



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: November 21, 2018

REPORT NO: HAR18-031

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of December 3, 2018

SUBJECT: Preliminary Bond Authorization for Mariner's Village

COUNCIL DISTRICT: 4

REQUESTED ACTION

That the Housing Authority of the City of San Diego take the initial steps to issue tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition with rehabilitation of Mariner's Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, which will include 171 units that will remain affordable for an additional 55 years.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.

Housing Authority:

- 1) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Mariner's Village:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$42,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Mariner's Village;
 - 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 of up to \$42,000,000 for Mariner's Village;
 - c. Approve a bond financing team of Squire Patton Boggs as bond counsel, and Ross Financial as bond financial advisor;
- 2) Authorize the Executive Vice President & Chief of Staff (Executive Vice President), 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 Bond Counsel.

SUMMARY

A development summary is at Attachment 1.

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	$\$72,515,202 \div 172 \text{ units} =$	\$421,600
Acquisition Cost Per Unit	$\$34,695,668 \div 47 \text{ units} =$	\$201,717
Gross Building Square Foot Hard Cost	$\$15,013,020 \div 171,896 \text{ sq. ft.} =$	\$87
Net Rentable Square Foot Hard Cost	$\$15,013,020 \div 147,743 \text{ sq. ft.} =$	\$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
<ul style="list-style-type: none">• Housing Authority for preliminary approval• City Council IRS-required TEFRA hearing• CDLAC DDA application• CDLAC bond allocation application• TCAC 4 percent tax credit application• CDLAC allocation meeting• TCAC allocation meeting• Housing Commission final bond authorization• Housing Authority final bond authorization• Bond issuance and escrow closing• Start of construction work• Completion of construction work	<ul style="list-style-type: none">• December 11, 2018• December 11, 2018• December 14, 2018• May 2019• May 2019• July 2019• July 2019• September 2019• October 2019• Estimated October 2019• Estimated October 2019• 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.sdhc.org.

Attachment 1

Table 1 - Development Details

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Vista Terrace	2016	V	262	\$114,207,265	\$435,906	\$0	\$70
Town & Country	2015	V	145	\$48,166,944	\$332,186	\$91,358	\$90

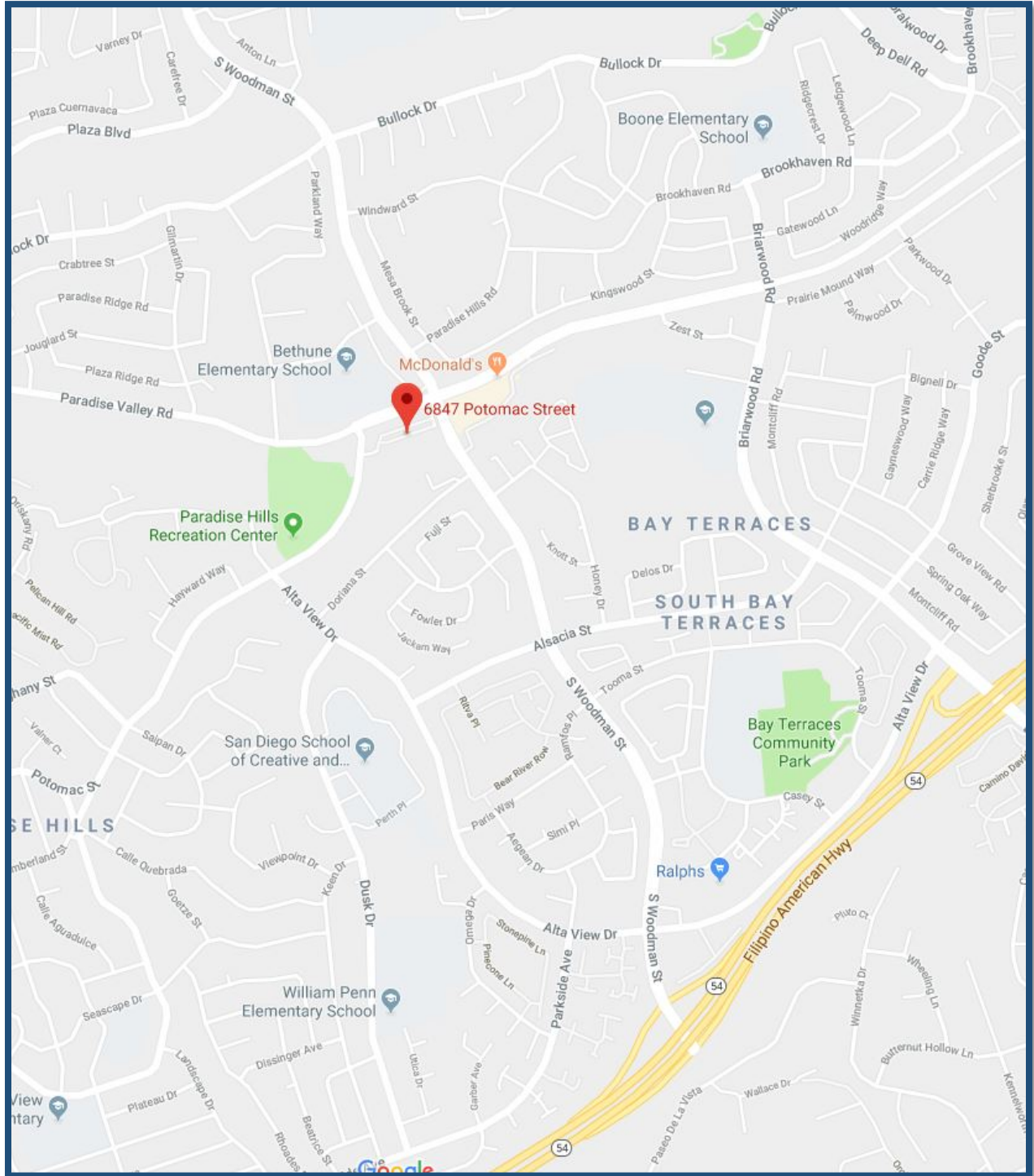
Table 7 - Proposed Rents

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
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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% AMI

