	-
<b>TOTAL PROJECT COSTS</b>	75,011,389	69,488,745	5,522,644	66,859,094	-
				-	
				66,859,094	-



**ELIGIBLE AND QUALIFIED BASIS**  
**Rancho Bernardo Transit Affordable/Mixed Use Plaza**

	<b>70% PVC for New Construction/ Rehabilitation</b>	<b>30% PVC for Acquisition</b>
<b>Total Eligible Basis:</b>	<b>66,859,094</b>	<b>-</b>
<b>Ineligible Amounts</b>	<b>-</b>	
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
<b>Total Ineligible Amounts:</b>	<b>-</b>	<b>-</b>
<b>Total Eligible Amount Voluntarily Excluded:</b>		<b>-</b>
<b>Total Basis Reduction:</b>	<b>-</b>	<b>-</b>
<b>Total Requested Unadjusted Eligible Basis:</b>	<b>66,859,094</b>	<b>-</b>
<b>Total Adjusted Threshold Basis Limit</b>	<b>81,550,429</b>	
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
<b>Total Adjusted Eligible Basis:</b>	<b>86,916,823</b>	<b>-</b>
Applicable Fraction:	100%	100%
<b>Qualified Basis</b>	<b>86,916,823</b>	<b>-</b>
<b>Total Qualified Basis</b>	<b>86,916,823</b>	
<b>**Total Credit Reduction:</b>	<b>-</b>	<b>0</b>
<b>Total Adjusted Qualified Basis:</b>	<b>86,916,823</b>	

\*130% boost if your project is located in a DDA or QCT

\*\*to be calculated in "Points System"

**BASIS AND CREDITS**  
**Rancho Bernardo Transit Affordable/Mixed Use Plaza**

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	86,916,823	-
Applicable Percentage - 30% PV (4%, varies)	4.00%	
Project's Applicable Percentage:	4.00%	0.00%
Subtotal Annual Federal Credit:	3,476,673	-
Total Combined Annual Federal Credit:		3,476,673 <--- \$2.5M Max for 9%

**Determination of Minimum Federal Credit Necessary For Feasibility**

Total Project Cost	75,011,389	
Permanent Financing	28,168,609	
Funding Gap	46,842,780	0.920 Equity Pricing
Federal Tax Credit Factor **	0.9108	99.00% LP Interest
Total Credits Necessary for Feasibility	51,430,369	
Annual Federal Credit Necessary for Feasibility	5,143,037	
Maximum Annual Federal Credits	3,476,673	
Equity Raised From Federal Credit	31,665,537	
Remaining Funding Gap	15,177,243	

**BASIS AND CREDITS: STATE**

**Determination of State Credit**

	NC/Rehab	Acquisition
Adjusted Qualified Basis	66,859,094	-

Factor Amount *	30%	13%
Maximum Total State Credit	20,057,728	-

**Determination of Minimum State Credit Necessary for Feasibility**

State Tax Credit Factor **	0.7584	0.790 Equity Pricing
Maximum Total State Credit	20,057,728	96.00% LP Interest
State Credit Necessary for Feasibility	20,012,187	
Equity Raised from State Credit	15,177,243	
Remaining Funding Gap	-	

**PROJECT INCOME INFORMATION**  
**Rancho Bernardo Transit Affordable/Mixed Use Plaza**

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent Less Utilities	(d) Total Monthly Rents (bxc)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Median Income	PBVs Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
1BR-PBV	10	\$ 641	\$ 6,410		\$ 641	30%	\$ 2,339	\$ 1,698	\$ 16,980
1BR	9	\$ 1,166	\$ 10,494	\$ 54	\$ 1,220	50%	\$ -	\$ -	\$ -
1BR	23	\$ 1,228	\$ 28,244	\$ 54	\$ 1,282	55%	\$ -	\$ -	\$ -
1BR	7	\$ 1,228	\$ 8,596	\$ 54	\$ 1,282	60%	\$ -	\$ -	\$ -
2BR-PBV	10	\$ 722	\$ 7,220		\$ 722	30%	\$ 3,023	\$ 2,301	\$ 23,010
2BR	4	\$ 1,375	\$ 5,498	\$ 67	\$ 1,442	50%	\$ -	\$ -	\$ -
2BR	4	\$ 1,375	\$ 5,498	\$ 67	\$ 1,442	55%	\$ -	\$ -	\$ -
2BR	7	\$ 1,375	\$ 9,622	\$ 67	\$ 1,442	60%	\$ -	\$ -	\$ -
3BR-PBV	10	\$ 802	\$ 8,020		\$ 802	30%	\$ 4,253	\$ 3,451	\$ 34,510
3BR	2	\$ 1,521	\$ 3,042	\$ 82	\$ 1,603	50%	\$ -	\$ -	\$ -
3BR	7	\$ 1,521	\$ 10,647	\$ 82	\$ 1,603	55%	\$ -	\$ -	\$ -
3BR	6	\$ 1,521	\$ 9,126	\$ 82	\$ 1,603	60%	\$ -	\$ -	\$ -
3BR MGR	1	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	99	Total Rent	\$ 112,417				Total Tranche B:		\$ 74,500

Aggregate Monthly Rents for All Units:	\$ 112,417
Aggregate Annual Rents for All Units:	\$ 1,349,002

Avg Affordability	47.68%
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Total Affordable Plus Manager Units:	100
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Annual Income from Laundry Facilities	\$ 10,692	9.00	per unit per month
Annual Income from Vending Machines	-		
Annual Interest Income	-		
Other Annual Income (Specify)	10,000		
Total Miscellaneous Income:	\$ 20,692		
Total Annual Potential Gross Income:	\$ 1,369,694		

Excess PBV Income	\$ 894,000
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Total Gross Annual Income	\$ 2,263,694
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Utility Allowances					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	-	4.43	7.65	11	
Water Heating:	-	-	-	-	
Cooking:	-	10.55	12.68	15	
Lighting:	-	7.24	8.35	11	
Electricity:	-	26.99	32.51	39	
Water:*	-	-	-	-	
AC	-	4.38	6.29	7	
City's Fee	-	-	-	-	
Total:	-	54	67	82	-

