



REPORT

DATE ISSUED: November 23, 2016

REPORT NO: HCR16-096

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of December 2, 2016

SUBJECT: San Diego Affordable Housing Transit-Oriented Development Fund Market
Assessment Approval

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Approve the San Diego Affordable Housing Transit-Oriented Development Fund Market Assessment and authorize Forsyth Street Advisors to proceed with fund implementation.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego approve the San Diego Affordable Housing Transit-Oriented Development Fund (San Diego TOD Fund) Market Assessment and authorize Forsyth Street Advisors (Forsyth) to proceed with fund implementation.

SUMMARY

In January 2016, the Housing Commission and Civic San Diego (CivicSD), the City of San Diego-owned nonprofit development partner, jointly entered into a contract with Forsyth to create, implement and manage an affordable housing TOD Fund to supplement traditional sources of gap financing for the creation and preservation of affordable housing. Forsyth is a specialty finance and municipal advisory firm based in New York City, with 10 years of experience in the deployment and management of public-private investment funds. They designed, implemented and serve as fund manager for the New York City Acquisition Fund, as well as the New Generation Fund in Los Angeles. Seifel Consulting (Seifel) is a sub-consultant to the project, based in San Francisco, and is an urban economics advisory firm with experience in guiding the creation of transit-oriented developments and more than 100 successful redevelopment projects.

The objectives of the San Diego TOD Fund are to 1) leverage SDHC's and CivicSD's affordable housing resources; 2) spur mixed-use, mixed-income affordable housing development near transit; and 3) support the City of San Diego's Smart Growth and Climate Action Plan policy objectives. The first phase of the contract required Forsyth to prepare a Market Assessment that refines the fund vision and identifies both the need, as well as potential opportunities, for such a fund; identifies proposed products that the fund could offer; and makes recommendations as to the fund structure, capitalization and fund governance that will carry out local objectives. The Market Assessment is to be presented to both the Housing Commission Board and the CivicSD Board for approval and authorization for Forsyth to proceed to the second contract phase of fund implementation. The contract Scope of Services is shown in Attachment 1. The contract cost is shared equally between the Housing Commission and CivicSD.

Both parties have budget authority, and have set-aside \$100,000 each, for a total contract price of \$200,000.

DISCUSSION

Market Opportunity

The Market Assessment conducted by Forsyth and Seifel discusses the opportunity to create a San Diego TOD Fund that would provide new financing products specifically tailored to facilitate affordable housing TOD, including both mixed-income and 100 percent affordable rental housing developments. The research methodology includes a study of:

- City, Housing Commission and CivicSD policy goals that the fund should help achieve;
- Stakeholder perspectives on the affordable housing financing and production process, TOD opportunities, barriers to increasing production and gaps in available financing;
- The transit context, current and planned, in which the fund would be operating;
- Market characteristics and underlying land use of areas near existing and planned transit; and
- Other supportive resources for TOD development that could potentially be coordinated with the fund.

A review of recent studies was also conducted, including reports from the San Diego Association of Governments (SANDAG), the Housing Commission, CivicSD, and advocacy organizations. Throughout this process, Forsyth and Seifel have consulted with and been advised by a Working Group comprised of staff from the Housing Commission, CivicSD and SANDAG.

SANDAG's Smart Growth Concept Map was one of the larger pieces of research utilized that combines both SANDAG and City of San Diego land use and transit data. The Smart Growth Concept Map identifies Smart Growth areas by place type, target density and Community Plan status. Other metrics utilized in the Market Assessment include the existence of major transit lines, both existing and planned; transit boarding counts; housing density; employment density; and the potential for housing growth, market strength and land availability. The additional data overlay over the Smart Growth Areas was important to identify TOD housing development opportunity. It was used to identify San Diego TOD Fund "market opportunity areas." Market opportunity areas are those areas with the strongest potential for existing or near-term high-quality transit, the potential for transit expansion, and the strongest potential for TOD housing growth. These opportunity areas were found throughout the city of San Diego, and extend from University City in the north, into Pacific Beach, the College area, North Park, Uptown, Downtown, City Heights, and to San Ysidro and Otay in the south.

Recommended Financing Products

Three loan product concepts have been recommended to be initially offered by the San Diego TOD Fund. These loan products were identified through an outreach process that involved interviews with affordable housing developers, who identified market financing gaps that could be addressed by the fund. Large and small affordable housing developers were interviewed, both for-profit and nonprofit. These developers saw challenges in accessing acquisition capital with which they could rapidly acquire sites. Internal resources to acquire land were limited, and external financing terms were difficult and too short term. Also discussed was a significant opportunity for infill TOD, but the smaller 10 – 50 unit

sites were often challenging to finance because of lack of scale, guarantee and minimum equity requirements.

The loan product concepts recommended include:

- 1) Loans for the acquisition and predevelopment of project-ready TOD sites that can be developed as affordable housing in the short- to mid-term;
- 2) Loans for the acquisition and predevelopment of strategic TOD sites located near existing and planned transit that can be developed into affordable housing over the mid- to longer-term; and
- 3) Loans for the rehabilitation of small- to mid-size (10-50 unit) properties that will retain and incorporate new affordable rental housing in transit rich areas.

The San Diego TOD Fund would launch with this initial set of loan products and may seek to provide additional loan products over time. Each loan product offered by the fund would be available across the city of San Diego for affordable housing in areas close to existing high-frequency transit. To create more strategic opportunities for future development, the longer-term acquisition loan product would be available in areas where high-frequency transit may not currently exist, but is planned.

Fund Structure

To assist with the development of a fund structure, several TOD fund models across the country were reviewed, including structured stand-alone funds, 501(c)(3) nonprofit funds, and loan and grant making programs that are administered internally by government entities or by community development financial institutions. Based on the product concepts recommended, the most comparable structure is the stand-alone fund that is typically a limited liability company (LLC). Examples of funds with this structure include the New Generation Fund in Los Angeles, the New York City Acquisition Fund, and the Bay Area Transit-Oriented Affordable Housing Fund. They all offer primarily acquisition debt financing that can be provided quickly, efficiently and cost-effectively. The structures are pass-through entities with no operating staff. The capital structure, governance and management conforms to parameters agreed to by all stakeholders in the entity.

Capital Structure

The loan products recommended will require raising capital from debt investors, supported by credit enhancement funds. Public investment typically serves as credit enhancement for senior debt, and could also be supplemented by a guarantee for further improved terms. Senior debt from financial institutions leverages the seed contributions from sponsors. It may include loans secured by the assets of the fund, and/or secured loans. Types of capital include public investment, senior debt and program related investments, or PRI's. PRI's are provided by foundations and would leverage additional capital from commercial financial institutions. Due to their typical interest rates of 1 – 2 percent, these funds bring down the weighted cost of capital, resulting in lower interest rates for fund products, and support more flexible terms from other capital providers. Other potential sources are area employers, corporate philanthropists and individuals. The anticipated public investment, to be shared by the Housing Commission and CivicSD, is \$10 million each, for a public investment of \$20 million. This level of investment could raise between \$50 million and \$100 million of private investment in the fund. Funds with similar structures have leveraged a minimum of \$3 of private capital for every \$1 of public funds

committed. For example, \$20 million in local funds should attract at least \$60 million in outside capital. The public funding recommendation is expected to be brought forward for approval in July of 2017. An illustrative organizational chart of the recommended fund structure is shown in Attachment 2.

Governance

The structured stand-alone fund provides a governance structure that allows the public sponsors to be highly engaged. A fund with this structure is governed by a Credit Committee. The Credit Committee includes the representatives of the key stakeholders in the fund, including the Housing Commission and CivicSD (Sponsors). It provides the Sponsors, through senior representatives, with control over key organizational, business and credit decisions. The Sponsors will affect which products the fund will offer, which development opportunity types will be prioritized, and which specific projects will be approved to receive financing from the fund. The public representatives on the credit committee typically have veto power over key decisions. In Los Angeles, the New Generation Fund Credit Committee includes representatives from the Los Angeles Housing & Community Development Department. The day-to-day operations and comprehensive fund management services are handled by third-party consultants. Under the San Diego TOD Fund contract, Forsyth provides fund management services in addition to day-to-day operations, including development of financial projections and annual budgets. As the Sponsor's policy objectives change over time, the fund direction can be adjusted to maintain its relevance to the Sponsors' overall policy objectives. Any governance structure will be subject to obtaining legal opinions verifying that the governance structure does NOT violate and conflict of interest laws, including without limitation, the City of San Diego Ethic's Ordinance.

The anticipated timeline for development and deployment of the San Diego TOD Fund is as follows:

- November/December 2016 – Market Assessment presented to Housing Commission and CivicSD Boards for approval
- February 2017 – Market Assessment presented to City Council for approval
- June/July 2017 – Proposed public investment presented to Housing Commission and CivicSD Boards, as well as City Council, for approval
- November 2017 – TOD Fund closes
- November 2017 – November 2027 – TOD Fund deployment and potential recapitalization

AFFORDABLE HOUSING IMPACT

Approval of this action will help provide additional below-market rate financial resources that can be deployed efficiently, and cost effectively, and will help secure TOD development sites and increase production of affordable housing located near transit. This action supports the recommended action steps in the Housing Commission's report *Addressing the Housing Affordability Crisis: An Action Plan for San Diego* by helping to unlock land, reduce costs and increase production, and will further support the City of San Diego's Smart Growth land use policy and the City of San Diego's Climate Action Plan goals.

FISCAL CONSIDERATIONS

The total shared contract price to create, implement and manage the San Diego TOD Fund is \$200,000, and is shared equally between the Housing Commission and CivicSD. The engagement of outside counsel or other experts as needed shall be subject to Housing Commission contracting and budget

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procedures. The public investment in the San Diego TOD Fund is anticipated to be \$10 million for each sponsor, for a total of \$20 million, and is estimated to be brought forward for final approval in July 2017.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On November 20, 2015, the Housing Commission authorized execution of an agreement with Forsyth Street Advisors; authorized the President & CEO, or designee, to execute all necessary documents; and authorized the President & CEO to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the Housing Commission Board, but only if and to the extent funds are determined to be available for such purposes (HCR15-087).

On October 27, 2016, the Housing Commission Real Estate Committee recommended approval of the Market Assessment and to proceed with Phase II fund implementation.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The Market Assessment activities include stakeholder interviews held with 32 individuals, including affordable housing developers, both for-profit and nonprofit; large and small developers; representatives of City Planning and Economic Development departments; Metropolitan Transit System; San Diego Housing Federation; Climate Action Campaign; CBRE Real Estate Advisors; as well as SANDAG and Housing Commission staff.

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Approved by,

Wendy De Witt

Deborah N. Ruane

Wendy DeWitt
Director, Business & Program Development
Real Estate Division

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
Real Estate Division

Attachments: 1) Contract Scope of Services
2) Illustrative Organizational Chart
3) San Diego Affordable Housing TOD Fund Market Assessment

Hard copies are available for review during business hours at the security information desk in the main lobby and at 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

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Diego, CA 92101. You may also review complete docket materials in the “Public Meetings” section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT A**PROPOSED SCOPE OF SERVICES****FIRST PHASE: FUND DESIGN**

Consultant will produce a market assessment document for a fund or other vehicle, referred to herein as the “Fund”, that shall increase the production of affordable housing transit-oriented development (TOD), leverage the local affordable housing development resources and capital of Sponsors, and provide below market interest rate loans and/or other beneficial financial products to non-profit and for-profit affordable housing TOD developers for activities such as, but not limited to, land acquisition, rehabilitation, new construction, and/or other housing, community facility or infrastructure development activities to facilitate affordable housing TOD at existing and planned transit sites within the City (the “Market Assessment”).

The Market Assessment will be presented to the Sponsors for review and approval. Such review and approval shall include formal presentations to each Sponsor’s governing board, a City Council committee and the San Diego City Council, and other stakeholder groups as needed or reasonably requested by Sponsors.

To create the Market Assessment document, Consultant will engage in a series of tasks intended to:

- Refine Fund vision
- Identify specific financing interventions that could be facilitated by the Fund
- Identify specific financing products that could be provided by the Fund and would achieve the target interventions
- Identify a preferred Fund structure
- Preliminarily gauge investor interest in the Fund

Specific tasks to be accomplished in the first phase of the Scope of Services include:

- **Task 1: Launch of the Working Group and Weekly Meetings.** Consultant will form and convene a working group that includes Sponsor staff, Consultant and Subconsultant staff, and others, as appropriate (the “Working Group”). Initially, Consultant will discuss the current approach to product and Fund development, designate primary contacts, and clarify expectations for the work plan with Sponsors’ staff.

Consultant will also establish recurring weekly conference calls with the Working Group. These calls will be opportunities for the Working Group to discuss recent developments with the Fund, review work items, and coordinate on upcoming tasks and deadlines.

- **Task 2: Information Exchange.** Consultant will review findings from outreach, research, and analysis already conducted by the Sponsors, including observations of financing obstacles to affordable housing TOD; availability of existing State, local, and other financing tools for affordable housing TOD; target interventions already identified; philanthropic

priorities; and other matters affecting the development of the Fund. Consultant will coordinate with the Working Group to identify any remaining gaps in available information that should be addressed with additional outreach or research.

- **Task 3: Supplemental Outreach and Research.** As needed, and to supplement available information and work already done by the Sponsors, Consultant will, with support from other members of the Working Group, collect additional information, conduct additional market research, organize focus groups, and engage in select additional outreach to external stakeholders, including developers, philanthropies, area employers, lenders, and others with potential interest in the Fund.
- **Task 4: Preliminary Sponsor and City Discussions.** Consultant will engage in discussions with the Sponsors and the City regarding structure of the Fund, required approvals and other procedural aspects of Fund implementation, commitment of City resources to the Fund, and other matters, as appropriate. Early on in the work plan, Consultant will have a discussion about the Fund with the Sponsor's corporate counsels to establish structural parameters for the Fund and flag early issues for monitoring and further evaluation.
- **Task 5: Precedent Analysis.** Consultant will review and prepare summary descriptions of selected entities from across the country that could serve as relevant models for the Fund. These entities may include structured limited liability companies (LLCs), 501(c)3 nonprofit organizations, public benefit corporations, and others. The review will include funds specifically targeted to affordable housing TOD, potentially including the Bay Area, Twin Cities, Denver, and Los Angeles TOD funds referenced in the RFP, as well as other funds oriented to addressing other matters of public concern, such as non-TOD affordable housing, healthcare, and energy efficiency. The purpose of the review will be to illustrate various ways in which an entity can be structured to balance public influence with independence; in-house capabilities with third-party expertise; and capital from various sources. “

INTERIM DELIVERABLE: Precedent Analysis. The Precedent Analysis will include an overview of structural options for funds and their implications for fund governance, management/staffing, and capitalization. The document will also include summary descriptions of selected funds from around the country that could be relevant or illustrative precedents for the San Diego TOD Fund.

- **Task 6: Identification of Target Interventions.** Consultant will assist the Working Group in identifying financing interventions that could be facilitated by the Fund. Consultant will support this process by performing market analytics as needed. Sample interventions that could be considered include financing for site acquisition, property rehabilitation, new construction, and other housing, community facility, or infrastructure development activities that facilitate affordable housing TOD. Outreach and research activities, as well as input from the Working Group, may suggest additional target interventions that Consultant shall explore.