Attachment 2

Site Map



Attachment 3

Mariner's Village

Proposed Initial Scope (to be amended based on forthcoming PNA and further investigations):

- Replace roofing, gutters and associated flashing on all residential buildings and garages
- Replace garage doors
- Repair / rebuild balconies
- Replace dry rotted patio walls
- Replace dry rotted structure at swimming pool
- Replace sidewalks that show trip hazards
- Resurface and restripe parking lot
- Paint exterior and repair stucco as needed
- Replace windows
- Repair / replace landscaping and irrigation systems
- Upgrade exterior lighting with LED fixtures
- Replace old signage, add new signage as needed
- Replace kitchen cabinets
- Install new range hoods
- Replace kitchen countertops, sinks and bath vanities
- Resurface tubs and install new hardware
- Accessibility upgrades as required by CTCAC regulations when technically feasible
- New flooring
- New kitchen appliances
- Upgrade HVAC systems
- Replace door hardware as needed



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

1. Name of CONTRACTOR: Housing Development Partners of San Diego
2. Address and Zip Code: 701 B Street, Suite 530, San Diego, CA 92101
3. Telephone Number: 619-578-7423
4. Name of Principal Contact for CONTRACTOR: Michael C. Pavco
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0427639
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:

___ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

___ A partnership known as: _____
(Name)

Check one

() General Partnership (Attach statement of General Partnership)

(x) Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:

(Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: Housing Development Partners was formed in California in April 1990 as a 501^c(3) non-profit
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%.

<u>Name, Address and Zip Code</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
Richard C. Gentry 619-578-7532	President & CEO 0%
Gary Gramling 760-455-4978	HDP Vice Chair & Audit Committee Member 0%
Stephanie Benvenuto 714-336-6536	HDP Board Secretary 0%
Roberta Spoon 619-234-4173	HDP Board Member & Audit Committee Member 0%
Tim Walsh 619-305-3261	HDP Board Member 0%

(Attach extra sheet if necessary)

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.
Yes. New board members, Tim Walsh and Stefanie Benvenuto due to term limits
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):

Name, Address and
Zip Code _____

Position Title (if any) and
extent of interest _____

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:

Senior VP: Michael C. Pavco	701 B Street Suite 530, San Diego, CA 92101
Director: Pari Ryan	701 B Street Suite 530, San Diego, CA 92101

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.

Affiliate through shared board members, Gentry, Gramling, Spoon, Walsh and Benvenuto.

Address: San Diego Housing Commission
1122 Broadway Suite 500, San Diego, CA 92101

14. Provide 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 attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

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:

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

a. In Bank/Savings and Loans

US Bank

11988 El Camino Real, Suite 100

San Diego, CA 92130

Amount: \$5,921,062

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

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

Description

Market Value

Mortgages or Liens

\$

\$

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

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 X No

If yes, give date, place, and under what name.

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 X No

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

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:

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond
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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:

Not Applicable.

a. Name and addresses of such contractor or builder:

- 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 X 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: N/A

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

22. Provide a detailed and complete statement respecting 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:

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), 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 COMMISSION, 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.

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:

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?
___ Yes X_ No

If yes, explain:

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

- 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)]

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

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

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

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 COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, 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 COMMISSION, 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 Commission 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 so state:

Government Entity
Making Complaint

Date

Resolution

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. If so, please explain the circumstances in detail. If none, please so state: No

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:

Governmental Agency	Description License	License Number	Date Issued (original)	Status (current)	Revocation
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 COMMISSION.

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 COMMISSION.

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

Date	Entity Involved (i.e., CITY COMMISSION, etc.)	Status (Current, delinquent repaid, etc.)	Dollar Amount
<u> </u>	<u> </u>	<u> </u>	<u> </u>

SDHC	Current	\$15,396,409
City (Civic San Diego)	Current	\$3,000,000
SDHC	Current	\$2,693,633
SDHC	Current	\$511,708
SDHC	Current	\$1,600,000
SDHC	Current	\$6,000,000
SDHC	Current	\$4,400,000

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, 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, explain:

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

Name: San Diego Housing Commission

Address: 1122 Broadway Suite 300, San Diego, CA 92101

Phone: _____

Project Name and Description:

San Diego Square- acquisition and substantial renovation of 156 unit senior HUD Building.

Name: Civic San Diego

Address: 401 B Street Suite 400, San Diego, CA 92101

Phone: 619-235-2200

Project Name and Description: Hotel Churchill-extensive renovation of 100 + year old historic hotel in downtown San Diego.

Name: California Housing Finance Agency

Address: 500 Capitol Mall, Ste 1400, Sacramento, CA 95814

Phone: 877-922-5432

Project Name and Description: Hotel Churchill- extensive renovation of a 100 + year old historic hotel in downtown San Diego.

