

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NO. HA- **1505**

DATE OF FINAL PASSAGE **MAR 1 2011**

A RESOLUTION AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO PURCHASE A 1.17 ACRE PROPERTY LOCATED AT 13481 TO 13483 SILVER IVY LANE FROM PARDEE HOMES FOR A NOT TO EXCEED PURCHASE PRICE OF \$100; RATIFYING A DUE DILIGENCE BUDGET IN THE AMOUNT NOT TO EXCEED \$35,000, EXCLUDING LEGAL FEES; APPROVING A 55-YEAR RESIDUAL RECEIPTS LOAN TO A TO-BE-FORMED TAX CREDIT LIMITED PARTNERSHIP ("BORROWER") IN THE AMOUNT OF UP TO \$2,099,900 AT THREE PERCENT INTEREST RATE WITH A 50 PERCENT RESIDUAL RECEIPTS LOAN PAYMENT; AUTHORIZING THE HOUSING COMMISSION TO GROUND LEASE THE PROPERTY TO THE BORROWER FOR A TERM OF 65 YEARS WITH ANNUAL GROUND RENT PAYMENTS OF FOUR AND ONE HALF PERCENT OF GROSS INCOME AS AVAILABLE FROM PROJECT CASH FLOW; AUTHORIZING THE HOUSING COMMISSION TO ENTER INTO AN OPTION AGREEMENT WHEREBY THE HOUSING COMMISSION MAY PURCHASE THE LEASEHOLD IMPROVEMENTS BEGINNING AT THE END OF THE 15-YEAR TAX CREDIT COMPLIANCE PERIOD AND EXTENDING FOR 36 MONTHS; AND AUTHORIZING THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE HOUSING COMMISSION, OR A DESIGNEE, TO EXECUTE ANY AND ALL NECESSARY DOCUMENTS AND INSTRUMENTS NECESSARY OR ADVISABLE TO IMPLEMENT THE FOREGOING AS APPROVED BY GENERAL COUNSEL AND TO AUTHORIZE THE CEO TO PERFORM SUCH ACTS AS ARE NECESSARY TO IMPLEMENT THESE APPROVALS.

WHEREAS, on May 30, 2008, pursuant to a condition of development, Pardee Homes (Pardee) entered into a Master Affordable Housing Agreement (Agreement) with the San Diego Housing Commission (Commission) to ensure the development of affordable housing units in the Torrey Highlands neighborhood; and

WHEREAS, in order to fulfill its requirements under the Agreement, Pardee has proposed a deal structure wherein Pardee will convey 1.7 acres located at 13481 through 13482

Silver Ivy Lane (Site) to the Commission for no more than \$100, as well as provide a grant as partial funding for the construction costs of developing 20 units of affordable housing and one manager's unit at the Site (Terramar); and

WHEREAS, on February 18, 2011, the Housing Commission Board of Commissioners (Board) approved acquisition of the Site as well as all of the other proposed financing and elements to develop Terramar; and

WHEREAS, acquisition of the Site will require a due diligence budget in an amount not to exceed \$35,000, excluding legal fees, to investigate the condition of the property including, but not limited to, soils and environmental investigation, drainage, accessibility standards and physical condition of the property; and

WHEREAS, the Commission proposes making a 55-year residual receipts loan as gap financing to a borrower, which will be a to-be-formed single asset limited partnership whose general partners will be Chelsea Investment Corporation and Pacific Southwest Community Development Corporation, or their affiliates (Borrower); and

WHEREAS, the Commission proposes to ground lease the Site to Borrower for a term of 65-years, with annual ground rent payments of 4.5 percent of gross income as available from project cash flow; and

WHEREAS, the Commission proposes to enter into an Option Agreement whereby the Commission will have the option to purchase the leasehold improvements as outlined in Housing Authority Report (HAR) No. 11-013; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, that the Housing Commission is authorized to purchase the 1.17-acre property located at 13481 to 13483 Silver Ivy Lane from Pardee Homes for a not to exceed purchase price of \$100; and

BE IT FURTHER RESOLVED, that the due diligence budget in the amount not to exceed \$35,000, excluding legal fees, to investigate the condition of the property including, but not limited to, soils and environmental investigation, drainage, accessibility standards and physical condition of the property is ratified; and

BE IT FURTHER RESOLVED, that the Commission is authorized to make a 55-year residual receipts loan as gap financing in accordance with the terms discussed in HAR11-013 to a borrower, which will be a to-be-formed single asset limited partnership whose general partners will be CIC and Pacific Southwest Community Development Corporation, or their affiliates (Borrower), in the amount of up to \$2,099,900 at 3 percent interest rate with a 50 percent residual receipts loan payment as gap financing for the development of Terramar; and

BE IT FURTHER RESOLVED, that the Commission is authorized to ground lease the Site to the Borrower for a term of 65 years, with annual ground rent payments of four and one half percent (4.5%) of gross income as available from project cash flow, in the form of a lease approved by the Commission's general counsel and as outlined further in HAR11-013; and

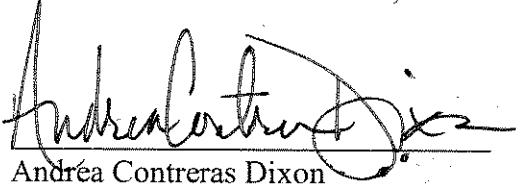
BE IT FURTHER RESOLVED, that the Commission is authorized to enter into an Option Agreement whereby the Housing Commission will have the option to purchase the leasehold improvements beginning at the end of the 15-year tax credit compliance period and extending for 36 months, for an amount equal to the greater of: (i) the fair market value of the improvements as rent restricted; or (ii) the sum of: (x) the limited partner project related tax liability; plus (y) the principal of and all accrued interest on the Housing Commission loan and all other loans secured by the leasehold; and

BE IT FURTHER RESOLVED, that the President and Chief Executive Officer of the Housing Commission, or a designee, is authorized to execute any and all necessary documents

and instruments necessary or advisable to implement the foregoing as approved by General Counsel and to perform any other acts necessary to implement these approvals.

APPROVED: JAN I. GOLDSMITH, General Counsel

By

A handwritten signature in black ink, appearing to read "Andrea Contreras Dixon", written over a horizontal line.

Andrea Contreras Dixon
Deputy General Counsel

ACD:cw

02/25/11

Or.Dept:San Diego Housing Commission

PL#2011-05912

Passed and adopted by the Housing Authority of the City of San Diego on March 1, 2011 by the following vote:

	Yeas	Nays	Excused	Not Present
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Anthony Young

Chair of the Housing Authority
of the City of San Diego, California

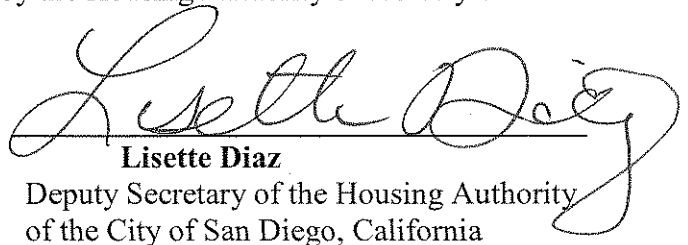
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Richard C. Gentry

Executive Director of the Housing Authority
of the City of San Diego, California

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. 1505 passed and adopted by the Housing Authority of the City of San
Diego, California on March 1, 2011.

By:


Lisette Diaz
Deputy Secretary of the Housing Authority
of the City of San Diego, California