\*Owner paid utilities

**ANNUAL RESIDENTIAL OPERATING EXPENSES**  
**Rancho Bernardo Transit Affordable/Mixed Use Plaza**

<b>Administrative</b>	Advertising:	2,000	Per Unit	20
	Legal:	6,000		60
	Accounting/Audit:	10,000		100
	Security:	60,000		600
	General Office Costs:	30,000		300
	<b>Total Administrative:</b>	<b>108,000</b>		<b>1,080</b>
<b>Management</b>	<b>Total Management Fee:</b>	<b>71,280</b>		<b>713</b>
<b>Utilities</b>	Fuel:	-		-
	Gas:	20,000		200
	Electricity:	70,000		700
	Water/Sewer:	80,000		800
	<b>Total Utilities:</b>	<b>170,000</b>		<b>1,700</b>
<b>Payroll / Payroll Taxes</b>	On-site Manager(s):	84,821		848
	Maintenance Personnel:	46,937		469
	Other: Payroll Burden/Taxes	42,163		422
	<b>Total Payroll/Payroll Taxes:</b>	<b>173,921</b>		<b>1,739</b>
	<b>Total Insurance:</b>	<b>26,000</b>		<b>260</b>
<b>Maintenance</b>	Painting:	8,000		80
	Repairs:	10,000		100
	Trash Removal:	43,304		433
	Exterminating:	10,000		100
	Grounds & Garage Maintenance:	70,000		700
	Other: Fire Alarm Monitoring	10,000		100
	Other: Elevator	15,000		150
	<b>Total Maintenance:</b>	<b>166,304</b>		<b>1,663</b>
<b>Other Expenses</b>	Other:			-
	Other:			-
	Other:	-		-
	Other:	-		-
	Other:	-		-
	<b>Total Other:</b>	<b>0</b>		<b>-</b>
<b>Total Expenses</b>				
<b>Total Annual Residential Operating Expenses:</b>		<b>715,505</b>		
<b>Total Number of Units in the Project:</b>		<b>100</b>		
<b>Total Annual Operating Expenses Per Unit:</b>		<b>7,155</b>	<b>5,700</b>	min per unit
<b>Total 3-Month Operating Reserve:</b>		<b>496,000</b>		
<b>Total Annual Internet Expense (site amenity election):</b>		<b>-</b>		
<b>Total Annual Service Amenities Budget (from project expenses):</b>		<b>50,000</b>	<b>500</b>	per unit
<b>Total Annual Reserve for Replacement:</b>		<b>37,500</b>	<b>375</b>	per unit
<b>Total Annual Real Estate Taxes:</b>		<b>26,000</b>	<b>150</b>	
<b>Other: Misc state &amp; local fees, issuer fee</b>		<b>\$40,850</b>		
<b>TOTAL:</b>		<b>869,855</b>	<b>8,699</b>	per unit
			<b>725</b>	per month
<b>Commercial Income</b>				
Total Annual Commercial/Non Residential Revenue:		-		
Total Annual Commercial/Non Residential Expenses:		-		834,855
Total Annual Commercial/Non Residential Debt Service:		-		35,000
<b>Total Annual Commercial/Non Residential Net Income:</b>		<b>-</b>		

