



EXECUTIVE SUMMARY

MEETING DATE: November 20, 2023

HCR23-118

SUBJECT: Final Bond Authorization and Tax, Equity and Fiscal Responsibility Act Resolution for Casa Nueva, Formerly Known as Hacienda Townhomes

COUNCIL DISTRICT: 3

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income and one manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 6, 2023, the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) approved taking preliminary steps to authorize the issuance of up to \$14,000,000 of tax-exempt Multifamily Housing Revenue Bonds to fund the acquisition with rehabilitation of Casa Nueva.
- The Housing Commission Board also approved a new forgivable loan not to exceed \$2,200,000 and the transfer, restructuring and extension of the affordability term for an existing loan currently estimated at \$3,199,000.
- The Housing Commission awarded 19 Project-Based Housing Vouchers on January 11, 2021, to help pay rent for 19 units with households earning up to 30 percent of AMI.
- On August 23, 2023, the California Debt Limit Allocation Committee (CDLAC) approved \$12,968,761 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.
- Casa Nueva is an existing 52-unit, family rental housing development at 350 17th Street in the East Village neighborhood of downtown San Diego
- There are 51 two-story, townhouse-style units and a single one-bedroom flat on approximately 0.69 acres. Casa Nueva will consist of one one-bedroom unit, 26 two-bedroom units, and 24 three-bedroom units plus one manager's unit.
- The development includes: a gated parking garage, a community room, a manager's leasing office, a laundry facility, and an interior courtyard with gardens and two tot lots. Two stairways and one elevator serve both buildings.
- Casa Nueva needs substantial rehabilitation work to address hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful life.
- The site is accessible to public transportation, areas of employment, food shopping, and medical services. The trolley is available at 0.3 mile from the site. Bus service is available at 0.2 mile from the site.
- Casa Nueva has an estimated total development cost of \$27,896,931 (\$536,479/unit).



REPORT

DATE ISSUED: November 13, 2023

REPORT NO: HCR23-118

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 20, 2023

SUBJECT: Final Bond Authorization and Tax, Equity and Fiscal Responsibility Act
Resolution for Casa Nueva, Formerly Known as Hacienda Townhomes

COUNCIL DISTRICT: 3

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income and one manager's unit.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the City Council of the City of San Diego (City Council) take the following actions:

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one manager's unit.
- 2) Authorize the Housing Commission President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.

City Council

- 1) Adopt a Tax Equity and Fiscal Responsibility Act resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$12,968,761 to facilitate the development of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one manager's unit.

SUMMARY

A Development Summary is as follows:

Table 1 – Development Details

Address	350 17 th Street, San Diego
Council District	3
Community Plan Area	Downtown Community Planning Council
Developer	San Diego Community Housing Corporation (SDCHC)
Development Type	Acquisition with rehabilitation
Construction Type	Type V (four-story wood frame over a Type I one-story concrete podium structure)
Parking Type	Subterranean parking with 39 assigned spaces
Local Amenities	<u>Mass Transit:</u> 0.3 mile to the trolley station at Park and Market and 0.2 mile to the bus stop at 16 th and Market. <u>Grocery:</u> Albertson's Supermarket, 655 14 th St. (0.4 mile), Grocery Outlet Market, 1002 Market St. (0.6 mile), Ralph's Supermarket, 101 G St. (1.1 miles). <u>Schools:</u> McKinley Elementary School, 3045 Felton (1 mile), Roosevelt Middle School, 3366 Park Blvd. (3.2 miles), Garfield High School, 1255 16 th St. (0.7 mile).
Housing Type	Multifamily
Accessibility	One mobility unit, 51 units compliant with Fair Housing Act Accessibility (FHAA) and 4 percent of the units accessible to residents with visual and/or hearing impairment
Lot Size	One parcel totaling 0.69 acres, 30,056 square feet
Units	52 (51 units restricted/affordable)
Density	75 dwelling units per acre (52 units ÷ 0.69 acres)
Unit Mix	51 affordable rental units: one one-bedroom unit, 26 two-bedroom units, 24 three-bedroom units, and one unrestricted manager's unit.
Gross Building Area	52,000 square feet
Net Rentable Area	43,050 square feet.
Project Based Housing Vouchers (PBV)	19 PBVs for households with income up to 30 percent of AMI, selected from the Housing Commission's PBV waiting list (not permanent supportive housing for persons experiencing homelessness)

Affordable Units in Service by Council District	Council District 3 includes 8,344 affordable rental housing units currently in service, which represents 32.5 percent of the 25,597 affordable rental housing units in service citywide.
---	--

Background

Casa Nueva is owned by HT Ltd., whose General Partner is the nonprofit Occupational Training Services (OTS). The Limited Partner is the nonprofit San Diego Community Housing Corporation (SDCHC). In November 1992, the Housing Commission provided a 55-year land acquisition residual receipts loan to OTS for this property in the amount of \$748,197 with 4.5 percent compounding interest. This original loan remains outstanding. The Housing Commission's 55-year affordability restrictions remain in effect until December 4, 2047.

On April 6, 2023, pursuant to Report No. HCR23-046, the Housing Commission Board approved:

- 1) a new forgivable loan in an amount not to exceed \$2,200,000 to Casa Nueva II L.P.;
- 2) the transfer, restructuring and extension of the affordability term of an existing original Housing Commission loan, (estimated at \$3,199,000), from the owner Hacienda Townhomes Ltd., (HT Ltd.) to Casa Nueva II LP; and
- 3) taking preliminary steps to authorize up to \$14,000,000 of tax-exempt Multifamily Housing Revenue Bonds, to finance the acquisition with rehabilitation of Hacienda Townhomes

The Housing Commission Board also held a TEFRA public hearing on April 6, 2023 pursuant to Section 147(f) of the Internal Revenue Code of 1986. If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required.

The Housing Commission Board is authorized to hold TEFRA hearings, pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments, the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

Subsequently, the Hacienda Townhomes development was renamed as Casa Nueva.

On August 23, 2023, the California Debt Limit Allocation Committee (CDLAC) approved \$12,968,761 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Casa Nueva is an existing 52-unit, family rental housing development at 350 17th Street in the East Village neighborhood of downtown San Diego, west of Interstate 5, between J and K Streets (Attachment 1 - Site Map). It was constructed in 1994. It consists of two four-story, wood-framed buildings above a single level of subterranean parking. There are 51 two-story, townhouse-style units and a single one-bedroom flat on approximately 0.69 acres. The development includes: a gated parking garage, a community room, a manager's leasing office, a laundry facility, and an interior courtyard with gardens and two tot lots. Two stairways and one elevator serve both buildings. Casa Nueva will consist of one one-bedroom unit, 26 two-bedroom units, and 24 three-bedroom units plus one manager's unit.

Adjacent land uses include commercial buildings and rental duplexes to the north, Interstate 5 to the east, and commercial buildings to the south, and to the west. The site is accessible to public

transportation, areas of employment, food shopping, and medical services. The trolley is available at 0.3 mile from the site. Bus service is available at 0.2 mile from the site.

Building Conditions/Proposed Rehabilitation Work

Casa Nueva needs substantial rehabilitation work to address hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful life. The developer's pro forma currently estimates rehabilitation costs at \$10,171,072 (\$195,598 per unit) including a 10 percent contingency.

Project-Based Housing Vouchers

The Housing Commission awarded 19 Project-Based Housing Vouchers on January 11, 2021, to help pay rent for 19 units with households earning up to 30 percent of AMI. The Housing Assistance Payments Contract was effective October 1, 2021, for a 20-year term.

Services

SDCHC has been the service provider for the past 20 years and will continue to be the lead service provider. SDCHC provides a diverse selection of skill-building courses aimed at equipping residents with valuable knowledge and practical skills, all under the overarching theme of self-sufficiency and personal well-being. These courses cover job readiness, employment skills, financial literacy, and computer and technology proficiency. SDCHC has contracted with San Diego Urban League to provide financial literacy classes/services.

Developer's Request

In response to the Housing Commission's Fiscal Year (FY) 2021 Preservation Notice of Funding Availability (NOFA) and FY2021 Affordable Housing NOFA, SDCHC submitted an application for a loan and federal Project-Based Housing Vouchers (PBVs) for the Casa Nueva development, respectively. On January 11, 2021, Housing Commission staff provided a preliminary recommendation of award of a forgivable loan up to \$2,200,000 and 19 PBVs for the development. On April 6, 2023, the Housing Commission Board of Commissioners approved a forgivable loan not to exceed \$2,200,000 for Casa Nueva.

Appraisal

On May 16, 2023, Kinetic Valuation Group appraised Casa Nueva at \$13,630,000.

Prevailing Wages

The Housing Commission's \$2,200,000 forgivable loan will be funded with U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) program funds, which the Housing Commission administers. The proposed use of federal MTW funds will require the development's payment of federal Davis-Bacon prevailing wages. Casa Nueva is not subject to California state prevailing wages.

Project Sustainability

The development will comply with the CTCAC minimum energy efficiency standards. Its features will include energy-efficient appliances, lighting, plumbing fixtures, and HVAC. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

Relocation

The developer does not anticipate the permanent relocation of tenants. However, tenants may need to be temporarily relocated while rehabilitation work is taking place in their unit. Relocation will comply with the Federal Uniform Relocation Act. A relocation consultant, Overland, Pacific, & Cutler, has drafted a relocation plan and is coordinating temporary relocation. The developer's pro forma budgets \$625,000 for tenants' temporary relocation and the relocation consultant's costs.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units and 5 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. For Casa Nueva, CDLAC granted SDCHC's waiver request because compliance in this existing building was deemed to be impractical.

Development Team

During the tax credit compliance period, Casa Nueva will be owned by Casa Nueva II L.P, a California limited partnership as the owner/borrower and with SDCHC as the developer (Attachment 2 - Organization Chart). SDCHC is a 501(c)(3) nonprofit developer. SDCHC was founded in 1994. It is dedicated to developing affordable housing that offers services designed to assist residents in achieving upward economic mobility. SDCHC's mission is to increase, preserve, and improve quality affordable housing opportunities for working families in San Diego. SDCHC currently owns and operates two additional developments that utilized Housing Commission loans. SDCHC is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's experience and past development performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Casa Nueva project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	SDCHC
Owner/Borrower	Casa Nueva II L.P.
Managing General Partner	Casa Nueva II LLC
Tax Credit Investor Limited Partner	Merritt Community Capital
Architect	Basis Architecture & Consulting
General Contractor	Allgire General Contractors
Property Management	Solari Enterprises
Construction and Permanent Lender	JP Morgan Chase
Resident Services Providers	SDCHC and Urban League
Relocation Consultant	Overland, Pacific & Cutler LLC (OPC)

Property Management

Casa Nueva will be managed by Solari Enterprises, Inc. (Solari), which has operated for over 30 years as a full-service property management organization specializing in multifamily affordable housing. Their services extend from planning, development, construction or rehabilitation stages, through lease-up and into the ongoing management operations of each apartment community.

FINANCING STRUCTURE

Casa Nueva has an estimated total development cost of \$27,896,931 (\$536,479/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 4 and summarized in Table 3 below.

Table 3 - Hacienda Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$4,689,270	Acquisition	\$11,110,300	\$213,660
Seller's carry back note	6,239,732	Construction \$9,246,429 Contingency + <u>924,643</u> Total ` \$10,171,072	10,171,072	195,598
Housing Commission 1992 existing loan	3,199,000	Financing costs	2,560,406	49,239
Housing Commission 2023 forgivable loan	2,200,000	Other soft costs	565,550	10,874
City of San Diego Former Redevelopment Agency's (FRA) existing loan extension	690,000	Permits and fees	104,750	2,014
Accrued interest seller carryback loan	220,907	Architect and engineering costs	429,660	8,263
Accrued interest FRA existing loan	430,891	Relocation costs	625,000	12,019
Accrued interest Housing Commission existing loan	47,636	Reserves	330,193	6,350
Deferred developer's fee	356,508	Developer's fee	2,000,000	38,462
Four percent tax credit equity	9,822,987			
Total Development Cost	\$27,896,931	Total Development Cost	\$27,896,931	\$536,479

The Housing Commission's \$2,200,000 forgivable loan will be funded with HUD MTW program funds, which the Housing Commission administers. The use of these funds for preservation was approved as an MTW initiative in the Housing Commission's Fiscal Year 2021 MTW Annual Plan. The Housing Commission is one of only 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide. The MTW designation provides the Housing Commission with the ability, subject to HUD's approval, to implement a variety of innovative new approaches to provide housing assistance and other services to families with low income in the City of San Diego. The total amount of new Housing Commission funding sources to Casa Nueva shall not exceed \$2,200,000. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developer's Fee

\$2,000,000 – Gross developer's fee

-356,508 – Minus deferred developer's fee

\$1,643,492 – Net cash developer's fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report at its Attachment 1 states: “Developer fee for 4% tax credits: in project costs 15% of eligible basis...” The proposed developer fee complies with HAR17-011 “*Request for Approval of Updated Developer Fees*” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$27,896,931 \div 52 \text{ units} =$	\$536,479
Housing Commission Subsidy Per Unit Recast Loan	$\$3,199,000 \div 52 \text{ units} =$	\$61,519
Housing Commission Subsidy Per Unit New Forgivable Loan	$\$2,200,000 \div 52 \text{ units} =$	\$42,308
Acquisition Cost Per Unit	$\$11,110,300 \div 52 \text{ units} =$	\$213,660
Gross Rentable Square Foot Hard Cost	$\$10,171,072 \div 52,000 \text{ sq. ft} =$	\$196
Net Rentable Square Foot Hard Cost	$\$10,171,072 \div 43,050 \text{ sq. ft.} =$	\$236

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5. These developments are similar in terms of new construction and target population, are provided as a comparison to the subject development.

Table 5 – Comparable Developments

Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject: Casa Nueva	2023	52	\$27,896,931 (with prevailing wage)	\$536,479	\$103,827	\$196
Cerro Pueblo	2023	46	\$17,412,081 (w/o prevailing wage)	\$378,524	\$0	\$123
Grant Heights II	2020	42	\$17,968,471 (no prevailing wage)	\$427,821	\$31,769	\$130

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bond Financing

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. On April 6, 2023, prior to applying to CDLAC, the proposed development was presented to, and approved by, the Housing Commission Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC in the amount up to \$14,000,000. On May 23, 2023, an application was submitted to CDLAC for a bond allocation of \$12,968,7610. On August 23, 2023, CDLAC approved the \$12,968,761 bond allocation, and CTCAC approved an allocation of 4 percent tax credits.

The developer proposes that the bond proceeds will be used for both construction financing and permanent financing. The developer proposes that the bonds will be issued through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The amount of the bonds ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance. The bonds will be issued in one tax-exempt series.

