Table 1 –Development Details

Address	6847 Potomac Street
Council District	4
Community Plan Area	Skyline / Paradise Hills
Developer	Housing Development Partners (HDP)
Development Type	Acquisition with rehabilitation
Construction Type	V
Parking Type	169 parking spaces and 96 enclosed garages
Housing Type	Multifamily (12 two-story buildings)
Lot Size	9.46 acres
Units	172 (171 units affordable)
Density	18.18 dwelling units per acre (172 units ÷ 9.46 acres)
Unit Mix	20 one-bedroom, 108 two-bedroom, and 44 three-bedroom units (including manager's unit)
Gross Building Area	171,896 square feet
Net Rentable Area	147,743 square feet

The Development
Mariner's Village is a 172-unit existing building constructed in 1987. It is located at 6847 Potomac Street, (southeast corner of Potomac Street and Paradise Valley Road) (Attachment 2 - site maps). The Housing Commission acquired Mariner's Village on October 27, 2010. Previous improvements include Americans with Disabilities Act and path-of-travel upgrades in 2012. The property requires a full, comprehensive rehabilitation of both exterior and interior components. Exterior improvements will include; painting, flat work, parking lot, roofs, balconies, and garages. Interior improvements will include; cabinets and countertops, flooring, and interior painting. (Attachment 3 – rehabilitation summary)

In October 2018, the California Debt Limit Allocation Committee (CDLAC) re-drew the boundaries of geographic areas eligible to receive the "Difficult to Develop Area (DDA)" designation, the 130 percent "boost" to eligible "Basis." Although the location of Mariner's Village is currently eligible to receive the 130 percent Basis boost, the property will lose this eligibility when the new DDA map is implemented on January 1, 2019. CDLAC has published the deadline of December 14, 2018, to submit an application for an allocation of authority to issue tax-exempt private activity bonds with the 130 percent Basis boost for properties that fall outside the new DDA areas. This designation results in the project having the ability to generate more Low Income Housing Tax Credit equity, ($1.5 million), eliminating the need for other soft funding sources. The CDLAC will allow 18 months to secure a CDLAC allocation. Further, the bonds must be issued or the project must be placed in service within 730 days from the date the complete application is submitted.

Mariner's Village is twelve two-story buildings with the following site amenities; a laundry room, leasing office, community pool and spa, and 265 parking spaces, of which 96 are spaces provided in enclosed garages. Bus service is available nearby on South Woodman Street. The property is a 9.46-acre lot adjacent to the north is Bethune Elementary School. To the south is additional multifamily residential. Located to the east are a shopping plaza and multifamily residential. To the west are Paradise Hills Skate Park and the Paradise Hills Recreation Center.

Ground Lease

Mariner's Village is owned by the Housing Commission. The Housing Commission proposes to enter into: (i) an Option to Ground Lease Agreement with Housing Development Partners (HDP) or its Designee; and (ii) thereafter, provided HDP or its Designee exercises the option, a long-term (65-year) Ground Lease with HDP or its Designee. HDP or its Designee will be responsible for the refinancing and renovation of Mariner's Village. For Federal income tax purposes, it is anticipated that the transaction will be structured as a ground lease of the land and a sale of the improvements to HDP or its Designee. It is necessary for tax credit purposes that HDP or its Designee is the owner of the improvements. Any portion of the transaction which is structured as a sale of the improvements will be paid via a seller carryback note. Payments on the ground lease and seller carryback note will be via a combined ground lease and seller carryback note payment in an amount equal to the lesser of 4.5 percent of gross income annually or 100 percent of residual receipts. The ground lease will contain an option to allow the Housing Commission to re-acquire the fee interest in the property and the improvements at any time after year 15 of the lease for an amount equal to assumption of the then existing debt and payment of the tax credit investor's taxes generated by exercise of the option.

COMPLIANCE WITH APPLICABLE PROVISIONS OF HOUSING COMMISSION POLICY NO. RED-300.104.