15-YEAR CASH FLOW PROJECTION

Rancho Bernardo Transit Affordable/Mixed Use Plaza

	Inflation Factor	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033	Year 10 2034	Year 11 2035	Year 12 2036	Year 13 2037	Year 14 2038	Year 15 2039
Rental Income	2.5%	1,349,002	1,382,727	1,417,295	1,452,727	1,489,045	1,526,271	1,564,428	1,603,539	1,643,627	1,684,718	1,726,836	1,770,007	1,814,257	1,859,614	1,906,104
PBV INCOME IF APPLICABLE	2.5%	894,000	916,350	939,259	962,740	986,809	1,011,479	1,036,766	1,062,685	1,089,252	1,116,483	1,144,396	1,173,005	1,202,331	1,232,389	1,263,199
TOTAL GROSS POTENTIAL REVENUE		2,243,002	2,299,077	2,356,554	2,415,467	2,475,854	2,537,750	2,601,194	2,666,224	2,732,880	2,801,202	2,871,232	2,943,012	3,016,588	3,092,002	3,169,303
Vacancy @	5.0%	112,150	114,954	117,828	120,773	123,793	126,888	130,060	133,311	136,644	140,060	143,562	147,151	150,829	154,600	158,465
Other Income	2.5%	20,692	21,209	21,740	22,283	22,840	23,411	23,996	24,596	25,211	25,841	26,488	27,150	27,828	28,524	29,237
TOTAL NET RENTAL INCOME		2,151,544	2,205,332	2,260,465	2,316,977	2,374,901	2,434,274	2,495,131	2,557,509	2,621,447	2,686,983	2,754,158	2,823,012	2,893,587	2,965,927	3,040,075
Advertising:	3.5%	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634	2,726	2,821	2,920	3,022	3,128	3,237
Legal:	3.5%	6,000	6,210	6,427	6,652	6,885	7,126	7,376	7,634	7,901	8,177	8,464	8,760	9,066	9,384	9,712
Accounting/Audit:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Security:	3.5%	60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774	84,636	87,598	90,664	93,837	97,122
General Office Costs:	3.5%	30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919	48,561
Total Management Fee:	3.5%	71,280	73,775	76,357	79,029	81,795	84,658	87,621	90,688	93,862	97,147	100,547	104,067	107,709	111,479	115,381
Electricity:	3.5%	70,000	72,450	74,986	77,610	80,327	83,138	86,048	89,060	92,177	95,403	98,742	102,198	105,775	109,477	113,309
Water/Sewer:	3.5%	80,000	82,800	85,698	88,697	91,802	95,015	98,340	101,782	105,345	109,032	112,848	116,798	120,885	125,116	129,496
On-site Manager(s):	3.5%	84,821	87,790	90,862	94,043	97,334	100,741	104,267	107,916	111,693	115,602	119,648	123,836	128,170	132,656	137,299
Maintenance Personnel:	3.5%	46,937	48,580	50,280	52,040	53,862	55,747	57,698	59,717	61,808	63,971	66,210	68,527	70,926	73,408	75,977
Other: Payroll Burden/Taxes	3.5%	42,163	43,638	45,166	46,747	48,383	50,076	51,829	53,643	55,520	57,463	59,475	61,556	63,711	65,941	68,249
Total Insurance:	3.5%	26,000	26,910	27,852	28,827	29,836	30,880	31,961	33,079	34,237	35,435	36,676	37,959	39,288	40,663	42,086
Painting:	3.5%	8,000	8,280	8,570	8,870	9,180	9,501	9,834	10,178	10,534	10,903	11,285	11,680	12,089	12,512	12,950
Repairs:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Trash Removal:	3.5%	43,304	44,820	46,388	48,012	49,692	51,432	53,232	55,095	57,023	59,019	61,085	63,223	65,435	67,726	70,096
Exterminating:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Grounds & Garage Maintenance:	3.5%	70,000	72,450	74,986	77,610	80,327	83,138	86,048	89,060	92,177	95,403	98,742	102,198	105,775	109,477	113,309
Other: Fire Alarm Monitoring	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Other: Elevator	3.5%	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280
Other:	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Amenities Budget	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198	80,935
Other: Misc state & local fees, issuer fee	2.5%	40,850	41,871	42,918	43,991	45,091	46,218	47,373	48,558	49,772	51,016	52,291	53,599	54,939	56,312	57,720
Real Estate Taxes	2.0%	26,000	26,520	27,050	27,591	28,143	28,706	29,280	29,866	30,463	31,072	31,694	32,328	32,974	33,634	34,306
Replacement Reserve	0.0%	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
TOTAL EXPENSES		869,855	898,189	927,497	957,812	989,169	1,021,604	1,055,155	1,089,860	1,125,759	1,162,893	1,201,306	1,241,041	1,282,144	1,324,662	1,368,645
Cash Flow Prior to Debt Service (NOI)		1,281,688	1,307,143	1,332,969	1,359,166	1,385,733	1,412,670	1,439,976	1,467,649	1,495,688	1,524,090	1,552,852	1,581,971	1,611,443	1,641,264	1,671,429
DEBT SERVICE - Permanent Loan		1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512	1,114,512
FORECASTED CASH AVAILABLE		167,177	192,631	218,457	244,654	271,221	298,158	325,464	353,138	381,176	409,578	438,340	467,459	496,931	526,753	556,918
Percent of Gross Revenue	8% Max	7.45%	8.38%	9.27%	10.13%	10.95%	11.75%	12.51%	13.24%	13.95%	14.62%	15.27%	15.88%	16.47%	17.04%	17.57%
25% Debt Service Test	Yr 1-3 Max	15.00%	17.28%	19.60%	21.95%	24.34%	26.75%	29.20%	31.69%	34.20%	36.75%	39.33%	41.94%	44.59%	47.26%	49.97%
Debt Coverage Ratio	1.15 Min	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.34	1.37	1.39	1.42	1.45	1.47	1.50
Partnership Management Fee	3.0%	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Accrued Management Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Ending Bal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Ground Lease		142,177	166,881	191,935	217,336	243,083	269,176	295,613	322,391	349,507	376,959	404,742	432,853	461,287	490,039	519,103
Ground Lease PMT - based on residual receipts	5%	7,109	8,344	9,597	10,867	12,154	13,459	14,781	16,120	17,475	18,848	20,237	21,643	23,064	24,502	25,955
Cash Available for Deferred Developer Fee		135,068	158,537	182,338	206,469	230,929	255,718	280,832	306,271	332,032	358,111	384,505	411,211	438,223	465,537	493,148
Deferred Fee	3,880,000	135,068	158,537	182,338	206,469	230,929	255,718	280,832	306,271	332,032	358,111	384,505	411,211	438,223	465,537	493,148
	2.0%	74,899	73,226	71,044	68,335	65,083	61,271	56,879	51,891	46,289	40,052	33,163	25,602	17,350	8,386	-
	balance	3,819,831	3,734,519	3,623,225	3,485,091	3,319,245	3,124,798	2,900,845	2,646,465	2,360,722	2,042,664	1,691,322	1,305,713	884,840	427,689	-
Cash Available for Distribution																
		Yr 31-55	Yr 1-30													
Annual Payment to City SD	70%															65,459
Annual Payment toCounty of SD	50.00%															16,365

Annual Payment to HCD  
Annual Payment to Affirmed

[illegible]

**50% Test**

<b>DEVELOPMENT BUDGET</b>	<b>Project Costs</b>	<b>Excluded Cost</b>	<b>Aggregate Basis</b>
Purchase Price	1		1
Land Carry Cost + Misc. Fees	250,000		250,000
Land Carry Cost	-		-
Existing Improvements Value	-		-
Off-Site Improvements	-		-
Abatement/Demolition	-		-
Structures	-	-	-
General Requirements	-	-	-
Contractor Overhead	-	-	-
Contractor Profit	-	-	-
Prevailing Wages	-	-	-
General Liability Insurance	-	-	-
Contractor Contingency	-	-	-
Total Relocation Expenses	-	-	-
Site Work	5,130,000	-	5,130,000
Structures	30,298,000	3,078,000	27,220,000
General Requirements	1,800,000	27,000	1,773,000
Contractor Overhead	1,800,000	-	1,800,000
Contractor Profit	1,800,000	27,000	1,773,000
Solar PV	570,000	-	570,000
Prevailing Wages			
General Liability Insurance/ Bond Prem	1,087,585	-	1,087,585
Parking (MTS/Resi/Office):	9,690,000	1,867,320	7,822,680
Other: Site Security	171,000	-	171,000
Design (incl ADA)	1,570,000	200,000	1,370,000
Other:	-	-	-
Total Survey and Engineering	800,000	100,000	700,000
Tax-Exempt Construction Loan Interest	1,554,900	23,324	1,531,577
Origination Fee	450,000	-	450,000
Cost of Issuance	302,000	271,800	30,200
Taxes	30,000	-	30,000
Insurance	873,600	-	873,600
Title and Recording	80,000	24,000	56,000
Construction Service Fees (Bank)	100,000	-	100,000
Other: Const Mgmt & Deputy Services	12,500	-	12,500
Other: Taxable Construction Interest	387,200	-	387,200
Loan Origination Fee	140,000	140,000	-
Credit Enhancement/Application Fee	-	-	-
Title and Recording	-	-	-
Taxes	-	-	-
Insurance	-	-	-
Other: SDHC	74,850	74,850	-
Other: Interest Prior to Conversion	825,000	825,000	-
Lender Legal Pd. by Applicant	155,000	90,000	65,000
Other : Partnership & Transaction	180,000	170,000	10,000