Public Disclosure and Bond Authorization

The tax-exempt debt will be issued in the form of a bond and will be sold through a direct purchase by JP Morgan Chase. The taxable debt will be in the form of a bond, which will also be purchased by JP Morgan Chase. JP Morgan Chase is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, JP Morgan Chase will sign an "Investor's Letter" certifying, among other things, that it is buying the bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Transfer of the bond to any subsequent bondholder will comply with the Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301). Moreover, any subsequent bondholder would be required to represent to the Housing Authority that they are a qualified institutional buyer or accredited investor who is buying the bond for investment purposes and not for resale, and that they have made do investigation of any material information necessary in connection with the purchase of the bond.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other loan documents. At the time of docketing, bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The bond will be issued pursuant to an Indenture between the Housing Authority and US Bank as the Trustee. Based upon instructions contained in the Indenture, or similar document, the Trustee will disburse bond proceeds for eligible costs, collect project revenues and make payments to the bondholder. Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bond to the

borrower to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the Trustee. An Assignment of Deed of Trust and other Loan Documents, which assign the Housing Authority's rights and responsibilities as the bond issuer to the Trustee, will be signed by the Housing Authority and the Trustee. Rights and responsibilities that are assigned to the Trustee include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by the Trustee to protect its financial interests. A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

Financial Advisor's Recommendation

Quint & Thimmig is the Bond Counsel and CSG is the Bond Financial Advisor that have been designated to work on the tax-exempt bond's issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor's analysis and recommendation are at Attachment 5.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

Effective October 1, 2021, the Housing Commission and the developer entered into a Housing Assistance Payments Contract that provides 19 PBVs for Casa Nueva for low-income households with income up to 30 percent of AMI, selected from the Housing Commission's PBV waiting list. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Casa Nueva's 19 voucher-assisted units. Supportive Services are provided by San Diego Urban League to the residents.

Affordability

The Casa Nueva development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 51 units for 55 years. The rent restrictions required by the Housing Commission, CTCAC, and other lenders and investors will be applicable.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$33,100/year for two-person household)	1	\$732
Subtotal One Bedroom Units	--	1	--
Two bedrooms	30% (\$37,250/year for three-person household)	19	\$775
Two bedrooms	50% (\$62,050/year for three-person household)	7	\$930
Subtotal Two Bedroom Units	--	26	--

Three bedrooms	30% (\$41,350/year for four-person household)	14	\$1,075
Three bedrooms	50% (\$68,900/year for four-person household)	4	\$1,791
Three bedrooms	60% (\$82,680/year for four-person household)	6	\$2,150
Subtotal Three Bedroom Units	--	24	--
Manager's two bedrooms unit	--	1	
Total Units	--	52	--

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2024 Housing Commission Budget.

Funding sources approved by this action will be as follows.

Bond Issuer Fee: \$12,968,761 X 0.0025 = \$32,422

Total Funding Sources: up to \$32,422

Funding uses approved by this action.

Administrative costs: \$32,422

Total Funding Uses: \$32,422

The bonds will not constitute a debt of the City of San Diego. If the bond is issued for Casa Nueva, then the bond will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bond will be limited to specific project-related revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bond. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee, annual bond administration fee, as well as the Housing Commission's Bond Counsel's fee, and the Financial Advisor's fee.

Development Schedule

The estimated development timeline is as follows:

<u>Milestones</u>	<u>Estimated Dates</u>
<ul style="list-style-type: none"> • Housing Authority consideration of bond authorization • City Council consideration of TEFRA resolution • Estimated bond issuance and escrow closing • Estimated start of construction work • Estimated completion of construction work 	<ul style="list-style-type: none"> • December 12, 2023 • December 12, 2023 • January 2024 • January 2024 • January 2025

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024; Increasing and Preserving Housing Solutions.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

SDCHC is committed to equity and inclusion as both an employer and a service provider. The Housing Commission included a requirement in the Notice of Funding Availability (NOFA) for prospective applicants to include a narrative and specific example of activities and initiatives that support equity assurance. SDCHC demonstrates a commitment to advancing racial equity and inclusion through project design and operational policies, throughout the proposed project timeline.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 14, 2018, the developer, SDCHC, presented the proposed renovation/development as an informational item to the Downtown Community Planning Council.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include SDCHC, as the developer; the Housing Commission, as a proposed lender; the City of San Diego, as successor to the former Redevelopment Agency, as a proposed lender; the tenant residents of Casa Nueva; and the downtown neighborhood community. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and will renovate/preserve 51 affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Casa Nueva (formerly known as Hacienda Townhomes) is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities.

National Environmental Policy Act

An environmental determination was made that Casa Nueva (formerly known as Hacienda Townhomes) is categorically excluded subject to Part 58.5 of the National Environmental Policy Act. Initial NEPA review and approval was completed November 5, 2018, and review/approval of supplemental funding was completed March 3, 2021, and March 29, 2023.

Respectfully submitted,



Jennifer Kreutter
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

November 14, 2023

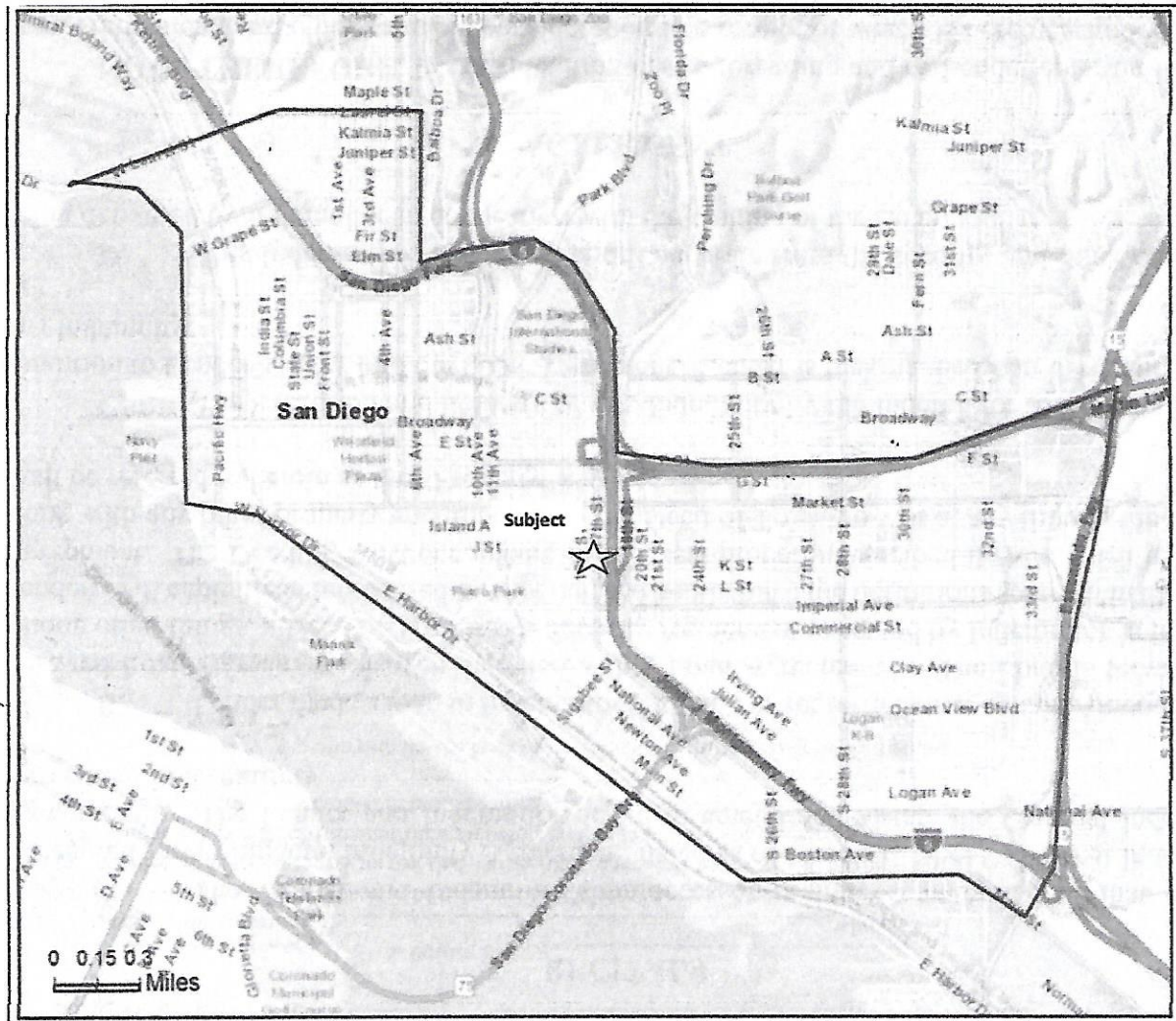
Final Bond Authorization and Tax Equity and Fiscal Responsibility Act Resolution for Casa Nueva

Page 12

Attachments: 1) Site Map
2) Organization Chart
3) Developer's Project Pro Forma
4) Bond Program Summary
5) Financial Advisor's Analysis
6) Developer's Disclosure Statement

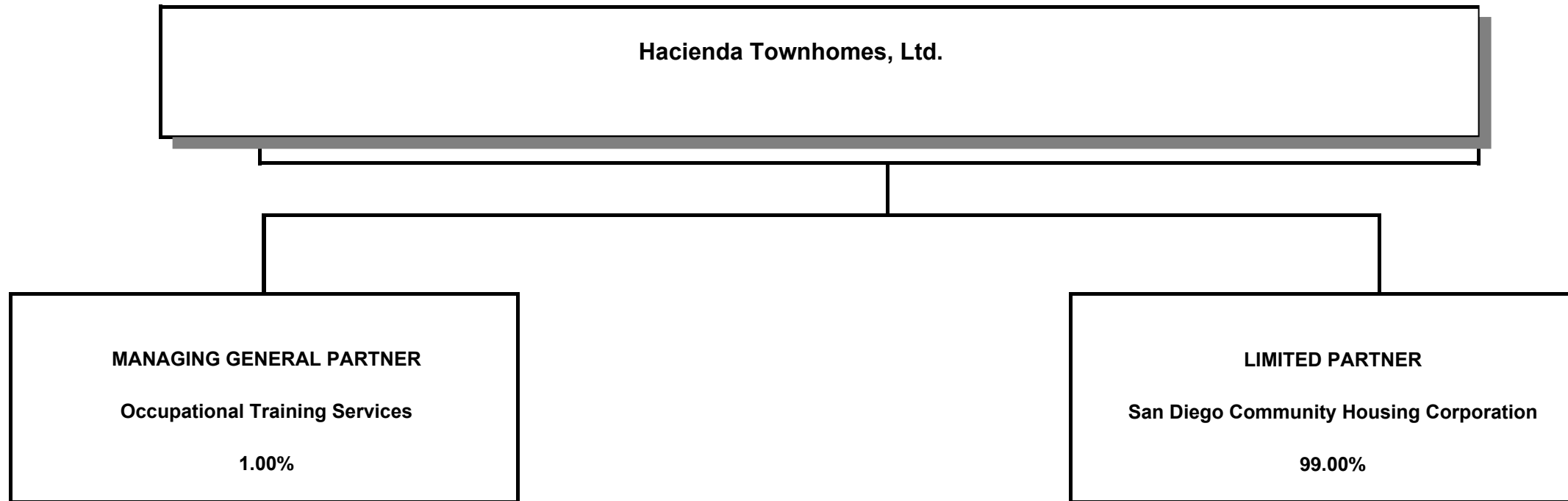
Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 - SITE MAP

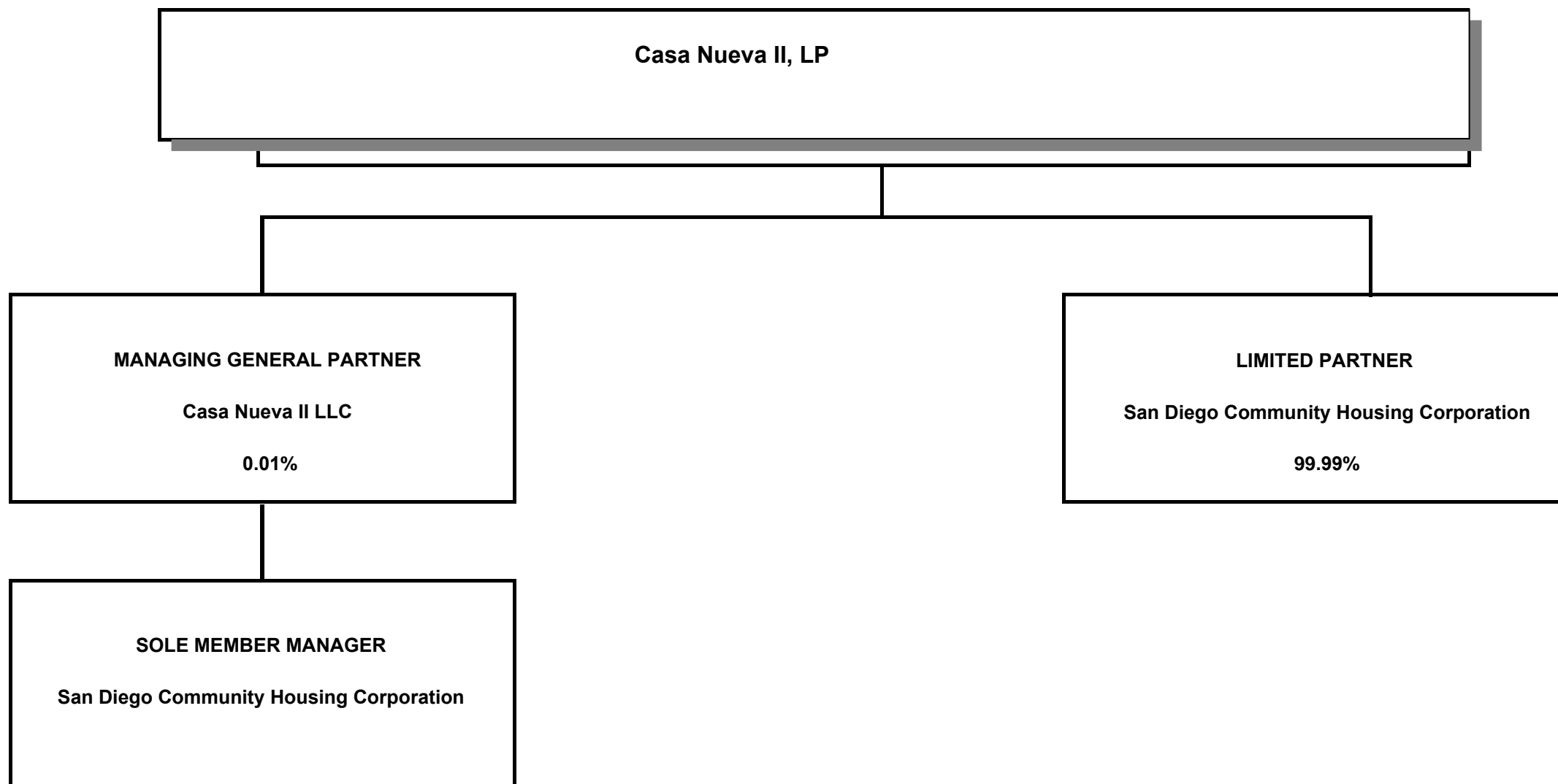


ATTACHMENT 2 - ORGANIZATION CHART

Current Org Chart



Proposed Org Chart



ATTACHMENT 3 - DEVELOPER'S PROJECT PRO FORMA

Casa Nueva (Hacienda Townhomes)

Prepared For:	San Diego Community Housing Corporation
Prepared By:	California Housing Partnership Corporation
Version:	4.02 Closing
Revised:	10/12/2023
Filename:	Casa Nueva 4.03 Closing 101223.xlsm