1. Section 3.3(a)(1). Advance notice of this action has been given to each member of the Housing Authority at least seven days in advance of the Housing Commission Board meeting.
2. Section 3.3(a)(1). A public hearing satisfying the provisions of Health and Safety Code Section 34312.3 will be accomplished at the Housing Commission Board meeting.
3. Section 3.3(a)(2). The disposition of the property through a ground lease to allow for the refurbishment of the property is in the best interests of the Housing Commission and the residents of the property.
4. Section 3.3(b)(4). An appraisal has been or will be acquired. The transaction will not move forward if the appraisal determines that the ground rent is not appropriately set to assure the Housing Commission will receive market-rate rents for the Mariner's Village affordable housing project, as restricted. The Housing Commission will receive a combined ground lease and seller carryback note payment from a to-be-formed HDP entity, in an amount equal to the lesser of 4.5 percent of gross income annually or 100% of residual receipts.
5. Section 3.6. This transaction complies with all applicable conflict of interest provisions. See Conflict Disclosure below. Specifically, the Executive Vice President & Chief of Staff of the Housing Commission will represent the Housing Commission in this transaction.
6. Section 3.8. The proposed ground lease structure has been reviewed and analyzed by the following professionals and has been determined to have been structured to minimize any adverse financial burden to the extent possible. Housing Commission staff have reviewed Section 3.8 of the Policy with each of the professionals listed below to confirm that they are in compliance. Each consultant has stated that in their professional opinion, they have completed an appropriate analysis of the transaction. The transaction has been structured to minimize any financial burden as it relates to the Housing Commission. The following professionals and consultants have assisted in the structuring of the transaction to comply with the provisions of Section 3.8 of the Policy:
   a. Attorneys: The Ground Lease with an option to reacquire the asset after year 15 or upon default by the Ground Lessee, protects the interests of the Housing Commission. In addition the ground rent is commercially reasonable for affordable housing projects.

b. Financial Advisor: A financial advisor will complete an appropriate analysis of the transaction to determine whether the transaction poses any unnecessary financial burden to the Housing Commission.
c. Relocation consultant: HDP or its Designee will comply with all applicable relocation laws and a competent relocation specialist will be retained prior to the initiation of any rehabilitation work at the property.
d. Real Estate Appraiser: The property has been or will be appraised. The transaction will not move forward if the appraisal determines that the ground rent is not appropriately set to assure the Housing Commission will receive market-rate rents for the Mariner's Village affordable housing project, as restricted.

7. Section 3.8. The transaction has been structured to allow for appropriate remedies upon default by the ground lessee and, in addition, the reversion of the asset to the Housing Commission upon the termination of the lease. The ground lease will provide for an option for the Housing Commission to reacquire the asset at any time after the first 15 years of the ground lease, at its sole option.
8. Section 3.8. Appropriate affordability terms will be incorporated into the Ground Lease, with all units being occupied by and affordable to households earning 80 percent or less of San Diego's Area Median Income.

Developer's Request

That the Housing Commission enter into an Option to Ground Lease Agreement and a 65-year Ground Lease between HDP or a to-be-formed entity of which HDP is the managing member. Additionally, to take the initial steps for a Housing Authority issuance of up to $42,000,000 of tax-exempt Multifamily Housing Revenue Bonds, subject to the ratification of these requests by the HDP Board on December 6, 2018.

Prevailing Wages

The funding source(s) for the rehabilitation work will require both federal and state prevailing wages.

Relocation

At this time, no permanent relocation will be required. As the project progresses, a third-party relocation consultant will prepare a formal relocation plan outlining the process for temporary relocation. In the event that it is determined that a household has income in excess of 140 percent of the San Diego Area Median Income level, permanent relocation may be required.

Accessibility

The California Tax Credit Allocation Committee (TCAC) requires wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment. In the event that existing building conditions prove to be financially infeasible to correct, to comply with the 10 percent TCAC requirement, HDP staff and the project architect will work to obtain a waiver from TCAC.