39. Give a brief statement respecting 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.

40. Give the name and experience of the proposed Construction Superintendent.
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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 13th day of November, 2018, at San Diego, California.

CONTRACTOR

By:


Signature

SLP
Title

CERTIFICATION

The CONTRACTOR, Housing Development Partners, 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: Michael C. Pavco

Title: Senior Vice President

Dated: November, 2018

By: 

Title: SVF

Dated: 11/13/18

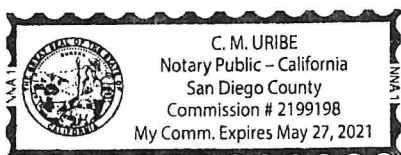
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not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

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 13 day of November, 2018.



SEAL


Signature of Notary

C.M. Uribe, Notary Public
Name of Notary

Tax Credit Assumptions

Mariner's Village

SECTION 1: PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS

GENERAL PROJECT INFORMATION

Project Name	Mariner's Village
Purchase Price	
Project Address	6847 Potomac St, San Diego, CA 92139
Year Built	1989
Site Acreage	
Total Units	172
MSA	San Diego County
Area Media Income	\$49,623
Project Type	Tax Credit
Prospected Owner Entity	

BUILDING AREA

Residential Rentable SF						sf
Common Areas				20%	of Res sf	sf
Subtotal Residential SF						- sf
Commercial / Retail / Office Rentable SF						sf
Common Areas						sf
Subtotal Commercial SF						- sf
Parking Structure						-
On Grade Parking	0 Spaces	@	390		sf per space	- sf
	0 Spaces		300		sf per space	- <u>b</u> sf
Subtotal Parking SF						- sf
Approximate Gross Building Area						- sf

SECTION 2: UNIT MIX & PROJECT INCOME

RESIDENTIAL INCOME

Bedroom Type	Bath	Number of Units	% of Total	Net Area (SF)	Gross Square Feet	Proposed Rents (Gross)	Utility Allowance	Market Rent	Proposed LIHTC Rent (Net)	Spread to Market	Monthly Income	Annual Income
1BR - 40% AMI	1	7	4.1%	657	4,599	\$730	\$42	\$1,400	\$688	-91.78%	\$4,816	\$57,792
1BR - 60% AMI	1	8	4.7%	657	5,256	\$1,095	\$42	\$1,400	\$1,053	-27.85%	\$8,424	\$101,088
1BR - 80% AMI	1	5	2.9%	657	3,285	\$1,242	\$42	\$1,400	\$1,200	-12.72%	\$6,000	\$72,000
2BR - 40% AMI	2	32	18.6%	867	27,744	\$876	\$52	\$1,816	\$824	-107.31%	\$26,368	\$316,416
2BR - 60% AMI	2	44	25.6%	867	38,148	\$1,314	\$52	\$1,816	\$1,262	-38.20%	\$55,528	\$666,336
2BR - 80% AMI	2	32	18.6%	867	27,744	\$1,502	\$52	\$1,816	\$1,450	-20.91%	\$46,400	\$556,800
3BR - 40% AMI	2	12	7.0%	974	11,688	\$1,012	\$62	\$2,612	\$950	-158.10%	\$11,400	\$136,800
3BR - 60% AMI	2	20	11.6%	974	19,480	\$1,518	\$62	\$2,612	\$1,456	-72.07%	\$29,120	\$349,440
3BR - 80% AMI	2	11	6.4%	974	10,714	\$1,762	\$62	\$2,612	\$1,700	-48.24%	\$18,700	\$224,400
3 Bedroom	Manager	1	0.6%	974	974	\$0	\$0	\$0	\$0	0.00%	\$0	\$0
Total/Average		172	100.0%	870	149,632				\$1,202		\$206,756	\$2,481,072

COMMERCIAL INCOME (NNN)

Unit Type	Net SF	\$/SF/Month	Monthly	Annual
Commercial Suites	0	\$0.00	\$0	\$0
Vacancy	100%			\$0
Total Commercial Income				\$0

OTHER INCOME

Residential	\$/unit/Month	Monthly	Annual
Parking Income	\$0.00	\$0	\$0
Storage Income	\$0.00	\$0	\$0
Laundry Income	\$0.00	\$0	\$0
Fees and Charges	\$0.00	\$0	\$0
Other	\$0.00	\$0	\$0
Total other income/month	\$0.00	\$0	\$0

ESCALATORS & VACANCY

Item	Rate
Escalator for Income	2.0%
Escalator for Expenses	3.0%
Escalator for P'ship Expenses	3.0%
Escalator for Misc Expenses	3.0%
Residential Vacancy	5.0%
Escalator for Non Profit AM Fee	3.0%

SECTION 3: EXPENSES

Category	Per Unit	Total Annual
Repairs and Maintenance	\$1,547	\$266,019
Turnover Expense Vendors & Other OpEx	\$409	\$70,399
Utilities	\$1,537	\$264,299
Management Fee	\$824	\$141,671
Salaries	\$991	\$170,474
Employee Benefits	\$447	\$76,808
Taxes and Insurance	\$136	\$23,382
Overhead	\$1,267	\$217,914
	\$0	\$0
Total Operating Expenses	\$7,157	\$1,230,966
Reserves Deposits		
Replacement Reserve Deposit	\$350	\$60,200
Other Reserve Deposit	\$0	\$0
Total Reserve Deposits	\$350	\$60,200
Total Expenses plus Reserves & Overhead	\$7,507	\$1,291,166