Rent Reserves	-	-	-
Capitalized Operating Reserve	-	-	-
*3- Month Operating Reserve	496,000	496,000	-
Other: (Specify)	-	-	-
Total Appraisal Costs	10,500	-	10,500
Total Hard Cost Contingency	4,187,726	-	4,187,726
TCAC App/Allocation/Monitoring	200,000	200,000	-
Environmental Audit	55,000	-	55,000
Local Dev. Impact Fees	2,000,000	200,000	1,800,000
Permit Processing Fees	300,000	-	300,000
Marketing	25,000	25,000	-
Furnishings, Fixtures, Equipment	400,000	-	400,000
Market Study	12,000	-	12,000
Accounting/Reimbursables	60,000	-	60,000
Soft Cost Contingency	540,527	-	540,527
Lease-Up Costs	50,000	-	50,000
Other: transit passes	63,000	63,000	-
Other: MTS/City fees	100,000	-	100,000
Other:	-	-	-
Developer Overhead/Profit	6,380,000	-	6,380,000
Consultant/Processing Agent	-	-	-
Project Administration	-	-	-
Broker Fees Paid to a Related Party	-	-	-
Construction Oversight by Developer	-	-	-
Other: (Specify)	-	-	-
	75,011,389	7,902,294	67,109,095

## Totals

Dev Cost check 75,011,389  
TRUE

**Construction Loan Amount** \$ **36,910,002**  
Percent of Aggregate Basis **55.00%**  
Min. Loan Amount Required \$ 33,554,548

**Bond Limit** **36,910,002**  
Percent of Aggregate Basis **55%**  
Maximum Aggregate Basis Allowed 73,820,005  
Allowable increase above calculated total 6,710,910

**Construction Loan/Bond Allocation** 100.00%



## **ATTACHMENT 5**

### **HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as "private activity bonds" because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally "AAA" or its equivalent with a minimum rating of "A" or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support ("credit enhancement") by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

**Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the San Diego Housing Commission (Housing Commission) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, or the Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): to assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds. Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to

issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.



DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS  
(Collectively referred to as "CONTRACTOR" herein)

Statement for Public Disclosure

1. Name of CONTRACTOR: Affirmed Housing Group, Inc.
2. Email: james@affirmedhousing.com
2. Address and Zip Code: 13520 Evening Creek Dr. N., Suite 160, San Diego, CA 92128
3. Telephone Number: (858) 679-2828
4. Name of Principal Contact for CONTRACTOR: Jimmy Silverwood
5. Federal Identification Number or Social Security Number of CONTRACTOR: 26-0812994
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as (*select and upload requested documents*):

I

- ☒ A corporation (*Upload Articles of Incorporation*)
- ☐ A nonprofit or charitable institution or corporation. (*Upload copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status*)
- ☐ A partnership known as (Name): \_\_\_\_\_

Check one:

- ☐ General Partnership (*Upload statement of General Partnership*)
- ☐ Limited Partnership (*Upload Certificate of Limited Partnership*)
- ☐ A business association or a joint venture known as: \_\_\_\_\_  
(*Upload joint venture or business association agreement*)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (*Please explain*): \_\_\_\_\_

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

August 7, 2007



8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
  - c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
  - d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
  - e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James Silverwood	CEO, 60% interest
Address: 13520 Evening Creek Dr. N. Ste. 160	
San Diego, CA 92128 (858) 386-5175	
Name: Silverwood Descendants Trust - SD	Trust, 40% interest
Address: 13520 Evening Creek Dr. N. Ste 160	
San Diego, CA 92128 (858) 679-2828	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: N/A (see section 8)	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: Jimmy Silverwood	President
Address: 13520 Evening Creek Dr. N., Suite 160	
San Diego, CA 92128 (858) 386-5178	
Name:	
Address:	
Name:	
Address:	



13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: Affirmed Housing Group, a CA Corp	Sister Company (combined group for reporting financials)
Address: 13520 Evening Creek Drive N. Ste.160 San Diego, CA 92128	
Name:	
Address:	
Name:	
Address:	

14. Provide description of the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the financial statements that was requested (attached) as part of the Application, including, but not necessarily limited to, profit and loss statements and statements of financial position: See attached financial statement (confidential information)

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15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

TCAC, CDLAC, City of San Diego, County of San Diego, HCD IIG

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16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. In banks/savings and loans:

Name: Banc of California

Address: (Provide upon Request - See Financials)

Amount: \$ 5 million

- b. By loans from affiliated or associated corporations or firms:

Name: US Bank

Address: 4747 Executive Drive, 3rd Floor, San Diego, CA 92121

Amount: \$ 750,000 1,500,000



c. By sale of readily salable assets/including marketable securities:

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

Additional Information, as needed: \_\_\_\_\_

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17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name: Banc of California	Shiri Stavely
Address: 3 MacArthur Place	
Santa Ana, CA 92707	
Name: Citi Bank	
Address: 740 Lomas Santa Fe Drive, Suite 210	Christopher D Meyers
Solana Beach, CA 92075	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes ☒ No

If yes, provide date, place, and under what name: \_\_\_\_\_

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19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes ☒ No

If yes, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. *Upload* any explanation deemed necessary:





Case 1: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Case 2: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Case 3: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
N/A				

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

a. Name and addresses of such contractor or builder:

Name and Address		Affiliation
Name:	N/A	
Address:		
Name:		
Address:		
Name:		
Address:		

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☒ No

If yes, please explain, in detail, each such instance: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ N/A

General description of such work: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Complete one table for each project:

<b>Project Name</b>	N/A	
<b>Project Owner Contact Information</b>		
	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>		
	Name	Amount of Contract
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	Location/Date	Outcome Details



<b>Project Name</b>		
<b>Project Owner Contact Information</b>		
	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>		
	Name	Amount of Contract
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	Location/Date	Outcome Details

<b>Project Name</b>		
<b>Project Owner Contact Information</b>		
	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>		
	Name	Amount of Contract
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	Location/Date	Outcome Details



d. Construction contracts or developments now being performed by such contractor or builder:

Identification of Contract or Development	Location	Amount	Date to be Completed
N/A			

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened
N/A		

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

N/A

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23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain:

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24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes

☒ No

If yes, please explain:

N/A

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's. List the amount of coverage (limits) currently existing in each category.