Development Team

HDP is a California 501(c)(3) nonprofit public benefit corporation that was incorporated in April 1990 and is a nonprofit affiliate of the Housing Commission. HDP is a separate legal entity established by the Housing Commission to acquire and develop low- and moderate-income housing and to provide services related to housing. HDP is an experienced developer and has successfully participated in affordable housing developments throughout San Diego. HDP has developed 1,253 units of affordable housing, with 284 more units in process, including multiple affordable developments utilizing Housing Commission loans. Recent developments are:

- New Palace Hotel, at 1814 Fifth Avenue, an 80-unit rehabilitation development, currently in construction, with a $3,040,000 Housing Commission loan and a $10,500,000 tax-exempt bond issuance.
- San Diego Square, at 1055 Ninth Avenue, a 156-unit rehabilitation development, completed in 2016, with a $17,825,000 tax-exempt bond issuance.
- Hotel Churchill, at 827 C Street, a 73-unit rehabilitation development, completed in 2016, with a $6,106,609 Housing Commission loan and a $13,047,455 Moving-to-Work grant.

HDP's previous Housing Commission loans are in full compliance. Based upon the developer's past experience and past performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Mariner's Village rehabilitation.

Property Management

Mariner's Village is managed by Housing Commission Property Management staff. Property Management staff has substantial experience as a manager of affordable housing, including properties with multilayer affordable housing funding restrictions, including tax-exempt bond financing and tax credits.

Table 2 Development Team Summary

Role	Firm
Owner	San Diego Housing Commission
Leasehold	To be formed Limited Partnership
Managing Partner	To be determined
Tax Credit Investor	To be selected
Architect	To be selected
Civil Engineer	To be selected
General Contractor	To be selected
Property Manager	San Diego Housing Commission
Relocation Consultant	To be selected
Construction & Perm Lender	To be selected

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 4.

FINANCING STRUCTURE

Permanent Sources and Uses of Financing

The estimated total development costs and sources and uses of funds are detailed in the pro forma attached to this report (Attachment 5) and summarized below.

Table 3 – West Park Estimated Permanent Sources and Uses

Sources of Financing	Amounts	Uses of Financing	Amounts	Per Unit
Permanent loan (multifamily mortgage revenue bonds)	$12,535,212	Acquisition	$34,695,368	$201,717
Seller's Note	$35,798,794	Land	$6,122,712	$35,597
4% Tax Credit Equity	$19,049,327	Hard Costs	$15,013,020	$87,285
		Soft Costs	$3,840,930	$22,331
		Financing	$3,171,102	$18,437
		Bonds and Tax Credit Costs	$421,742	$2,452
		Reserves	$898,459	$5,224
Deferred Developer Fee	$5,131,869	Developer Fee	$8,351,869	$48,557
Total Development Costs	**$72,515,202**	**Total Development Costs**	**$72,515,202**	**$421,600**

Development Cost Key Performance Indicators
Housing Commission staff has identified development cost performance indicators that were used to evaluate the proposed development and make a funding recommendation. 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	$72,515,202 ÷ 172 units =	$421,600
Acquisition Cost Per Unit	$34,695,668 ÷ 47 units =	$201,717
Gross Building Square Foot Hard Cost	$15,013,020 ÷ 171,896 sq. ft. =	$87
Net Rentable Square Foot Hard Cost	$15,013,020 ÷ 147,743 sq. ft. =	$102

Project Comparison Chart
There are multiple factors and variables that 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.

Table 5 – Comparable Development Projects

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Mariner's Village	2018	V	172	$72,515,202	$421,600	$0	$87
Regency Centre	2017	V	100	$29,595,884	$295,958	$0	$96
Vista Terrace	2016	V	262	$126,999,938	$484,733	$0	$112
Town & Country	2015	V	145	$48,166,944	$332,186	$91,358	$90

Developer Fee

HDP is proposing a developer fee of $8,351,869 ($48,557/unit) of which $5,131,869 will be deferred. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

$ 8,351,869 – gross developer fee
\+ 5,131,869 – developer's deferred developer fee; paid out of residual cash flow
$ 3,220,000 – up front new developer fee

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal 4 percent 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 Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds. The developer plans to submit a bond allocation application to CDLAC in May 2019, for a July 2019 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. The developer will be seeking a CDLAC bond allocation of up to $42,000,000. The developer proposes to 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 up to $42,000,000 bond allocation that will be sought from CDLAC is the amount for which the development is being underwritten.