SECTION 4: PROJECT MILESTONES

Architectural Milestones		Date
Schematic Drawings		
Design & Development		
Construction Drawings		

Approval Milestones		Date
Civic SD Board Date		
HC Board Date		
Housing Authority/TEFRA		
CDLAC Application Date		
TCAC Application Date		
CDLAC Allocation Date		
TCAC Allocation Date		
Closing Date		10/30/19

Construction Milestones	Month	Date
Construction Start	0	10/31/19
25% Completion	4	2/29/20
50% Completion	7	5/31/20
75% Completion	10	8/31/20
100% Completion	13	11/30/20
Conversion/8609s	16	2/28/21

SECTION 5: OTHER ASSUMPTIONS

Waterfall Assumptions	
LP Asset Management Fee	\$5,000,000
Non Profit AM Fee (HDP)	\$11,850,000
Non Profit AM Fee (HDP Partner)	\$3,150,000
Interest On Deferred Dev Fee	0.00%
Residual Cash Flow Split to P'ship	50.00%
LP Share of Partnership CF	50.0%
Residual Receipts Lender Split	50.0%
Ground Lease (% of EGI) Years 1-17	4.50%
Ground Lease (% of EGI) Years 18-55	4.50%
Other	
LP Share of Credits	
LP Share of Tax Credits	99.99%
Percent of Cash Flow	100.0%
50% Test	
Eligible Basis + Land	\$70,153,704
Amount Financed by Bonds	\$42,000,000
Percent of Financed by Bonds	59.87%

SECTION 6: FINANCING SOURCE ASSUMPTIONS

PERM LOAN	
DSCR	1.20
Amort (Years)	35
All-in Rate	6.30%
Annual PMT	888,210
Perm Loan Amt	\$12,535,212

SOFT LOAN	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.

SELLER LOAN	
Principal	\$40,818,080
Interest (Simple)	3.00%
Term	55
Annual Payment	

LAND	
Land Value	\$6,122,712

EQUITY OUT	
Equity Out	\$0

CONSTRUCTION LOAN	
AMT	\$42,000,000
Term (months)	18
Rate	5.75%

LIHTC EQUITY	
DDA/QCT	Yes
AFR	3.31%
Credit Pricing	\$0.950
Investor Share of Credits	99.99%

ACQUIRED RESERVES	
Existing Reserves	\$0

LIHTC PAY-IN SCHEDULE		
Closing	15%	\$ 2,857,399
25% Completion	0%	-
50% Completion	0%	-
75% Completion	0%	-
100% Completion	80%	\$ 15,239,462
Conversion/8609	5%	\$ 952,466
Total Equity	100.00%	\$ 19,049,327

SECTION 7: QUICK LOOK SUMMARY

Operating Summary	Total	Per Unit
Gross Rental Income	\$2,481,072	\$14,425
Other Income	\$0	\$0
(Less) Vacancy @ 5%	(\$124,054)	(\$721)
Effective Gross Income	\$2,357,018	\$13,704
Commercial Income	\$0	\$0
(Less) Vacancy @ 0%	\$0	\$0
Total Income	\$2,357,018	\$13,704
(Less) OpEx	(\$1,230,966)	(\$7,157)
(Less) RR Deposits	(\$60,200)	(\$350)
Net Operating Income	\$1,065,853	\$6,197
(Less) Debt Service	(888,212)	(\$5,164)
Net Cash Flow	\$177,642	\$1,033

Developer Fee Installments			
Closing	10/30/19	\$805,000	9.6%
25% Completion	2/29/20	\$0	0.0%
50% Completion	5/31/20	\$0	0.0%
75% Completion	8/31/20	\$805,000	9.6%
100% Completion	11/30/20	\$805,000	9.6%
8609s	2/28/21	\$805,000	9.6%
Deferred	As Available	\$5,131,669	61.4%
Total Developer Fee		\$8,351,869	100%

Sources:	Total	Per Unit	% of Total
PERM LOAN	\$12,535,212	\$72,879	17.3%
LIHTC EQUITY	\$19,049,327	\$110,752	26.3%
SOFT LOAN #1	\$0	\$0	0.0%
SOFT LOAN #2	\$0	\$0	0.0%
RFR TRANSFER	\$0	\$0	0.0%
SELLER NOTE	\$35,798,794	\$208,133	49.4%
DEFERRED DEVELOPER FEE	\$5,131,869	\$29,836	7.1%
SURPLUS FUNDS (Equity Out)	(\$0)	(\$0)	0.0%
Total Sources	\$72,515,202	\$421,600	100%
Uses:	Total	Per Unit	% of Total
BUILDING ACQUISITION	\$34,695,368	\$201,717	47.8%
HARD	\$6,122,712	\$35,597	8.4%
LAND COSTS	\$15,013,020	\$87,285	20.7%
PERMITS & FEES	\$150,130	\$873	0.2%
ARCHITECT & ENGINEERING	\$838,892	\$4,877	1.2%
THIRD PARTY REPORTS	\$56,100	\$326	0.1%
FINANCING	\$3,171,102	\$18,437	4.4%
RESERVES	\$898,459	\$5,224	1.2%
BOND AND TAX CREDIT	\$421,742	\$2,452	0.6%
OTHER SOFT COSTS	\$2,795,808	\$16,255	3.9%
DEVELOPER FEE	\$8,351,869	\$48,557	11.5%
Total Uses	\$72,515,202	\$421,600	100%

