



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: November 30, 2018

HCR18-100

COUNCIL DISTRICT(S): 4

ORIGINATING DEPARTMENT: Real Estate Division

SUBJECT: Preliminary Bond Authorization for Mariner's Village

CONTACT/PHONE NUMBER: Tina Kessler (619) 578-7569

#### REQUESTED ACTIONS:

Approve the transfer of Mariner's Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, under the terms and conditions described in the staff report. Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition with rehabilitation of Mariner's Village which will include 171 units that will remain affordable for an additional 55 years. Hold a Tax Equity Fiscal Responsibility Act (TEFRA) public hearing.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed affordable housing development is a twelve building property, composed of 172 units located at 6847 Potomac Street. The unit mix consists of 20 one-bedroom units, 108 two-bedroom units, 43 three-bedroom units, and a three-bedroom manager's unit.
- The developer is seeking approval to enter into a 65-year ground lease, along with approvals for the preliminary steps to issue up to \$42,000,000 in tax-exempt Multifamily Housing Revenue Bonds.
- The developer is Housing Development Partners (HDP), an affiliate of the Housing Commission. HDP is an experienced developer who has successfully participated in affordable housing developments throughout San Diego, contributing to the affordable housing inventory.
- Total development cost of the development is \$72,515,202
- Total development cost per residential units is \$421,600
- Housing Commission subsidy per unit is \$0
- The Housing Commission purchased the property in 2010, completed ADA path of travel upgrades in 2012, and is currently seeking funding approvals to initiate a comprehensive renovation of the property.
- If approved, the developer could commence construction in October 2019 and complete construction by December 2020.



## REPORT

**DATE ISSUED:** November 21, 2018

**REPORT NO:** HCR18-100

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of November 30, 2018

**SUBJECT:** Preliminary Bond Authorization for Mariner's Village

**COUNCIL DISTRICT:** 4

### **REQUESTED ACTION**

*Seven-Day Advance Notice Of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members in accordance with the terms and provisions of San Diego Municipal Code Section 98.0301(e)(4)(b) concerning Staff Recommendation Nos. 1-2 only:*

That the San Diego Housing Commission approve the transfer of Mariner's Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, under the terms and conditions described in this report.

*Matters requiring hearing by both the San Diego Housing Commission and the Housing Authority of the City of San Diego pursuant to the provisions of San Diego Municipal Code Section 98.301(D)(9)(A) Through (E) – concerning Staff Recommendation Nos. 3-4 only:*

Take the initial steps to issue Housing Authority of the City of San Diego 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.

*The matter requiring hearing by only the San Diego City Council concerning Staff Recommendation No. 5 only:*

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.

### **STAFF RECOMMENDATION**

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

### **Housing Commission:**

- 1) Authorize the Housing Commission to enter into an Option to Ground Lease Agreement and a long-term (65-year) Ground Lease between Housing Development Partners (HDP), or a to-be-

formed entity of which HDP is the managing member (Designee), and the Housing Commission for the transfer of the Mariner's Village, a 172-unit existing development, located at 6847 Potomac Street, San Diego 92139, on the terms and conditions described in this report, as approved by General Counsel of the Housing Commission, provided that the leasehold value to the Housing Commission is fair and reasonable and is a fair market place lease; and

- 2) Authorize the Executive Vice President & Chief of Staff (Executive Vice President), or designee, to execute any and all other documents and instruments that are necessary and/or appropriate to implement the contemplated transaction, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement the contemplated transaction upon the advice of General Counsel.

**Housing Authority:**

- 3) 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;
- 4) Authorize the 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.

**City Council:**

- 5) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$42,000,000.