Sources of Funds.....	1	Cash Flow (Residential).....	11a
Uses of Funds.....	2		
Developer Fee Calculation.....	3		
Unit Mix & Rental Income.....	4		
Tax Credit Calculation.....	5		
Base Year Income & Expense.....	6		
Mortgage Calculation & Bond Ratios.....	7		
Lease-up/Placed-in-Service Schedule.....	8		
Net Syndication Proceeds.....	9		
TCAC Calculations.....	10		
TCAC Transfer Event Calculation.....	10b		

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS		
Chase Tax Exempt Permanent Loan	4,689,270	6.569%		35.0	Total Permanent Debt: 4,689,270		
Seller Carryback Loan	6,239,732	4.460%	4.460%	55.0	Term - 17 (yrs.)Y SOFR Swap - 4.394% Spread - 180 bps		
Accrued Deferred Interest - Seller Carryback	430,891						
SDHC Loan (Recast)	3,199,000	4.460%	4.460%	55.0		Per Unit:	61,519
Accrued Deferred Interest - SDHC Loan (Re	220,907						
Successor Agency Loan (Recast)	690,000	4.460%	4.460%	55.0		Per Unit:	13,269
Accrued Deferred Interest - Successor Agen	47,636						
Sponsor Loan (SDHC New Loan)	2,200,000	0.000%	0.000%	55.0		Per Unit:	42,308
Deferred Developer Fee	356,508	0.000%	0.000%		Priority 356,508 Non-Priority	0	
Capital Contributions							
Limited Partners	9,822,987				Fed LIHTC: \$0.875 State LIHTC: \$0.80		
TOTAL SOURCES	27,896,931						
Surplus/(Shortfall)	0						

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK		OTHER ASSUMPTIONS	
Base Rate	6.194%	6.194%			Current AFR:	4.46%
Cushion	0.250%	0.250%	LIHTC Equity (Federal+St	9,822,987	AFR Month:	Oct-23
MIP	0.000%	0.000%	Historic Tax Credit	0	AFR Cushion:	0.00%
GNMA/Servicing	0.000%	0.000%	Investment Tax Credit (Sol	0	Total U/W AFR:	4.46%
Issuer	0.125%	0.125%	Subtotal LP Equity	9,822,987		
Trustee	0.000%	0.000%	CA Certificated Credit Sale	0		
Rating	0.000%	0.000%	Total Investor Equity	9,822,987		
Remarketing	0.000%	0.000%				
Rebate Analyst	0.000%	0.000%				
Total	6.569%	6.569%				

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS		
Chase Tax-Exempt Construction Loan	12,968,761	7.170%	18			
Seller Carryback Loan	6,239,732	4.460%	18			
Accrued Deferred Interest - Seller Carryback	430,891					
SDHC Loan (Recast)	3,198,963	4.460%	18			
Accrued Deferred Interest - SDHC Loan (Re	220,907					
Successor Agency Loan (Recast)	689,813	4.460%	18			
Accrued Deferred Interest - Successor Agen	47,636					
Sponsor Loan (SDHC New Loan)	1,583,163	0.000%	18	SDHC loan during construction to maintain at least 52% construction bonds		
Costs Deferred Until Conversion	1,178,259			See page 2 - right column		
Deferred Developer Fee	356,508					
Capital Contributions						
Limited Partners*	982,299			Total Equity During Const.	982,299	10.00%
TOTAL SOURCES	27,896,931			Syndication Costs	190,000	
Surplus/(Shortfall)	0			Net Equity for TCAC	792,299	
Sources Less Deferred To Conversion:	26,718,672					

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: 30 Day Term SOFR	Restricted NOI 408,390	50% Test (see Page 7): 52.34%
Current Index: 5.32%	OAR 5.00%	50% Test Cushion: 580,380
Spread: 1.35%	FMV per NOI 8,167,793	Issuer Inducement: TBD
Base Interest Rate (not including cushion): 6.67%	Agg. Credit Value @ 0.8749 9,822,987	CDLAC Allocation: 12,968,761
Cushion - Total 0.50%	Perm-Only Soft Debt 617,061	Percent of CDLAC Allocator 100.00%
Interest Rate (All-In) 7.17%	Total Value 18,607,841	Const-only portion: 8,279,491
	LTV: 85.00%	CDLAC Per-Unit Limit 31,516,000
	Max. Const. Loan Amount 15,816,665	CDLAC 55% Limit 13,627,219
	Commitment Amount 12,968,761	50% Test Target 53.00%
		Target Limit 13,131,684

SELLER POSITION

Proceeds of Sale:		Uses of Cash to Seller:	
Sales Price	11,040,300	Incl. Reserves & Person Cash to Seller	0
Seller Carryback Note	(6,239,732)	Repayment of Debt	0
Assumed Soft Debt	(3,889,000)		
Repayment of Hard Debt	(911,568)		
Cash to Seller	0	Net Cash to Seller	0

Casa Nueva (Hacienda Townhomes)

Uses of Funds

Version: 4.02 Closing

	Res Cost:		100.00%	COST ALLOCATIONS					LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS			
	Res Sq Foot:		100.00%	Assuming 266 Election? No							Deferred to Completion or Perm Conv.	Land/Basis for 50% Test	Historic Rehab Tax Credit Basis	ITC Tax Credit Basis (Solar PV)
			Total	Non-Depreciable	Residential	Non-Resid.	Expensed	Amortized	Constr./ Rehab	Acquisition				
TOTAL	Per Unit	Residential	Depreciable	Residential	Non-Resid.	Expensed	Amortized							
ACQUISITION COSTS														
Total Purchase Price - Real Estate: 11,040,300														
Land - Hacienda Townhomes	696,600	13,396	696,600	696,600						0	696,600			
Building - Hacienda Townhomes	10,343,700	198,917	10,343,700		10,343,700	0			10,343,700	0	10,343,700			
Title/Recording/Escrow - Acquisition	70,000	1,346	70,000	4,417	65,583	0			65,583	0	70,000			
HARD COSTS														
Total Construction Contract: 9,198,429														
NEW CONSTRUCTION														
REHAB														
Demolition	602,302	11,583	602,302		602,302	0		602,302		0	602,302	602,302		
Hard Costs-Unit Construction	5,708,077	109,771	5,708,077		5,708,077	0		5,708,077		0	5,708,077	5,708,077		
Personal Property in Construction Contract	1,028,110	19,771	1,028,110		1,028,110	0		1,028,110		0	1,028,110	1,028,110		
Site Improvements/Landscape	449,500	8,644	449,500		449,500	0		449,500		0	449,500	449,500		
Rough Grading	5,000	96	5,000		5,000	0		5,000		0	5,000	5,000		
GC - General Conditions	733,878	14,113	733,878		733,878	0		733,878		0	733,878	733,878		
GC - Overhead & Profit	390,424	7,508	390,424		390,424	0		390,424		0	390,424	390,424		
GC - Insurance	149,220	2,870	149,220		149,220	0		149,220		0	149,220	149,220		
GC - Bond Premium	131,918	2,537	131,918		131,918	0		131,918		0	131,918	131,918		
Construction - Other - Other Hard Costs NIC	50,000	962	50,000		50,000	0		50,000		0	50,000	50,000		
Contingency - Owner's Construction	924,843	17,785	924,843		924,843	0		924,843		0	924,843	924,843		
SOFT COSTS														
Architecture - Design	184,000	3,538	184,000		184,000	0		184,000		0	184,000	184,000	0	
Design/Engineering - Civil/MEP/Structural	220,660	4,243	220,660		220,660	0		220,660		0	220,660	220,660	0	
Design/Engineering - Energy Efficiency	25,000	481	25,000		25,000	0		25,000		0	25,000	25,000	0	
Phase I/II/Toxics Report	6,000	115	6,000		6,000	0		6,000		0	6,000	6,000		
PNA/CNA Report	10,000	192	10,000		10,000	0		10,000		0	10,000	10,000		
Special Inspections/Testing	15,000	288	15,000		15,000	0		15,000		0	15,000	15,000		
Prevailing Wage Monitor	95,000	1,827	95,000		95,000	0		95,000		0	95,000	95,000	0	
Owner's Rep / Construction Supervision	100,000	1,923	100,000		100,000	0		100,000		0	100,000	100,000	0	
Local Permits/Fees	104,750	2,014	104,750		104,750	0		104,750		0	104,750	104,750		
Relocation - Temporary (Rehab)	625,000	12,019	625,000		0	0	625,000	0		0	0	0		
Real Estate Taxes During Const	25,000	481	25,000		25,000	0	0	25,000		0	25,000	25,000		
Insurance During Const	70,000	1,346	70,000		70,000	0		70,000		0	70,000	70,000	0	
Appraisal	17,850	343	17,850		17,850	0		17,850		0	17,850	17,850		
Market/Rent Comp Study	4,500	87	4,500					4,500		0	0	0		
SDHC and City Loan Fees	95,000	1,827	95,000		95,000	0		95,000		0	95,000	95,000		
SDHC Loan Legal/Asset Management	42,500	817	42,500		42,500	0		42,500		0	42,500	42,500		
Soft Cost Contingency	150,000	2,885	150,000		150,000	0		150,000		0	150,000	150,000		
Construction Loan Interest	1,013,545	19,491	1,013,545		548,616	0	464,929	548,616		0	548,616	548,616	0	
Accrued Interest - Seller Carryback Loan	430,891	8,286	430,891		0	0	430,891	0	0	0	0	0		
Accrued Interest - SDHC Loan (Recast)	220,907	4,248	220,907		0	0	220,907	0	0	0	0	0		
Accrued Interest - Successor Agency Loan (Recast)	47,636	916	47,636		0	0	47,636	0	0	0	0	0		
Accrued Interest - Sponsor Loan (SDHC New Loan)	0	0	0		0	0	0	0	0	0	0	0		
Title/Recording/Escrow - Permanent	10,000	192	10,000					10,000		0				
Legal (Owner) Construction Closing	45,000	865	45,000		45,000	0		45,000		0	45,000	45,000		
Syndication - GP	45,000	865	45,000	45,000						0				
Syndication - LP	50,000	962	50,000	50,000						0				
Syndication Consulting	75,000	1,442	75,000	75,000						5,000				
Audit/Cost Certification	20,000	385	20,000				20,000			0				
TCAC Application/Res/Monitoring Fee	34,047	655	34,047					34,047		21,320				
Furnishings Not in Contract	25,000	481	25,000		25,000	0			25,000	0	25,000			
Capitalized Replacement Reserve	104,000	2,000	104,000	104,000						104,000				
Capitalized Operating Reserve (3 mos.)	226,193	4,350	226,193	226,193						226,193				
Developer Fee	2,000,000	38,462	2,000,000	400,000	1,600,000	0		1,242,666	357,334	821,746	1,600,000	1,242,666	0	
COSTS OF ISSUANCE														
Bond & Issuer Counsel	60,000	1,154	60,000		0	0		60,000	0		0	0		
Issuer Financial Advisor	60,000	1,154	60,000		0	0		60,000	0	0	0	0		
Issuer Application Fee	13,000	250	13,000		0	0		13,000	0	0	0	0		
SDHC Issuer Fee - Upfront (0.25%)	32,422	623	32,422		0	0		32,422	0	0	0	0		
SDHC Issuer Fee - Annual During Const. (0.125%)	16,211	312	16,211		0	0		16,211	0	0	0	0		
Construction Lender Origination Fee	97,266	1,870	97,266		52,648	0		44,617	52,648	0	52,648	52,648		
Construction Lender Expenses (Incl inspections)	53,000	1,019	53,000		28,688	0		24,312	28,688	0	28,688	28,688		
Construction Lender Counsel	60,000	1,154	60,000		32,477	0		27,523	32,477	0	32,477	32,477		
Permanent Lender Expenses	10,000	192	10,000		0	0		10,000	0	0	0	0		
Permanent Lender Counsel	15,000	288	15,000		0	0		15,000	0	0	0	0		
Trustee Fee During Construction	50,000	962	50,000		0	0		50,000	0	0	0	0		
CDLAC Fee	5,739	110	5,739		0	0		5,739	0	0	0	0		
CDIAC Fee	3,242	62	3,242		0	0		3,242	0	0	0	0		
Subtotal - Financing/Costs of Issuance	475,880	9,152	475,880	0	113,814	0	0	362,066	113,814	0	0	113,814	113,814	0
TOTAL DEVELOPMENT COSTS														
TDC Per Unit	27,896,930	536,479	27,896,930	1,601,209	24,075,745	0	1,809,363	410,614	13,309,128	10,766,617	1,178,259	24,776,762	13,284,128	0
TDC Net of accrued interest:	27,197,497		100.00%											
TDC TCAC	27,706,930		27,706,930											

Unit Mix & Rental Income		Version: 4.02 Closing						
		0BR	1BR	2BR	3BR	4BR	5BR	
AVERAGE AFFORDABILITY FOR UNIT MIX (R-M) Market	41.37%	-	98	131	168	-	-	
% TCAC INCOME TARGETING FYE	50.80	0	-	-	-	-	-	
RENT LIMITS AS OF YEAR:	2023	-	-	-	-	-	-	

UNIC - Tier 1		Healthcare Transactions		TCAC		SPC AMN		% of Units: 34.49%		Section 5 SUBSIDIZED									
Unit	Quantity	Unit Floor	Actual Rent	Actual Rent	Actual Rent	Actual Rent	Actual Rent	Actual Rent	Actual Rent	Total	Quantity of Subsidized Units	Per Unit Subsidy	Per Unit Subsidy	Per Unit Subsidy	Per Unit Subsidy	Per Unit Subsidy	Total Annual Income	Total Annual Income	
Unit	Quantity	Area	AMT %	% Gross Rent	TCAC	Other AMN	% Gross Rent	TCAC	Monthly	Annual	Net	Net	Net	Net	Net	Net			
1BR	1	650	300.00	775	677	677	677	677	6,124	73,488	8	2,409	1,732	1,732	20,784	28,908			
2BR	1	810	300.00	759	688	688	688	688	74,704	896,448	8	2,411	2,315	18,520	22,224	28,844			
3BR	4	1,000	300.00	1,075	907	907	907	907	3,628	43,536	4	3,811	3,809	156,752	210,148	218,249			
TOTAL	13								10,697	129,864	13				34,148	459,776	518,149		

Unit	Type	Quantity	Actual Unit Floor Area	Rent AMB	Actual Rent AMB	Actual Other AMB	% GC	Per Unit Monthly Actual Rent	Per Unit Monthly Target Rent	Per Unit Actual Rent	Total Monthly Actual	Total Monthly Target	Total Actual	Total Target	Quantity of Subleased Units	Per Unit Net Subsidy	Per Unit Subsidy Increase	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
2BR		6	810	30.0%				930	800	759	4,794	57,528	0	0	0	0	0	0	0	57,528
TOTAL		6									4,794	57,528	0	0	0	0	0	0	57,528	
LIMITC - Tier 3 <i>Randomly Timedowns</i>																				
										TCAC	39% AMB		% of Units: 1.96%		NOT SUBSIDIZED					
			Actual		Per Unit				Per Unit						Per Unit					

TRP	Quantity	Area	AM %	% Gross Rent	Rent	Rent	Rent	Net Rent	Rent	Units	Rents	Increment	Subsidy	Subsidy	Income
2019	1	810	24.4%		757	800	626	626	7,512	0	0	0	0	0	7,512
TOTAL	1	810							626	7,512	0	0	0	0	7,512

