

**HOUSING AUTHORITY
OF THE CITY OF SAN DIEGO
AGENDA FOR
SPECIAL HOUSING AUTHORITY MEETING
TUESDAY, OCTOBER 13, 2009 AT 2:00 PM
COUNCIL CHAMBERS:
202 C STREET, SAN DIEGO, CA 92101**

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Questions Regarding Agenda Items: For specific questions regarding any item on the Housing Authority agenda, please contact Lisette Diaz at 619.578.7564. Internet access to agendas and reports is available at <http://www.sdhc.org/AuthorityAgenMinRpts.shtml>.

Non Agenda Comments: Members of the public may address the Housing Authority on items of interest within the Housing Authority's jurisdiction that have not been previously before the Housing Authority. Comments relating to items on today's agenda are to be taken at the time the item is heard.

Adoption:

1. HAR09-030 - Finance Plan for Acquisition of New Affordable Housing Unit

Approve a financing plan for the production of a minimum of 350 units of affordable housing and authorize the procurement of financing for the acquisition, rehabilitation and/or new construction of the affordable housing by the San Diego Housing Commission and authorizing all necessary and appropriate actions to implement such procurement of financing.

Housing Authority approve the following actions:

1. Approve a financing plan that would utilize up to \$200 million of loan proceeds generated by placing debt on the San Diego Housing Commission's real estate portfolio (formerly public housing) and new acquisitions, utilizing the following financing mechanisms:
 - a. Fannie Mae conventional mortgage,
 - b. FHA 221(d)(4) program (new construction and substantial rehabilitation), or FHA 223(f) program (minor rehabilitation), allowing the financing to qualify for an American Recovery and Reinvestment Act of 2009 stimulus program "Build America Bonds ('BABs')," which financing is only available to governmental entities for a limited

period of time and provides a direct federal subsidy equal to 35% of the interest cost of such financing thereby reducing the cost of debt, as further detailed in this report.

2. Authorize the San Diego Housing Commission to refinance the affordable housing that is acquired, rehabilitated or constructed and that have been acquired as 100% cash acquisitions, thereby allowing the San Diego Housing Commission to place mortgages on these new affordable units to further leverage the cash purchases and utilize the BABs program on these further refinancings secured by such new units (an eligible use of the program) before the sunset of the program on December 31, 2010.
3. Approve the parameters for financing as referenced within the financing plan as coordinated by NorthMarq Realty Services, Inc. (SDHC's financial advisor) and analyzed by Keyser Marston Associates ("KMA") as referenced within this report.
4. Authorize the San Diego Housing Commission to form wholly owned Limited Liability Companies (LLCs) and/or 501 (c)(3) non profit corporations or similar "special purpose entities" as and when required by Fannie Mae and/or FHA as a condition of financing and as required for financing.
5. Authorize a three-year capital expenditure budget of up to \$200 million to include the financing proceeds for the purposes outlined in this report, with the resulting debt service and operating costs associated with the capital expenditure activity to be reflected in the San Diego Housing Commission's annual budget which is presented to the Housing Authority for approval.
6. Authorize the San Diego Housing Commission to reimburse all third parties either directly or through the selected underwriters associated with the financing of the acquisitions, including compensation for the finance team as referenced within this report.
7. As detailed in this report:
 - a. Confirm the retention of NorthMarq Realty Services, Inc. ("NorthMarq") as a financial advisor and authorize payment of fees to NorthMarq upon the closing of financings as referenced within the report;
 - b. Authorize the retention of PNC and Greystone as underwriters and/or lenders and authorize payment of compensation to such entities upon the closing of the financings;

- c. Authorize retention of Orrick Herrington & Sutcliffe as attorneys to be involved in the issuance of bonds and/or financing on behalf of the Housing Commission; and,
 - d. Authorize retention of Wade Norris of Eichner & Norris as a financing attorney to be involved in the FHA and BABs financings.
8. Authorize the President and CEO, or designee, of the San Diego Housing Commission and the Executive Director of the Housing Authority of the City of San Diego to execute any and all documents and to perform any and all acts reasonably necessary to implement the financing plan, provided, however, that each acquisition project shall be approved by the Board of Commissioners of the San Diego Housing Commission under the terms of the Acquisition Policy previously approved by the Housing Authority of the City of San Diego.

Adjournment