INTERIM DELIVERABLE: Target Interventions List. The Target Interventions List will build on Task 3: Supplemental Outreach and Research, as well as input from the Working Group, by summarizing key findings for discussion.

- **Task 7: Development of Financing Products.** Working from target interventions identified in Task 6, Consultant will build out preliminary, illustrative terms and/or models, as appropriate, for potential financing products corresponding to the interventions deemed most promising by the Working Group.

INTERIM DELIVERABLE: Illustrative Product Term Sheets and Models. To facilitate discussion about the most promising financial products for addressing the Target Interventions, Consultant will prepare discussion and analysis items as needed.

- **Task 8: Selection of Fund Structure.** With respect to the structure of the Fund, Consultant anticipates evaluating the suitability of various approaches, including:
 - (1) An “in-house” fund that is part of an existing City, quasi-City, or Sponsor entity;
 - (2) An independent standalone structured fund LLC; and
 - (3) An independent standalone 501(c)3 or other new entity.

Considerations that will be evaluated will likely include, among others:

- Whether the Fund is “on- or off-balance sheet”;
- Fund governance and the degree of coordination with or independence from other instruments of City housing policy;
- Initial capitalization profiles with different mixes of public, private lender, philanthropic, and employer funds;
- Ongoing management and product underwriting, origination, and servicing alternatives, including “in-house” options and the possibility of hiring an independent third-party asset manager to perform these functions or utilizing existing San Diego lender capacity;
- Legal and accounting implications;
- Timeline for implementation, including consideration of how the Fund could be scaled/expanded over time to provide additional financial products in addition to its initial offerings; and
- Local constituency interests and market and political considerations.

To aid in evaluation of certain technical implementation matters, Consultant may maintain contact with the Sponsors’ corporate counsel while assessing possible Fund structures. Additional specialized technical legal or accounting expertise may also be required.

To facilitate refinement of the Fund structure, Consultant will produce presentations, comparisons, financial projections, budgets, and other models and discussion materials as needed to illustrate the effects of various credit enhancement structures, capital sources, interest rates, and other variables affecting the financial and credit characteristics of the Fund and the financial products it offers.

INTERIM DELIVERABLE: Fund Structure Illustrative Descriptions and Models. To facilitate discussion about preferred Fund structures, Consultant will prepare discussion and analysis items as needed.

- **Task 9: Pipeline Development.** Consultant will coordinate with the Working Group on identifying initial transactions for cultivation alongside design and implementation of the Fund. As an alternative or complementary addition to pipeline projects, illustrative projects that could have benefitted from certain financial products that could have been provided by the Fund may also be identified.

INTERIM DELIVERABLE: Pipeline Tracking List. Consultant will maintain a tracking list for monitoring potential pipeline transactions.

- **Task 10: Preliminary Outreach to Target Investors and Grantors.** Once the Fund's structure and the financing products to be offered become sufficiently defined, Consultant will conduct preliminary outreach to potential investors and grantors to gauge initial interest, refine the role of public funds committed to the Fund, and estimate probable leverage of public to private capital that could be achieved. Potential investors may include regional and national philanthropies, regional and national commercial banks, investment banks, insurance companies, area employers, pension funds, high net worth individuals, and others.

INTERIM DELIVERABLE: Target Investor Tracking List. Consultant will maintain a tracking list for coordinating outreach to target investors across various investor groups for both capital investment and grants and operating support and will assist Sponsors with pursuing grants and other funds to help offset the cost to Sponsors of the second phase of the work plan.

- **Task 11: Market Assessment.** The Market Assessment will combine work done in previous stages of the work plan oriented around identifying a target intervention, a target set of financing products that facilitate the desired intervention, a structure for the Fund, a proposed use of public funds, and a target leverage ratio for the Fund. It will essentially be a "business plan" outlining next steps for Fund implementation, startup, and ongoing operations.

FIRST PHASE FINAL DELIVERABLE: Market Assessment. To conclude the first phase of the work plan, Consultant will present the completed Market Assessment to the Sponsors for their review and approval. The second phase of the work plan will begin once Sponsors approval to proceed is obtained.

SECOND PHASE: FUND IMPLEMENTATION

The second phase of the work plan is estimated to begin in approximately the sixth month from the start of the Scope of Work and conclude with the closing of the Fund. The second phase is to begin after approval by sponsors of the Market Assessment and delivery to Consultant of a Notice to Proceed.

- **Ongoing Tasks: Weekly Working Group Meetings; Coordination with Sponsors and City; Pipeline Development.** Throughout the second phase of the work plan, several key tasks begun in the first phase will continue. These will include the weekly Working Group meetings, coordination with the Sponsors and the City, and Pipeline Development.

As the work plan shifts to the second phase, members of the Working Group may change, as individuals involved in Fund design are replaced or supplemented with individuals focused on Fund implementation. In particular, as the second phase of the work plan progresses and the Fund nears closing, the Working Group may expand to include legal counsel, lead investor representatives, and other parties, as appropriate.

Ongoing coordination with the Sponsors and the City will be maintained through meetings and updates to ensure that support for the Fund continues to be strong and that any public messaging about the Fund is coordinated and to monitor progress on the Sponsors' potential commitment of public funds and to resolve any structural, legal, and other issues expeditiously as they arise.

Consultant will further develop a list of potential initial transactions for which Fund capital can potentially be deployed subsequent to closing of the Fund.

INTERIM DELIVERABLE: Pipeline Tracking List. Consultant will continue to maintain a tracking list for monitoring potential pipeline transactions.

- **Task 12: Formulation of Investor Outreach Strategy.** Once the Working Group has achieved consensus around the financing products and Fund structure to be implemented, and the Sponsors have formally provided their approval to proceed, Consultant will work with the Working Team to formulate an investor outreach strategy. In general, the investor outreach strategy is anticipated to include the second phase tasks outlined below, tailored to the specific requirements and timelines of each investor

INTERIM DELIVERABLE: Closing Timeline. Consultant will create and maintain a closing timeline for tracking short-term and mid-term tasks to be accomplished. The timeline will be updated and refined continually throughout the second phase of the work plan as prospective investors clarify their expectations and requirements for working towards a closing.

- **Task 13: Development of Outreach Materials.** Consultant will produce financing overviews, term sheets, credit enhancement descriptions, and other materials as needed to facilitate discussion with potential investors about the Fund. These will be continually refined during the second phase of the work plan based on feedback from the Working Group, Sponsors, City, prospective investors, legal team, and other parties.

INTERIM DELIVERABLE: Outreach Materials. As outreach materials are developed and updated for distribution, they will be shared with the Working Group.

- **Task 14: Maintenance of Financial Models.** Consultant will develop and maintain financial models for the Fund. The financial models will incorporate budgets, assumptions about capital availability from various sources, assumptions about loan activity, and other inputs, for the Fund's start-up and stabilized periods of operation.

INTERIM DELIVERABLE: Financial Models. The financial models will be continually maintained throughout the second phase of the work plan, with revisions made as necessary to reflect changes in capital assumptions, financial product terms, and other factors.

- **Task 15: Investor Outreach.** Once the Working Team has agreed on an investor outreach strategy (see Task 12 above), Consultant will begin outreach, with members of the Working Group, to prospectively interested investors. As needed, Consultant will revise the pipeline tracking list, closing timeline, outreach materials, and financial models to reflect and address investor requirements, concerns, preferences, and other considerations. Consultant will be available to organize, attend, and lead, as appropriate, conference calls, in-person meetings, and presentations with prospective investors.

INTERIM DELIVERABLE: Target Investor Tracking List. Consultant will continue to maintain a tracking list for coordinating outreach to target investors across various investor groups.

- **Task 16: Fund Service Providers.** To facilitate the Fund closing process, legal counsel and input from other specialized experts, such as accountants, will be needed. To the extent it is necessary to engage specialized service providers, Consultant will be available to assist the Sponsors with any Request for Proposals (RFPs) or other required procurement or service provider selection process.

INTERIM DELIVERABLE: RFPs and Other Procurement Materials. To the extent it is necessary to engage specialized service providers, Consultant can assist with the procurement and hiring process with drafting and distributing required materials and conducting interviews.

- **Task 17: Transaction Document Drafting.** To assist in the expeditious drafting of documentation, financing overviews, term sheets, and other outreach materials developed and maintained by Consultant will outline business terms for incorporation in the legal documents. To minimize legal costs, Consultant will endeavor to have as many business terms as possible resolved prior to beginning legal documentation.

INTERIM DELIVERABLE: Transaction Documents. With the Fund nearing closing, Consultant will work with the legal team to draft, circulate, and revise transaction documents.

- **Task 18: Closing.** Consultant will coordinate with all parties, including the Sponsors, the City, Fund investors, the legal team, and others, as necessary, to close the Fund. Consultant will assist in arranging closing conference calls and meetings, distributing materials, collecting signatures, and, once the Fund is closed, distributing final versions of all transaction documents to all Fund stakeholders.

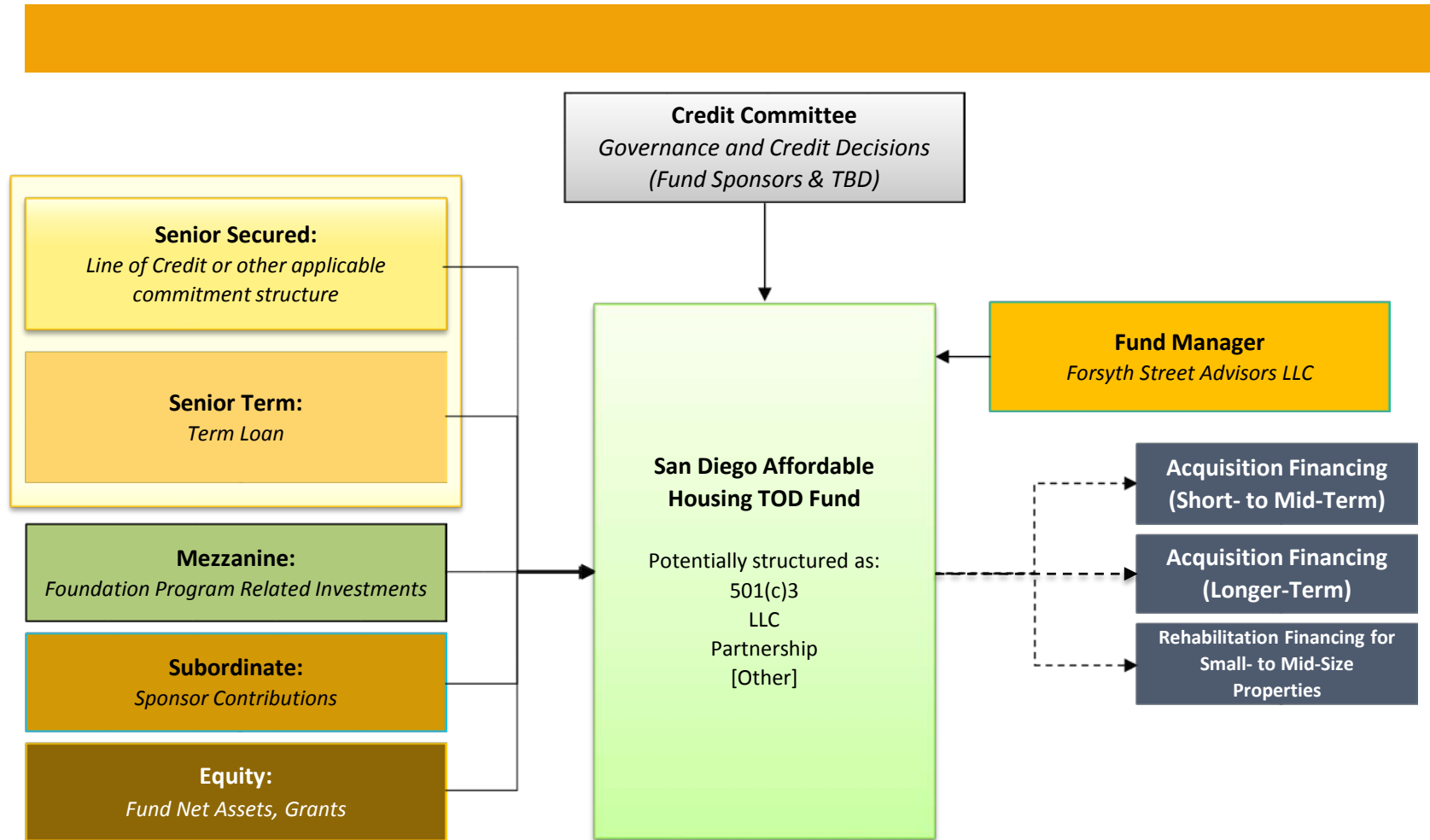
SECOND PHASE FINAL DELIVERABLE: Closed Fund. The second phase of the work plan will conclude with a closed Fund as such term is defined in the Market Assessment.

THIRD PHASE: FUND MANAGEMENT

Subsequent to the conclusion of the second phase of the work plan, Consultant will provide comprehensive Fund Management services. Such services shall be approved by Sponsors, with such approval not unreasonable withheld or delayed. In general, the services are anticipated to include:

- Comprehensive day-to-day administration of Fund operations, including management of reserves, monitoring of the loan portfolio, coordination with a fiscal agent and legal team, communication with stakeholders, and other functions
- Loan underwriting, servicing, marketing, and asset management
- Coordination with a credit committee or similar entity that has final approval over credit matters
- Periodic reporting to Fund stakeholders
- Development of financial projections and annual budgets
- Coordination with the Fund's audit team
- Other services as appropriate to the Fund

To the extent the Fund has the flexibility to develop and offer additional financing products after its initial closing, Consultant may assist with expanding the slate of financial products offered by the Fund and raising additional capital as needed.



San Diego Affordable Housing TOD Fund

Market Assessment

Submitted to the San Diego Housing Commission and Civic San Diego

Prepared by
Forsyth Street with
Seifel Consulting, Inc.

November 17, 2016



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Executive Summary

The report recommends that the Sponsors authorize taking next steps to create a new fund for affordable housing transit oriented development. Forsyth Street Advisors LLC (“Forsyth Street”) together with its subconsultant, Seifel Consulting, Inc. (“Seifel”), have conducted market analysis, outreach, and research activities focused on assessing opportunities for a new fund that would be focused on the City of San Diego (the “City”), as summarized in this report. Throughout the work plan, Forsyth Street and Seifel have consulted with and been advised by a Working Group comprised of staff from the San Diego Housing Commission (SDHC), Civic San Diego (CivicSD), and the San Diego Association of Governments (SANDAG). SDHC and CivicSD are jointly the Sponsors of this report, which was prepared by Forsyth Street with assistance from Seifel and summarizes the opportunities for a fund that have been identified. In the next stage, if authorized by the Sponsors, Forsyth Street would take next steps to finalize a structure, capitalize, and close the fund.

The population of San Diego is growing and creating new housing and transit challenges for the region. According to SANDAG’s Growth Forecast for 2050, nearly one million new residents are projected by 2050, an increase of nearly a third over the region’s current population of about 3 million. Growth will create new challenges for land use and planning, for transit and congestion, and for the environment. It is anticipated that growth on this scale will require the creation of over 330,000 new housing units, most of which will need to be built along transit corridors to achieve the City’s and region’s environmental and planning goals. About half of the region’s housing growth and 40 percent of its job growth is projected to occur in the City of San Diego.¹

To help meet these challenges, San Diego is incorporating smart growth concepts into its policy and planning framework. SDHC and CivicSD have included transit-oriented development (TOD) principles into their approach to serving the City. The commitment made by the Sponsors is complemented by other agencies and entities in the City that are also supportive of TOD. Regionally, SANDAG has identified smart growth areas that can support future development, link land use patterns with existing transit infrastructure, and minimize the negative impacts of growth on the environment.