UNIT: Tier 4		Alexandria Development		TCAC		50% AM		626 of Units: 1.96%		NOT SUBSIDIZED						
Unit Type	Quantity	Actual	Per Unit Monthly	Rent	Actual	Per Unit Monthly	Rent	Actual	Per Unit Monthly	Total Monthly	Total Annual	Quantity of Subsidized Unit	Per Unit Subsidy	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy
2BR	1	810	27.2%		845	799	714	714	8,566	0	0	0	0	0	0	8,566

LIMIT - Tier 5		Allocated Transactions		TCAC		33% AMT		% of Units: 5.88%		NOT SUBSIDIZED						
Unit	Quantity	Unit Floor Area	Actual		Per Unit Monthly	Per Unit		Per Unit Monthly	Total Annual	Total Subsidized Units	Per Unit		Total Subsidy	Total Annual	Total Income	
			TCAC	Other AMT		Actual	Net				Net	Net				Net
2BR	3	810	28.4%		881	800	750	2,250	27,000	0	0	0	0	0	27,000	
TOTAL	3							2,250	27,000	0			0	0	27,000	

Unit	Quantity	Unit Floor Area	Actual			Per Unit			Per Unit			Total Quantity	Quantity of Subsidized Units	Per Unit			Total	Total Annual
			Actual	Realt	Other	Monthly	Actual	Realt	Monthly	Net	Subsidy			Subsidy	Subsidy	Subsidy		
			AMT	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
USP		1	1,000	27.5%		985	907	817	817	817	804	0	0	0	0	0	8,804	
Total	1									817	8,804	0	0	0	0	0	8,804	
LIMITED - Tier 7 <i>Accessory Dwellings</i>																		
			TCAC			50% AMT			% of Units: 17.85%			NOT SUBSIDIZED						
Unit	Quantity	Unit Floor Area	Actual			Per Unit			Per Unit			Total Quantity	Quantity of Subsidized Units	Per Unit			Total	Total Annual
			Actual	Realt	Other	Monthly	Actual	Realt	Monthly	Net	Subsidy			Subsidy	Subsidy	Subsidy		
			Actual	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
USP		1	1,000	27.5%		985	907	817	817	817	804	0	0	0	0	0	8,804	
Total	1									817	8,804	0	0	0	0	0	8,804	

[illegible][illegible][illegible]

TOTAL		2						1,634	19,668	0		0	0	19,668
LIMITS - Year 12 <i>Nonrenewable Transactions</i>														
TCAC <i>EPOL AMB</i> % Units - 1.96%														
		Actual	Actual	Per Unit		Per Unit								
		Reant	Reant	TCAC	Per Unit	Actual	TCAC	Net	Quantity	Per Unit	Subsidy	Subsidy	Monthly	Total Annual
Unit	Quantity	Unit Floor	Area	TCAC	Actual	Actual	Net	Monthly	Annual	Subsidized	Subsidy	Subsidy	Subsidy	Subsidy
			AMB	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross
RR		1,000	46.3%		1,637	1,623	1,499	1,489	17,868	0	0	0	0	17,868
TOTAL	1							1,489	17,868	0	0	0	0	17,868

Unit	Unit Number	Actual		Per Unit		Total	Quantity of Subsidized Units	Per Unit		Total	Total Annual Income
		Rent	Actual Rent	Monthly	Actual Rent			Net	Subsidy		
Unit Type	Quantity	AMT %	% Gross Rate	Per Unit TCAC Net	Per Unit Actual Net	Total Annual Net	Total Annual Net	Net Subsidy	Monthly Increase	Total Annual Subsidy	Total Annual Subsidy
SBR	1	1,000	50.0%	1.793	1,623	1,623	19,478	0	0	0	19,478
TOTAL	1					1,623	19,478	0	0	0	19,478
LIMIT - Tier 1a		<i>Hazardous Transactions</i>		TCAC	60% AMI	% Units - 1.96%	NOT SUBSIDIZED				
	Actual							Per Unit			

[illegible][illegible][illegible]

TOTAL Units		0	0	0	0	0	0	0	0	870	
TOTAL	\$2	49,168	580,916	34,348	409,776	0	0	0	0	899,792	48,320

MISCELLANEOUS INCOME	Per Unit Per Month	Monthly Total	Annual Total
Lauding / Vending	0.00	0	0
Parking	0.00	0	0
TOTAL	12.04	626	7,511

SUBSIZED UNIT MIX SUMMARY

Unit Type	Units With Section B	Units With NA	Units With Test C	Units Without	
				Subsidy	Total Units
HBR	0	0	0	0	0
IHR	1	0	0	0	1
JBR	1	0	0	0	1
KBR	4	0	0	0	4
LBR	0	0	0	20	24
NBR	0	0	0	0	0

TOTAL ALL TYPES				
Hacienda Tosantown				
Type	es	Test 2	Test 3	0
GBR	0	0	0	0
1BR	1	0	0	0
2BR	27	0	0	0
3BR	24	0	0	0
4BR	0	0	0	0
5BR	0	0	0	0
TOTAL	52	0	0	0

Casa Nueva (Hacienda Townhomes)

Calculation of Tax Credits	Version: 4.02 Closing
----------------------------	-----------------------

	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	10,766,617	13,309,128	24,075,745	0	0	0
Less:						
50% Energy Investment Tax Credit (Res. Portion)	0	0	0	0	0	0
Historic Tax Credit (Res. Portion)		0	0		0	0
Non-Eligible Federal Financing	0	0	0	0	0	0
Non-Eligible Grants	0	0	0	0	0	0
Soft Loan Basis Deduction	0	0	0	0	0	0
Voluntary Reduction for Tie-Breaker	0	0	0	0	0	0
ELIGIBLE BASIS	10,766,617	13,309,128	24,075,745	0	0	0
Threshold Basis Limit			76,787,248			
TBL: Exclude GP Cap/DDF for 4%/State			0			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	10,766,617	13,309,128	24,075,745	0	0	0
HIGH COST ADJUSTMENT (Y or N)	Y	100.0%	130.0%	100.0%	100.0%	
DDA & QCT 2023						
ADJUSTED ELIGIBLE BASIS	10,766,617	17,301,866	28,068,483	0	0	0
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	10,766,617	17,301,866	28,068,483	0	0	0
CREDIT RATE (TCAC UNDERWRITING)	Total State			13.00%	13.00%	
Annual Federal / Yr 1-3 State	4.00%	4.00%		4.00%	4.00%	
Yr 4 State				1.00%	1.00%	
MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate)						
Credit Rates	4.00%	4.00%				
Potential Credit	430,665	692,075	1,122,739			
Credit Rate Locked?	YES					
Nov-16						
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING						
Annual Federal / Yr 1 State	430,665	692,075	1,122,739	0	0	0
Yr 2 State				0	0	0
Yr 3 State				0	0	0
Yr 4 State	0	0	0	0	0	0
Total	0	0	0	0	0	0
REQUESTED TOTAL STATE CREDIT AMOUNT				N/A	N/A	N/A
MAX ANNUAL FEDERAL CREDITS PER GEOGRAPHIC REGION - BLENDED (x 125%)			N/A			
MAX ANNUAL FEDERAL PER PROJECT ALLOCATION			N/A			
ACTUAL TCAC CREDIT RESERVATION						
Annual Federal / Total State	435,090	N/A	N/A	N/A	N/A	N/A
MAXIMUM ALLOWABLE CREDITS (Lesser of above)						
Annual Federal / Total State	430,665	692,075	1,122,739			0
UNADJUSTED ELIGIBLE BASIS AT MAX CREDIT AMOUNT	10,766,617	13,309,128	24,075,745			
UNADJUSTED BASIS EXCLUDED AT MAX CREDIT AMOUNT	0	0	0			
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			11,227,393			0

TOTAL STATE + FEDERAL LIHTC AMOUNTS - 10 YEARS			
Total Federal + State	11,227,393	Blended Credit Request:	1,122,739
General Partner Share	0.01%	Est. 125% Target for San Diego Co.:	N/A
Limited Partner Share	99.99%	Credit Request Under / (Over) Geographic Region:	N/A

FIRST YEAR CREDIT CALCULATION (Federal)	Acquisition		Rehab/NC		"A" Bldgs: Acq		Rehab/NC		"B" Bldgs: Acq		Rehab/NC	
Actual Basis Method?	Y											
Maximum Potential Federal Credit w/ Actual Basis-Annual Wgt Avg Lease-up (from Page 7)		430,665	692,075		430,665	692,075		75.0%	75.0%	0	0	0.0%
Maximum Potential Prorated Credit w/ Actual Basis					322,999	519,056				0	0	0
TCAC Credit Reservation-Annual		430,665	692,075		430,665	692,075				0	0	0
First Year Credit (Lesser of Above)					322,999	519,056				0	0	0

ENERGY TAX CREDIT CALCULATION	
Total PV Hard Costs	0
Related Soft Costs (Eng, Interst, etc.)	-
Related Developer Fee	-
Total ITC Depreciable Basis	-
less: Grants/Rebates	-
Tax-Exempt Portion	0.01%
less: Tax-Exempt Portion	-
Net Basis for Investment Tax Credit	-
Credit Percentage	0.0%
Total Investment Tax Credit	0
Residential Portion of Credit	0
Total Elig. 45L Costs (per Program Limits)	0
Tax-Exempt Portion	0.01%
less: Tax-Exempt Portion	-
Net Basis for 45L Tax Credit	-
Credit Percentage	0.0%
Total 45L Tax Credit	0
Residential Portion of Credit	0

*APPLICABLE FRACTION			
	Number of		Total
	Units	Fraction	Sq Ft
LIHTC	51	100.0000%	45,710
Non-LIHTC	0	0.0000%	0
TOTAL	51	100.0000%	45,710
Applicable Fraction	100.0000%		
(Lesser of Low Income Units or Sq Ft %)			

HISTORIC CREDIT CALCULATION	
Total Depreciable Basis	24,075,745
less: Historic Acquisition Basis	10,766,617
less: Site Work	0
less: Personal Property	1,053,110
Basis for Historic Credit (p. 1a, right column)	12,256,018
% Project SF Historic:	50.00%
Basis for HTC (Adjusted by SF):	6,128,009
Tax-Exempt Use Portion	49.00%
(Less Tax-Exempt Use Portion)	(3,002,724)
Basis for Historic Credit (p. 1a, right column)	3,125,285
Credit Percentage	0.0%
Res. Portion of Historic Basis (cost cert)	3,125,285
Percentage related to Residential	100.0%
Total Historic Credit	0
Res. Portion of Historic Credit	0

Casa Nueva (Hacienda Townhomes)

Base Year Income & Expense

Version: 4.02 Closing

INCOME		
Scheduled Gross Income - Residential		590,016
Total Gross Subsidy Income - Section 8		409,776
Misc. Income		7,515
Vacancy Loss - Residential	5.0%	(29,877)
Vacancy Loss - Section 8	5.0%	<u>(20,489)</u>
EFFECTIVE GROSS INCOME		956,942
EXPENSES - RESIDENTIAL		
Administrative		
Legal	5,000	
Accounting/Audit	15,000	
Security	1,000	
Other: Office Expenses, Internet, Training, Misc Admin	<u>20,500</u>	
Total Administrative		41,500
Management Fee		39,780
Utilities		
Fuel	0	
Gas	25,722	
Electricity	10,000	
Water/Sewer	113,703	
Resident Utility Reimbursement	<u>0</u>	
Total Utilities		149,425
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	47,840	
Maintenance Payroll	52,000	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits, Vehicle Expense, Processing	<u>30,952</u>	
Total Payroll/Payroll Taxes		130,792
Insurance		25,000
Maintenance		
Painting	3,500	
Repairs	27,000	
Trash Removal	21,555	
Exterminating	3,500	
Grounds	0	
Elevator	6,000	
Flooring, Fire/Alarm, Cleaning, Misc Maintenance	<u>16,000</u>	
Total Maintenance		77,555
Other		
Bad Debt	5,000	
Misc. Tax/License	1,000	
SPONSOR OPEX INFLATOR TO COMPLETION	<u>0</u>	
Total Other		6,000
Resident Services		
Tenant Services	35,000	
Tenant Activities	0	
	<u>0</u>	
Total Resident Services		35,000
Replacement Reserve		26,000
Real Estate Taxes		<u>17,500</u>
TOTAL EXPENSES - RESIDENTIAL		548,552
Per Unit Per Annum (incl. Reserves)	10,549	
Per Unit Per Annum (w/o taxes/res/svc))	9,039	
TCAC Minimum (w/o taxes/res/svc)	5,700	
NET AVAILABLE INCOME		408,390
Less: Monitoring Fees		(8,415)
ADJUSTED NET AVAILABLE INCOME: TOTAL		399,975
ADJUSTED NET OF COMMERCIAL:		399,975
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		10,687
Debt Service Coverage Ratio		1.15
AVAILABLE FOR SENIOR DEBT SERVICE (NET OF OP SUBSIDY)		9,293
AVAILABLE FOR SENIOR DEBT SERVICE (OP SUBSIDY OVERHANG)		338,511
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		52,171
NET AVAILABLE COMMERCIAL ONLY INCOME		0

Casa Nueva (Hacienda Townhomes)

Mortgage Calculation/Bond Ratios

Version: 4.02 Closing

TRANCHE A

Uses baseline year NOI; includes annual fees				
Financing Type: Chase Tax Exempt Permanent Loan				
	Underwriting	Maximum		
	Constraint	Loan Amount		
Debt Service Coverage	1.15	4,689,280	Rate:	6.444%
Lender Commitment		3,593,920	Amortization (mos):	420
			NOI for DS:	<u>399,975</u>
			Max PMT @ DSCR:	347,804
MAXIMUM MORTGAGE		4,689,280	Annual Fees:	<u>10,000</u>
			Annual DS Payment:	337,804

BOND / REHABILITATION RATIOS

Tax-Exempt Financing Ratio		CDLAC Allocation Limit		Effective Date Limits.	6/1/20
			Units	Per-Unit Limit	Total Limit
		Studio and SRO	0	522,000	0
		One BR	1	544,000	544,000
Series A Bonds	4,689,270	Two BR	27	580,000	15,660,000
Series B Bonds	0	Three BR	24	638,000	15,312,000
Short Term Bonds (Construction Loan Portior	<u>8,279,491</u>	Four BR or More	0	671,000	0
TOTAL TAX-EXEMPT FINANCING	12,968,761				
				TOTAL	31,516,000
TOTAL BASIS + LAND ALLOCATION	24,776,762			Potential Bond Size	12,968,761
				Over/(Under)	-18,547,239
Percent Tax-Exempt Financing	52.34%				

Rehabilitation Cost Ratios

Total Rehabilitation Basis	13,309,128	
<u>LIHTC TEST</u>		
Elig. Rehabilitation Per Low-Income Unit	339,252	IRS Minimum Per Unit: \$7400
Percentage of Building Basis	129%	(Minimum 20%)
<u>TAX-EXEMPT BOND TEST</u>		
Building Basis Financed with Bonds	5,635,510	
Rehabilitation Basis	13,309,128	
% Tax-Exempt Use Property	49.00%	
Rehab Basis - Non-Tax-Exempt Use Portion	6,787,655	
Rehab as % of Bldg Basis Financed w/ Bonds	120.44%	(Minimum 15%)