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]:

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☒ Explosion and Collapse Hazard
- ☒ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☒ Contractual Insurance
- ☒ Broad Form Property Damage
- ☒ Independent Contractors
- ☒ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]:

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Owned
- ☒ Hired
- ☒ Non-Owned



- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]:

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- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]:

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- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]:

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- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]:

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27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Complaint	Entity	Making	Date	Resolution
N/A				

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes ☒ No

If yes, please explain in detail: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)



33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

Over 20 years of experience in affordable housing and 4,000 + units built to date; strong financials and strong relationships with lenders, investors, cities and localities.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
11/15/2017	Grantville Veterans Housing, L.P. Zephyr (Entity - SDHC)	Current	\$3,000,000
12/14/2017	Twain Housing, L.P. - Stella (Entity - SDHC)	Current	\$7,500,000
12/22/2017	Fairmont Family Housing, L.P. - Bluewater (Entity - SDHC)	Current	\$9,468,500

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes ☒ No

If yes, please explain: \_\_\_\_\_

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, please explain: \_\_\_\_\_



38. List three local references that would be familiar with your previous construction project:

1. Name: Timonthy Elliot, City of Los Angeles Development and Financing Dept.  
 Address: 1200 West 7th st., Los Angeles, CA 90017  
 Phone: (213) 808-8596  
 Project Name and Description: Vermont Villas - 79 units PSH Veterans & Seniors
2. Name: Brad Richter, Deputy Director, Urban Division, Smart and Sustainable Communities at City of San Diego  
 Address: 9485 Aero Drive, M.S. 413, San Diego, CA 92123  
 Phone: (619) 533-7115  
 Project Name and Description: Ten Fifty B - High Rise with 229 units between two phases
3. Name: Jacky Morales- Ferrand, Director of Housing - City of San Jose  
 Address: 200 E. Santa Clara, St. San Jose, CA 95113  
 Phone: (480) 535-3855  
 Project Name and Description: Villas on the Park - 84 Units

39. Provide a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

N/A

40. State the name and experience of the proposed Construction Superintendent.

Name	Experience
TBD	



**CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR**

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 12 day of September, 20 22, at San Diego, California.

CONTRACTOR

By: \_\_\_\_\_

Signature

CFO

Title



SAN DIEGO  
HOUSING  
COMMISSION

Real Estate Department

**CERTIFICATION**

The CONTRACTOR, Affirmed Housing Group, Inc., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: *Nicki Cometa*

By: \_\_\_\_\_

Title: CFO

Title: \_\_\_\_\_

Dated: 9/12/2022

Dated: \_\_\_\_\_

**WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.**

**JURAT**

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 12<sup>th</sup> day of September, 2022

by Nicki Cometa personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



SEAL

*[Signature]*  
Signature of Notary

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE  
CERTIFICATE of INCORPORATION  
A STOCK CORPORATION

- First: The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- Second: Its registered office in the State of Delaware is to be located at 40 E.  
Division Street, Suite A Street, in the City of Dover  
County of Kent Zip Code 19901. The registered agent in  
charge thereof is Paracorp Incorporated
- Third: The purpose of the corporation is to engage in any lawful act or activity for  
which corporations may be organized under the General Corporation Law of  
Delaware.
- Fourth: The amount of the total stock of this corporation is authorized to issue is  
1,000,000 shares (number of authorized shares) with a par value of  
\$1.00 per share.
- Fifth: The name and mailing address of the incorporator are as follows:  
Name Joel L. Incorvaia  
Mailing Address 445 Marine View Avenue, Suite 295  
Del Mar, CA Zip Code 92014
- I, The Undersigned, for the purpose of forming a corporation under the laws of the  
State of Delaware, do make, file and record this Certificate, and do certify that the  
facts herein stated are true, and I have accordingly hereunto set my hand this  
7th day of August, A D 20 07

BY: 

(Incorporator)

NAME: Joel L. Incorvaia

(type or print)

**ACORD™**

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

3/01/2022

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>Marsh &amp; McLennan Agency LLC</b> <b>Marsh &amp; McLennan Ins. Agency LLC</b> <b>PO Box 85638</b> <b>San Diego, CA 92186</b>		<b>CONTACT NAME:</b> <b>PHONE (A/C, No, Ext):</b> <b>FAX (A/C, No):</b> <b>E-MAIL ADDRESS: constructioncerts@marshmma.com</b>	
<b>INSURED</b>  <b>Affirmed Housing Group</b> <b>13520 Evening Creek Drive North,</b> <b>Suite 160</b> <b>San Diego, CA 92128</b>		<b>INSURER(S) AFFORDING COVERAGE</b>	
		<b>INSURER A : Philadelphia Indemnity Insurance Co.</b>	
		<b>INSURER B : Arch Specialty Insurance Company</b>	
		<b>INSURER C :</b>	
		<b>INSURER D :</b>	
		<b>INSURER E :</b>	
		<b>INSURER F :</b>	
		<b>NAIC #</b>	
		<b>18058</b>	
		<b>21199</b>	

## COVERAGES

**CERTIFICATE NUMBER:**

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE			ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS				
A	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY		<input checked="" type="checkbox"/>		PHPK2382884	03/01/2022	06/01/2023	EACH OCCURRENCE	\$ 1,000,000			
	<input type="checkbox"/>	CLAIMS-MADE	<input checked="" type="checkbox"/>						OCCUR	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000		
	<input type="checkbox"/>								MED EXP (Any one person)	\$ 15,000			
	<input type="checkbox"/>								PERSONAL & ADV INJURY	\$ 1,000,000			
	GEN'L AGGREGATE LIMIT APPLIES PER:								GENERAL AGGREGATE	\$ 2,000,000			
	<input type="checkbox"/>	POLICY	<input type="checkbox"/>						PRO-JECT	<input checked="" type="checkbox"/>	LOC	PRODUCTS - COMP/OP AGG	\$ 2,000,000
	<input type="checkbox"/>	OTHER:										\$	
A	AUTOMOBILE LIABILITY				PHPK2382884	03/01/2022	06/01/2023	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000				
	<input checked="" type="checkbox"/>	ANY AUTO OWNED AUTOS ONLY						<input type="checkbox"/>	SCHEDULED AUTOS NON-OWNED AUTOS ONLY	BODILY INJURY (Per person)	\$		
	<input checked="" type="checkbox"/>	HIRED AUTOS ONLY						<input checked="" type="checkbox"/>		BODILY INJURY (Per accident)	\$		
	<input type="checkbox"/>									PROPERTY DAMAGE (Per accident)	\$		
	<input type="checkbox"/>										\$		
A	UMBRELLA LIAB		<input checked="" type="checkbox"/>	OCCUR	PHUB804277	03/01/2022	06/01/2023	EACH OCCURRENCE	\$3,000,000				
	<input checked="" type="checkbox"/>	EXCESS LIAB		<input type="checkbox"/>				CLAIMS-MADE	AGGREGATE	\$3,000,000			
	DED	<input checked="" type="checkbox"/>	RETENTION	\$0					\$				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			N/A				PER STATUTE	OTH-ER				
ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)			<input type="checkbox"/>					Y / N	E.L. EACH ACCIDENT	\$			
If yes, describe under DESCRIPTION OF OPERATIONS below									E.L. DISEASE - EA EMPLOYEE	\$			
									E.L. DISEASE - POLICY LIMIT	\$			
B	2nd Layer Excess \$2M over \$3M Follow form GL				UXP104243801	03/01/2022	06/01/2023	2,000,000 Occurrence 2,000,000 Aggregate					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)	
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### Evidence of Coverage.