Development Costs - Tax Credit

Mariner's Village

TOTAL UNITS: 172													
				Multiplier	Cost	Cost Driver	Total	Per Unit	% of TDC	% in Basis	Acq Basis	Rehab Basis	Non-Basis
ACQUISITION & CLOSING COSTS													
1005	LAND	15.00%	\$6,122,712	Fixed (calc)	\$6,122,712	\$35,597	8.4%	0%					\$6,122,712
1010	BUILDINGS	85.00%	\$34,695,368	Fixed (calc)	\$34,695,368	\$201,717	47.8%	100%	\$34,695,368				\$0
1015	ESCROW DEPOSIT - Refundable			Total	\$0	\$0	0.0%	0%					\$0
1020	ESCROW DEPOSIT - NonRefundable			Total	\$0	\$0	0.0%	0%					\$0
1025	BROKER FEE/COMMISSION	0.00%	\$0	% of Acq. price	\$0	\$0	0.0%	0%					\$0
1030	OTHER ACQUISITION COSTS			Total	\$0	\$0	0.0%	0%	\$0				\$0
TOTAL ACQUISITION & CLOSING COSTS							\$40,818,080	\$237,314	56.3%		\$34,695,368	\$0	\$6,122,712
HARD COSTS													
2030	REHABILITATION (RESIDENTIAL) Prevail. Wage	\$69,000	\$11,868,000	per unit	11,868,000	\$69,000	16.4%	100%			\$11,868,000		\$0
2045	GENERAL CONDITIONS/REQUIREMENTS	6.00%	\$712,080	% of hard costs	712,080	\$4,140	1.0%	100%			\$712,080		\$0
2050	GENERAL CONTRACTOR FEE (OH & P)	8.00%	\$949,440	% of hard costs	949,440	\$5,520	1.3%	100%			\$949,440		\$0
2055	BONDING & INSURANCE	1.00%	\$118,680	% of hard costs	118,680	\$690	0.2%	100%			\$118,680		\$0
	HARD COST CONTINGENCY (CONTRACTOR)	0.00%	\$0	Total	-	\$0	0.0%	100%			\$0		\$0
2060	HARD COST CONTINGENCY (OWNER)	10.00%	\$1,364,820	% of contract	1,364,820	\$7,935	1.9%	100%			\$1,364,820		\$0
TOTAL HARD COSTS							\$15,013,020	\$87,285	20.7%		\$0	\$15,013,020	\$0
PERMITS & FEES													
3030	MUNICIPAL	1.00%	\$150,130	% of hard costs	\$150,130	\$873	0.2%	100%			\$150,130		\$0
TOTAL PERMITS & FEES							\$150,130	\$873	0.21%		\$0	\$150,130	\$0
ARCHITECTURE & ENGINEERING													
4005	ARCHITECT / ENGINEERING	6.00%	\$818,892	Fixed (calc)	\$818,892	\$4,761	1.1%	100%			\$818,892		\$0
4010	CIVIL ENGINEERING			Total	\$0	\$0	0.0%	100%			\$0		\$0
4030	OTHER CONSULTANTS-SPECIAL INSPECTIONS		\$20,000	Total	\$20,000	\$116	0.0%	100%			\$20,000		\$0
TOTAL ARCHITECTURE & ENGINEERING							\$838,892	\$4,877	1.16%		\$0	\$838,892	\$0
THIRD PARTY REPORTS													
5005	APPRAISAL		\$8,000	Total	\$8,000	\$47	0.0%	100%			\$8,000		\$0
5010	MARKET STUDY		\$5,000	Total	\$5,000	\$29	0.0%	100%			\$5,000		\$0
5020	ENVIRONMENTAL (Ph1 & Ph2)		\$20,000	Total	\$20,000	\$116	0.0%	100%			\$20,000		\$0
5025	PHYSICAL NEEDS ASSESSMENT		\$8,000	Total	\$8,000	\$47	0.0%	100%			\$8,000		\$0
5040	REMEDIATION TESTING & CONSULTANT		\$5,000	Total	\$5,000	\$29	0.0%	100%			\$5,000		\$0
5040	OTHER TECHNICAL REPORTS		\$5,000	Total	\$5,000	\$29	0.0%	100%			\$5,000		\$0
8075	THIRD PARTY REPORT CONTINGENCY	10.00%	\$5,100	Total	\$5,100	\$30	0.0%	100%			\$5,100		\$0
TOTAL DILIGENCE COSTS							\$56,100	\$326	0.08%		\$0	\$56,100	\$0
FINANCING COSTS													
6005	CONSTRUCTION LOAN ORIGATION FEE	1.00%	\$420,000	Total	\$420,000	\$2,442	0.6%	100%			\$420,000		\$0
6010	CONSTRUCTION LOAN LEGAL		\$25,000	Total	\$25,000	\$145	0.0%	100%			\$25,000		\$0
6015	CONSTR LENDER APPLICATION / DUE DILIGENCE		\$25,000	Total	\$25,000	\$145	0.0%	100%			\$25,000		\$0
6025	INTEREST DURING CONSTRUCTION	70.00%	\$2,535,750	Fixed (calc)	\$2,535,750	\$14,743	3.5%	75%			\$1,901,813	\$633,938	
6105	PERM LOAN ORIGATION FEE	1.00%	\$125,352	Total	\$125,352	\$729	0.2%	50%			\$62,676	\$62,676	
6115	PERM LOAN DUE DILIGENCE		\$30,000	Total	\$30,000	\$174	0.0%	0%			\$0	\$30,000	