Casa Nueva (Hacienda Townhomes)

15-Year Cash Flow

Version: 4.02 Closing

Assumptions																				
Rent Increase: Residential Tenant	2.00%	Rent Increase - Section 8	2.00%	Perm Loan - % Debt Svc Yr 0	0.0%															
Rent Increase: Commercial Rents	2.00%	Rent Increase - NA	2.00%	Perm Loan - % Debt Svc Yr 1	50.0%															
Expenses Increase:	3.00%	Rent Increase - Test C	2.00%	Perm Loan - % Debt Svc Yr 2	100.0%															
Reserve Increase:	0.00%	Rent Increase - Test D	2.00%	Perm Loan - % Debt Svc Yr 3	100.0%															
				Perm Loan - % Debt Svc Yr 4	100.0%															
Credit Period Year:		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
GROSS POTENTIAL INCOME - RESIDENTIAL		0	443,458	598,885	610,863	623,080	635,542	648,253	661,218	674,442	687,931	701,689	715,723	730,038	744,638	759,531	774,722	790,216	806,021	822,141
Incremental Income: Section 8		0	307,989	415,936	424,254	432,740	441,394	450,222	459,227	468,411	477,779	487,335	497,082	507,023	517,164	527,507	538,057	548,818	559,795	570,991
Misc. Income		0	5,648	7,628	7,781	7,936	8,095	8,257	8,422	8,590	8,762	8,937	9,116	9,298	9,484	9,674	9,868	10,065	10,266	10,472
Vacancy Loss - Residential	5.0%	0	(22,455)	(30,326)	(30,932)	(31,551)	(32,182)	(32,825)	(33,482)	(34,152)	(34,835)	(35,531)	(36,242)	(36,967)	(37,706)	(38,460)	(39,229)	(40,014)	(40,814)	(41,631)
Vacancy Loss - Section 8	5.0%	0	(15,399)	(20,797)	(21,213)	(21,637)	(22,070)	(22,511)	(22,961)	(23,421)	(23,889)	(24,367)	(24,854)	(25,351)	(25,858)	(26,375)	(26,903)	(27,441)	(27,990)	(28,550)
GROSS EFFECTIVE INCOME		0	719,240	971,326	990,753	1,010,568	1,030,779	1,051,395	1,072,423	1,093,871	1,115,749	1,138,064	1,160,825	1,184,042	1,207,722	1,231,877	1,256,514	1,281,645	1,307,278	1,333,423
Operating Expenses w/ Standard Inflator	3.0%	0	323,394	439,974	453,173	466,768	480,771	495,194	510,050	525,352	541,112	557,346	574,066	591,288	609,027	627,297	646,116	665,500	685,465	706,029
Operating Expenses w/ Alternate Inflators:																				
Management Fee	3.0%	0	29,899	40,677	41,897	43,154	44,449	45,782	47,156	48,570	50,028	51,528	53,074	54,666	56,306	57,996	59,735	61,528	63,373	65,275
Tenant Services	3.0%	0	26,306	35,789	36,863	37,969	39,108	40,281	41,489	42,734	44,016	45,337	46,697	48,098	49,541	51,027	52,558	54,134	55,758	57,431
Real Estate Taxes	2.0%	0	13,153	17,763	18,118	18,481	18,850	19,227	19,612	20,004	20,404	20,812	21,229	21,653	22,086	22,528	22,978	23,438	23,907	24,385
TOTAL EXPENSES		0	392,751	534,203	550,051	566,372	583,178	600,485	618,307	636,660	655,560	675,023	695,066	715,705	736,960	758,848	781,388	804,600	828,503	853,119
Total Expenses - Residential	3.0%	0	392,751	534,203	550,051	566,372	583,178	600,485	618,307	636,660	655,560	675,023	695,066	715,705	736,960	758,848	781,388	804,600	828,503	853,119
NET OPERATING INCOME		0	326,488	437,123	440,702	444,196	447,601	450,910	454,116	457,211	460,189	463,041	465,760	468,336	470,763	473,029	475,126	477,045	478,774	480,304
REPLACEMENT RESERVE	26,000	0	19,542	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Monitoring Fees	8,415	0	6,325	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415
NET REMAINING INCOME		0	300,622	402,708	406,287	409,781	413,186	416,495	419,701	422,796	425,774	428,626	431,345	433,921	436,348	438,614	440,711	442,630	444,359	445,889
PERM LOAN - TRANCHE A																				
Chase Tax Exempt Permanent Loan																				
Principal Balance (Ending)	4,689,270	0	4,674,265	4,636,571	4,596,375	4,553,511	4,507,801	4,459,058	4,407,079	4,351,649	4,292,541	4,229,509	4,162,293	4,090,615	4,014,179	3,932,670	3,845,751	3,753,062	3,654,221	3,548,818
Annual Issuer Fee	10,000 0.125%	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Series A Bond P&I	337,803	0	140,751	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803
Interest Payment		0	125,747	300,109	297,607	294,939	292,094	289,060	285,824	282,374	278,695	274,771	270,587	266,126	261,368	256,294	250,884	245,114	238,962	232,401
Principal Payment		0	15,005	37,694	40,196	42,864	45,709	48,744	51,979	55,429	59,109	63,032	67,216	71,678	76,435	81,509	86,919	92,689	98,841	105,402
TOTAL SERIES A DEBT SERVICE		0	140,751	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803
NET CASH FLOW		0	159,871	54,905	58,483	61,978	65,383	68,692	71,897	74,993	77,970	80,822	83,541	86,118	88,544	90,811	92,908	94,827	96,556	98,085
Debt Service Coverage Ratio (All Debt)		N/A	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.23	1.24	1.25	1.25	1.26	1.27	1.27	1.28	1.28
Debt Service Coverage Ratio (Excluding Subordinate Debt)		N/A	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.23	1.24	1.25	1.25	1.26	1.27	1.27	1.28	1.28
Expense Coverage Ratio (No Debt)		N/A	1.72	1.71	1.70	1.68	1.67	1.66	1.64	1.63	1.62	1.60	1.59	1.58	1.57	1.55	1.54	1.53	1.51	1.50
TCAC NET CASH FLOW TESTS:																				
Percent Gross Revenue		N/A	7.84%	5.37%	5.61%	5.83%	6.03%	6.21%	6.37%	6.51%	6.64%	6.75%	6.84%	6.91%	6.96%	7.00%	7.02%	7.03%	7.02%	6.99%
25% Debt Service Test		N/A	18.40%	18.40%	18.40%	18.40%	18.80%	19.75%	20.67%	21.56%	22.42%	23.24%	24.02%	24.76%	25.46%	26.11%	26.71%	27.26%	27.76%	28.20%
Alternative:																				
Year 15 Test - Greater of: (a) 2% Gross Income OR (b) lesser of \$25,000 or \$500/unit																				26,453

ATTACHMENT 4
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as "private activity bonds" because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally "AAA" or its equivalent with a minimum rating of "A" or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support ("credit enhancement") by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- Inducement Resolution: The bond process is initiated when the San Diego Housing Commission (Housing Commission) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, or the Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): to assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or

summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the public, which might have an impact on the viability of the project.



315 W. 5th Street
Los Angeles, CA 90013
tel. 213.405.1416

November 06, 2023

Mr. Joe Correia
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Casa Nueva Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed tax-exempt financing for the Casa Nueva Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project
- The Proposed Financing
- Project's Projected Financial Status
- Benefits and Risks to the Commission
- Public Purpose
- Negotiation of Additional Public Benefit
- Recommendations

We have based our analysis of the proposed financing on documents provided by the San Diego Community Housing Corporation (the "Developer"), and on additional conversations and documents provided by representatives of the Developer and Commission staff. The documents examined included the Developer's proposed financial schedules and financing commitments from the proposed lender and investor. CSG has not visited the site of the proposed Project.

CURRENT PROJECT STATUS AND THE PROPOSED DEVELOPMENT

The Project consist of the acquisition and rehabilitation of an existing 52-unit development (the "Development") located at 350 17th Street, San Diego 92101 (the "Site"). The Project was originally constructed in 1994 and was funded from sources including equity raised from the sale of "9%" low-income housing tax credits. The Developer purchased the LP interest in Hacienda Townhomes, Ltd from the original tax credit limited partner. Upon Close of the financing, the Project will be purchased from the current owner by a new tax credit limited partnership – Casa Nueva II, LP.

Acquisition and rehabilitation of the Development would be financed from, among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt bonds issued by the Housing Authority of the City of San Diego (the "Housing Authority"). 51 units will be subject to affordability restrictions as further described herein; one 2-bedroom unit will be an unrestricted manager's unit.

On April 06, 2023, the Commission adopted a resolution (no. HC-1982) evidencing the official intent, on behalf of the Housing Authority of the City of San Diego, to conduct a tax-exempt issuance in the not-to-exceed amount of \$14,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of private activity tax-exempt authority for the Project.

As the Commission is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906), the public hearing required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances ("TEFRA") was held by the Commission – also on April 06, 2023. The TEFRA hearing remains valid through one year after the hearing date.

On May 23, 2023, the Housing Authority submitted an application to CDLAC for \$12,968,761 in private activity tax-exempt issuance authority for the Project.

On August 23, 2023, CDLAC awarded \$12,968,761 in private activity tax-exempt allocation to the Housing Authority for the Project.

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up to \$12,968,761 in tax-exempt bonds (the "Bond") for the Project. The Bond would be issued pursuant to an Indenture between the Housing Authority and the Lender, and separate Loan Agreement by and among the Housing Authority, the Borrower, and the Lender.

The Developer proposes, pursuant to an LOI, and a Summary of Indicative Terms and Conditions ("Term Sheet"), dated August 17, 2023, from JP Morgan Chase Bank (the "Lender"), that the Bond would be purchased and held, on a private-placement basis, by the Lender during the construction phase of the Project. Upon completion, satisfying certain conditions to conversion and conversion to the permanent phase, a portion the outstanding Bond would be redeemed, and the Lender would continue to hold the Bond in the amount of the permanent loan. Construction draws of tax-exempt Bond proceeds would be funded on and as-needed "draw-down" basis.

According to projections provided by the Developer, the total development cost (“TDC”) totals approximately \$7,896,940.

Casa Nueva: Construction and Permanent Source Summary¹

	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond	12,968,760	4,689,270
Tax Credit Equity	982,300	9,822,990
Commission Loan (New)	1,583,160	2,200,000
Commission Loan (Recast)	3,198,960	3,199,000
Accrued Interest	220,910	220,910
Successor Agency Loan (Recast)	689,810	690,000
Accrued Interest	47,640	47,640
Seller Carryback Loan	6,239,730	6,239,730
Accrued Interest	430,890	430,890
Deferred Developer Fee	<u>356,510</u>	<u>356,510</u>
Total Sources	26,718,670	27,896,940

Casa Nueva: Permanent Use Summary²

	<u>Permanent</u>
Land and Acquisition Costs	11,110,300
Construction/Rehabilitation Costs	9,248,430
Construction Contingency (Owner + Contractor's)	924,840
Developer Fee	2,000,000
Capitalized Replacement Reserve	104,000
Capitalized Operating Reserve	226,190
Capitalized Construction Loan Interest	1,013,550
Other Hard and Soft Costs	<u>3,269,630</u>
Total Uses	27,896,940

Ownership

The Project will be owned by Casa Nueva II, LP. (the “Borrower”). The Borrower will consist of Casa Nueva II LLC as the Managing General Partner (with San Diego Community Housing Corporation (SDCHC) as its Manager/Sole Member). An entity of Merritt Capital (the “Tax Credit Investor”) will be the tax credit investor limited partner.

Tax-Exempt Bond Structure and Credit Enhancement

Construction Loan

The Developer proposes that the Housing Authority issue the tax-exempt Bond maximum amount of \$12,968,761 in order to finance the acquisition and construction of the Project. Solely revenues pledged under the Indenture and Loan Agreements will secure the payment of principal and interest to the Lender.

¹ Source: Developer projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

² Source: Developer/Tax Credit Investor projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

The Bond would be unrated, without credit enhancement, and would be purchased by the Lender on a private placement basis. The Bond would be funded on a draw-down basis through the construction period. Upon stabilization and conversion, a portion of the tax-exempt Bond will be redeemed (from tax credit equity and other sources).

As unrated, non-credit enhanced Bonds sold on a private placement basis, the Bond must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 Bondholders, etc).

The construction period would be 18 months. The Lender's Construction Loan Term Sheet provides for interest of 30-day SOFR plus 1.35% (approximately 6.67% as of October 17, 2023). Payments during the construction period would be interest-only.

Permanent Loan

Upon conversion to the permanent loan, the Borrower proposes to redeem a portion of the outstanding tax-exempt Bond with available sources (e.g., tax credit equity). The remaining outstanding tax-exempt Bond will convert to a permanent loan.

According to the Lender's Term Sheet, the permanent loan would have a term of 17 years following the Conversion and an amortization period of 35 years. The rate-setting formula as set forth in the Lender's Commitment would result in fixed rate of 6.19% as of October 17, 2023.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Bond on or about December 18, 2023. The Authority received an allocation tax-exempt authority in the amount of \$12,968,761 from CDLAC at its August 23, 2023 allocation meeting date. The allocation expiration date provided by CDLAC is February 14, 2024.

Commission Financial Involvement

Existing Loan

The Commission has an existing loan to the Project in the currently outstanding amount of \$3,017,000 (principal plus accrued interest). On April 06, 2023, the Commission approved a "recast" of this loan – to assign it to the new Borrower, allow for a reduction in interest rate from 4.5% to the applicable federal rate (AFR) in effect at Close, and extend the term for 55-years. However, the current long-term AFR is 4.83% i.e., *higher* than the loan's existing interest rate. If this relationship persists, the loan will be required to bear a higher interest rate and/or be further modified in order to address certain tax considerations.

New Loan

On March 30, 2023, the Commission also approved a new, forgivable, loan to the Project in the not-to-exceed amount of \$2,200,000 with a 55-year term. The proceeds initially would be a loan to the Developer – which will subsequently make a loan of these proceeds to the Borrower. The loan the general partner would be forgivable at the rate of 1/55th per year with no interest accruals. The Developer’s loan to the Borrower is proposed to bear interest at 0%.

Affordability Restrictions

Upon implementing the proposed financing, the Project will be subject to the following regulatory restrictions and regulatory terms:

Source of Restriction	Restriction (designated AMI level, or lower)	Total Restricted Units	Expiration Date
Commission Existing Loan ¹	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	15	55 years
Commission New Loan	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	51	55 years
City of San Diego Successor Agency Existing Loan	12 units at 35% AMI ² 19 units at 50% AMI ² 20 units at 60% AMI ²	51	55 years
CDLAC Debt Limit Allocation Committee and California Tax Credit Allocation Committee	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	51	55 years

¹Existing restrictions are: 12 units at 35% AMI; 19 units at 50% AMI, 20 units at 60% AMI

²per California Community Redevelopment Law (Health & Safety Code, Sections 33000, et seq.

Summary of Inclusive Restrictions

34 units at 30% AMI (55 years)
11 units at 50% AMI (55 years)
6 units at 60% AMI (55 years)

PROJECT’S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual permanent debt service on the proposed senior permanent loan of \$4,689,270 would total approximately \$324,261. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$83,362 at a debt coverage ratio (DCR) of 1.26. Cash flow after reserves would total approximately \$57,362 at a DCR of 1.18.