**Additional Coverages: Directors & Officers Liability / Employment Practices Liability - Carrier: Scottsdale Insurance Company - pol# EKS3330241; effective 4/30/2020 to 4/30/2021 ; Limits: \$1,000,000 aggregate and \$1,000,000 maximum aggregate; \$25,000 EPL each claim and \$25,000 Third Party Claim deductibles apply. Crime Coverage - Carrier: Travelers Property and Casualty - pol# 106298641; effective 4/30/2020 to 4/30/2021 ; Limits: \$300,000 Employee Theft with \$5,000 deductible each loss. \$300,000 ERISA Limit with no deductible.**

**CERTIFICATE HOLDER**

## CANCELLATION

<p><b>Evidence of Coverage</b></p> <p>., ZZ</p>	<p><b>CANCELLATION</b></p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p>
	<p><b>AUTHORIZED REPRESENTATIVE</b></p> <p><i>Melinda R Sanchez</i></p>

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ACORD™

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/07/2021

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<b>INSURED</b> <b>Affirmed Housing Group</b> <b>13520 Evening Creek Drive North,</b> <b>Suite 160</b> <b>San Diego, CA 92128</b>	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : State Compensation Ins Fund of CA</td> <td>35076</td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : State Compensation Ins Fund of CA	35076	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :	
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## COVERAGES

## CERTIFICATE NUMBER:

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INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			917119121	12/06/2021	12/06/2022	PER STATUTE <input checked="" type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

## Evidence of Coverage

## CERTIFICATE HOLDER

## CANCELLATION

Evidence of Coverage

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Melinda R Sanchez

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INSURED: Affirmed Housing Group

POLICY #: PHPK2382884

POLICY PERIOD: 03/01/2022

TO: 06/01/2023

PI-AH-6 (08/07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**GENERAL LIABILITY DELUXE ENDORSEMENT:  
AFFORDABLE HOUSING**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure are provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverage provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Damage To Premises Rented To You, All Covered Causes of Loss	\$1,000,000	2
Expected or Intended Injury-Property Damage	included	2
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$500 per day	2
Employee Indemnification Defense Coverage for Employee	\$10,000	3
Additional Insured – Committee, Organization and Subsidiary	Included	3
Additional Insured – Managers or Lessors of Premises	included	3
Additional Insured – Lessor of Leased Equipment-Automatic Status when Required in Lease Agreement with You	Included	3
Additional Insured – Use of Watercraft	Included	4
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Liberalization	Included	4
Bodily Injury – includes Mental Anguish	Included	4
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	4



**A. Damage To Premises Rented To You**

If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word "fire" is changed to all Covered Causes of Loss where it appears in:

1. The last paragraph of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** after the Exclusions;
2. Paragraph 6 of **SECTION III - LIMITS OF INSURANCE**;
3. Paragraph b.(1)(b) of 4. Other Insurance in **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**; and
4. Paragraph 9.a. "Insured contract" in **SECTION V - DEFINITIONS**.

The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:

- a. \$1,000,000; or
- b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from a Covered Cause of Loss or any combination thereof.

**B. Extended Property Damage**

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** a. is deleted and replaced by the following:

**a. Expected or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

**C. Non-Owned Watercraft**

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** paragraph g. (2) is amended to read as follows:

- (2) A watercraft you do not own that is:
  - (a) Less than 58 feet long; and
  - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

**D. Supplementary Payments – Coverages A and B**

In the **SUPPLEMENTARY PAYMENTS - COVERAGE A AND B** provision:

1. The limit for the cost of bail bonds is changed from \$250 to \$2,500; and
2. The limit for loss of earnings is changed from \$250 a day to \$500 a day.

**E. Employee Indemnification Defense Coverage**

Under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B the following is added:

3. We will pay, on your behalf, defense costs incurred by an "employee" in a criminal proceeding. The most we will pay for any "employee" who is alleged to be directly involved in a criminal proceeding is \$10,000 regardless of the numbers of employees, claims or "suits" brought or persons or organizations making claims or bringing "suits".

**F. SECTION II - WHO IS AN INSURED** is amended as follows:

1. If coverage for newly acquired or formed organizations is not otherwise excluded from this Coverage Part, paragraph 3.a is changed to read:
  - a. Coverage under this provision is afforded until the end of the policy period.
2. 2. c and d are deleted in their entirety and replaced with the following:
  - c. Any person or organization having proper temporary custody of your property if you cease to exist as a legal entity, but only:
    1. With respect to liability arising out of the maintenance or use of that property; and
    2. Until your legal representative has been appointed.
  - d. Your legal representative, if you cease to exist as a legal entity, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Each of the following is also an insured:
  - a. **Committee, Organization and Subsidiary** - Any committee, organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any committee, organization and subsidiary not named in the Declarations as a Named Insured, if they are also insured under another policy, but for its termination or the exhaustion of its limits of insurance.
  - b. **Managers or Lessors of Premises** - Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased to you subject to the following additional exclusions:

This insurance does not apply to:

    - 1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
    - 2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.
  - c. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- d. **Use of Watercraft** – any person, who with your consent, either uses or is responsible for the use of a watercraft that you do not own that is less than 58 feet long and is not being used to carry persons or property for a charge.