The developer proposes that the bond proceeds will be used for acquisition, rehabilitation and permanent financing. The Housing Commission staff will later return to both the Housing Commission Board and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6. Staff recommends assigning Squire Patton Boggs as bond counsel and Ross Financial as bond financial advisor. These proposed financing team members have been selected in accordance with the existing policy for the bonds issuance. Bond counsels and bond financial advisors are designated on a rotating basis from firms selected under the program through a competitive Request for Proposal process.

AFFORDABLE HOUSING IMPACT

Under the proposed bond issuance, the development will be subject to applicable tax credit and bond regulatory agreements that will restrict the affordability of 171 units for 55 years. The project's 171 units will be affordable to tenants with income levels averaging 60 percent of Area Median Income (AMI), $58,380/year for a four-person household. Rents will range from 40 percent to 80 percent of Area Median Income.

Table 6 Mariner's Village Affordability and Monthly Estimated Rent Table

Affordability Mix	Units	Proposed Rent*	Market Rent
One bedroom 40% AMI	7	$730	$1,400
One bedroom 60% AMI	8	$1,095	$1,400
One bedroom 80% AMI	5	$1,242	$1,400
One bedroom 40% AMI	32	$876	$1,816
Two bedroom 60% AMI	44	$1,314	$1,816
Two bedroom 80% AMI	32	$1,502	$1,816
Three bedroom 40% AMI	12	$1,012	$2,612
Three bedroom 60% AMI	20	$1,518	$2,612
Three bedroom 80% AMI	11	$1,762	$2,612
Three bedroom Manager's unrestricted unit	1	--	--
Combined Total Units	172		

*Rents will comply with the TCAC income averaging rent methodology.
Maximum average rent will be at 60 percent AMI

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action are not included in the Fiscal Year 2019 Budget as funding is not expected until Fiscal Year 2020. Approving this action will result in the rehabilitation of a 172-unit development.

Funding sources approved by this action will be as follows:
Bond Issuance Fees - $105,000

Funding uses approved by this action will be as follows:
Administrative Costs - $105,000

Approving these actions will further grant the Executive Vice President, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission. There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bond actions. Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds will not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, 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. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will 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 .0025 bond amount issuer fee (estimated at $105,000 with a $42,000,000 bond issue) and the Housing Commission's annual administrative fee (estimated at $52,500 - $10,000) to be determined based on the outstanding bonds amount at permanent financing conversion.

Development Schedule
The estimated development timeline is as follows:

Milestones	Estimated Dates
• Housing Authority for preliminary approval	• December 11, 2018
• City Council IRS-required TEFRA hearing	• December 11, 2018
• CDLAC DDA application	• December 14, 2018
• CDLAC bond allocation application	• May 2019
• TCAC 4 percent tax credit application	• May 2019
• CDLAC allocation meeting	• July 2019
• TCAC allocation meeting	• July 2019
• Housing Commission final bond authorization	• September 2019
• Housing Authority final bond authorization	• October 2019
• Bond issuance and escrow closing	• Estimated October 2019
• Start of construction work	• Estimated October 2019
• Completion of construction work	• Estimated December 2020

PREVIOUS ACTIONS
On August 6, 2010, the Housing Commission Board approved the acquisition of Mariner's Village Apartments (Report HCR10-104).

On March 18, 2011, the Housing Commission Board approved an encroachment disposition settlement agreement for 0.14-acre land encroachment (HCR11-040).

On September 16, 2011, the Housing Commission Board approved accessibility upgrades to the project (HCR11-084).

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS
HDP will present the project to the Skyline-Paradise Hills Community Planning Group prior to returning for final bond authorization approvals.

KEY STAKEHOLDERS and PROJECTED IMPACTS
Stakeholders for this project include the residents of Mariner's Village, HDP as developer, the residents of the Skyline/Paradise Hills neighborhood, and the Housing Commission as the property owner. The property rehabilitation is expected to have a positive impact on the community because it will extend existing affordable housing restrictions for low-income families.

ENVIRONMENTAL REVIEW
This project's proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to section 15301 of the State CEQA Guidelines because the project is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CDEQ Section 15301(a), which allows for exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal Funds involved with this action.