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides for financing for the acquisition and rehabilitation of the Project. By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed tax-exempt Bond financing, the Commission will not obligate the Commission or the Housing Authority to issue the Bonds.

As proposed, the financing will retain 51 affordable units in the City of San Diego. These units will remain long-term affordable for approximately 55 additional years under requirements of the Commission, the City of San Diego, and CTCAC and CDLAC.

If the Authority issues the Bond, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$32,000) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Bond immediately following Conversion.

PUBLIC PURPOSE

The proposed financing will retain 51 affordable family housing units in the City of San Diego. The proposed financing will result in new Commission, City of San Diego, CDLAC, CTCAC regulatory restrictions for 55 years. The inclusive restrictions will be:

34 units at 30% AMI (55 years)
11 units at 50% AMI (55 years)
6 units at 60% AMI (55 years)

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 51 units within the Project.

RECOMMENDATIONS

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will retain 51 affordable family units in the City of San Diego with long-term affordability covenants.
- The Commission has received tax-exempt authority of \$12,968,761 from CDLAC for the Project.
- The Lender and the Tax Credit Investor are currently underwriting the Project.

- The net tax-exempt financing and tax credit equity will provide approximately \$14,512,260 for rehabilitation costs.

Contingent Items

The Commission may choose to move forward with the financing subject to the following contingencies:

- The Project's financial underwriting must be consistent among the Developer, the Lender and the Tax Credit Investor.
- As of this writing, neither the Lender nor the Tax Credit Investor has provided final credit approval for the financing. The Bonds cannot be issued without these final approvals.
- Final Bond documents and approving resolution must be approved by the Housing Authority.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,
CSG Advisors



John Hamilton

Exhibit A

Casa Nueva

date of rev: 11 06 2023

Long-Term Tax-Exempt Loan Loan

	Tranche A	Tranche B	Total
Principal Amount ¹	\$ 4,689,270	\$ -	\$ 4,689,270
Mortgage Rate ²	6.090%	0.000%	
Amortization Term (yrs) ²	35	0	
Underwriting Monthly Debt Service	\$ 27,022	\$ -	\$ 27,022
Underwriting Annual Debt Service	\$ 324,261	\$ -	\$ 324,261

¹ Source: Developer projections dated 10 12 2023. JP Morgan Chase Term Sheet (08 17 2023) shows max of \$3,593,920

² Formula per JP Morgan Chase Term Sheet (08 17 2023) 10yr SOFR Swap Rate + 1.80%. 10yr SOFR Swap Rate is 4.290% as of 11 06 2023. Developer projections reflect 6.569%

Post-Financing Operations Analysis ¹

Income		Stabilized Year				
		1	2	3	4	5
Gross Tax Credit Rental Income ¹	2.00% Inflation	\$ 590,016	\$ 601,816	\$ 613,853	\$ 626,130	\$ 638,652
Rental Assistance Increment	2.00% Inflation	\$ 409,776	\$ 417,972	\$ 426,331	\$ 434,858	\$ 443,555
Other Income	2.50% Inflation	\$ 7,520	\$ 7,708	\$ 7,901	\$ 8,098	\$ 8,301
Gross Potential Income (GPI)		\$ 1,007,312	\$ 1,027,496	\$ 1,048,084	\$ 1,069,085	\$ 1,090,508
Vacancy Collection Loss ²	5.00%	<u>(50,360)</u>	<u>(51,375)</u>	<u>(52,404)</u>	<u>(53,454)</u>	<u>(54,525)</u>
Effective Gross Income		\$ 956,952	\$ 976,121	\$ 995,680	\$ 1,015,631	\$ 1,035,982
Expenses						
Operating Expenses	3.50% Inflation	\$ (511,050)	\$ (528,937)	\$ (547,450)	\$ (566,610)	\$ (586,442)
RE Taxes	3.50% Inflation	\$ (17,500)	\$ (18,113)	\$ (18,746)	\$ (19,403)	\$ (20,082)
Issuer Fee	\$ 10,000 min 0.125%	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
SDHC Monitoring Fee	\$ 157.50 /unit (51 units)	\$ (8,030)	\$ (8,030)	\$ (8,030)	\$ (8,030)	\$ (8,030)
Trustee Fee ³	\$ 2,750 min 0.021%	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (2,750)
Total Expenses		\$ (549,330)	\$ (567,829)	\$ (586,976)	\$ (606,793)	\$ (627,303)
Net Operating Income		\$ 407,622	\$ 408,292	\$ 408,704	\$ 408,838	\$ 408,679
Required Debt Service						
Senior						
Real Estate Loan		\$ (324,260)	\$ (324,260)	\$ (324,260)	\$ (324,260)	\$ (324,260)
Cash Flow before Reserves		\$ 83,362	\$ 84,032	\$ 84,444	\$ 84,578	\$ 84,419
Debt Coverage Ratio Before Reserves		1.26	1.26	1.26	1.26	1.26
Reserves	500 per unit 0% Inflation	\$ (26,000)	\$ (26,000)	\$ (26,000)	\$ (26,000)	\$ (26,000)
Cash Flow After Reserves		\$ 57,362	\$ 58,032	\$ 58,444	\$ 58,578	\$ 58,419
Overall Debt Coverage Ratio (DCR)		1.18	1.18	1.18	1.18	1.18
Cash Flow Including Commercial Income		57,362	58,032	58,444	58,578	58,419
Debt Coverage Ratio Including Commercial Income ⁴		1.18	1.18	1.18	1.18	1.18

CTCAC Coverage Tests. Higher of:

25% Debt Service (25% max)	25%	81,065	17.69%	17.90%	18.02%
% Gross Revenue (8% max)	8%	\$80,585	5.69%	5.65%	5.58%

¹ Source: Developer projections dated 10 12 2023. Not inflated to placed-in-service (PIS). Rounding by CSG Advisors

² Of Gross Potential Income.

³ Actual Trustee fee proposal

⁴ Minimum coverage per JP Morgan Chase Term Sheet is 1.15

Exhibit A

Casa Nueva Permanent Sources and Uses of Funds

Sources¹

Tax-Exempt Bond	\$ 4,689,270
Tax Credit Equity	\$ 9,822,990
SDHC Loan (New)	\$ 2,200,000
Accrued Interest	\$ -
SDHC Loan (Recast)	\$ 3,199,000
Accrued Interest	\$ 220,910
Successor Agency Loan (Recast)	\$ 690,000
Accrued Interest	\$ 47,640
Seller Carryback Loan	\$ 6,239,730
Accrued Interest	\$ 430,890
Deferred Developer Fee	<u>\$ 356,510</u>
Total Sources	\$ 27,896,940

Uses¹

Land and Acquisition Costs	\$ 11,110,300
Construction/Rehabilitation Costs	\$ 9,248,430
Construction Contingency (Owner + Contractor's)	\$ 924,840
Developer Fee	\$ 2,000,000
Capitalized Replacement Reserve	\$ 104,000
Capitalized Operating Reserve	\$ 226,190
Capitalized Construction Loan Interest	\$ 1,013,550
Other Hard and Soft Costs	<u>\$ 3,269,630</u>
Total Uses	\$ 27,896,940

Surplus(Deficit) ²	\$ -
-------------------------------	------

¹ Source: Information provided by Developer. Rounding by CSG

² Surplus due to rounding

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure**

1. Name of CONTRACTOR: San Diego Community Housing Corporation
2. Address and Zip Code: 4725 Mercury St., Suite 202, San Diego, CA 92111
3. Telephone Number: 619-876-4222
4. Name of Principal Contact for CONTRACTOR: Ted Miyahara
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0661980
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

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

☐ A partnership known as: _____

(Name)

Check one:

☐ General Partnership (Attach statement of General Partnership)

☐ Limited Partnership (Attach Certificate of Limited Partnership)

☐ A business association or a joint venture known as: _____

(Attach joint venture or business association agreement)

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

☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
10/24/94
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

Please see attached list of board members and officers - on file with the San Diego Housing Commission.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

Yes. Becca Williams, Adam Smith, Jim Miller were added to the board.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Ted Miyahara	President & CEO
Address: 4725 Mercury St. #202	
San Diego, CA 92111	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

On file with the San Diego Housing Commission

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

Sources include funds from the San Diego Housing Commission FY21 NOFA, assumption of existing former Redevelopment Agency loan, assumption of existing Housing Commission loan, seller contribution, developer fee contribution, low income housing tax credits and private activity bonds.

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

- a. In banks/savings and loans:

Name: California Bank & Trust

Address:

Amount: \$ 5,627,063

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

Name:

Address:

Amount: \$

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

Description	Market Value (\$)	Mortgages or Liens (\$)

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

Name and Address	Contact Name
Name: Torrey Pines Bank	Ryan Vertigan
Address: 8379 Center Drive	
La Mesa, CA 91942	
Name: Wells Fargo	Sam Pustilnik
Address: 9360 Clairemont Mesa Boulevard	
San Diego, CA 92123	
Name: Neighborhood National Bank	Jose Ibanez
Address: 3511 National Avenue	
San Diego, CA 92113	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes

☒ No

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

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes

☒ No

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

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: N/A

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

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information: N/A

- a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes

☐ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$_____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any

change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

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

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: The SDCHC team brings hands-on experience and expertise in deal structuring and negotiation. project management, finance, design, construction, property management and asset management. Our experience allows us to develop synergies across multiple segments of our industry and capitalize on in-house expertise across a wide range of project types. Staff also specializes in government financing programs which involves complex rules and regulations set by local, state and federal agencies.

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes

☒ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes

☒ No

If yes, explain:

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

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
☐ Premises - Operations
☐ Explosion and Collapse Hazard
☐ Underground Hazard
☐ Products/Completed Operations Hazard
☐ Contractual Insurance
☐ Broad Form Property Damage
☐ Independent Contractors
☐ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
☐ Owned
☐ Hired
☐ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement.
If none, please state: N/A

Government Complaint	Entity	Making	Date	Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes ☒ No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked: N/A

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

Contractor has been in business for approximately 28-years and has a track record of producing affordable housing throughout the County of San Diego. Applicant currently owns the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	SDHC	Current	\$748,897
	City	Current	\$363,197
	SDHC	Repaid	\$504,450

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes ☒ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, explain:

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

1. Name: Holly Nelson
Address: City of Escondido
Phone: 760-839-4518
Project Name and Description: Valley Senior Village
2. Name: Matt Grosz
Address: 401 West A Street #1830 San Diego CA 92101
Phone: 858-752-2066
Project Name and Description: Genesis Apartments
3. Name: Steve Herman
Address: 1900 Avenue of the Stars # 2350, Los Angeles
Phone: 310-407-6181
Project Name and Description: Grant Heights II

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

SDCHC has the requisite personnel with a background and history completing affordable housing development projects of this size and complexity. Experience includes site acquisition, development, finance, compliance, asset management and property management.

40. Give the name and experience of the proposed Construction Superintendent.

Name	Experience
Allgire General Contractors	AGC, led by second generation contractor, Grant Allgire, has built a reputation for quality construction and customer satisfaction since 1988. Specializing in multi-family, mixed-use, renovation, and commercial projects, AGC's breadth of capabilities ensures that we are able to meet each of our client's unique needs every time; whether it's a 20-unit mixed-use project or a 300-unit multifamily project.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 20th day of March, 20 23, at San Diego, California.

CONTRACTOR

By: 

Signature

President, SDHC

Title

CERTIFICATION

The CONTRACTOR, SDCHC, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Theodore T. Miyahara By: _____
Title: President, SDCHC Title: _____
Dated: 3/30/23 Dated: _____

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

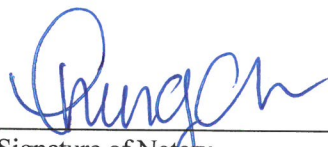
JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 20th day of March, 2023

by Theodore T. Miyahara personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



Signature of Notary

SEAL



1916291

FILED
in the Office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION

OCT 24 1994

OF

SAN DIEGO COMMUNITY HOUSING CORPORATION

Tony Miller
Acting Secretary of State

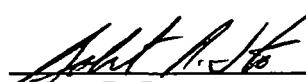
- ONE:** The name of this corporation is San Diego Community Housing Corporation.
- TWO:**
- (a) This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.
 - (b) The specific purposes of this corporation are:
 - (1) To foster low- and moderate-income housing, for rent or for sale, by acquiring, owning, developing, constructing, rehabilitating, operating, and managing suitable property or properties, both within and without the County of San Diego;
 - (2) To participate in any activity designed and carried on to promote and foster the provision of low- and moderate-income housing; and
 - (3) Generally to do anything and everything necessary, expedient or incidental to the foregoing.
- THREE:** The name and address in the State of California of the corporation's initial agent for service of process are Michael A. Van Horne, 550 West C Street, 19th Floor, San Diego, California 92101-3540.
- FOUR:**
- (a) This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.
 - (b) Notwithstanding any other provision of these Articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and this corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law, or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.

- (c) No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this corporation shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

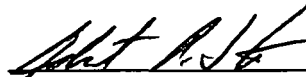
FIVE:

- (a) All corporate property is irrevocably dedicated to the charitable purposes set forth in Article TWO above. No part of the net earnings or assets of this corporation shall ever inure to the benefit of any of its directors, trustees, officers or members, or to the benefit of any private person.
- (b) On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of this corporation, the remaining assets of this corporation shall be distributed to a nonprofit fund, foundation or corporation selected and designated by the board of directors of this corporation, which is organized and operated exclusively for charitable purposes like those set forth in Article TWO above and which has established and maintained its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law and under Section 23701d of the California Revenue and Taxation Code or the corresponding provision of any future California revenue and tax law.

^{and} October 18,
Dated: July, 1994


Robert P. Ito
Incorporator

The undersigned declares that he is the person who executed these Articles of Incorporation and declares that this instrument is his act and deed.