#### **G. Duties in the Event of Occurrence, Claim or Suit**

1. The requirement in condition 2.a. of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** that you must see to it that we are notified as soon as practicable of an "occurrence" or an offense, applies only when the "occurrence" or offense is known to:
  - a. You, if you are an individual;
  - b. A partner, if you are a partnership; or
  - c. An executive officer, director, or insurance manager, if you are a corporation.
2. The requirement in condition 2.b. that you must see to it that we receive notice of a claim or "suit" as soon as practicable will not be considered breached unless the breach occurs after such claim or "suit" is known to:
  - a. You, if you are an individual;
  - b. A partner, if you are a partnership; or
  - c. An executive officer, director, or insurance manager, if you are a corporation.

#### **H. Unintentional Failure To Disclose Hazards**

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

#### **I. Liberalization**

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

#### **J. Bodily Injury - Mental Anguish**

The definition of "Bodily injury" is changed to read:

3. "Bodily injury":
  - a. Means bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
  - b. Except for mental anguish, includes death resulting from the foregoing (item a. above) at any time.

#### **K. Personal and Advertising Injury – Abuse of Process, Discrimination**

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of "Personal and Advertising Injury" is amended as follows:

1. Item 14 b. is revised to read:
  - a. Malicious prosecution or abuse of process:
2. Adding the following:

- a. "Personal and advertising injury" also means discrimination based on race, color, religion, sex, age or national origin, except when:
1. Done intentionally by or at the direction of, or with the knowledge or consent of:
    - a. Any insured; or
    - b. Any executive officer, director, stockholder, partner or member of the insured; or
  2. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured; or
  3. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or
  4. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

- a. "Personal and advertising injury" also means discrimination based on race, color, religion, sex, age or national origin, except when:
1. Done intentionally by or at the direction of, or with the knowledge or consent of:
    - a. Any insured; or
    - b. Any executive officer, director, stockholder, partner or member of the insured; or
  2. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured; or
  3. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or
  4. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

**AFFIRMED HOUSING GROUP**

**CONFIDENTIAL FINANCIALS**

**UNDER SEPARATE COVER**

SAN DIEGO HOUSING COMMISSION

RESOLUTION NUMBER HC-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE SAN DIEGO HOUSING COMMISSION SETTING FORTH OFFICIAL INTENT FOR THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS OR NOTES TO FINANCE RANCHO BERNARDO TRANSIT VILLAGE AND AUTHORIZING RELATED ACTIONS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds or notes for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily affordable rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily affordable rental housing; and

WHEREAS, Bernardo Family Housing, L.P., or another limited partnership to be formed by Affirmed Housing Group (Borrower) has requested that the Authority issue and sell multifamily housing revenue bonds or notes (Obligations) pursuant to the Act for the purpose of making a loan to the Borrower to finance a portion of the cost of the acquisition, construction and equipping of a multifamily affordable rental housing development located at 16785-16787 West Bernardo Drive, as more fully identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in connection with the Project within the period from the date sixty (60) days prior to the date of adoption of this Resolution to the date of issuance of the Obligations; and

WHEREAS, sections 1.103-8(a)(5) and sections 1.150-2 of the United States Treasury

Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, by its resolution HAR20-043 adopted on March 9, 2021, the Authority has delegated to the San Diego Housing Commission (the “Housing Commission”) authority and responsibility for declaring on behalf of the Authority its intention to authorize the issuance of the Obligations for the purpose of financing a portion of the costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Obligations) in an aggregate principal amount not to exceed \$42,500,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation.

NOW, THEREFORE, BE IT RESOLVED, by the San Diego Housing Commission, as follows:



Section 1.     Findings and Determinations.

(a)     The above recitals, and each of them, are true and correct. The Housing Commission hereby determines that it is necessary and desirable to provide financing to the Borrower for the Project (including reimbursement of the Reimbursement Expenditures) by the Authority's issuance and sale of Obligations pursuant to the Act in an aggregate principal amount not to exceed \$42,500,000, as set forth in Exhibit A, subject to authorization of the issuance of the Obligations by resolution of the Authority at a meeting to be held for such purpose. The expected date of issue of the Obligations is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b)     Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority, the Housing Commission or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c)     As of the date hereof, the Housing Commission has a reasonable expectation that the Authority will issue the Obligations to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Obligations will be repaid solely from proceeds of the Obligations and amounts paid by the Borrower. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Obligations.

Section 2.     Declaration of Official Intent. This Resolution is being adopted by the Housing Commission for purposes of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Housing Commission, for and on behalf of the Authority hereby declares the official intent to use proceeds of the Obligations to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the Housing Commission, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, construction, rehabilitation and equipping and operation of the Project, or that any of the Authority, the Housing Commission or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3.     Applications to CDLAC. The staff of the Housing Commission are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$42,500,000, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, additional applications to CDLAC (if necessary), and any such actions heretofore taken by such staff are hereby ratified, approved and confirmed.

Section 4.     Approval of Bond Counsel and Financial Advisor. The financing team of Orrick, Herrington & Sutcliffe LLP, as bond counsel (Bond Counsel) and Public Finance Management, Inc. (Financial Advisor) is approved for this Project.

Section 5.     Authority of President & Chief Executive Officer of Housing Commission.

The President & Chief Executive Officer of the Housing Commission, or designee, is hereby authorized to execute all necessary documents, in a form approved by the Housing Commission's General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

Section 6.     Effective Date.   This Resolution shall take effect immediately upon its adoption.

## EXHIBIT A

### DESCRIPTION OF PROJECT

Name:	Rancho Bernardo Transit Village
Location:	16785-16787 West Bernardo Drive, San Diego, CA 92127
Number of Units:	100 units (includes 1 manager unit)
Maximum Bond Amount:	\$42,500,000

The foregoing Resolution is passed and adopted by the San Diego Housing Commission on \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Jeff Davis, Interim President & Chief  
Executive Officer of the San Diego Housing  
Commission

RESOLUTION NUMBER R-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF TAX-EXEMPT BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR RANCHO BERNARDO TRANSIT VILLAGE.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue not to exceed \$42,500,000 aggregate principal amount of multifamily housing revenue bonds or notes (Bonds) pursuant to a plan of financing to finance or refinance the acquisition, construction, rehabilitation and equipping of Rancho Bernardo Transit Village, a multifamily residential rental development in the City of San Diego (City) described in the Notice of Public Hearing attached as Exhibit A hereto (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Bonds be approved by the City Council as the applicable elected representative after a public hearing following reasonable public notice; and