HDP Conflict Disclosure Statement:
HDP's Board of Directors includes the President and CEO of the Housing Commission, Commissioners Stefanie Benvenuto and Tim Walsh, and community members. The current HDP Board consists of five

members. Commissioners Benvenuto and Walsh, and President and CEO of the Housing Commission, Richard C. Gentry, are each directors and officers of Housing Development Partners, a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation. Commissioner Benvenuto, Commissioner Walsh, and CEO Gentry receive no compensation for their service on the Housing Development Partners Board of Directors. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), Commissioner Benvenuto, Commissioner Walsh, and CEO Gentry each have a "non-interest" as described in Government Code Section 1091.5. Furthermore, none of HDP's board members has a financial interest in this development that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100, et. seq. because a 501(c)(3) nonprofit corporation is not a business entity for the purposes of state law and because HDP has been determined to be a public agency by the Ethics Commission for local conflict law purposes and/or the Housing Commission's Conflict of Interest Code. As members of the Board of Commissioners of the Housing Commission, Ms. Benvenuto and Mr. Walsh are legally entitled to vote and be counted for quorum purposes. This disclosure shall be and is hereby documented in the official records of the Housing Commission. Further, HDP may form an affiliated limited partnership or LLC and under such a scenario, HDP will be the managing general partner for its affiliated limited partnership or LLC. Commissioners Benvenuto, Walsh and CEO Gentry will all have non-interests with any affiliated limited partnership or LLC. This disclosure shall be and is hereby documented in the official records of the Housing Commission.

Respectfully submitted,

Tina Kessler

Tina Kessler
Housing Programs Manager
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments:

1. Development Summary
2. Site Maps
3. Rehabilitation Summary
4. Developer Disclosure Statement
5. Developer's Pro Forma
6. Multifamily Bond Program Summary

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org www.

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-________________

DATE OF FINAL PASSAGE ________________

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE OBLIGATIONS TO FINANCE MARINER'S VILLAGE APARTMENTS 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 for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to such multifamily rental housing; and

WHEREAS, Housing Development Partners as sponsor (HDP) 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 a limited partnership or limited liability company (Borrower) to be formed by HDP or an affiliate thereof, the proceeds of which Obligations will be loaned to the Borrower to finance a portion of the cost of the acquisition, construction, rehabilitation and equipping of a multifamily rental housing development located at 6847 Potomac Street, San Diego, California, as more fully identified in Exhibit A hereto (Project), including functionally related and ancillary facilities thereto; 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 adoption of this Resolution to the date of issuance of the Obligations; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior capital expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare 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 $42,000,000, 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 Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority 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 issuance and sale of Obligations pursuant to the Act in an aggregate principal amount not to exceed $42,000,000, 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 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 Authority has a reasonable expectation that the Obligations will be issued 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 Authority in part for the purpose 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 Authority hereby declares its 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 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 of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority 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 $42,000,000, 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 officers and program managers are hereby ratified, approved and confirmed.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 5. Approval of Bond Counsel and Municipal Advisor. The financing team of Squire Patton Boggs (US) LLP, as bond counsel, and Ross Financial, as municipal advisor, is approved for this Project.

Section 6. 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 its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

APPROVED: MARA W. ELLIOTT, General Counsel

By ________________________________
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
11/19/18
Or.Dept: Housing Authority
Doc. No.: 1880070

EXHIBIT A

DESCRIPTION OF PROJECT

Name:	Mariner’s Village Apartments
Location:	6847 Potomac Street, San Diego, CA 92139
Number of Units:	172 units
Maximum Bond Amount:	$42,000,000

The City of San Diego

Item Approvals

Item Subject: Preliminary Bond Authorization for Mariner's Village.

Contributing Department	Approval Date
DOCKET OFFICE	11/19/2018

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	DAVIS, JEFF	11/19/2018
CITY ATTORNEY	MIDDAUGH, MARGUERITE	11/19/2018
INTERIM DEPUTY CHIEF OPERATING OFFICER	CALDWELL, ERIK	11/19/2018