Robert P. Ito

SECOND AMENDED AND RESTATED
BYLAWS
OF
SAN DIEGO COMMUNITY HOUSING CORPORATION
A California Nonprofit Public Benefit Corporation

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 OFFICES.....	1
Section 1.01 Principal Office.....	1
Section 1.02 Other Offices.....	1
ARTICLE 2 PURPOSE.....	1
Section 2.01 Description in Articles	1
ARTICLE 3 MEMBERSHIP.....	1
Section 3.01 Members	1
Section 3.02 Associates	1
ARTICLE 4 DIRECTORS	2
Section 4.01 Powers.....	2
(a) General Corporate Powers	2
(b) Specific Powers.....	2
(c) Board’s Ultimate Authority	2
Section 4.02 Number, Term and Qualification of Directors.....	3
(a) Number of Directors	3
(b) Terms of Directors	3
Section 4.03 Removal of Directors.....	3
Section 4.04 Vacancies on Board	3
(a) Events Causing Vacancy.....	3
(b) Resignations.....	4
(c) Filling Vacancies	4
(d) No Vacancy on Reduction of Number of Directors.....	4
Section 4.05 Place of Board Meetings.....	4
Section 4.06 Annual Meetings.....	4
Section 4.07 Regular Meetings	4
Section 4.08 Special Meetings	4
(a) Authority to Call Special Meetings.....	4
(b) Notice of Special Meetings.....	4
(c) Manner of Giving Notice.....	4
(d) Contents of Notice	5
Section 4.09 Quorum	5
Section 4.10 Meetings through Electronic Communication	5
Section 4.11 Waiver of Notice.....	5
Section 4.12 Adjournment	5
Section 4.13 Notice of Adjournment Meeting.....	5
Section 4.14 Action Without Meeting	5
Section 4.15 Rights of Inspection	6

Section 4.16	Fees and Compensation	6
Section 4.17	Restriction on Interested Directors	6
Section 4.18	Standard of Care	6
(a)	Prudent Director	6
(b)	Reasonable Reliance	6
(c)	Investments	6
Section 4.19	Nonliability of Directors and Certain Officers	7
(a)	Volunteer Directors and Volunteer Officers	7
(b)	Scope of Limitation.....	7
(c)	Definitions.....	7
(d)	No Liability for Directors Meeting the Standard of Care	7
ARTICLE 5	COMMITTEES.....	8
Section 5.01	Board Committees	8
(a)	Vacancies	8
(b)	Compensation	8
(c)	Bylaws.....	8
(d)	Board Resolutions.....	8
(e)	Committees	8
(f)	Corporate Funds.....	8
(g)	Self-Dealing	8
Section 5.02	Meetings and Action of Board Committees.....	8
Section 5.03	Executive Committee.....	8
Section 5.04	Nominating Committee.....	9
Section 5.05	Advisory Committees	9
(a)	Creation.....	9
(b)	Meetings; Notice; Voting; Minutes	9
(c)	Resignation and Removal	9
(d)	Vacancies	9
ARTICLE 6	SELF-DEALING TRANSACTIONS.....	9
Section 6.01	Definition	9
(a)	Compensation	9
(b)	Public or Charitable Programs	10
(c)	Minor Transactions Without Actual Knowledge.....	10
Section 6.02	Action of the Board.....	10
(a)	Prior Authorization	10
(b)	No More Advantageous Arrangement	10
(c)	Benefit to Corporation	10
(d)	Fairness and Reasonableness	10
Section 6.03	Interested Director's Vote.....	10
Section 6.04	Committee Approval.....	10

Section 6.05	Prior Approval by the Attorney General.....	11
Section 6.06	Persons Liable and Extent of Liability.....	11
Section 6.07	Statute of Limitations.....	11
(a)	Two Years.....	11
(b)	Three Years.....	11
(c)	Ten Years.....	11
Section 6.08	Corporate Loans and Advances	11
ARTICLE 7	OFFICERS.....	11
Section 7.01	Officers	11
Section 7.02	Election	12
Section 7.03	Subordinate Officers	12
Section 7.04	Removal of Officers.....	12
Section 7.05	Resignation of Officers	12
Section 7.06	Vacancies in Office.....	12
Section 7.07	Chair of the Board.....	12
Section 7.08	Vice Chair	12
Section 7.09	Chief Executive Officer	12
Section 7.10	Secretary	13
(a)	Book of Minutes and Seal.....	13
(b)	Notices and Other Duties.....	13
Section 7.11	Treasurer	13
(a)	Books of Account	13
(b)	Deposit and Disbursement of Money and Valuables.....	13
(c)	Bond.....	13
ARTICLE 8	INDEMNIFICATION AND INSURANCE.....	14
Section 8.01	Indemnification	14
Section 8.02	Insurance	14
ARTICLE 9	RECORDS AND REPORTS.....	14
Section 9.01	Maintenance of Corporate Records	14
(a)	Books and Records	14
(b)	Written Minutes	14
Section 9.02	Annual Report.....	14
(a)	Contents of Report	14
(b)	Audited or Certified	15
(c)	Annual Report Not Required	15
Section 9.03	Annual Statement of Certain Transactions and Indemnifications	15
(a)	“Interested Person” Transactions.....	15
(b)	Indemnifications	16
ARTICLE 10	GENERAL PROVISIONS	16

Section 10.01	Validity of Instruments	16
Section 10.02	Construction and Definitions	16
Section 10.03	Authority to Vote Securities	16
Section 10.04	Fiscal Year	16
Section 10.05	Parliamentary Authority.....	16
ARTICLE 11	AMENDMENTS	16
Section 11.01	Bylaws.....	16

SECOND AMENDED AND RESTATED

BYLAWS OF

SAN DIEGO COMMUNITY HOUSING CORPORATION A California Nonprofit Public Benefit Corporation

ARTICLE 1 OFFICES

Section 1.01 Principal Office. The Board of Directors (herein called the “Board”) is granted full authority and power to change the principal office from place to place as it is deemed necessary and shall fix and locate the corporation’s principal office at such place within the State of California, as it shall determine. The Board is granted full power and authority to change the principal office from one location to another within the State of California.

Section 1.02 Other Offices. The Board may at any time establish branch or subordinate offices at any place or places as it is deemed necessary.

ARTICLE 2 PURPOSE

Section 2.01 Description in Articles. The specific and general purposes of the corporation are described in the Articles of Incorporation.

ARTICLE 3 MEMBERSHIP

Section 3.01 Members. The corporation shall have no members within the meaning of the California Nonprofit Corporation Law. Any action which would otherwise by law require approval by a majority of all members or approval by the members shall require only approval of the Board. All rights which would otherwise by law vest in the members shall vest in the Board. The Board may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board finds appropriate.

Section 3.02 Associates. Nothing in this Article 3 shall be construed as limiting the right of the corporation to refer to persons associated with it as “members” even though such persons are not members, and no such reference shall constitute anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law. Such individuals may originate and take part in the discussion of any subject that may properly come before any meeting of the Board, but may not vote. The corporation may confer by amendment of its Articles of Incorporation or of these Bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation Law, upon any person or persons who do not have the right to vote for the election of directors or on a disposition of substantially all of the assets of the corporation or on a merger or on a dissolution or on changes to the corporation’s Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of said Section 5056. The Board may also, in

its discretion, without establishing memberships, establish an advisory council or honorary board or such other auxiliary groups as it deems appropriate to advise and support the corporation.

ARTICLE 4 DIRECTORS

Section 4.01 Powers.

(a) General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or these Bylaws, the corporation's activities and affairs shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person(s), a management company or committees however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

(b) Specific Powers. Without prejudice to the general powers set forth in Section **4.01(a)** above, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws and permitted by law:

(1) To select and remove all corporate officers, agents, employees, and the Executive Director of the corporation; prescribe powers and duties for them as are consistent with the law, the Articles of Incorporation, and these Bylaws; fix their compensation; and require from them security for faithful service;

(2) To conduct, manage and control the affairs and activities of the corporation and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or these Bylaws, as they may deem best;

(3) To adopt and use a corporate seal and to alter the form of the seal from time to time as they may deem best;

(4) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered for the corporation's purposes, in the corporation name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities therefor;

(5) To carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage;

(6) To act as trustee under any trust incidental to the principal object of the corporation, and receive, hold, administer, exchange and expend funds and property subject to such trust.

(c) Board's Ultimate Authority. No assignment, referral or delegation of authority by the Board or anyone else shall preclude the Board from exercising the authority

required to meet its responsibility for the conduct of the activities of the corporation and the Board shall retain the right to rescind any such delegation.

Section 4.02 Number, Term and Qualification of Directors.

(a) Number of Directors. The Board shall consist of at least six (6) but no more than nine (9), the exact number to be fixed, from time-to-time, by approval of the Board. In no event shall the term of a director be shortened by a reduction in the size of the Board.

(b) Terms of Directors. The Board shall be divided into three (3) classes with a three (3) year term of office for each class of directors with the terms of approximately one-third (1/3) of the Board seats expiring each year. Each director shall be slotted into one of the three classes and hold office until the expiration of the term for which appointed and until a successor has been appointed and qualified, or until the director's earlier death, resignation, disqualification or removal.

(c) Constituency Representation. In order to maintain accountability to low-income community residents, at least one-third (1/3) of the directors shall be comprised of (1) residents of low-income neighborhoods or (2) from low-income community residents or (3) from elected representatives of low-income neighborhood organizations.

Section 4.03 Removal of Directors. Any director may be removed from office by the affirmative vote of a majority of all voting members of the Board, at any regular meeting or special meeting called for that purpose, for conduct detrimental to the interests of the corporation, for lack of sympathy with its objectives, or for refusal to render reasonable assistance in carrying out the Corporation's purposes. A director with respect to whom removal has been proposed shall be entitled to (1) at least five (5) days' notice of the meeting at which such removal is to be voted upon in writing by mail or email to the address physical or email address maintained by the corporation for that director and (2) appear before the Board and be heard at such meeting.

Section 4.04 Vacancies on Board.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall occur in the event of:

- (1) the death, removal, or resignation of any director;
- (2) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law;
- (3) the increase of the authorized number of directors; or
- (4) the failure of the directors, at any meeting of the Board at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

(b) Resignations. Except as provided below, any director may resign by giving written notice to the Chair, Chief Executive Officer or the secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly elected director or directors.

(c) Filling Vacancies. Vacancies on the Board may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

(d) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 4.05 Place of Board Meetings. Meetings of the Board may be held at the principal office of the corporation or at any other place within or outside California that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the corporation.

Section 4.06 Annual Meetings. The Board shall hold an annual meeting for the purpose of electing directors, organization, selection of officers, and the transaction of other business.

Section 4.07 Regular Meetings. Regular meetings of the Board, including the annual meeting, may be held without call or notice on such dates and at such times and places as may be from time to time fixed by the Board.

Section 4.08 Special Meetings.

(a) Authority to Call Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chair, Chief Executive Officer, Vice Chair, the secretary, or any two directors.

(b) Notice of Special Meetings. Special meetings of the Board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice given personally or by telephone, email, telegraph, telex or other similar means of communication. Any such notice shall be addressed or delivered to each director at the director's physical or email address as it is shown on the records of the corporation or as may have been given to the corporation by the director for purposes of notice or, if an address is not shown on the corporation's records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held.

(c) Manner of Giving Notice. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, such as email, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless,

to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the recipient.

(d) Contents of Notice. The notice shall state the time of the meeting, and the place if the place is other than the corporation's principal office. The notice shall specify the purpose of the meeting.

Section 4.09 Quorum. Forty percent (40%) of the number of directors then in office (excluding nonvoting directors, if any) shall constitute a quorum for the transaction of any business except adjournment. Except as provided in Article 11, every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the Board, and (d) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some directors from that meeting, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting. Directors may not vote by proxy.

Section 4.10 Meetings through Electronic Communication. Directors may participate in a meeting through use of telephone conference, or electronic video screen communication. Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this section constitutes presence in person at that meeting as long as all directors participating in the meeting are able to hear one another.

Section 4.11 Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to holding the meeting or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.

Section 4.12 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place.

Section 4.13 Notice of Adjournment Meeting. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

Section 4.14 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent(s) shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 4.15 Rights of Inspection. Every director shall have the absolute right at any reasonable time during normal business hours to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

Section 4.16 Fees and Compensation. Directors shall not receive any compensation for their services; however, the Board may approve the reimbursement of a director's actual and necessary expenses incurred in the conduct of the corporation's business. The corporation shall carry liability insurance respecting the conduct of the corporation's business by the directors in a form and with policy limits acceptable to and approved by the Board.

Section 4.17 Restriction on Interested Directors. No more than forty-nine percent (49%) of the persons serving on the Board at any time may be "interested persons." An interested person is (a) any person being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of transactions entered into by the corporation.

Section 4.18 Standard of Care.

(a) Prudent Director. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner that director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

(b) Reasonable Reliance. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) Corporate Officers or Employees. One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;

(2) Professionals. Legal counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(3) Board Committee. A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

(c) Investments. Except with respect to assets which are directly related to the corporation's charitable programs, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the corporation's investments, the Board shall avoid speculation, looking

instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital.

Section 4.19 Nonliability of Directors and Certain Officers.

(a) Volunteer Directors and Volunteer Officers. Pursuant to Section 5239 of the California Nonprofit Public Benefit Corporation Law, there shall be no personal liability to a third party for monetary damages on the part of a volunteer director or volunteer executive officer of this corporation caused by the director's or executive officer's negligent act or omission in the performance of that person's duties as a director or officer, if all the following conditions are met:

(1) The act or omission was within the scope of the director's or executive officer's duties;

(2) The act or omission was performed in good faith;

(3) The act or omission was not reckless, wanton, intentional, or grossly negligent; and

(4) Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to (i) the corporation, either in the form of a general liability policy or a director's and officer's liability policy, or (ii) personally to the director or executive officer. If the damages are not covered by a liability insurance policy, the volunteer director or volunteer executive officer shall not be personally liable for the damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

(b) Scope of Limitation. This limitation on the personal liability of a volunteer director or volunteer executive officer does not limit the liability of the corporation for any damages caused by acts or omissions of a volunteer director or volunteer executive officer. Neither does it eliminate or limit the liability of a director or officer, either (1) provided in Sections 5233 or 5237 of the California Nonprofit Public Benefit Corporation Law, or (2) in any action or proceeding brought by the Attorney General of the State of California.

(c) Definitions. "Volunteer" means the rendering of services without compensation. "Compensation" means remuneration whether by way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement of expenses to a director or executive officer does not affect that person's status as a volunteer within the meaning of this Section 4.19(c). "Executive officer" means the Chair, Vice Chair, secretary, or treasurer of the corporation, or such other individual who serves in like capacity, who assists in establishing the policy of the corporation.

(d) No Liability for Directors Meeting the Standard of Care. Except as it relates to self-dealing transactions or transactions in which the director has a material financial interest, a person who performs the duties of a director in accordance with Section 4.18(a) and Section 4.18(b), above, shall have no liability based upon any alleged failure to discharge the person's obligations as a director, including, without limiting the generality of the foregoing, any

actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

ARTICLE 5 COMMITTEES

Section 5.01 Board Committees. The Board, by resolution adopted by a majority of the directors then in office, may create one or more committees, each consisting of two (2) or more directors, and no one who is not a director, to serve at the pleasure of the Board. Appointments to such committees of the Board shall be by majority vote of the directors then in office, and the chairman of such Board committees shall be appointed by the Chair. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may do the following:

(a) Vacancies. Fill vacancies on the Board or on any committee which has the authority of the Board;

(b) Compensation. Fix compensation of the directors for serving on the Board or on any committee;

(c) Bylaws. Amend or repeal Bylaws or adopt new Bylaws;

(d) Board Resolutions. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;

(e) Committees. Create any other committees of the Board or appoint the members of committees of the Board;

(f) Corporate Funds. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected;

(g) Self-Dealing. With respect to any assets held in charitable trust, approve any contract or transaction between this corporation and one or more of its directors or between this corporation and an entity in which one or more of its directors have a material financial interest, subject to the approval provisions of Corporations Code section 5233(d)(3).

Section 5.02 Meetings and Action of Board Committees. Meetings and actions of Board committees shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board resolution or, if none, by resolution of the committee. The Board may adopt rules for the governance of any committee as long as the rules are consistent with these Bylaws. If the Board has not adopted rules, the committee may do so.

Section 5.03 Executive Committee. The Executive Committee is a Board committee composed of the officers. When the Board is not in session, the Executive Committee shall have the power and authority of the Board to transact all regular business of the corporation, subject to any prior

limitation imposed by law, the Board or these Bylaws. The Executive Committee shall report to the next Board meeting all actions taken.