**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**

<b>Role</b>	<b>Firm</b>
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
<b>Total Development Costs</b>	<b>\$72,515,202</b>	<b>Total Development Costs</b>	<b>\$72,515,202</b>	<b>\$421,600</b>

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**

<b>Affordability Mix</b>	<b>Units</b>	<b>Proposed Rent*</b>	<b>Market Rent</b>
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	--	--
<b>Combined Total Units</b>	<b>172</b>		

\*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:

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"><li>• Housing Authority for preliminary approval</li><li>• City Council IRS-required TEFRA hearing</li><li>• CDLAC DDA application</li><li>• CDLAC bond allocation application</li><li>• TCAC 4 percent tax credit application</li><li>• CDLAC allocation meeting</li><li>• TCAC allocation meeting</li><li>• Housing Commission final bond authorization</li><li>• Housing Authority final bond authorization</li><li>• Bond issuance and escrow closing</li><li>• Start of construction work</li><li>• Completion of construction work</li></ul>	<ul style="list-style-type: none"><li>• December 11, 2018</li><li>• December 11, 2018</li><li>• December 14, 2018</li><li>• May 2019</li><li>• May 2019</li><li>• July 2019</li><li>• July 2019</li><li>• September 2019</li><li>• October 2019</li><li>• Estimated October 2019</li><li>• Estimated October 2019</li><li>• Estimated December 2020</li></ul>

### **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](http://www.sdhc.org) [www](http://www.sdhc.org).

## Attachment 1

**Table 1 - Development Details**

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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 unit)
Gross Building Area	171,896 square feet
Net Rentable Area	147,743 square feet

**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	Housing Commission
Relocation Consultant	To be selected
Construction & Perm Lender	To be selected

**Table 3 - Permanent Sources & 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
<b>Total Development Costs</b>	<b>\$72,515,202</b>	<b>Total Development Costs</b>	<b>\$72,515,202</b>	<b>\$421,600</b>

**Table 4 – 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

**Table 5 - Project Cost Comparison Chart**

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
Coronado Terrace	2017	V	312	\$125,721,978	\$402,952	\$0	\$85
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