6130	PERM LOAN CONVERSION FEE		\$10,000	Total	\$10,000	\$58	0.0%	0%			\$0	\$10,000	
6135	OTHER FINANCING			Total	\$0	\$0	0.0%	0%			\$0	\$0	
TOTAL FINANCING COSTS							\$3,171,102	\$18,437	4.37%		\$0	\$2,434,489	\$736,614
RESERVES													
7005	REPLACEMENT RESERVE - INITIAL DEPOSIT	\$1,000	\$172,000	per unit	\$172,000	\$1,000	0.2%						\$172,000
7010	OPERATING RESERVE	4 Months	\$726,459	Mo. of Opex/RR/DS	\$726,459	\$4,224	1.0%						\$726,459
TOTAL RESERVES							\$898,459	\$5,224	1.24%		\$0	\$0	\$898,459
BOND/TAX CREDIT RELATED COSTS													
6305	TCAC RESERVATION FEE	1.00%	\$20,052	% of credit req	\$20,052	\$117	0.0%	0%					\$20,052
6310	TCAC APPLICATION FEES		\$2,000	Total	\$2,000	\$12	0.0%	0%					\$2,000
6326	CDLAC APPLICATION FEES		\$1,200	Total	\$1,200	\$7	0.0%	0%					\$1,200
6315	TCAC COMPLIANCE MONITORING FEE	\$410	\$70,520	per unit	\$70,520	\$410	0.1%	0%					\$70,520
6327	CDLAC ISSUANCE FEE (TE Construction Loan)	0.05%	\$21,000	% of loan amount	\$21,000	\$122	0.0%	0%			\$0	\$21,000	
6328	CDLAC REPORTING FEE (TE Construction Loan)	0.0035%	\$1,470	% of loan amount	\$1,470	\$9	0.0%	0%			\$0	\$1,470	
6330	ISSUER FEE (TE Construction Loan)	0.2500%	\$105,000	% of loan amount	\$105,000	\$610	0.1%	0%			\$0	\$105,000	
6331	ISSUER FINANCIAL ANALYST		\$60,000	Total	\$60,000	\$349	0.1%	0%			\$0	\$60,000	
6340	BOND COUNSEL and CITY LEGAL		\$90,500	Total	\$90,500	\$526	0.1%	0%			\$0	\$90,500	
6125	OTHER FINANCING COSTS		\$50,000	Total	\$50,000	\$291	0.1%	0%			\$0	\$50,000	
TOTAL BOND/TAX CREDIT RELATED COSTS							\$421,742	\$2,452	0.58%		\$0	\$0	\$421,742
OTHER SOFT COSTS													
8020	LEGAL - DEVELOPER (CONSTRUCTION)		\$100,000	Total	\$100,000	\$581	0.1%	100%			\$100,000		\$0
8005	LEGAL - PARTNERSHIP		\$75,000	Total	\$75,000	\$436	0.1%	0%			\$0	\$75,000	
8035	ACCOUNTING/COST CERT		\$20,000	Total	\$20,000	\$116	0.0%	49%			\$9,760	\$10,240	
8045	RELOCATION COSTS	\$10,000	\$1,720,000	per unit	\$1,720,000	\$10,000	2.4%	100%			\$1,720,000		\$0
8045	RELOCATION STUDY		\$40,000	Total	\$40,000	\$233	0.1%	100%			\$40,000		\$0
5035	ALTA SURVEY		\$20,000	Total	\$20,000	\$116	0.0%	100%			\$20,000		\$0
8055	PREPAID INSURANCE		\$35,000	Total	\$35,000	\$203	0.0%	100%			\$35,000		\$0
8060	TITLE/ESCROW/RECORDING		\$30,000	Total	\$30,000	\$174	0.0%	100%			\$30,000		\$0
8065	REAL ESTATE TAXES		\$35,000	Total	\$35,000	\$203	0.0%	100%			\$35,000		\$0
4025	CONSTRUCTION MANAGEMENT		\$194,922	Fixed (calc)	\$194,922	\$1,133	0.3%	100%			\$194,922		\$0
8084	ENERGY REPORT (TCAC)		\$15,000	Total	\$15,000	\$87	0.0%	100%			\$15,000		\$0
8085	BORROWER FINANCIAL ANALYST		\$100,000	Total	\$100,000	\$581	0.1%	0%			\$0	\$100,000	
8030	FF&E - RESIDENTIAL	\$500	\$86,000	per unit	\$86,000	\$500	0.1%	100%			\$86,000		\$0
8080	FF&E - COMMON AREA	\$500	\$86,000	Total	\$86,000	\$500	0.1%	100%			\$86,000		\$0
8075	SOFT COST CONTINGENCY	7.00%	\$237,707	% of soft costs	\$238,886	\$1,389	0.3%	50%			\$119,443	\$119,443	
TOTAL OTHER SOFT COSTS							\$2,795,808	\$16,255	3.86%		\$0	\$2,491,125	\$304,683
DEVELOPER FEE													
9005	DEVELOPER FEE ON ACQUISITION		\$5,204,305	of Elig. Acq. Cost	\$5,204,305	\$30,258	7.2%			\$5,204,305			\$0
9010	DEVELOPER FEE ON REHAB		\$3,147,563	of Elig. Rehab	\$3,147,563	\$18,300	4.3%				\$3,147,563		\$0
TOTAL DEVELOPER FEE							\$8,351,869	\$48,557	11.5%		\$5,204,305	\$3,147,563	\$0
GRAND TOTAL DEVELOPMENT COSTS							\$72,515,202	\$421,600	100%		\$39,899,673	\$24,131,319	\$8,484,209