This Market Assessment report discusses the opportunity to create a new affordable housing TOD fund for the City. New tools and cross-sector coordination can help the City respond to its challenges more effectively. A new fund would provide new financing products specially tailored to facilitating affordable housing TOD, including both mixed-income and 100% affordable rental housing development. It could also be a new focal point for coordinating resources and stakeholders involved in housing, transit, and related sectors.

¹ Series 13: 2050 Regional Growth Forecast, SANDAG

Three loan product concepts have been identified that could potentially be offered by the fund. These concepts have been identified through an outreach process conducted to identify gaps in financing currently available in the market, and have been developed in close coordination with Sponsor staff. The loan product concepts include:

- (i) Loans for the acquisition and predevelopment of project-ready TOD sites that can be developed as affordable rental housing in the short- to mid-term;
- (ii) Loans for the acquisition and predevelopment of strategic TOD sites located near existing and planned transit that can be developed into affordable rental housing over the mid- to longer-term; and
- (iii) Loans for the rehabilitation of small- to mid-size (10-50 unit) properties that will retain and incorporate new affordable rental housing in transit rich areas.

The fund would launch with an initial set of loan products based on one or more of these concepts, and would seek to provide additional loan products over time. Each loan product offered by the fund would be available across the City of San Diego for affordable housing in areas proximate to existing transit. Additionally, to create strategic opportunities for future development, the longer-term acquisition loan product would be available in areas where transit may not currently exist, but is planned.

The fund would be a new, long-term resource for supporting the Sponsors' affordable housing and TOD policy objectives. The fund would be structured to provide the Sponsors, through senior representatives, with control over key organizational, business, and credit decisions. By coordinating the fund with Sponsor subsidies and other resources available from other sources across the City, the Sponsors would be able to further expand the fund's utility and impact and position the fund as a City-wide focal point for affordable housing TOD development.

Market Context

The City of San Diego is the eighth largest city in the United States and second largest city in California. In 2010, the City had a total population of about 1.3 million, housing 42 percent of all residents living in the San Diego region. By 2030, SANDAG forecasts that the City's population will grow by about 30 percent to approximately 1.7 million, and the City will house about half of the region's population. The City is also the region's major employment center, with more than 800,000 employees currently. The City is projected to continue to have the majority of the region's employment in the future, with an estimated 1.6 million employees or about 55 percent of the region's employment in 2030.²

Against this backdrop, the City of San Diego has a tremendous need for affordable housing. Based on SANDAG's Regional Housing Needs Assessment, the City of San Diego needs to produce an estimated 88,069 housing units to meet demand from 2010 through 2020. In the first four years, only 14,714 permits were issued, which only met about half the projected need for this time period (14% vs. 36% of projected housing need). In order to meet its remaining housing needs through 2020, San Diego needs to permit 10,479 new units every year from 2014 through 2020.³

According to Trulia, the City of San Diego is among the highest priced housing markets in California and the nation. The current median home price in San Diego is about \$500,000 (September 2016),⁴ a price that is significantly above what is affordable to a median income household in San Diego that currently has an income of about \$76,000 per year.⁵ According to ApartmentList, the median rent in San Diego is currently about \$2,050 per month, and rents grew by about 5% this past year, making San Diego the fourth most expensive city for renters in California.⁶

While the City has enacted a variety of measures to stimulate housing production, particularly the production of affordable housing, many challenges still remain. **San Diego must have an adequate supply of housing to maintain its economic competitive edge and house its workforce.** With the emergence of San Diego's knowledge-based economy, the City needs to ensure that a steady supply of housing comes online in the future to meet the needs of this diverse group of workers.⁷

² City of San Diego General Plan Housing Element 2013-2020

³ Addressing the Housing Affordability Crisis in San Diego and Beyond, San Diego Housing Commission, 2015.

⁴ https://www.trulia.com/home_prices/California/

⁵ <http://www.hcd.ca.gov/housing-policy-development/housing-resource-center/reports/state/inc2k16.pdf>

⁶ <https://www.apartmentlist.com/rentonomics/california-rent-report-rentonomics/>

⁷ City of San Diego General Plan Housing Element 2013-2020

City and Regional Transit Oriented Development Strategy

In addition to these significant pressures on housing, the City of San Diego and the region needs to focus growth in the more urbanized areas of the County with better transit and transportation access in order to meet its AB 32 goals to limit greenhouse gas emissions.

The City of San Diego already has numerous policies in place that direct growth into compact, mixed-use, walkable centers linked by transit. For example, the City's General Plan (2008) is based on the City of Villages smart growth development strategy that strategically focuses new development around transit and makes alternative modes of transportation easier to use. The City's recently adopted Climate Action Plan will continue to support implementation of this strategy through continued incremental changes to the urban land use form, providing greater transportation choices, and transforming how the City produces and uses energy.⁸

The broader San Diego region has also implemented complementary strategy objectives. The Regional Transit Oriented Development Strategy, which was prepared by SANDAG as part of its Series 13, has the following overarching strategy objectives to promote and incentivize sustainable development throughout the region:

- Focus housing and job growth in the urbanized areas where there is existing and planned infrastructure
- Protect sensitive habitat and open space
- Invest in a network that gives residents and workers transportation options that reduce greenhouse gas emissions
- Promote equity for all
- Implement the plan through incentives and collaboration

As shown in Figure 1, **planned development patterns in SANDAG's Series 13 shift and focus growth to the western and urbanized areas of the region, close to the existing and planned transit networks.** Compared with SANDAG's Series 9 (1999) planned land use forecast, the Series 13 (2014) forecast shifts planned land use from a more dispersed, sprawling pattern of growth to a more compact, transit-oriented pattern of growth. Much of the planned growth is concentrated in the City of San Diego along major existing and planned transit corridors. Figure 2 shows the projected increase in the number of people living within 5 minutes of transit, which is anticipated to grow significantly over the next few decades. New housing, affordable to a broad range of local residents and workers, will be needed along these major transit corridors.

⁸ The City of San Diego Climate Action Plan, adopted December 2015

Figure 1.

Comparison of Planned Land Uses as of 1999 and 2015

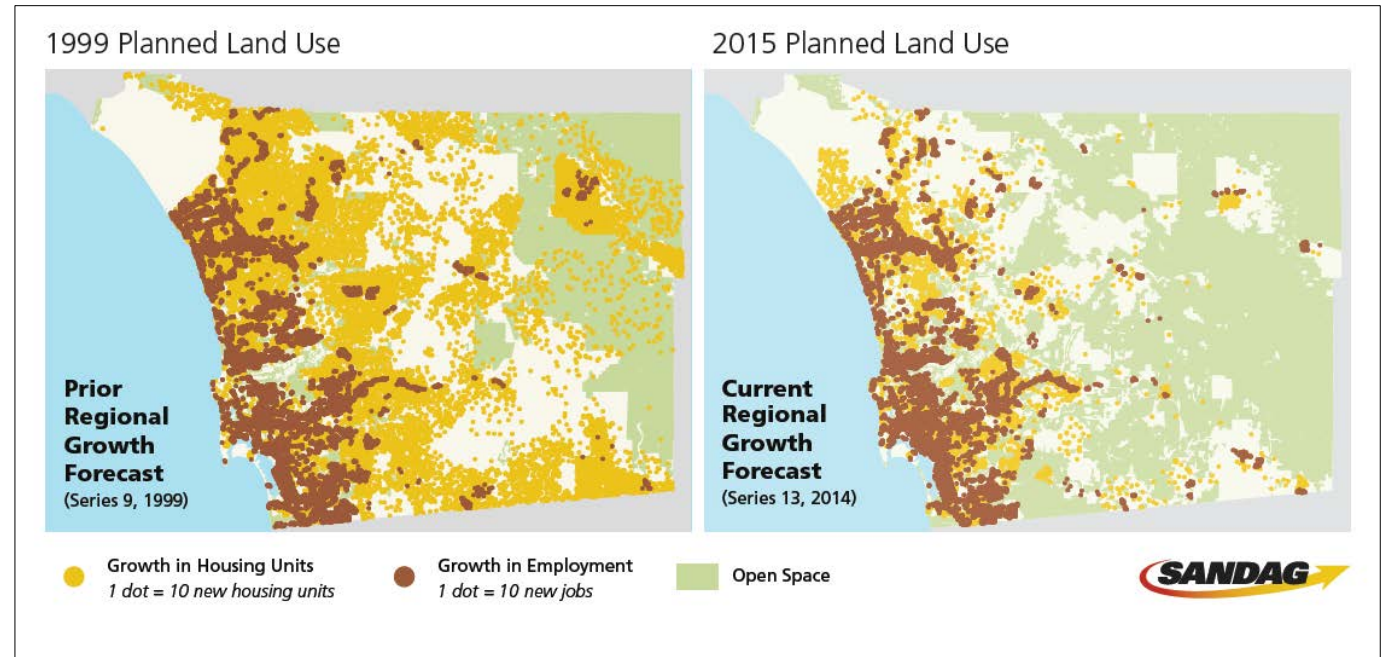
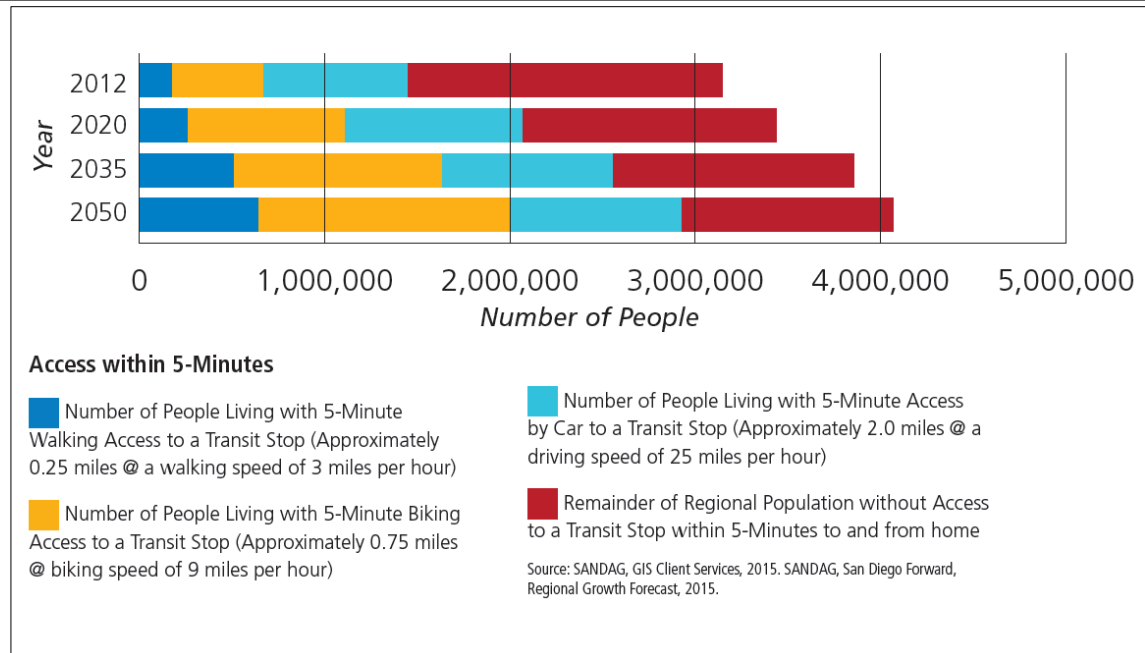


Figure 2.

Growth in Population within Five-Minute Access to Transit, 2012-2015



Proposed Transit Improvements

By 2050, SANDAG estimates that nearly 72% of people living in the San Diego region could access a transit stop to and from home within five minutes. Figure 3 illustrates the key TOD opportunity areas in 2020, areas that are located within five-minute access to transit. Additional transit is planned throughout the region, but as this map illustrates, many of these transit rich areas are located in the City of San Diego. According to SANDAG's Series 13, a series of transit improvements are proposed to occur throughout the region, almost all of which will provide enhanced transit to and within the City of San Diego:⁹

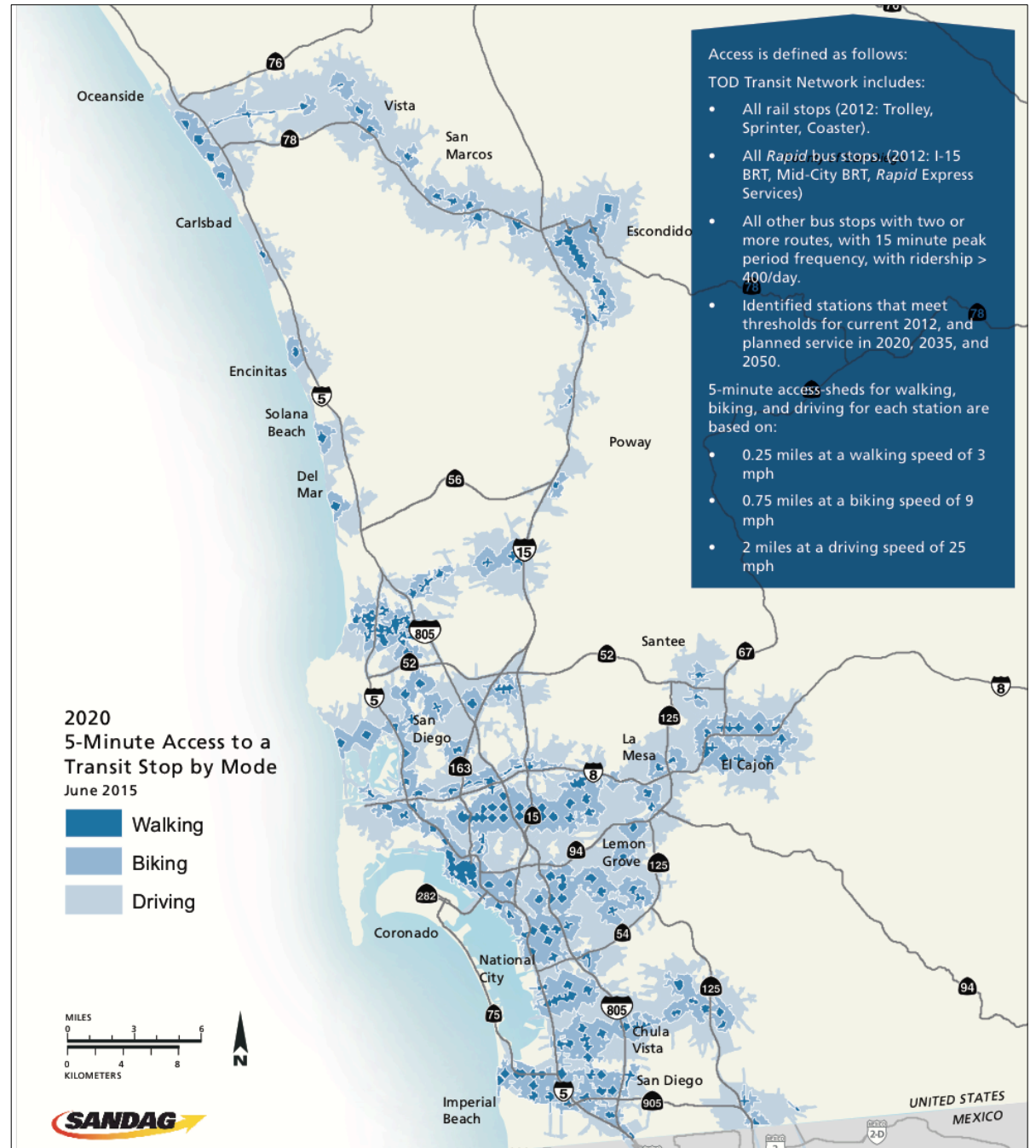
- **Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor.** The COASTER, AMTRAK, and Metrolink rail corridor provides premier passenger rail services, connecting San Diego to Los Angeles and other points north and east. Series 13 builds on this corridor by adding more planned track capacity and improved stations.
- **Trolley/SPRINTER/Rapid Service.** These routes offer fast and reliable rail and bus travel with limited stops in key travel corridors. The Trolley and SPRINTER operate on their own dedicated rail lines, while Rapid services operate on freeway-managed lanes and on local streets.
 - **New Trolley service.** Several new Trolley lines or extensions are proposed:
 - The Mid-Coast Trolley, from Santa Fe Depot in Downtown San Diego to the University City community, serving Old Town, the University of California San Diego (UC San Diego), and Westfield University Towne Center.
 - From San Ysidro to Carmel Valley along the I-805/I-15 corridors via Chula Vista, National City, Southeastern San Diego, Mid-City, Mission Valley, Kearny Mesa, University City and Sorrento Valley.
 - From Pacific Beach to the El Cajon Transit Center, via Clairemont, Kearny Mesa, Mission Valley, and San Diego State University (SDSU).
 - From Downtown San Diego to SDSU, along Park Boulevard and El Cajon Boulevard corridors via Balboa Park, North Park, and City Heights.
 - From University City to Sorrento Valley, with a connection to the COASTER.