WHEREAS, one or more notice(s) of a public hearing with respect to the proposed issuance of the Bonds were timely published in accordance with section 147(f) of the Code; and

WHEREAS, on November 17, 2022, the San Diego Housing Commission (Housing Commission) held on behalf of the City, under authority delegated to the Housing Commission by the City, a public hearing in accordance with all applicable law and an opportunity was provided at such hearing for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by Housing Commission staff, including information provided by affected third parties and verified by Housing Commission staff, with the understanding that this information is complete, true, and accurate;

NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as the applicable elected representative under section 147(f) of the Code, as follows:

1. The plan of financing for the issuance of the Bonds (together with a like amount of refunding obligations) by the Authority is approved.
2. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By: \_\_\_\_\_  
Marguerite E. Middaugh  
Deputy City Attorney

MEM:jdf  
[\_\_\_/\_\_\_/22]  
[\_\_\_/\_\_\_/22] COR. COPY  
Or.Dept: Housing Authority  
Doc. No.: [\_\_\_\_\_]

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of \_\_\_\_\_.

ELIZABETH S. MALAND

Deputy City Clerk

By \_\_\_\_\_

Approved: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor



## **NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the San Diego Housing Commission of the City of San Diego (SDHC) on November 17, 2022, at the hour of 9:00 a.m. or as soon thereafter as the matter may be heard, will hold a public hearing in accordance with section 147(f) of the Internal Revenue Code of 1986 (Code) with respect to the proposed issuance by the Housing Authority of the City of San Diego, pursuant to a plan of financing, of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Code consisting of its tax-exempt multifamily housing revenue bonds or notes (Bonds), in the maximum amount set forth below (together with a like amount of refunding obligations) in order to finance or refinance the acquisition, construction, and equipping of the multifamily rental housing development described in the following table (Project):

Name	Location	Number of Units	Aggregate Maximum Bond Amount
Rancho Bernardo Transit Village	16785 -16787 W. Rancho Bernardo Drive	100 (includes 1 manager unit)	[\$42,500,000]

**For details on how to participate in the public hearing and provide comments, see “Public Hearing Access Details” below.**

The owner of the Project is expected to be Bernardo Family Housing, L.P., a California limited partnership, or another limited partnership to be formed by Affirmed Housing Group (Borrower). Of all of the 100 units, 99% of the units in the Project are to be income and rent restricted, and will be occupied by very low and low-income tenants at affordable rents. The unrestricted unit will be a manager’s unit.

The proceeds of the Bonds will be loaned to the Borrower for the purpose of paying certain costs of the Project, including functionally related and subordinate facilities, which costs may include (1) capitalized interest on the Bonds; (2) the costs of credit enhancement on the Bonds; and (3) certain expenses incurred in connection with the issuance of the Bonds.

The Bonds and the obligation to pay principal of and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

### **Public Hearing Access Details**

Until further notice, San Diego Housing Commission (SDHC) Board of Commissioners (SDHC Board) meetings will be conducted pursuant to the provisions of California Government Code section 54953(e), added by Assembly Bill 361, which allows the SDHC Board to use teleconferencing and to provide the public an opportunity to address the SDHC Board via a call-in option or an internet-based service option, during a proclaimed state of emergency when measures to promote social distancing are in effect or the San Diego City Council has determined meeting in person would present imminent risks to the health or safety of attendees. The San Diego City Council on November 1, 2022, declared an existing proclaimed state of emergency continues to directly impact the ability of members to meet safely in person and that their finding applies to all boards, commissions, and committees of the City of San Diego.

During the current State of Emergency and in the interest of public health and safety, most—and most likely all—of the SDHC Commissioners, General Counsel and staff will be participating in SDHC Board meetings by video conference. There will be no members of the public in attendance at the SDHC Board meetings. We are providing alternatives to in-person attendance for viewing and participating in SDHC Board meetings.

In lieu of in-person attendance, members of the public may participate and provide comments in the following manner:

### **Phone in Testimony:**

Members of the public can listen to the SDHC Board meeting and offer public comment on items on the Agenda or during Non-Agenda Public Comment by calling into the meeting on the following toll-free number: **(833) 548-0276**. When prompted, input **Meeting ID: 960 6912 6650**. A Participant ID is not required. When a Participant ID is requested, **press #**.

Members of the public will remain muted until they are called upon to speak.

When the comment period for Non-Agenda Public Comment is introduced, or when the comment period is introduced for the specific Agenda Item on which you would like to comment, **press \*9 on your phone to raise your hand** to speak on that item.

When you are called upon to speak, **press \*6 on your phone to unmute** yourself and begin providing your comments. SDHC staff are not able to unmute callers. State your name for the record and the item you are commenting on, and make your comments within the time allotted by the SDHC Board. You may only speak once on a particular item.

When your time has ended, please mute yourself. If you wish to speak on other items on the Agenda or for other comment periods, please press \*9 to raise your hand again when those items or comment periods are introduced.

**Written Comment Through Webform:**

**Written Comment on Agenda Items** must be submitted using the SDHC Board meeting public comment webform [\(https://www.sdhc.org/sdhc-board-agenda-comment-form/\)](https://www.sdhc.org/sdhc-board-agenda-comment-form/), and indicating the agenda item number for which you wish to submit your comment. Only comments submitted no later than 4 p.m. the day prior to the meeting using the public comment webform will be eligible to be read into the record. If you submit more than one form per item, only one will be read into the record. All other comments submitted, including those received after 4 p.m. the day prior and before 8 a.m. the day of the meeting, will be provided to the SDHC Commissioners and posted online with the meeting materials. All comments are limited to 1,250 characters (approximately 200 words). Comments submitted after 8 a.m. the day of the meeting but before the item is called will be submitted into the written record for the relevant item. If you have an attachment to your comment, you may send it to [sdhcdocketinfo@sdhc.org](mailto:sdhcdocketinfo@sdhc.org), and it will be distributed to the SDHC Commissioners.

**Viewing the Meeting**

The public may view and listen to the SDHC Board meetings through livestreaming on SDHC's website. Click on "Watch the Video" near the bottom of the SDHC Board of Commissioners page on the website: <https://www.sdhc.org/governance-legislativeaffairs/sdhc-board-of-commissioners/>

Dated: November 9, 2022      San Diego Housing Commission