Tax Credits

Mariner's Village

Tax Credit Assumptions

Eligible Basis (Acq)	\$39,899,673
Eligible Basis (Rehab/New Construction)	\$24,131,319
Total Eligible Basis	\$64,030,992
Maximum Allowable Basis	\$64,030,992
QCT/DDA	130.00%
Total Qualified Basis (Acq)	\$39,899,673
Total Qualified Basis (Rehab/New Construction)	\$31,370,715
Applicable Fraction	85.00%
Applicable Credit Rate (Acq.)	3.31%
Applicable Credit Rate (NC/RH)	3.31%
Total Annual Credit	\$2,005,192
Total 10-Year Credit	\$20,051,924
Investment Rate	\$0.9500
Total Investor Equity	\$19,049,327

Cash Flow Analysis - Tax Credit

Mariner's Village

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING BUDGET		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
GROSS RENTAL INCOME	2.00%	2,481,072	2,530,693	2,581,307	2,632,933	2,685,592	2,739,304	2,794,090	2,849,972	2,906,971	2,965,111	3,024,413	3,084,901	3,146,599	3,209,531	3,273,722
Other Income	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Vacancy	5.00%	(124,054)	(126,535)	(129,065)	(131,647)	(134,280)	(136,965)	(139,705)	(142,499)	(145,349)	(148,256)	(151,221)	(154,245)	(157,330)	(160,477)	(163,686)
EFFECTIVE GROSS INCOME		2,357,018	2,404,159	2,452,242	2,501,287	2,551,313	2,602,339	2,654,386	2,707,473	2,761,623	2,816,855	2,873,192	2,930,656	2,989,269	3,049,055	3,110,036
Commercial Income (after vacancy)	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME		2,357,018	2,404,159	2,452,242	2,501,287	2,551,313	2,602,339	2,654,386	2,707,473	2,761,623	2,816,855	2,873,192	2,930,656	2,989,269	3,049,055	3,110,036
OPERATING EXPENSES																
Repairs and Maintenance	3.00%	266,019	274,000	282,220	290,686	299,407	308,389	317,641	327,170	336,985	347,095	357,508	368,233	379,280	390,658	402,378
Turnover Expense Vendors & Other OpEx	3.00%	70,399	72,511	74,687	76,927	79,235	81,612	84,060	86,582	89,180	91,855	94,611	97,449	100,373	103,384	106,485
Utilities	3.00%	264,299	272,228	280,395	288,807	297,471	306,395	315,587	325,054	334,806	344,850	355,196	365,851	376,827	388,132	399,776
Management Fee	5.00%	117,851	120,208	122,612	125,064	127,566	130,117	132,719	135,374	138,081	140,843	143,660	146,533	149,463	152,453	155,502
Salaries	3.00%	170,474	175,588	180,856	186,281	191,870	197,626	203,555	209,661	215,951	222,430	229,102	235,975	243,055	250,346	257,857
Employee Benefits	3.00%	76,808	79,112	81,485	83,930	86,448	89,041	91,712	94,464	97,298	100,217	103,223	106,320	109,510	112,795	116,179
Taxes and Insurance	3.00%	23,382	24,084	24,806	25,551	26,317	27,107	27,920	28,757	29,620	30,509	31,424	32,367	33,338	34,338	35,368
Overhead	3.00%	217,914	224,451	231,185	238,120	245,264	252,622	260,200	268,006	276,047	284,328	292,858	301,644	310,693	320,014	329,614
Total Operating Expenses		1,207,146	1,242,182	1,278,245	1,315,366	1,353,577	1,392,908	1,433,394	1,475,069	1,517,967	1,562,126	1,607,581	1,654,372	1,702,538	1,752,119	1,803,158
NET OPERATING INCOME		1,149,872	1,161,977	1,173,997	1,185,920	1,197,736	1,209,430	1,220,991	1,232,404	1,243,655	1,254,729	1,265,611	1,276,284	1,286,732	1,296,935	1,306,877
RESERVE DEPOSITS																
Replacement Reserve Deposit	3.00%	60,200	62,006	63,866	65,782	67,756	69,788	71,882	74,038	76,260	78,547	80,904	83,331	85,831	88,406	91,058
Other Reserve Deposit	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserve Deposits		60,200	62,006	63,866	65,782	67,756	69,788	71,882	74,038	76,260	78,547	80,904	83,331	85,831	88,406	91,058
(LESS) DEBT SERVICE		(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)	(888,210)
Debt Service Coverage Ratio		1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37
NET PROJECT CASH FLOW		201,462	211,761	221,920	231,928	241,770	251,432	260,899	270,155	279,185	287,972	296,497	304,743	312,690	320,319	327,609
CASH FLOW WATERFALL																
(Less) LP Asset Management Fee	3.00%	(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)
(Less) SDHC Ground Lease Fee/Seller Note	4.50%	(106,066)	(108,187)	(110,351)	(112,558)	(114,809)	(117,105)	(119,447)	(121,836)	(124,273)	(126,758)	(129,294)	(131,880)	(134,517)	(137,207)	(139,952)
(Less) HDP Non Profit AM Fee	3.00%	(11,850)	(12,206)	(12,572)	(12,949)	(13,337)	(13,737)	(14,150)	(14,574)	(15,011)	(15,462)	(15,925)	(16,403)	(16,895)	(17,402)	(17,924)
(Less) Partner Non Profit AM Fee	3.00%	(3,150)	(3,245)	(3,342)	(3,442)	(3,545)	(3,652)	(3,761)	(3,874)	(3,990)	(4,110)	(4,233)	(4,360)	(4,491)	(4,626)	(4,765)
(Less) Other Fee	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fees (Non Profit and Partnership)		(126,066)	(128,787)	(131,569)	(134,412)	(137,319)	(140,291)	(143,328)	(146,434)	(149,608)	(152,854)	(156,172)	(159,564)	(163,032)	(166,578)	(170,203)
Remaining Cash Flow		75,396	82,973	90,351	97,515	104,450	111,141	117,570	123,721	129,577	135,118	140,325	145,179	149,658	153,741	157,406
DEFERRED DEVELOPER FEE																
Beginning Balance		-	5,131,869	5,048,895	4,958,544	4,861,029	4,756,578	4,645,437	4,527,867	4,404,146	4,274,569	4,139,451	3,999,126	3,853,947	3,704,289	3,550,548
Interest on Deferred Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT		-	(82,973)	(90,351)	(97,515)	(104,450)	(111,141)	(117,570)	(123,721)	(129,577)	(135,118)	(140,325)	(145,179)	(149,658)	(153,741)	(157,406)
Developer Fee Balance		-	5,048,895	4,958,544	4,861,029	4,756,578	4,645,437	4,527,867	4,404,146	4,274,569	4,139,451	3,999,126	3,853,947	3,704,289	3,550,548	3,393,142
Remaining Cash Flow		75,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ATTACHMENT 6
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 or 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 10% 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 issuer (Housing Authority) 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, 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 (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- 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 Authority 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.