⁹ Transit Oriented Districts: A Strategy for the San Diego Region, SANDAG

- **New Rapid service.** New Rapid service is proposed for commuters and on arterials to provide limited-stop, high-speed service along several key corridors throughout the region, supplementing existing local bus services. New Rapid service is also proposed from Otay Mesa to Downtown San Diego.
- **Streetcars.** New streetcars are proposed for several neighborhoods in and around Downtown San Diego, to connect North Park with Downtown San Diego, and to link La Jolla with Mission Beach via Pacific Beach.
- **Local Bus Service.** Improvements are proposed for local bus services, with service frequencies increased to every 10 minutes all day, creating a network of convenient local bus service for short-distance trips and access to rail and Rapid services.

Figure 3.

Map of Five-Minute Transit Access, 2020



Connecting Transit Improvements with Development

Along with these transit improvements comes the need to intensify development around these transit nodes and incentivize the development of multifamily housing. SANDAG projects that by 2050, multi-family housing will account for 46 percent of the county's total housing stock, compared to 36 percent in 2010. To reach these projections, multi-family units will need to account for nearly 80 percent of all new housing units built between 2010 and 2035, and more than 90 percent of new units to be developed between 2035 and 2050. In comparison, only 40 percent of new units built in San Diego County between 2000 and 2010 were in multi-family buildings.¹⁰

The affordable housing TOD fund would potentially be a critical resource to help meet the City's and region's housing production goals, particularly for multifamily housing, and to catalyze the production of housing within easy access to high-quality transit that is affordable to a broad range of residents. The fund will provide financing tools to help meet the following market opportunities:

- Address and capitalize upon the City's tremendous need for new housing production
- Strengthen San Diego's future economic success by providing housing that is affordable to its diverse workforce
- Capture and focus housing growth in the City's neighborhoods with existing and planned transit infrastructure
- Leverage and build upon the City's existing programs and policies to streamline the development approval process, encourage compact development through reduced parking standards and density bonuses, create more walkable and bike-friendly streets, and undertake new public infrastructure investments
- Promote equity for all San Diegans by providing a broad choice of housing opportunities
- Provide opportunities for both small and large developers to build and rehabilitate housing to meet the City's and region's expanding need for multifamily housing

By facilitating the above market opportunities, the fund would be complementary to the City's and the region's transit-oriented development strategies.

¹⁰ Transit Oriented Districts: A Strategy for the San Diego Region, SANDAG

Market Opportunity Areas

To supplement the information and insights gained by discussions with the Working Group and outreach to key stakeholders regarding fund opportunities, Seifel conducted market research and analysis to evaluate potential areas in the City of San Diego that would be particularly strong candidates for potential investments by the fund. Based on data provided by SANDAG and the City of San Diego, the smart growth areas included in the table below were found to have the strongest potential for affordable housing TOD. These areas currently allow or plan to allow development in sufficient densities that would be conducive to TOD, have existing or planned transit service with relatively high boarding and station counts, and have strong housing growth potential. Areas shaded gray in the below table meet one or two of these criteria; unshaded areas meet all three.

Smart Growth Area	Strongest Transit Potential Near Term	Strongest Potential Transit Expansion Opportunities	Strongest TOD Housing Growth Potential
Barrio Logan	X		X
City Heights	X	X	X
Claremont Mesa			X
College Area	X	X	X
Downtown (Centre City)	X	X	X
Eastern Area			X
Encanto Neighborhoods	X	X	
Greater Golden Hill			X
Greater North Park	X	X	X
Kearny Mesa		X	
La Jolla			X
Linda Vista	X		X
Midway – Pacific Highway	X	X	X
Mira Mesa			X
Mission Beach/Pacific Beach			X
Mission Valley	X	X	X
Normal Hts/North Park			X
Navajo	X		X
Ocean Beach			X
Otay Mesa Nestor	X	X	X
Pacific Beach	X	X	X
Peninsula			X
San Diego University City	X	X	X
San Ysidro	X	X	X
Southeastern San Diego	X	X	
Uptown	X	X	X

Summary of Analysis Methodology

Given the large number of smart growth areas in the City of San Diego, the market opportunity analysis uses metrics and data to measure the characteristics of each existing or planned smart growth area. The analysis compares the relative strength of each smart growth area with other areas based on the median for each data point.

An extensive amount of research was done to identify data that could be used to evaluate each existing or planned smart growth area and to determine what data points would most accurately reflect potential TOD market opportunities taking into account data constraints. The following data was used and analyzed:

- **Existing and planned transit nodes/corridors.** The Smart Growth Concept Map Site Descriptions from SANDAG's Series 13 describes the existing transit nodes and corridors in each of the smart growth areas and the planned transit improvements that are proposed to be accomplished by 2020, 2035 and 2050.
- **Transit ridership rate.** Boarding counts and boarding locations for 2020 and 2035 are used to measure the transit frequency and transit accessibility of each area.
- **Housing and market strength.** The amount of housing, density (housing and employment), recent median sales prices, and growth in residential acreage over time are used to evaluate each area, with the amount of housing in 2020 and projected growth from 2020 to 2035 used to identify those areas with the strongest development potential.
- **Community need.** The overall consensus of the Working Group is that all areas have significant community need for housing so this was not used as an evaluation factor. However, the analysis did consider whether or not a smart growth area is designated as a disadvantaged community according to California's Affordable Housing Sustainable Community (AHSC) program.
- **Project timeline.** San Diego is in the process of updating many of the City's Community Plans, which will streamline the development approval process in these areas. Although not used as a major evaluation factor, the current status of the Community Plans was reviewed as an indicator of project timeline.

Additional information about the methodology used in identifying market opportunity areas is included in Attachment C.

Outreach Process and Findings

Outreach Process

To determine whether there is an opportunity to create a new fund focused on affordable housing TOD, Forsyth Street and Seifel conducted an outreach process to gather input from a range of stakeholders. The outreach process included in-person and phone interviews with representatives of the Sponsors, other governmental agencies and departments, non-profit and for-profit affordable housing developers, industry groups, advocacy organizations, and other individuals and entities involved with affordable housing production and transit. For a list of selected interviewees, please refer to Attachment A.

The outreach process was designed to identify:

- **Sponsor policy goals** that the fund should help to achieve and how it could best be coordinated with other City policies and programs.
- **Other stakeholder perspectives** on the affordable housing production process, TOD opportunities, barriers to increasing affordable housing TOD production, and gaps in available market financing.
- **The transit context**, both current and planned, in which the fund would be operating.
- **Market characteristics** in areas proximate to currently existing transit and planned transit.
- **Other supportive resources** that are or could be available to support TOD in San Diego and could potentially be coordinated with the fund.

Related materials and literature were also reviewed, including various reports from SANDAG, SDHC, CivicSD, advocacy organizations, and other sources.

Outreach Findings

Outreach activities identified market financing gaps—gaps in the availability of market financing from lenders and financial institutions—that could be addressed by the fund through the provision of specialized financing products. Identified market financing gaps include:

- **Acquisition Financing.** Throughout the outreach process, developers interviewed by Forsyth Street and Seifel discussed challenges in accessing acquisition capital with which they could rapidly acquire sites. Some developers have their own resources with which they typically make acquisitions, but those internal resources may be limited or have requirements that prevent their use for some acquisitions. Other developers had from

time-to-time obtained acquisition loans from market lenders, but availability of acquisition financing was perceived as inconsistent, and often subject to loan term, loan to value, guarantee and other requirements that were difficult for borrowers, particularly smaller developers, to accommodate. In the context of acquisition financing for TOD projects specifically, acquisition financing, to the extent it can be obtained, is too short-term for developers to contemplate longer-term, strategic acquisitions that anticipate future transit availability, rezoning, and subsidy availability.

- **Small- and Mid-Size Sites Financing.** Small- to mid-size properties of 10 to 50 units present a significant opportunity for infill TOD throughout San Diego, but are often among the most challenging projects for developers to finance. Lack of scale can increase costs, and lender terms, such as guarantee and minimum equity requirements, are often problematic for the developers who otherwise would be interested in doing more with this property category. The property category is of particular interest to smaller developers, whose ability to engage with specific projects is often especially sensitive to financing terms. Financing for this property category is, in general, difficult to access not only in San Diego, but across the country, with few lenders focusing on the space.

Outreach activities also identified other challenges for affordable housing TOD that, although not market financing gaps that could be directly addressed through the provision of specialized financing products, affect development feasibility:

- **The entitlement process is challenging and time consuming.** Affordable housing TOD could be facilitated by expediting the land use approval process for infill projects, particularly those with four to eight stories in areas outside the downtown.
- **Some sites have significant public infrastructure needs.** As density intensifies, development is often required to undertake offsite utility and transportation improvements that add significant cost and time to the construction process.
- **Subsidy financing availability is limited.** Affordable housing projects in San Diego can access various federal, state, regional, and local subsidy funds. Principally, these include federal CDBG and HOME funds, 9% Low Income Housing Tax Credits (LIHTCs) competitively awarded by the California Tax Credit Allocation Committee to specific project sponsors, and tax-exempt bond financing with as-of-right 4% LIHTCs. State Affordable Housing and Sustainable Communities program funds are another emerging and potentially significant source of funding for infill and transit-oriented development. The Affordable Housing Fund, which includes the Housing Trust Fund and Inclusionary Housing Fund, is a significant source of local subsidy funding. The volume of affordable housing production that can be supported in San Diego ultimately depends on the availability of subsidy funding from these primary sources.

Product Concepts

Based on the outreach activities conducted, market financing needs identified through the outreach process, and in consultation with Sponsor staff, three loan product concepts have been identified that could be provided by a new fund and that would address market financing gaps. The concepts include:

- Acquisition financing – short- to mid-term
- Acquisition financing – longer term
- Rehabilitation financing for small- to mid-size buildings (10-50 units)

Additional concepts were identified and explored, but after initial assessment, not further pursued. These include:

- Mezzanine cash flow loans, repaid from residual project cash flows post-construction completion
- New construction financing for small- to mid-size sites

Each of the product concepts is discussed in further detail on the following pages.

Target Areas for Financing

The fund is intended to be a resource for affordable housing development in proximity to existing or planned transit. Precise definitions of TOD vary across funding sources, planning documents, and time horizons. For the fund to maintain its flexibility to assist as broad a spectrum of TOD projects as possible, in a range of areas such as those identified as opportunity areas through the market analysis process, it is intended that project eligibility to receive financing from the fund be determined on a case-by-case basis. Consideration would be given to factors including: the project's proximity to existing and/or planned transit assets, the quality of the nearby transit assets, and the project's eligibility for funding from other financing sources that may use TOD criteria.

Pipeline Development

For each product concept, developer types for which the product would most likely be useful and who would be most likely to utilize the product have been identified. In general, all of the products are intended to be available to both not-for-profit and for-profit developers. Not-for-profit borrowers often require more flexible terms on financing in order to proceed with their prospective projects, and for this reason some product terms—such as maximum loan-to-value—are illustratively proposed to be more flexible for not-for-profit borrowers than for for-profits.

Based on outreach findings, some of the product concepts are likely to be especially useful for smaller developers. These developers may be more likely to lack readily available internal resources for acquisition and thus be more likely

to be dependent on the availability of financing to pursue development opportunities. These developers may also be more likely to be focused on the small- to mid-size properties that would be a target of the small- to mid-size property rehabilitation financing product.

Established, well-capitalized developers with track records of success are the most likely users of the longer-term acquisition financing product due to the extended property holding period and development timeline for these projects. These developers may have internal resources available for acquisition; however, those internal resources typically will only be available for shorter-term projects than those that would be a focus of this product. The longer-term acquisition product would thus potentially assist in expanding opportunities for these developers.

During the next stage of fund development and implementation, as the fund's initial set of loan products near availability and begin to be marketed more widely, developers will be able to identify with greater confidence specific potential transactions that could benefit from each loan product.

Product Concepts Recommended for the Fund

Acquisition Financing – Short- to Mid-Term

A dependable, cost-effective acquisition loan product with more flexible terms than would otherwise be available in the market could be an important new resource for affordable housing developers. In other cities across the country, including New York City, Los Angeles, and the Northern California Bay Area, acquisition loan programs have helped create financing predictability for affordable housing developers and assisted them in competing more effectively for development sites.

CONCEPT SUMMARY	Acquisition Financing – Short- to Mid-Term
PRODUCT DESCRIPTION	Loans for the acquisition and predevelopment of project-ready TOD sites intended to be developed into affordable rental housing in the short- to mid-term .
TRANSIT POLICY CONNECTION	Supports affordable housing development in proximity to existing or near-term high frequency transit.
CITY BENEFIT	Bridge to existing subsidy programs for near-term, priority projects.
MARKET NEED	<ul style="list-style-type: none"> Assists developers in rapidly and cost-effectively acquiring sites. Some acquisition financing is currently available; however, availability may be limited, and loans may have restrictive terms (e.g. loan term, LTV, guarantee requirements).
DEVELOPERS	<ul style="list-style-type: none"> Product would be available to all developers of affordable housing, not-for-profit and for-profit. Likely to be especially useful for less well-capitalized developers who lack readily available resources for acquisition.
ILLUSTRATIVE TERMS	<p>Term: Up to three (3) years, plus extensions</p> <p>Amount: Up to \$10 million</p> <p>Loan-to-Value: Up to 120% for not-for-profit borrowers; 95% for for-profits</p> <p>Borrower Cost: 4.25% target interest rate; 1.00% origination fee; legal fees</p> <p>Lien: First deed of trust on subject property</p> <p>Eligible Uses: Acquisition, predevelopment No hard costs except for limited environmental remediation, site cleanup, and demolition</p>
REPAYMENT SOURCES	<ul style="list-style-type: none"> Bank construction loan Existing subsidy programs
ADDITIONAL CONSIDERATIONS	<ul style="list-style-type: none"> Relatively straightforward product for which to raise senior capital Successful and useful product in other cities (e.g. Los Angeles, New York City) Can be synchronized with existing Sponsor subsidy programs

Acquisition Financing – Longer-Term

A longer-term acquisition and predevelopment loan product, with a targeted loan term of up to five to seven years, would provide Sponsors with new strategic flexibility around TOD. The value of the product is sensitive to speculative land pricing, and works best when future upzoning and anticipated transit availability is not “priced in” to the cost of land acquisitions. In other cities, with Los Angeles a notable example, planned transit has caused land prices to escalate, resulting in sharply higher costs for TOD. In San Diego, however, based on findings from stakeholder interviews, the expectation of future transit availability is currently having only a modest effect on land pricing, creating potential opportunities for long-term strategic acquisitions that a longer-term acquisition loan product could facilitate.