Section 5.04 Nominating Committee. The Nominating Committee is a Board Committee composed of three (3) Board members elected by a majority of the Board at the annual meeting of the Board.

Section 5.05 Advisory Committees.

(a) Creation. The Board Chair, subject to the limitations imposed by the Board, or the Board itself may create advisory committees, either standing or special, to serve the Board which do not have the powers of the Board. The Board Chair, with the approval of the Board, shall appoint members to serve on such advisory committees, and shall designate committee chair. If a director is on a committee, he or she shall be the chair of the committee. Each member of an advisory committee shall continue as such until the next annual election of officers and until his or her successor is appointed, unless the member shall sooner resign or be removed from the advisory committee.

(b) Meetings; Notice; Voting; Minutes. Meetings of an advisory committee may be called by the Board Chair, the chair of the committee or a majority of the committee's voting members. Each advisory committee shall meet as often as is necessary to perform its duties. Notice of a meeting of a committee may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting. A majority of the voting members of an advisory committee shall constitute a quorum for the transaction of business at any meeting of the committee. Each advisory committee may keep minutes of its proceedings and shall report periodically to the Board. An advisory committee may take action by majority vote.

(c) Resignation and Removal. Any member of an advisory committee may resign at any time by giving written notice to the chair of the committee or to the Board Chair. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect upon the date of receipt or at any later time specified in the notice. The Board Chair may, with prior approval of the Board, remove any appointed member of an advisory committee.

(d) Vacancies. A vacancy in any advisory committee or any increase in the membership thereof shall be filled for the unexpired portion of the term by the Board Chair with approval of the Board.

ARTICLE 6

SELF-DEALING TRANSACTIONS

Section 6.01 Definition. Self-dealing transaction means a transaction to which the corporation is a party and in which one or more of the directors ("interested directors") has a material financial interest, except that the following will not be deemed self-dealing transactions, but are subject to the general standard of care by the Board:

(a) Compensation. An action by the Board in fixing compensation of a director as a director or officer;

(b) Public or Charitable Programs. A transaction which is part of a public or charitable program of the corporation if the transaction is (1) approved or authorized by the corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more directors or their families because they are in a class of persons intended to be benefitted by the program;

(c) Minor Transactions Without Actual Knowledge. A transaction of which the interested director or directors have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the gross receipts of the corporation for a fiscal year or One Hundred Thousand Dollars (\$100,000).

Section 6.02 Action of the Board. If a transaction is thought to be a self-dealing transaction, the interested director has the burden of showing the following to sustain the validity of the transaction:

(a) Prior Authorization. That prior to consummating the transaction or any part thereof the Board authorized or approved the transaction in good faith by vote of a majority of the directors then in office without counting the vote of the interested director or directors and with knowledge of the material facts concerning the transaction and the director's interest in it. Except as provided in Section 6.04, action by a committee of the Board will not satisfy this requirement.

(b) No More Advantageous Arrangement. That either:

(1) Prior to authorizing or approving the transaction, the Board considered and in good faith determined after reasonable investigation under the circumstances that the corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

(2) The corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

(c) Benefit to Corporation. That the corporation entered into the transaction for its own benefit.

(d) Fairness and Reasonableness. That the transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction.

Section 6.03 Interested Director's Vote. In determining whether the Board has validly met to authorize or approve a self-dealing transaction, interested directors may be counted in determining the presence of a quorum, but an interested director's vote cannot count toward the required majority for such authorization, approval or ratification.

Section 6.04 Committee Approval. A Board committee may approve a self-dealing transaction in a manner consistent with the standards prescribed for approval by the Board if it was not reasonably practical to obtain approval of the Board prior to entering into the transaction and the Board determines in good faith that the committee met the same requirements the Board would have had to meet in approving the transaction and the Board ratifies the transaction at its next

meeting by vote of a majority of the directors then in office without counting the vote of the interested director or directors.

Section 6.05 Prior Approval by the Attorney General. Remedies specified in the California Nonprofit Public Benefit Corporation Law for an improper self-dealing transaction are not available if the Attorney General of the State of California approves the transaction before its consummation. The corporation may seek the approval of the Attorney General by application setting forth all relevant and material facts.

Section 6.06 Persons Liable and Extent of Liability. If a self-dealing transaction has not been approved as provided above, the interested director or directors may be required to do such things and pay such damages as in the discretion of a court will provide an equitable and fair remedy to the corporation, taking into account any benefit received by it and whether the interested director or directors acted in good faith and with the intent to further the best interests of the corporation.

Section 6.07 Statute of Limitations. An action to remedy an improper self-dealing transaction, brought by a proper party as defined by Section 5233(c) of the California Nonprofit Corporation Code to remedy an improper self-dealing transaction, must be commenced either:

(a) Two Years. Within two (2) years after written notice setting forth the material facts of the transaction was filed with the Attorney General in accordance with the Attorney General's regulations; or

(b) Three Years. If no such notice is filed, within three (3) years after the transaction occurred; or

(c) Ten Years. If no such notice is filed, and the Attorney General is bringing the action, within ten (10) years after the transaction occurred.

Section 6.08 Corporate Loans and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General or except as is expressly allowed under Section 5236 of the California Nonprofit Public Benefit Corporation Law; provided, however, that the corporation may advance money to a director or officer of the corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by the corporation or any subsidiary.

ARTICLE 7

OFFICERS

Section 7.01 Officers. The officers of the corporation shall be a Chair (president), Vice Chair (vice president), Chief Executive Officer, secretary, and a treasurer. The corporation, at the Board's discretion, may also have additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be elected or appointed under of Section 7.03 of these Bylaws. Officers other than the Chair, Vice Chair and treasurer need not be

directors. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as the Chair of the Board.

Section 7.02 Election. The officers of the corporation, except any appointed under Section 7.03 or Section 7.06 of these Bylaws, shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights of any officer under any employment contract.

Section 7.03 Subordinate Officers. The Board may elect, and may appoint and authorize the Chair of the Board to appoint, any other officers that the corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in these Bylaws or established by the Board.

Section 7.04 Removal of Officers. Without prejudice to the rights of any officer under an employment contract, the Board may remove any officer with or without cause. An officer who was not chosen by the Board may be removed by any other officer on whom the Board confers the power of removal.

Section 7.05 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 7.06 Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for normal appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 7.07 Chair of the Board. The Chair of the Board shall have general supervision of the chief executive officer of the corporation and shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no chief executive officer, the Chair of the Board shall also be the chief executive officer and shall have the powers and duties of the chief executive officer of the corporation prescribed by these Bylaws. The Chair shall be an ex officio voting member of each Board committee.

Section 7.08 Vice Chair. If the Chair is absent or disabled, the Vice Chair shall perform all the duties of the Chair. When so acting, the Vice Chair shall have all the powers of and be subject to all the restrictions on the Chair. The Vice Chair shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

Section 7.09 Chief Executive Officer. The chief executive officer is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, and subject to such supervisory powers as these Bylaws or the Board may give to the Chair of the Board, if any, general supervision, direction and control of the business and officers of the corporation. The chief executive officer has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed from time to time by the Board or these Bylaws. The chief executive officer shall be employed by the corporation pursuant to an employment agreement.

Section 7.10 Secretary.

(a) Book of Minutes and Seal. The secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; the names of persons present at Board and committee meetings; and the number of members present or represented at members' meetings. The secretary shall keep or cause to be kept, at the principal California office, a copy of the Articles of Incorporation and Bylaws, as amended to date. The secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument.

(b) Notices and Other Duties. The secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board that these Bylaws require to be given, and shall distribute the minutes of meetings of the Board to all members promptly after the meetings. The secretary shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the treasurer. In general, the secretary shall have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 7.11 Treasurer.

(a) Books of Account. The treasurer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts and disbursements. The treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

(b) Deposit and Disbursement of Money and Valuables. The treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate from time to time. The treasurer shall disburse the funds of the corporation as the Board may order, and shall render to the chief executive officer and directors, upon request, an account of all transactions as treasurer and of the financial condition of the corporation. The treasurer shall present to the Board at all regular meetings an operating statement and report since the last preceding regular meeting of the Board. The treasurer shall cause the books of account to be audited or reviewed each year by a certified public accountant and a report of such audit or review shall be presented to the Board not later than the fourth month following the close of the fiscal year. The treasurer shall have such other powers and perform such other duties as the Board or the Bylaws may require.

(c) Bond. If required by the Board, the treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books,

papers, vouchers, money, and other property of every kind in the possession of or under the control of the treasurer on his or her death, resignation, retirement, or removal from office.

ARTICLE 8 INDEMNIFICATION AND INSURANCE

Section 8.01 Indemnification.

(a) To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this Bylaw, shall have the same meaning as in that section of the Corporations Code.

(b) On written request to the Board by any person seeking indemnification under Corporations Code section 5238(b) or section 5238(c), the Board shall promptly decide under Corporations Code section 5238 (e) whether the applicable standard of conduct set forth in Corporations Code section 5238(b) or 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 8.02 Insurance. This corporation shall purchase and maintain insurance, in a form and with policy limits acceptable to and approved by the Board, to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer’s, director’s, employee’s, or agent’s status as such.

ARTICLE 9 RECORDS AND REPORTS

Section 9.01 Maintenance of Corporate Records. The corporation shall keep:

(a) Books and Records. Adequate and correct books and records of account;
and

(b) Written Minutes. Written minutes of the proceedings of its Board and committees of the Board.

Section 9.02 Annual Report.

(a) Contents of Report. The Board shall cause an annual report to be sent to the directors within one hundred twenty (120) days after the end of the corporation’s fiscal year. That report shall contain the following information, in appropriate detail:

- (1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (2) The principal changes in assets and liabilities, including trust funds;
- (3) The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- (4) The corporation's expenses or disbursements for both general and restricted purposes;
- (5) Any information required by Section 9.03 of these Bylaws.

(b) Audited or Certified. The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

(c) Annual Report Not Required. This requirement of an annual report shall not apply if the corporation receives less than Twenty-Five Thousand Dollars (\$25,000) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors who request it in writing. If the Board approves, the corporation may send the report and any accompanying material sent pursuant to this section by electronic transmission.

Section 9.03 Annual Statement of Certain Transactions and Indemnifications. As part of the annual report, or as a separate document if no annual report is issued, the corporation shall, within one hundred twenty (120) days after the end of the corporation's fiscal year, annually prepare and mail, deliver, or send by electronic transmission to each director a statement of any transaction or indemnification of the following kind:

(a) "Interested Person" Transactions. Any transaction (i) in which the corporation, its parent, or its subsidiary was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than Fifty Thousand Dollars (\$50,000), or was one of several transactions with the same interested person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000). For this purpose, an "interested person" is either:

- (1) any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
- (2) any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest in the transaction and, if

practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(b) Indemnifications. Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or director of the corporation under Section 8.01 of these Bylaws, unless that indemnification has already been approved by the directors under Corporations Code Section 5238(e)(1).

ARTICLE 10 GENERAL PROVISIONS

Section 10.01 Validity of Instruments. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the Chair, Vice Chair or chief executive officer and the secretary or treasurer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person(s) and in such manner as from time to time shall be determined by the Board and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 10.02 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions contained in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person. The captions and headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision.

Section 10.03 Authority to Vote Securities. The Chair, chief executive officer, or any other officer(s) authorized by the Board are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all voting securities of any other corporation(s) standing in the name of this corporation. The authority granted herein may be exercised either in person or by any person authorized to do so by proxy or by power of attorney executed by the Chair, chief executive officer, or authorized officer.

Section 10.04 Fiscal Year. The fiscal year of the corporation shall be set by the Board.

Section 10.05 Parliamentary Authority. Robert’s Rules of Order, newly revised, shall be the parliamentary authority for all matters or procedures not specifically covered by these Bylaws, or by special rules of procedure adopted by the members of the corporation entitled to vote.

ARTICLE 11 AMENDMENTS


Section 11.01 Bylaws. These Bylaws will be reviewed not less often than once every four (4) years and documented as to date of review. New Bylaws may be adopted or these Bylaws may

be amended or repealed by the Board, provided notice of such proposed amendment has been given to the Board at least seventy-two (72) hours in advance of the vote.

CERTIFICATE OF ADOPTION OF BYLAWS

I certify that I am the elected and acting Secretary of San Diego Community Housing Corporation, a California nonprofit public benefit corporation, and that the foregoing Bylaws, comprising of seventeen (17) pages (exclusive of title page and table of contents), constitute the amended and restated Bylaws of the corporation as adopted at a meeting of the Board of Directors held on December 11, 2018, superseding in their entirety the amended Bylaws adopted October 26, 2006.

IN WITNESS OF, I have signed my name and affixed the seal of the corporation to this certificate on February 16, 2019.


Secretary

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date:

JUL 26 1995

SAN DIEGO COMMUNITY HOUSING
CORPORATION
8799 BALBOA AVE. STE. 100
SAN DIEGO, CA 92123

Employer Identification Number:

33-0661980

Case Number:

955194009

Contact Person:

TYRONE THOMAS

Contact Telephone Number:

(213) 894-2289

Accounting Period Ending:

June 30

Foundation Status Classification:

170(b)(1)(A)(vi)

Advance Ruling Period Begins:

October 24, 1994

Advance Ruling Period Ends:

June 30, 1999

Addendum Applies:

No

RECEIVED

JUL 31 1995

OCCUPATIONAL TRAINING
SERVICES, INC

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we

Letter 1045 (DO/CG)

-2-

SAN DIEGO COMMUNITY HOUSING

will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2105, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If you are required to file a return you must file it by the 15th day of the fifth month after the end of your annual accounting period. We charge a penalty of \$10 a day when a return is filed late, unless there is reasonable

Letter 1045 (DO/CG)

-3-

SAN DIEGO COMMUNITY HOUSING

cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,


Richard R. Orcosco
District Director

Letter 1045 (DC/C3)

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 29 1999

SAN DIEGO COMMUNITY HOUSING
CORPORATION
8799 BALBOA AVE 200
SAN DIEGO, CA 92123-1538

Employer Identification Number:
33-0661980
DIN:
17053275770039
Contact Person:
FRANCIS E BERNHARDT ID# 31258
Contact Telephone Number:
(877) 829-5500
Our Letter Dated:
JULY 1995
Addendum Applies:
NO

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

~~Steven T. Miller~~

Steven T. Miller
Director, Exempt Organizations

Letter 1050 (DO/CG)



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0752286401
Mar. 21, 2019 LTR 4168C 0
33-0661980 000000 00
00029049
BODC: TE

SAN DIEGO COMMUNITY HOUSING
CORPORATION
6160 MISSION GORGE RD STE 204
SAN DIEGO CA 92120-3411



023941

Employer ID number: 33-0661980
Form 990 required: Yes

Dear Taxpayer:

We issued you a determination letter in July 1995, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

0752286401
Mar. 21, 2019 LTR 4168C 0
33-0661980 000000 00
00029050

SAN DIEGO COMMUNITY HOUSING
CORPORATION
6160 MISSION GORGE RD STE 204
SAN DIEGO CA 92120-3411

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Teri M. Johnson". The signature is fluid and cursive, with the first name "Teri" being more prominent.

Teri M. Johnson
Operations Manager, AM Ops. 3