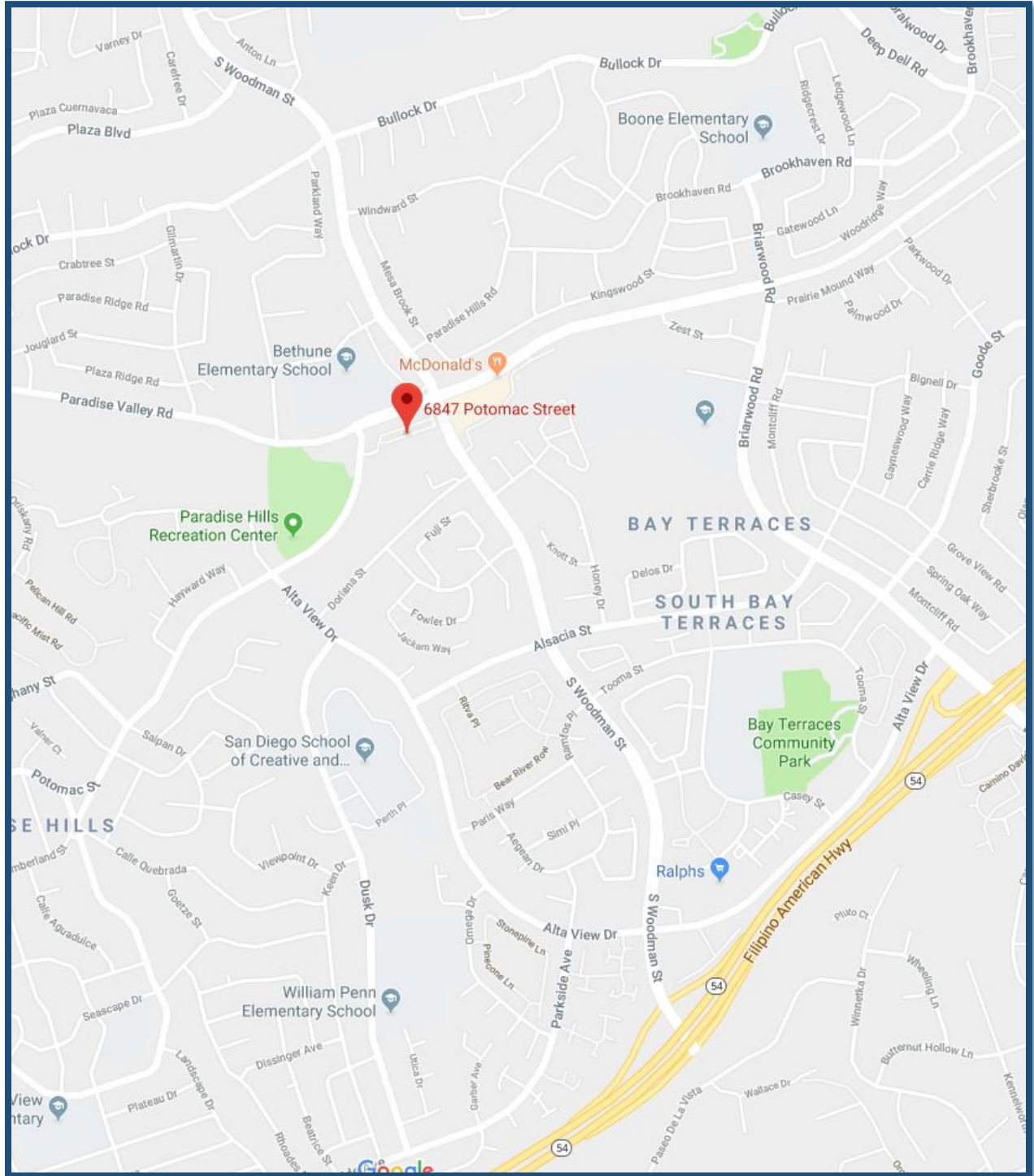
**Table 7 - Proposed Rents**

<b>Affordability Mix</b>	<b>Units</b>	<b>Proposed Rent*</b>	<b>Market Rent</b>
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	--	--
<b>Combined Total Units</b>	<b>172</b>		

\*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<sup>c</sup>(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>
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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)]

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d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]  
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e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]  
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-----  
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f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]  
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27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the 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>
<u>(yes/no)</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 13<sup>th</sup> 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

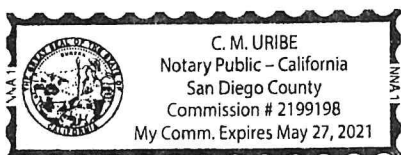
**WARNING:** 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined 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						BUILDING AREA					
Project Name	Mariner's Village					Residential Rentable SF					sf
Purchase Price						Common Areas		20%	of Res sf		sf
Project Address	6847 Potomac St, San Diego, CA 92139					Subtotal Residential SF				-	sf
Year Built	1989					Commercial / Retail / Office Rentable SF					sf
Site Acreage						Common Areas					sf
Total Units	172					Subtotal Commercial SF				-	sf
MSA	San Diego County					Parking Structure	0 Spaces	@	390	sf per space	-
Area Media Income	\$49,623					On Grade Parking	0 Spaces	@	300	sf per space	-
Project Type	Tax Credit					Subtotal Parking SF				-	sf
Prospected Owner Entity						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

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
Non Profit AM Fee (HDP)	\$11,850
Non Profit AM Fee (HDP Partner)	\$3,150
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		CONSTRUCTION LOAN	
DSCR	1.20	AMT	\$42,000,000
Amort (Years)	35	Term (months)	18
All-in Rate	6.30%	Rate	5.75%
Annual PMT	888,210		
Perm Loan Amt	\$12,535,212		
SOFT LOAN		LIHTC EQUITY	
Principal	\$0	DDA/QCT	Yes
Interest (Simple)	3.00%	AFR	3.31%
Term	55	Credit Pricing	\$0.950
Annual Payment	Residual Rec.	Investor Share of Credits	99.99%
SELLER LOAN		ACQUIRED RESERVES	
Principal	\$40,818,080	Existing Reserves	\$0
Interest (Simple)	3.00%		
Term	55		
Annual Payment			
LAND		LIHTC PAY-IN SCHEDULE	
Land Value	\$6,122,712	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
EQUITY OUT			
Equity Out	\$0		

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		(888,210)	(\$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	\$5,131,869	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%
LAND		\$6,122,712	\$35,597	8.4%
HARD 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
			Multiplier	Cost	Cost Driver	Total	Per Unit	% of Total	% in Basis	Acq Basis	Rehab Basis	Non-Basis
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

[illegible]

**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.