CONCEPT SUMMARY	Acquisition Financing – Longer-Term
PRODUCT DESCRIPTION	Loans for the acquisition and predevelopment of strategic TOD sites intended to be developed into affordable rental housing over the mid- to longer term .
TRANSIT POLICY CONNECTION	Supports affordable housing development in proximity to planned high frequency transit (e.g., primarily areas with planned Rapid bus service; and, in the longer term, the Green Line LRT Trolley extension and new Purple Line).
CITY BENEFIT	Bridge to existing or future subsidy programs in mid- to long-term priority areas.
MARKET NEED	<ul style="list-style-type: none"> Facilitates developer acquisition of sites as soon as their long-term strategic value becomes clear. Makes possible cost-effective long-term hold of the sites. Mid- to longer-term acquisition financing, particularly for sites with entitlement needs, is not currently available, limiting the ability of affordable housing developers to tie up strategic sites.
DEVELOPERS	<ul style="list-style-type: none"> Available only to high-capacity affordable housing developers with a strong track record over an extended period of time, strong balance sheet, and good reputation. Developers who have in-house acquisition resources could benefit from the product, since in-house resources may have restrictions and be unavailable for longer-term opportunities.
ILLUSTRATIVE TERMS	<p>Term: Up to five to seven (5 to 7) years, plus extensions</p> <p>Amount: Up to \$10 million</p> <p>Loan-to-Value: Up to 120% for not-for-profit borrowers; 95% for for-profits</p> <p>Borrower Cost: 4.75% target interest rate; 1.00% origination fee; legal fees</p> <p>Lien: First deed of trust on subject property</p> <p>Eligible Uses: Acquisition, predevelopment No hard costs except for limited environmental remediation, site cleanup, and demolition</p>
REPAYMENT SOURCES	<ul style="list-style-type: none"> Bank construction loan Existing and/or future subsidy programs
ADDITIONAL CONSIDERATIONS	<ul style="list-style-type: none"> Creates new long-term, strategic flexibility around TOD Sensitive to speculative land pricing Compared with the short-term acquisition product, well-priced senior capital will likely be more difficult to raise Cost of capital-sensitive product due to long-term holding period Could be combined with new workforce-oriented subsidy programs or any other new subsidy programs created during the term of the loan

Rehabilitation Financing for Small- to Mid-Size Properties

Small- to mid-size properties are often among the most challenging projects for developers to finance, but they provide a significant opportunity for infill TOD throughout San Diego. Lack of scale can increase costs, and lender terms, such as guarantee and minimum equity requirements, are often problematic for the developers who otherwise would be interested in doing more with this property category. By providing rehabilitation financing for preservation of affordable housing in properties of this size, the fund would make it possible for developers to more actively engage with the property category.

CONCEPT SUMMARY	Rehabilitation Financing for Small- to Mid-Size Properties
PRODUCT DESCRIPTION	Loans for the rehabilitation of small- to mid-size (10-50 unit) properties that will retain and incorporate new affordable rental housing in transit rich areas.
TRANSIT POLICY CONNECTION	Supports affordable housing development in proximity to existing or near-term high frequency transit.
CITY BENEFIT	Creates new opportunities for infill TOD, potentially including property types such as SROs.
MARKET NEED	<ul style="list-style-type: none"> Not just in San Diego, but in markets across the country, small- to mid-size properties are not typically a priority of private lenders and subsidy programs. Due to the many challenges of financing this property category, there are many opportunities to provide new financing products in this space.
DEVELOPERS	<ul style="list-style-type: none"> Product would be available to all developers of affordable housing Likely to be especially useful for smaller developers who are aware of opportunities but lack access to move forward with specific projects
ILLUSTRATIVE TERMS	<p>Term: Up to two (2) years, plus extensions</p> <p>Amount: Up to \$15 million</p> <p>Loan-to-Cost: Up to 100% for not-for-profit borrowers; 90% for for-profits</p> <p>Borrower Cost: 4.25% target interest rate; 1.00% origination fee; legal fees</p> <p>Lien: First deed of trust on subject property</p> <p>Eligible Uses: Acquisition and rehabilitation</p>
REPAYMENT SOURCES	<ul style="list-style-type: none"> Bank permanent loan Existing subsidy programs
ADDITIONAL CONSIDERATIONS	<ul style="list-style-type: none"> Although there is also a need for new construction financing, rehabilitation and preservation of existing properties is a more approachable and less complex initial financing product to start with. Over time, the fund could expand the financing products it makes available for this category of properties. Could also be initially funded with acquisition loans provided by the fund. Could be expanded to include affordable homeownership opportunities over time.

Other Product Concepts – Not Recommended

New Construction Financing for Small- to Mid-Size Properties

Developers of small- to mid-size properties also have difficulty securing financing for new construction, and financing is often only available on terms that are challenging for smaller developers focused on this property category.

Although a loan product for new construction of small- to mid-size TOD has the potential to be a useful product not otherwise readily available in the market, it would be complex and difficult for a new fund to offer immediately. The fund management, underwriting, construction draw management, and servicing infrastructure required for new construction lending would be costly and complex to implement. Additionally, raising capital for this program would likely be more difficult than raising capital for a rehabilitation product.

Due to these challenges, Forsyth Street recommends starting with a rehabilitation loan product for this property type. Once the fund is more established, a new construction loan product may become more feasible to offer and could be reconsidered at that time.

Mezzanine Cash Flow Loans

Several developers also discussed their interest in a mezzanine cash flow product that would be repaid from residual project cash flow after construction completion. Such a product would leverage post-construction project cash flow that is typically not loaned against. The loan would effectively exchange residual cash flows typically paid to a subsidy provider, such as SDHC, for additional resources earlier on in the development cycle. For example, loans of this type could be repaid from the 1.05x to 1.15x debt coverage band in a 4% tax credit project. The loans could either fully or partially amortize over the loan term, with any balance remaining at the end of the loan term repaid from refinancing proceeds.

Although developers expressed an interest in the product, it is not recommended at this time. The credit risks that would need to be taken by the fund would be significant. Additionally, the product would require raising long-term, low-cost private capital for 10 to 15 years, and such capital would be difficult to raise and may not be available from the lenders and investors who would typically participate in these types of funds.

Fund Structure Options

General Structural Options

To assist the Sponsors in the development of a fund for affordable housing TOD in San Diego, Forsyth Street reviewed selected entities from across the country that could serve as relevant models.¹¹ These entities include structured standalone funds, 501(c)3 nonprofit organizations, and loan- and grant-making programs administered internally by governmental entities or by community development financial institutions (CDFIs). Taken as a whole, the entities exhibit a wide range of approaches to providing specialized financing and to balancing public influence with independence; in-house capabilities with third-party expertise; and capital from various sources. The precedents reviewed illustrate the spectrum of options available for structuring the San Diego fund.

Entities selected for review by Forsyth Street include the following general types. Many, though not all, of the selected entities have a specific focus on TOD. General types include:

- **Structured standalone funds**, often established as limited liability companies (LLCs), but alternatively structured as partnerships or other like structures. Funds of this type can be set up to provide a select menu of products quickly, efficiently, and cost-effectively. LLCs are pass-through entities for tax purposes and can consequently benefit from the nonprofit status of their owners/members. Funds of this type will typically have no operating staff. Their governance, management, and capital structures will all conform to detailed parameters agreed to by all stakeholders in the entity. They will usually also have little unrestricted assets and limited leeway to engage in new activities without obtaining permission from all stakeholders. These funds typically provide debt financing, however, funds that are able to take more risk and provide lower-cost equity are also beginning to emerge.

EXAMPLES: New Generation Fund (Los Angeles), New York City Acquisition Fund, Bay Area Transit Oriented Affordable Housing Development Fund, Enterprise Louisiana Loan Fund, Healthy Neighborhoods Equity Fund

- **501(c)3 nonprofit organizations**, generally intended to be longer-term, more flexible organizations than structured standalone funds. They are typically governed by a board of directors, have at least some in-house staff, and have some funds on their balance sheet that can be used flexibly for purposes consistent with the organization's mission, subject to board and management approval.

EXAMPLES: New York City Energy Efficiency Corporation

¹¹ Forsyth Street is the Fund Manager for the New Generation Fund (NGF) and the New York City Acquisition Fund (NYCAF), and Financial Advisor to the New York City Energy Efficiency Corporation (NYCEEC). Forsyth Street also structured NGF and NYCAF, and assisted with restructuring the Enterprise Louisiana Loan Fund.

- **Governmental programs** administered from within existing governmental entities. Governmental entities may set aside some of their existing funding sources for specified purposes. These programs may be designed to complement other public funding sources. Funds of this type can provide grants, loans, or other financial support to priority initiatives and provide the administering entity with the greatest degree of control over the use of its funds.

EXAMPLES: Portland Metro Transit-Oriented Development Program

- **Balance sheet CDFI loan programs.** CDFIs will raise capital for specific purposes, such as to fund loans for TOD in specific geographies or to specific borrowers. Such capital will often provide credit enhancement for qualifying loans made with the CDFI's own balance sheet resources. These programs typically rely on existing CDFI credit underwriting, approval, origination, and administrative capabilities. The role of outside stakeholders in the operations of the program is typically limited to establishing parameters for the eligible uses of their funds.

EXAMPLES: Denver Regional Transit-Oriented Development Fund, Corridors of Opportunity loan pool (Twin Cities), Golden State Acquisition Fund

To a significant degree, fund governance, management, and capitalization structures are symptomatic of how narrowly or expansively each fund's purpose was formulated at the time it was established. The selected funds vary with respect to the latitude they are given to evolve over time and flexibly respond to new challenges. Some funds are structured to provide a single product or intervention as efficiently or as quickly as possible. In contrast, others are designed to develop new capabilities, products, and expertise over long time horizons that can span decades and market cycles. In general, the most flexible, long-term structure for a fund of the above types is the 501(c)3 nonprofit organization, followed by the structured standalone fund. Governmental programs and balance sheet CDFI loan programs tend to be more narrowly defined and less flexible.

Recommended Approach for the San Diego Fund

Forsyth Street recommends proceeding with the San Diego fund according to the standalone structured fund model.

Based on the product concepts recommended for the San Diego fund, the most comparable existing funds are the structured standalone funds. Several of the example funds in this category, including the New Generation Fund, the New York City Acquisition Fund, and the Bay Area TOAH Fund, are primarily focused on providing acquisition debt financing, which will be a primary focus for the San Diego fund as well. Over time, the emerging approach of also providing equity through these funds, as with the Healthy Neighborhoods Equity Fund, could also be relevant for the San Diego fund. Although this would not be an initial focus for the fund, providing equity investments would further

expand the flexibility of the financing products that could be offered by the fund and could broaden the fund's utility to a larger set of prospective projects.

Other aspects of the structured standalone fund approach are also suited to the vision for the San Diego fund, including:

- **Governance.** Based on discussions with Sponsor leadership, the Sponsors wish to be highly engaged with governance of the fund. Structured standalone funds can include a governance structure that facilitates this degree of control. The New Generation Fund and the New York City Acquisition Fund include representatives from the Los Angeles Housing and Community Investment Department, the New York City Department of Housing Preservation and Development, and the New York City Housing Development Corporation, respectively, on their credit committees, which are responsible for governance functions, set the direction of the fund, and are responsible for credit decisions. The public sponsors of both funds have veto power over key governance and credit decisions. The San Diego fund could be structured analogously.
- **Operations.** Structured standalone funds can be set up to utilize third-party consultants and service providers to manage their day-to-day activities. If the Sponsors authorize proceeding with the fund, Forsyth Street continues to be prepared, as required by its contract with the Sponsors, to provide comprehensive fund management services once the fund is closed.
- **Capitalization.** All of the structured standalone funds considered as precedents leverage public funds with private funds, and also include philanthropic program-related investments when available. The Sponsor target minimum leverage ratio of \$3 in non-Sponsor funds for every \$1 of public funds committed should be achievable within this structure.

In the next phase of the work plan, Forsyth Street would work with the Sponsors to further specify the structure of the San Diego fund. Corporate issues that would still to be decided include whether the fund should be structured as an LLC, partnership, or other alternative; and where the fund would be housed – e.g., would it be a subsidiary of an existing Sponsor entity, would it be created by Forsyth Street, or is there another entity that should serve as member or partner.

Sponsor Role in the Fund

The Sponsors will have a multifaceted relationship with the fund. Through their various roles, the Sponsors will exercise both direct and indirect influence over the opportunities available to the fund.

- **Fund governance role.** The Sponsors will most directly influence the fund through their ongoing governance role. The fund will be structured to provide the Sponsors, through senior representatives, with control over key organizational, business, and credit decisions. The Sponsors will affect which products the fund will offer, which development opportunity types will be prioritized, and which specific projects will be approved to receive financing from the fund.
- **Policy context.** The Sponsors are responsible for shaping and implementing key aspects of the City of San Diego's housing policy. The fund will operate within this policy context. The extent to which the Sponsors wish to focus their resources on transit-oriented development is a policy decision, as is the extent to which they wish to focus on providing housing for specific populations such as, for example, veterans or the homeless. The fund's effectiveness will depend in part on how closely it aligns with the Sponsors' overall policy objectives. As the Sponsors' policy objectives change over time, the fund will need to adjust in order to maintain its relevance to the Sponsors' overall aims.
- **Creation, maintenance, and targeting of subsidy programs.** All of the products currently under consideration to be offered by the fund are essentially bridge loan products that depend on the availability of subsidy to be repaid. Most of the subsidy resources available to facilitate affordable housing development in San Diego either are controlled by the San Diego Housing Commission, or, as in the case of 9% low income housing tax credits or Affordable Housing and Sustainable Communities funds, are likely to depend on Sponsor support to be accessed. Each project coming before the fund with a financing request will therefore likely need to be supported with SDHC subsidy, or with subsidy from another source, at a later date. Projects for which no subsidy will be available will be infeasible. Project types, such as workforce housing, that are of interest to the Sponsors but for which no subsidy source exists, will not be possible for the fund to support until new subsidy programs and resources targeted to that project type become available.
- **Alignment of other resources.** In addition to creating their own policies and priorities, and allocating their own resources accordingly, the Sponsors can encourage other City agencies and departments to also support these same objectives. The Sponsors can encourage other agencies and departments to, for example, streamline the development process, assist with infrastructure and entitlements, provide grant funding, and otherwise support strategic projects. The broader a consensus the Sponsors can build across City government that their priority

projects should be comprehensively encouraged, supported, and expedited, the stronger the prospects for those projects to move forward.