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



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE CITY COUNCIL

DATE ISSUED: November 21, 2018

REPORT NO: CCR18-008

ATTENTION: Council President and Members of the City Council
For the Agenda of December 3, 2018

SUBJECT: Tax Equity & Fiscal Responsibility Act Public Hearing – Mariner’s Village

COUNCIL DISTRICT: 4

REQUESTED ACTION

That the San Diego City Council (City Council) 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 \$42,000,000 for the rehabilitation of Mariner’s Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, which will include 171 units that will remain affordable for an additional 55 years.

SUMMARY

The Housing Authority of the City of San Diego intends to issue up to \$42,000,000 of Multifamily Housing Revenue Bonds to facilitate rehabilitation of a multifamily rental housing project in the City of San Diego described in the attached Notice of Public Hearing.

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

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

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 and Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org

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 OBLIGATIONS BY THE HOUSING
AUTHORITY OF THE CITY OF SAN DIEGO FOR
MARINER'S VILLAGE.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue not to exceed \$42,000,000 aggregate principal amount of multifamily housing revenue bonds or notes (Obligations) to finance the acquisition, rehabilitation and equipping of Mariner's Village, a multifamily residential 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 Obligations to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Obligations be approved by the City Council as the applicable elected representative after a public hearing following reasonable public notice; and

WHEREAS, notice of a public hearing with respect to the proposed issuance of the Obligations was published in a newspaper of general circulation in the City on November 19, 2018; and

WHEREAS, the public hearing was held on December 3, 2018, and an opportunity was provided for interested persons to express their views on the issuance of the Obligations and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that this City Council, as the applicable elected representative under section 147(f) of the Code, approves the issuance of the Obligations by the Authority.

BE IT FURTHER RESOLVED, that the City does not warrant the creditworthiness of the Obligations or guarantee, in any way, the payment of the Obligations. No moneys of the City will be pledged or applied to the repayment of the Obligations.

BE IT FURTHER RESOLVED, that this activity is not a “project” under and is therefore not subject to, the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines section 15060(c)(3). This determination is predicated on section 15004 of the CEQA Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Marguerite Middaugh
Deputy City Attorney

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, December 3, 2018, at the hour of 2:00 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers, 12th floor, 202 “C” Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego (the “Authority”), in one or more series pursuant to a plan of finance, of its tax-exempt multifamily housing revenue bonds in the maximum amount of \$42,000,000 (the “Obligations”), in order to finance a portion of the cost of the acquisition, construction, rehabilitation and equipping of a multifamily rental housing development described below:

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

The owner of the Project (the “Borrower”) is expected to be Housing Development Partners (HDP), or a to-be-formed entity of which HDP is the managing member or general partner (Designee). A total of 171 of the 172 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 Obligations 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 Obligations; (2) the costs of credit enhancement on the Obligations; and (3) certain expenses incurred in connection with the issuance of the Obligations.

The Obligations 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 Obligations shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

Notice is further given that at said hearing, all interested parties will have an opportunity to be heard on the question of whether or not such multifamily housing revenue bonds should be issued or on the nature and location of the facilities proposed to be financed. Written comments may also be submitted prior to the hearing, c/o Tina Kessler, Housing Programs Manager Real Estate Division, San Diego Housing Commission, 1122 Broadway Street, Suite 300, San Diego, California 92101.

Dated: November 19, 2018

CITY COUNCIL OF THE CITY OF SAN DIEGO



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