In sum, the Sponsors' ongoing influence on the fund is exercised not only through their direct role in fund governance, but also through other less direct means as well. Coordinating the fund with Sponsors' other activities, resources, and initiatives can help to create the conditions for the fund's products to be as useful and effective as possible.

Governance

The fund will be governed by a Credit Committee. The Credit Committee would include representatives of key stakeholders in the fund, including both Sponsors. The Credit Committee would be responsible for matters including:

- Setting the overall policy direction of the fund
- Authorizing provision of any new financial products
- Material modifications to existing financial products provided by the fund
- Adoption and material modifications to form model transaction documents
- Acceptance of new capital into the fund
- Approval of contracts entered into by the fund with any third-party service providers
- Supervision of third-party service providers
- Approval of the annual budget
- Credit decisions
- Other governance, operational, and credit matters, as applicable for the fund

The Credit Committee would be anticipated to include:

- **Representatives from each of the Sponsors.** Both SDHC and CivicSD would have representatives on the Credit Committee. These representatives would have veto power over key governance, operational, and credit decisions.
- **Representatives of major lenders to the fund.** Typically, financial institutions providing senior debt to the fund require representation on the Credit Committee. The number of representatives needed can vary; the Credit Committee could, for example, include one representative on behalf of a lender syndicate, or it could include representatives from multiple lenders. These representatives typically also require veto power over certain credit decisions.
- **Representatives of other stakeholders.** The Credit Committee could include representatives of other public, private, or philanthropic entities with a leading role in affordable housing or transit in San Diego.
- **Other representatives with credit expertise.** Additional individuals with relevant credit expertise could also be included on the Credit Committee.

The composition of the Credit Committee could be structured to change over time as the needs of the fund change, but with Sponsor representatives always holding a fixed minimum number of seats.

Operations

The fund will need to prioritize cost efficiency and managing its operations to a low net operating margin. Cost of operations directly affects the pricing and terms the fund will be able to provide on its products. Lower pricing also reduces the amount of subsidy ultimately required to be provided by the City to each project. By keeping costs low, the Fund will be able to provide its products at pricing and terms that are as attractive as possible, while conserving scarce subsidy funds. The fund's third-party based staffing model, with no internal staff, will streamline costs.

The fund is proposed to be operated day-to-day by third-party consultants and advisors providing cost-effective services. As required by its contract, Forsyth Street continues to be prepared to provide comprehensive fund management services, including:

- Comprehensive day-to-day administration of fund operations, including management of reserves, monitoring of the loan portfolio, coordination with a fiscal agent and legal team, communication with stakeholders, and other functions
- Loan underwriting, servicing, marketing, and asset management
- Coordination with a credit committee or similar entity that has control over governance matters
- Periodic reporting to fund stakeholders
- Development of financial projections and annual budgets
- Coordination with the fund's audit team
- Development and deployment of additional financing products after initial fund closing
- Raising additional capital as needed to support expanded lending activities and new products
- Other services as appropriate to the fund

Additional third parties will need to be hired to provide specialized legal, accounting, audit, and other technical expertise.

Capital Structure

The fund's balance sheet will require several different kinds of capital in order for the fund to have the flexibility to engage in all of its envisioned activities.

Initially, the fund will seek to raise capital for its three initially targeted loan types:

- (i) Short- to mid-term loans for the acquisition of project-ready TOD sites
- (ii) Longer-term loans for the acquisition of strategic TOD sites
- (iii) Loans for the moderate rehabilitation of small- to mid-size existing properties in transit-rich areas

Providing these loan products will require raising capital from debt investors, supported by credit enhancement funds. In general, the kinds of capital the fund will initially seek to raise will include:

- **Public Investment.** The fund will be seeded by contributions from both Sponsors. These contributions will both evidence Sponsor support for the fund and serve as credit enhancement for senior debt. The Sponsor contribution, in addition to including a grant or subordinated loan component that would seed the fund's balance sheet, could also potentially be supplemented by a guarantee. A supplemental guarantee would make possible further improved terms on the products provided by the fund.
- **Senior Debt.** The fund would seek to leverage seed contributions from the Sponsors with senior debt from financial institutions. Senior debt may include loans made by financial institutions to the fund, secured by the assets of the fund; and/or secured loans. Based on the loan types envisioned for the Fund, Forsyth Street anticipates minimum overall leverage of \$3 in private funds raised for every \$1 in public funds contributed, should be achievable. This view is based on leverage ratios achieved in other loan funds with similar products to those that are envisioned to be offered by the fund.
- **Program Related Investments.** Program related investments (PRIs) provided by foundations, if available, would have several important benefits for the fund. First, they would leverage additional capital from commercial financial institutions and other capital providers. Second, due to typical interest rates of 1-2%, they would bring down the fund's weighted cost of capital, resulting in lower interest rates on the fund's products, savings for the fund's borrowers, and lower Sponsor subsidy need. Third, they support more flexible terms from other capital providers, such as larger loan sizes, higher maximum loan-to-values, and reduced portfolio concentration limits. Fourth, they are seed investments that will facilitate the Fund's initial activities and set the stage for further growth.

PRIs, though very useful for capitalizing funds for the reasons outlined above, are not always available. Their availability depends on factors including level of foundation interest in the themes of the fund, such as affordable housing, transit oriented development, and the livability of San Diego; as well as whether the foundation has a PRI program. Due to the complexities of implementing and managing PRI programs, many foundations do not offer them. As an alternative, foundations interested in supporting the fund, but unable to provide PRIs, could support the fund with grants or guarantees.

- **Other.** Area employers, corporate philanthropies, individuals, and other miscellaneous sources may be interested in supporting a new fund as well. These other potential sources may be interested in providing grant funding, low-cost loans, mission-related investments, or other forms of capital.
- **Covenants and Restrictions.** Key to the fund's success will be the negotiation of covenants appropriate for the fund's business and mission with all capital providers.

The Sponsor contributions will be the core of the fund's capitalization. Typically, strong public sponsor support is a critical component to successful outreach to other prospective investors in new funds. Demonstration of this support, through both commitment of the Sponsor seed contributions and participation by senior Sponsor representatives in fund presentations to prospective investors, can assist in establishing that the fund is a key priority for the Sponsors and help to make the case that the fund will provide important benefits to the City. Sponsor engagement in the outreach process can be particularly meaningful for foundations, area employers, financial institutions, and other local or regionally-focused entities with close philanthropic, mission, or corporate ties to the City of San Diego. Senior debt from financial institutions is typically the last component of capital to be raised by a new fund after other initial funding commitments from the public sponsors, interested foundations, and any other mezzanine or subordinate capital providers have already been secured.

Recommendations and Next Steps

Recommendations

In summary, this report recommends that the Sponsors:

- Authorize Forsyth Street to take next steps to structure, capitalize, and establish a new fund for affordable housing TOD in the City of San Diego
- Confirm that the three financial products the fund should initially prioritize are:
 - Short- to mid-term loans for the acquisition of project-ready sites
 - Longer-term loans for the acquisition of strategic sites
 - Loans for the rehabilitation of small- to mid-size existing properties
- Confirm that the further development of the fund should proceed according to the general parameters of a structured loan fund, to include:
 - A Credit Committee or similar governance entity providing the Sponsors with control over key governance and credit decisions
 - Day-to-day fund management by Forsyth Street, with other third parties providing specialized services as needed
 - Capitalization with seed contributions from each of the Sponsors, leveraged with other capital at a target minimum leverage ratio of \$3 in other capital for every \$1 in Sponsor funds

Next Steps for Implementation

If authorized to proceed by the Sponsors, Forsyth Street would work to structure, capitalize, and establish the fund according to the parameters outlined above. Specific next tasks would include:

- Within the model of the structured standalone fund, determine an appropriate corporate structure of the fund as an LLC, partnership, or other entity
- Further define the Sponsor governance role within the corporate structure of the fund to provide control over key governance, organizational, and credit decisions
- Work with Sponsor staff to determine the parameters of each Sponsor's seed contribution to the fund
- Approach other potential capital providers, including financial institutions and foundations, to assess their interest in the fund

- Based on further input from the Sponsors and prospective capital providers, and to facilitate the expeditious closing of the fund, determine which loan products are most feasible to be available at the launch of the fund, and which should be deployed post-launch.

As the fund becomes further developed and nears a closing, legal counsel and input from other specialized experts, such as accountants, will be needed to facilitate the closing. To the extent it is necessary to engage specialized service providers during the fund implementation phase, Forsyth Street will assist the Sponsors with their procurement, which would also be subject to Sponsor approval and budgeting processes.

Subject to additional approvals from the Sponsors as needed throughout the implementation phase, a closing of the fund would be targeted for October 2017.

Attachments

- A. Selected Interviewees
- B. Illustrative Organizational Chart
- C. Seifel Market Opportunity Analysis

Attachments relating to the Market Opportunity Analysis:

- MO-1.** Summary of Market Opportunity Findings
- MO-2.** Transit Rich Smart Growth Areas, Near Term
- MO-3.** Transit Rich Smart Growth Areas, Potential Transit Expansion Opportunities
- MO-4.** Smart Growth Areas with Strongest Housing Growth and Development Intensity
- MO-5.** Summary of Data Sources and Metrics Used in Market Opportunities Analysis

Attachment A: Selected Interviewees

Affirmed Housing Group

- James Silverwood, President and CEO

Bridge Housing

- Brad Wiblin, Senior Vice President
- Aruna Doddapaneni, Director, Southern California

CBRE

- Jim Neil, Senior Vice President

Chelsea Investment Corporation

- James Schmid, Founder and CEO

City of San Diego Planning Department

- Nancy Bragado, Deputy Director, Long Range Planning
- Brian Schoenfisch, Program Manager, Long Range Planning

Civic San Diego

- Michael Lengyel, Investment & Finance Development Manager (**Working Group member**)
- Joanna Whitley, Associate Project Manager (**Working Group member**)
- Reese Jarrett, President

Climate Action Campaign

- Nicole Capretz, Founder and Executive Director

Community Housing Works

- Sue Reynolds, President and CEO

Hitzke Development

- Ginger Hitzke

Metropolitan Transit System

- Timothy Allison, Manager of Real Estate Assets
- Sharon Cooney, Chief of Staff

REAL Development

- Danny Fitzgerald, Business Development

SANDAG

- Susan Baldwin, Senior Regional Planner **(Working Group member)**
- Gary Gallegos, Executive Director
- Charles Stoll, Director of Land Use and Transportation Planning
- Tom King, Associate Transportation Modeler
- Marisa Mangan, Regional Planner
- Andrew Gordon, Research Analyst (GIS/Custom Maps)

San Diego Housing Commission

- Wendy DeWitt, Director, Business and Program Development – Real Estate Division **(Working Group member)**
- Tina Kessler, Assistant Real Estate Manager – Real Estate Department **(Working Group member)**
- Richard C. Gentry, President and CEO
- Debbie Ruane, Senior Vice President, Real Estate Division
- Maria Velasquez, Senior Vice President, Communications and Public Affairs
- Ann Kern, Vice President, Housing Finance and Program Development
- Ted Miyahara, Director of Housing Finance
- Michael Pavco, Vice President, Housing Development Partners

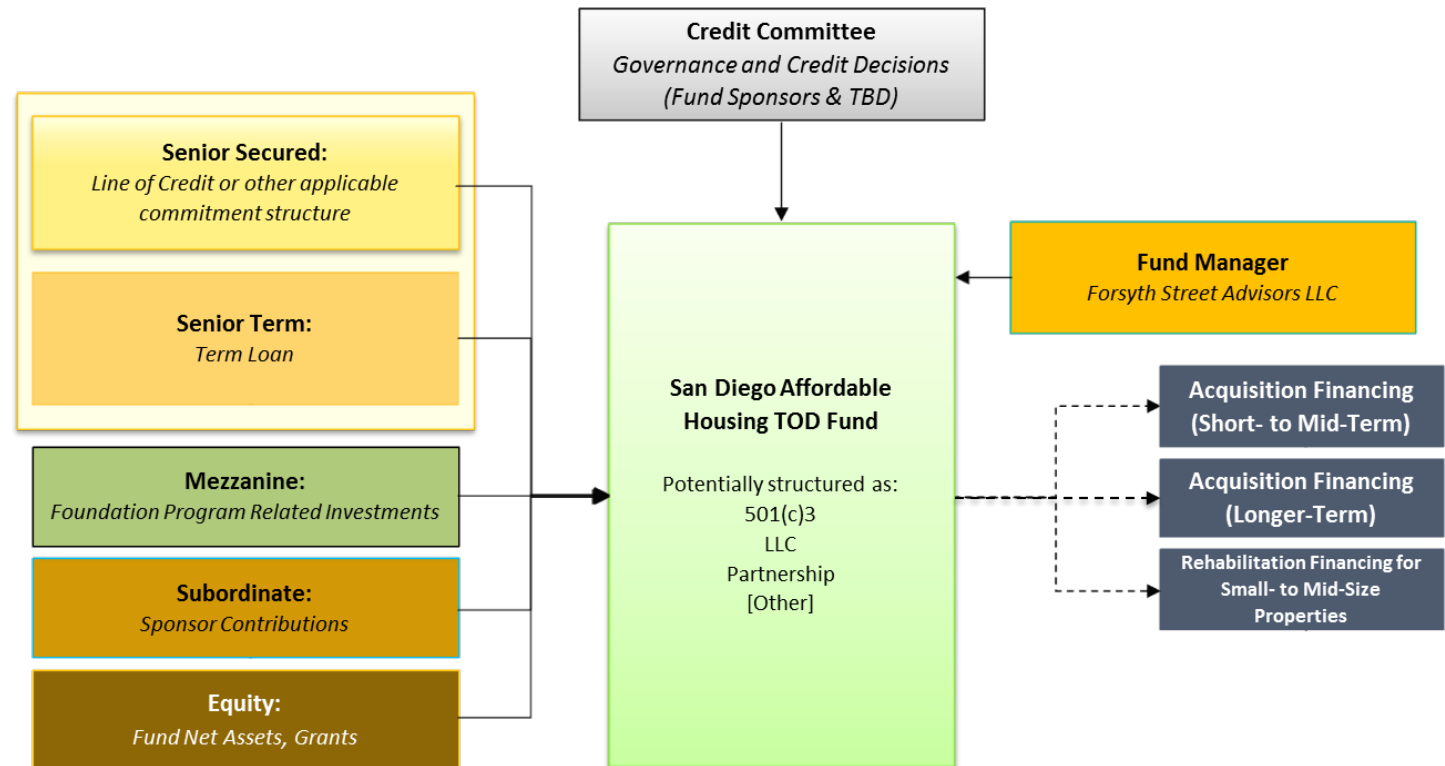
San Diego Housing Federation

- Stephen Russell, Executive Director

Wakeland Housing and Development Corporation

- Ken Sauder, President and CEO

Attachment B: Illustrative Organizational Chart



Attachment C: Market Opportunity Analysis

In order to supplement the information and insights gained by discussions with the Working Group and outreach to key stakeholders, Seifel Consulting conducted market research and analysis to evaluate potential areas in the City of San Diego (the “City”) that would be particularly strong candidates for potential investments by the affordable housing TOD fund. As further described below, the analysis identified key areas within the City that currently allow or plan to allow development in sufficient densities that would be conducive to TOD, have existing or planned transit service with relatively high boarding and station counts, and have strong housing growth potential.

Analysis Methodology

The market opportunity analysis utilizes data prepared by the San Diego Association of Governments (“SANDAG”) for each of the smart growth areas identified in SANDAG’s Series 13 Regional Plan. The Regional Plan establishes land use and transportation targets for each smart growth area, and its Smart Growth Concept Map identifies seven categories of smart growth place types that meet specific density (housing and employment) and transit standards.¹²

SMART GROWTH PLACE TYPE	Minimum Residential Target (DU/Acre)	Minimum Employment Target (Jobs/Acre)	Minimum Transit Service Characteristics
METROPOLITAN CENTER	75	80	Commuter Rail, Express Light Rail Transit (LRT), or Bus Rapid Transit (BRT)
URBAN CENTER	40	50	LRT or Rapid Bus
TOWN CENTER	20	30	LRT, Rapid Bus, or Streetcar/Shuttle
COMMUNITY CENTER	20	N/A	High-Frequency Peak-Period Local Bus or Streetcar/Shuttle within Urban Area Transit Strategy Boundary
RURAL VILLAGE	10:9	N/A	N/A
SPECIAL USE CENTER	Optional	45	LRT, Rapid Bus, or Peak BRT
MIXED-USE TRANSIT CORRIDOR	25	N/A	High-Frequency Peak-Period Local Bus or Streetcar/Shuttle

¹² This analysis utilizes the data presented in the Smart Growth Concept Map Site Descriptions (May 5, 2016) for the City of San Diego and extensive supplementary transit and demographic data provided by SANDAG staff. Forsyth Street and Seifel Consulting are very grateful for the assistance and support of SANDAG staff for providing this data and advising on the analysis approach and methodology.

If the areas currently meet or are planned to allow the minimum land use and transit service targets identified for their place type, they are identified as "Existing/Planned" smart growth areas. If they do not meet the targets, but have future potential, they are identified as "Potential" smart growth areas. This analysis focuses on the Existing/Planned smart growth areas as these areas have the greatest potential for TOD in the next five to ten years.

SANDAG provided several maps that graphically display existing and proposed transit nodes and corridors in the City of San Diego and the smart growth areas, color-coded to correspond with the area's designated smart growth place type. Figure MO-2 (next page) is one of these maps, which displays transit stops and smart growth areas in 2020 throughout the City of San Diego.

SANDAG's maps were an important resource to identify areas with high TOD potential, and they were used in the stakeholder interviews and to establish a tour route of Existing/Planned smart growth areas with significant transit opportunities. City staff, members of the working group, Forsyth Street and Seifel Consulting toured most of the City's transit rich smart growth areas in Spring of 2016, visiting recently developed and planned affordable housing TOD projects. The information gathered from these interviews and the tour provided a basic framework for evaluating and identifying areas with strong development potential for TOD.

Through discussions with the Working Group and stakeholders, five key criteria were developed to evaluate those areas with the strongest potential for affordable housing TOD over the next five to ten years (as illustrated in Figure MO-1 below).

Figure MO-1. Key Criteria Used to Evaluate Market Opportunities

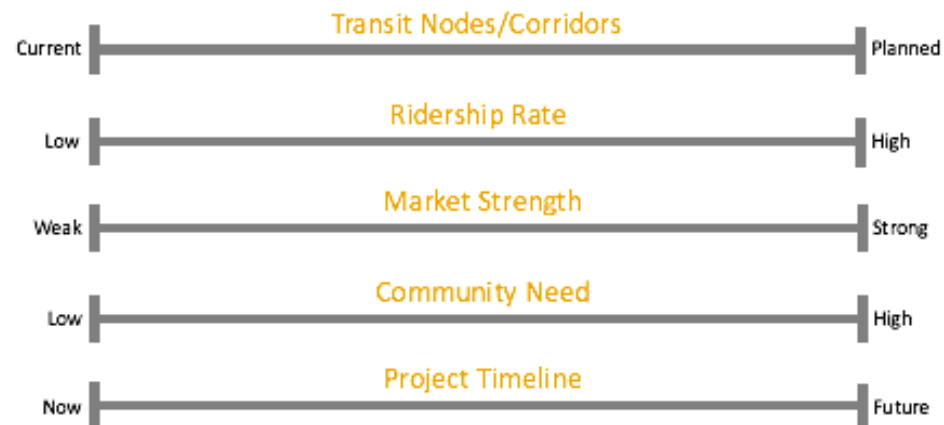
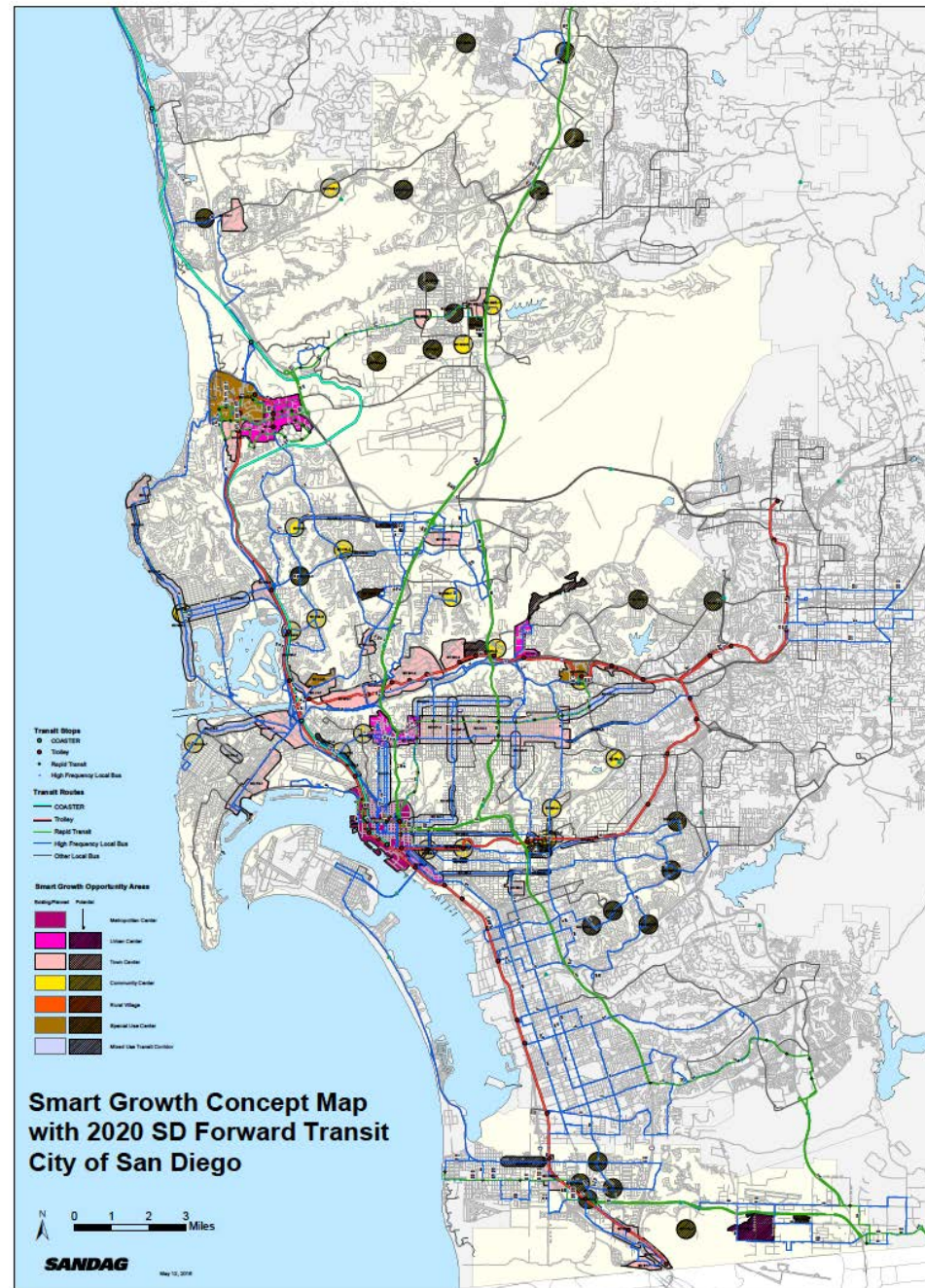


Figure MO-2.

Smart Growth Concept Map



An extensive amount of research was done to identify data that could be used to evaluate each Existing/Planned smart growth area and to determine what data points would most accurately reflect potential TOD market opportunities taking into account data constraints. The following data for each criteria was used and analyzed:

- **Existing and planned transit nodes/corridors.** The Smart Growth Concept Map Site Descriptions in the Regional Plan describe the existing transit nodes and corridors in each of the smart growth areas and the planned transit improvements that are proposed to be accomplished by 2020, 2035 and 2050. Each of these existing and planned improvements by type of transit is graphically illustrated in the accompanying tables.
- **Transit ridership rate.** Boarding counts and boarding locations for 2020 and 2035 are used to measure the transit frequency and transit accessibility of each area.
- **Housing and market strength.** The amount of housing, density (housing and employment), recent median sales prices, and growth in residential acreage over time are used to evaluate each area, with the amount of housing in 2020 and projected growth from 2020 to 2035 used to identify those areas with the strongest development potential.
- **Community need.** The overall consensus of the Working Group is that all areas have significant community need for housing so this was not used as an evaluation factor. However, the analysis does indicate whether or not a smart growth area is designated as a disadvantaged community according to California's Affordable Housing Sustainable Community (AHSC) program.
- **Project timeline.** San Diego is in the process of updating many of the City's Community Plans, which will streamline the development approval process in these areas. Although not used as a major evaluation factor, the current status of the Community Plans for each area is presented to provide one indicator of project timeline.

Market Opportunity Analysis of Each Smart Growth Area

Given the large number of smart growth areas in the City of San Diego, the market opportunity analysis uses the key metrics and data described above to measure the characteristics of each Existing/Planned smart growth area. The analysis then further evaluates each area by comparing its relative strength to other areas based on the median for each data point. For example, the median number of transit boarding counts in 2020 is 2,451 for all of the Existing/Planned smart growth areas. Barrio Logan has 6,745 boarding counts in 2020, which is almost three times the median boarding count for all Existing/Planned smart growth areas. Barrio Logan is thus considered to be one of the

areas with the strongest transit potential in the near term. The key measurement factor used to indicate strength is double the median for all areas (200%).

Conditional highlighting of particular data points is used to illustrate the relative strength of the area in comparison to the median. For example, the data point showing the boarding count in Barrio Logan is highlighted in green to indicate that its boarding count is more than double the median. The relative depth of color indicates the relative strength of boarding counts. For example, the Downtown has a deeper color green as it has the highest boarding counts in the City, about 45 times the median boarding count in 2020. Green has been applied to 2020 values, while blue has been applied to values representing change from 2020-2035.¹³

The following five tables, included as attachments, summarize the results and the analysis.

- **Table MO-1** presents all of the smart growth areas according to their designated smart growth area codes that were found to have the strongest potential for TOD based on the following:
 - Strongest Transit Potential Near Term
 - Strongest Potential Transit Expansion Opportunities
 - Strongest TOD Housing Growth Potential
- **Table MO-2** presents the data used to evaluate the strongest near term transit potential (sorted by boarding counts in 2020). It also graphically displays the existing transit resources in each area.
- **Table MO-3** presents the data used to evaluate the strongest potential transit expansion opportunities (sorted by the change in boarding counts from 2020-2035). It also graphically displays the existing and planned transit resources in each area.
- **Table MO-4** presents the housing and market data used to evaluate the strongest TOD housing growth potential (sorted by housing growth 2020-2035), including housing units, density (housing and employment), market characteristics, area size, growth in residential acreage, and whether the area is an AHSC disadvantaged community.
- **Table MO-5** presents a brief overview of the data collected and the metrics used in the analysis.

In conclusion, the fund could take advantage of strong market opportunities areas throughout the City of San Diego. More than twenty clusters of smart growth areas, from Barrio Logan to the south to University City to the north, have been identified through this analysis as strong candidate areas for affordable housing TOD investment.

¹³ The threshold for shading is double the median, meaning that only values that are two times or greater than the median will have some level of shading. The threshold for the darkest shade is the 90th percentile, meaning only values in the top 10 percentile as compared to the median standard have the darkest coloring.

Attachments MO-1 through MO-5

Attachment MO-1
Summary of Market Opportunity Findings
San Diego Affordable Housing TOD Fund

		Strongest Transit Potential Near Term	Strongest Potential Transit Expansion Opportunities	Strongest TOD Housing Growth Potential
Smart Growth Area	Smart Growth Place Type	Smart Growth Area Code	Smart Growth Area Code	Smart Growth Area Code
Barrio Logan	Urban Center	■ SD-BL-1		■ SD-BL-1
City Heights	Town Center	■ SD-CH-1	■ SD-CH-1	■ SD-CH-1
"	M-U Transit Corridor	■ SD-CH-2		
Clairemont Mesa	Community Center			■ SD-CM-8
College Area	Community Center	■ SD-CO-1	■ SD-CO-1	■ SD-CO-1
"	Special Use Center	■ SD-CO-2	■ SD-CO-2	■ SD-CO-2
"	Town Center			■ SD-CO-3
"	M-U Transit Corridor	■ SD-CO-4	■ SD-CO-4	■ SD-CO-4
Downtown (Centre City)	Metropolitan Center	■ SD-CC-1	■ SD-CC-1	■ SD-CC-1
Eastern Area	Community Center			■ SD-EA-2
Encanto Neighborhoods	M-U Transit Corridor	■ SD-EN-3		
"	Community Center		■ SD-EN-4	
"	Community Center	■ SD-EN-5		
"	M-U Transit Corridor	■ SD-EN-7		
Greater Golden Hill	M-U Transit Corridor			■ SD-GH-1
Greater North Park	Town Center	■ SD-NP-1	■ SD-NP-1	■ SD-NP-1
"	M-U Transit Corridor	■ SD-NP-2	■ SD-NP-2	■ SD-NP-2
Kearny Mesa	Town Center		■ SD-KM-2	
La Jolla	Town Center			■ SD-LJ-1
Linda Vista	Town Center	■ SD-LV-1		■ SD-LV-1
Midway – Pacific Highway	Town Center	■ SD-MD-1	■ SD-MD-1	■ SD-MD-1
Mira Mesa	Town Center			■ SD-MM-1
Mission Beach/Pacific Beach	M-U Transit Corridor			■ SD-MB-1
Mission Valley	Town Center			■ SD-MV-1
"	Town Center	■ SD-MV-2	■ SD-MV-2	
"	Town Center	■ SD-MV-3	■ SD-MV-3	■ SD-MV-3
"	Town Center			■ SD-MV-4
"	Community Center		■ SD-MV-6	
Normal Hts/North Park	M-U Transit Corridor			■ SD-NH-1
Navajo	Urban Center	■ SD-NV-1		■ SD-NV-1
Ocean Beach	M-U Transit Corridor			■ SD-OB-2
Otay Mesa Nestor	Town Center	■ SD-OMN-1	■ SD-OMN-1	■ SD-OMN-1
Peninsula	Town Center			■ SD-PA-1
Pacific Beach	Town Center	■ SD-PB-2	■ SD-PB-2	■ SD-PB-2
"	M-U Transit Corridor	■ SD-PB-3		
San Diego University City	Town Center			■ SD-UN-1
"	Urban Center	■ SD-UN-2	■ SD-UN-2	■ SD-UN-2
"	Special Use Center	■ SD-UN-3	■ SD-UN-3	
San Ysidro	Town Center	■ SD-SY-1	■ SD-SY-1	■ SD-SY-1
Southeastern San Diego	Town Center		■ SD-SE-1	
"	M-U Transit Corridor	■ SD-SE-2		
"	M-U Transit Corridor		■ SD-SE-4	
Uptown	M-U Transit Corridor		■ SD-UP-1	■ SD-UP-1
"	Urban Center	■ SD-UP-2		
"	Community Center			■ SD-UP-4
"	Community Center	■ SD-UP-5	■ SD-UP-5	■ SD-UP-5

Attachment MO-2
Transit Rich Smart Growth Areas, Near Term
San Diego Affordable Housing TOD Fund

			Commuter Rail (COASTER)	LRT Orange Line Trolley	LRT Green Line Trolley	LRT Blue Line Trolley	Rapid Service (Bus)	High-Frequency Local Bus	TRANSIT IN 2020		
Smart Growth (SG) Area	SG Area Code	Smart Growth Place Type	Transit (Existing)						Boarding Counts (on/off) 2020	# Boarding Locations 2020	# Boarding Locations /Acre 2020
Downtown (Centre City)	SD-CC-1	Metropolitan Center	X	X	X	X	X	X	110,576	96	0.064
Midway – Pacific Highway	SD-MD-1	Town Center	X		X			X	35,664	10	0.017
City Heights	SD-CH-1	Town Center					X	X	34,988	35	0.025
San Ysidro	SD-SY-1	Town				X		X	31,626	10	0.021
San Diego University City	SD-UN-2	Urban Center					X	X	20,767	16	0.020
San Diego University City	SD-UN-3	Special Use Center					X	X	19,266	20	0.019
College Area	SD-CO-1	Community Center			X		X	X	19,041	5	0.040
College Area	SD-CO-2	Special Use Center			X		X	X	18,896	6	0.020
Uptown	SD-UP-5	Urban Center					X	X	10,435	16	0.029
Otay Mesa Nestor	SD-OMN-1	Town Center				X		X	10,098	4	0.018
Mission Valley	SD-MV-2	Town Center			X			X	9,925	4	0.025
Pacific Beach	SD-PB-3	Town Center							9,862	2	0.008
Greater North Park	SD-NP-2	Town Center					X	X	9,326	14	0.024
Mission Valley	SD-MV-3	Town Center			X			X	9,299	9	0.011
Encanto Neighborhoods	SD-EN-3	M-U Transit Corridor	X					X	8,985	6	0.075
Encanto Neighborhoods	SD-EN-7	Community Center	X					X	7,843	4	0.032
Encanto Neighborhoods	SD-EN-5	M-U Transit Corridor	X						7,727	9	0.069
Pacific Beach	SD-PB-2	M-U Transit Corridor						X	7,654	16	0.032
Linda Vista	SD-LV-1	Town Center			X			X	7,255	5	0.019
Barrio Logan	SD-BL-1	Urban Center				X		X	6,745	13	0.062
Navajo	SD-NV-1	Urban Center			X			X	6,628	6	0.025
College Area	SD-CO-4	M-U Transit Corridor					X	X	6,589	9	0.019
Uptown	SD-UP-2	Community Center			X			X	5,511	3	0.024
Greater North Park	SD-NP-1	M-U Transit Corridor					X	X	5,484	10	0.035
City Heights	SD-CH-2	M-U Transit Corridor						X	5,348	6	0.037
Southeastern San Diego	SD-SE-2	M-U Transit Corridor	X					X	5,042	8	0.062

Attachment MO-3
Transit Rich Smart Growth Areas, Potential Transit Expansion Opportunities
San Diego Affordable Housing TOD Fund

																				TRANSIT EXPANSION 2020-2035	
			Commuter Rail (COASTER)	LRT Orange Line Trolley	LRT Green Line Trolley	LRT Blue Line Trolley	Rapid Service (Bus)	High-Frequency Local Bus	San Diego ITC and Commuter Rail Stations	LRT Trolley SDSU to Downtown Mid-City	LRT Trolley San Ysidro to Kearny Mesa	LRT Trolley San Ysidro to Carmel Valley	LRT Kearny Mesa to La Mesa	LRT Trolley Pacific Beach to El Cajon	LRT Trolley Mid Coast Extension	Rapid Service (Bus)	High-Frequency Local Bus	Streetcar			
Smart Growth (SG) Area	SG Area Code	Smart Growth Place Type	Transit (Existing)							Transit (Planned) "1" by 2020, "2" by 2035, "3" by 2050										Boarding Counts (on/off) Δ 2020-2035	# Boarding Locations Δ 2020-2035
Encanto Neighborhoods	SD-EN-4	Community Center	X					X											31,054	1	
City Heights	SD-CH-1	Town Center						X	X	3	2					2	2		30,688	2	
Mission Valley	SD-MV-6	Community Center			X						2	3	3	3		2	2		24,035	1	
Kearny Mesa	SD-KM-2	Town Center							X		2	3	3	3		2	1		20,426	3	
San Ysidro	SD-SY-1	Town					X		X		2	3				2			17,215	1	
Midway – Pacific Highway	SD-MD-1	Town Center	X		X				X							2	1		14,040	0	
Downtown (Centre City)	SD-CC-1	Metropolitan Center	X	X	X	X	X	X	X	3						1	1	2	11,162	12	
Greater North Park	SD-NP-1	M-U Transit Corridor						X	X	3						2		2	11,042	(1)	
San Diego University City	SD-UN-2	Urban Center						X	X		2?	3			1		1		9,701	1	
College Area	SD-CO-2	Special Use Center			X			X	X	3			3	3		2	2		7,769	0	
College Area	SD-CO-1	Community Center			X			X	X	3			3	3		2	2		7,496	0	
Uptown	SD-UP-5	Urban Center						X	X	3						2	2	2	7,449	3	
Southeastern San Diego	SD-SE-4	M-U Transit Corridor							X		2	3				2			7,226	0	
Greater North Park	SD-NP-2	Town Center						X	X	3						2		2	6,969	0	
San Diego University City	SD-UN-3	Special Use Center						X	X						1	2	1		6,582	1	
Southeastern San Diego	SD-SE-1	Town Center							X		2	3				2			6,340	1	
College Area	SD-CO-4	M-U Transit Corridor						X	X	3						2	2		5,994	1	
Otay Mesa Nestor	SD-OMN-1	Town Center				X			X		2								5,923	0	
Uptown	SD-UP-1	M-U Transit Corridor							X							2		2	5,437	11	
Pacific Beach	SD-PB-2	M-U Transit Corridor							X					3		2	1	3	3,870	(2)	
Mission Valley	SD-MV-2	Town Center			X				X							2	1		3,859	0	
Mission Valley	SD-MV-3	Town Center			X				X									1	3,680	3	

Attachment MO-4
Smart Growth Areas with Strongest Housing Growth and Development Intensity
San Diego Affordable Housing TOD Fund

Smart Growth (SG) Area	SG Area Code	Smart Growth Place Type	Community Plan Status 2015	Housing Units			Density			Market Characteristics		Area Size and Growth in Residential Area			AHSC Area
				Housing Unit Count 2020	Housing Unit Count 2035	Housing Unit Count Δ 2020-2035	Housing Density 2020	Employment Density 2020	Housing + Employment Density 2020	Median Sale Price (Trulia)	Median Income 2020	Acreage Residential 2020	Change in Residential Acreage 2020-2035	Acreage TOTAL	Overlap with a Disadvantaged Community
Barrio Logan	SD-BL-1	Urban Center	Pre-2000	1127	2336	1209	29	57	87	\$225,000	\$25,331	39	6	211	1
Downtown (Centre City)	SD-CC-1	Metropolitan Center	Pre-2000	28,000	40,977	12,977	175	136	312	\$580,000	\$53,589	160	50	1,503	1
City Heights	SD-CH-1	Town Center	N/A	18,957	23,567	4,610	31	34	65	\$480,000	\$40,698	610	34	1,375	0
Clairemont Mesa	SD-CM-8	Community Center	Pre-2000	1157	1646	489	15	78	93	\$523,500	\$73,562	76	0	126	0
College Area	SD-CO-1	Community Center	Pre-2000	1047	2026	979	33	387	420	\$545,000	\$57,011	32	6	126	0
College Area	SD-CO-2	Special Use Center	Pre-2000	1255	2435	1180	53	54	107	\$545,000	\$57,199	24	2	295	0
College Area	SD-CO-3	Town Center	Pre-2000	472	1467	995	28	50	78	\$467,000	\$25,773	17	21	93	0
College Area	SD-CO-4	M-U Transit Corridor	Pre-2000	3,944	10,589	6,645	19	34	54	\$467,000	\$50,929	203	42	468	0
Eastern Area	SD-EA-2	Community Center	Pre-2000	475	1732	1257	10	81	91	\$347,000	\$34,239	45	6	126	1
Greater Golden Hill	SD-GH-1	M-U Transit Corridor	Forthcoming	4,455	5,190	735	35	105	140	\$323,000	\$51,009	126	2	238	0
La Jolla	SD-LJ-1	Town Center	New	2174	3659	1485	32	128	161	\$882,000	\$130,048	67	15	220	0
Linda Vista	SD-LV-1	Town Center	Forthcoming	2141	2726	585	28	62	90	\$375,000	\$54,639	76	14	258	0
Mission Beach/Pacific Beach	SD-MB-1	M-U Transit Corridor	Forthcoming	5,240	5,647	407	29	83	112	\$1,050,000	\$63,396	180	2	521	0
Midway – Pacific Highway	SD-MD-1	Town Center	Forthcoming	1587	3832	2245	30	31	61	\$445,000	\$52,850	52	24	592	0
Mission Valley	SD-MV-3	Town Center	Forthcoming	4,231	6,919	2,688	37	79	116	\$432,500	\$69,780	114	53	786	0
Normal Hts/North Park	SD-NH-1	M-U Transit Corridor	Pre-2000	6,542	7,624	1,082	27	76	103	\$291,500	\$53,614	245	5	501	0
Greater North Park	SD-NP-1	M-U Transit Corridor	Forthcoming	4,305	5,247	942	30	81	112	\$424,500	\$49,299	143	2	290	0
Navajo	SD-NV-1	Urban Center	Pre-2000	941	5711	4770	34	64	98	\$250,000	\$98,362	27	27	244	0
Ocean Beach	SD-OB-2	M-U Transit Corridor	New	3,578	4,111	533	29	42	71	\$600,000	\$62,176	124	11	316	0
Otay Mesa Nestor	SD-OMN-1	Town Center	New	1500	2600	1100	15	42	57	\$290,000	\$50,086	100	13	221	0
Peninsula	SD-PA-1	Town Center	Pre-2000	2315	3342	1027	24	33	57	\$680,000	\$70,289	96	9	492	0
Pacific Beach	SD-PB-2	M-U Transit Corridor	Pre-2000	5,957	7,834	1,877	30	71	101	\$627,500	\$77,794	200	21	502	0
San Ysidro	SD-SY-1	Town	Forthcoming	1891	2453	562	16	38	54	\$360,000	\$40,737	118	9	483	0
Uptown	SD-UP-1	M-U Transit Corridor	Forthcoming	5,552	7,624	2,072	64	164	228	\$449,500	\$66,006	87	13	352	0
Uptown	SD-UP-4	Community Center	Forthcoming	1343	1751	408	23	101	124	\$820,000	\$69,107	58	2	126	0
Uptown	SD-UP-5	Urban Center	Forthcoming	6,817	9,140	2,323	41	126	166	\$417,500	\$60,177	168	13	552	0

Attachment MO-5
Summary of Data Sources and Metrics Used in Market Opportunity Analysis
San Diego Affordable Housing TOD Fund

METRICS	DATA SOURCE	DATA STATUS	METRIC USED IN MARKET OPPORTUNITY ANALYSIS
SMART GROWTH AREA OVERVIEW			
Name of Existing/Planned Areas (including code)	SANDAG Smart Growth Concept Map Site Descriptions	Obtained	Name of Existing/Planned Areas (including code)
Smart Growth Place Type	SANDAG Smart Growth Concept Map Site Descriptions	Obtained	Smart Growth Place Type
Smart Growth Place Type, Target Density	SANDAG Smart Growth Concept Map Site Descriptions	Obtained	
Community Plan Status	City	Obtained	Community Plan Status
TRANSIT INFRASTRUCTURE/RIDERSHIP			
Major Transit Lines, Existing	SANDAG Smart Growth Concept Map Site Descriptions	Obtained	Major Transit Lines, Existing
Major Transit Lines, Planned (listed by chronology)	SANDAG Smart Growth Concept Map Site Descriptions	Obtained	Major Transit Lines, Planned (listed by chronology)
Transit Boarding Count	SANDAG (2020, 2035)	Obtained	Transit Boarding Count 2020, Δ2020-2035
Transit Boarding Location Count	SANDAG (2020, 2035)	Obtained	Transit Boarding Location Count 2020, Δ2020-2035, 2020/acre
Supportive Infrastructure	SANDAG Mobility Study- Miles of pedestrian oriented streets by 2020		
DENSITY/GROWTH			
Housing Unit Count	SANDAG (2015, 2020, 2035)	Obtained	Housing Unit Count 2020, Δ2020-2035
Housing Density	SANDAG (2015, 2020, 2035)	Obtained	Housing Density 2020
Employment Density	SANDAG (2020, 2035)	Obtained	Employment Density 2020
Housing + Employment Density	Based upon SANDAG (2020, 2035)	Obtained	Housing + Employment Density 2020, Δ2020-2035
MARKET STRENGTH			
5-6 Story Feasibility	SANDAG TOD Analysis (2014 AECOM/SE)	Obtained	
\$/SF	Trulia (2016)	Obtained	\$/SF
Average Rent	Trulia (2016)	Obtained	
Median Sale Price	Trulia (2016)	Obtained	
COMMUNITY NEED			
Population, Overall	SANDAG (2015, 2020, 2035)	Obtained	
Population, Median Income	SANDAG (2015, 2020, 2035)	Obtained	Population, Median Income 2020
Population, Senior (65+)	SANDAG (2015, 2020, 2035)	Obtained	
Population, Low-Income (<200% Poverty Line)	SANDAG (2015, 2020, 2035)	Obtained	
LAND AVAILABILITY			
Acreage Residential	SANDAG (2015, 2020, 2035)	Obtained	Acreage Residential 2020, Δ2020-2035
Acreage TOTAL	SANDAG	Obtained	Acreage 2020 TOTAL
City/Agency Surplus Property	Working Group		
Building-free space within a 2-minute walk radius	SANDAG Mobility Study (may not be useful)		
Developable Area	SANDAG Readiness Study (not likely to have data ready)		
FUNDING AVAILABILITY			
AHSC Disadvantaged Area Designation	SANDAG AHSC High Quality Transit/Disadvantage Area Map	Obtained	AHSC Disadvantaged Area Designation
Difficult to Develop Designation	SANDAG, CTCAC		
TOD Grant Funding	City Map on Recent Grant Awards, SANDAG		
Infrastructure and Facilities Funding	SANDAG Readiness Study (not likely to have data ready)		