

REPORT

DATE ISSUED: January 25, 2008 REPORT NO: HCR 08-06

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of February 1, 2008

SUBJECT: Final Bond Authorization for Parkside Terrace Apartments (Council District 2)

REQUESTED ACTION:

Take the final step to authorize the issuance of Housing Authority mortgage revenue bonds for the development of Parkside Terrace Apartments.

STAFF RECOMMENDATION:

Housing Commission recommend that the Housing Authority authorize the issuance of up to \$17,114,159 in housing revenue bonds to fund the development of the Parkside Terrace Apartments, a 77-unit apartment complex located at 505 13th Street in downtown San Diego.

BACKGROUND:

The Project

Parkside Terrace is a proposed new construction project to be located on the north side of Island Avenue between 13th and 14th Streets in the East Village neighborhood of downtown San Diego. The project would create a total of 77 multifamily rental units including 28 studios, 15 one-bedroom, 29 two-bedroom, and 5 three-bedroom apartments. See Attachment 1 for a vicinity map.

The proposed project will consist of a six-story structure over two levels of subterranean parking. The project will also include a rebuilt East Village Community Church (approximately 13,200 square feet) located on the southeast corner of the site; the church currently occupies the site.

The location and design of Parkside Terrace have been planned to serve the needs of the proposed tenant base. The ground floor of the project will provide 1,100 square feet of indoor common area space with a laundry facility, community room, and computer classroom. An interior courtyard will provide approximately 2,300 square feet of outdoor open space. In addition, each unit will have a balcony. The project will also be located directly opposite the future park at 14th and Island Park and within one block of a trolley stop.

Housing Affordability

Parkside Terrace will provide 76 rental units for occupancy, and at rents affordable to low and very-low income households: 13 units will be restricted at 50% Area Median Income (AMI) (\$31,050 for a household of three) and 63 units will be restricted at 60% AMI (\$37,250 for a household of three). In addition, one two-bedroom unit will be reserved for an on-site manager and will not be occupancy-restricted. Rent and income restrictions for the project are outlined in the chart below:

Type	AMI	Number of Units	Restricted Rent (net of utility allowance)*	Market Rate	Monthly Savings per unit
Studio	50% AMI	7	\$599	\$900	\$301
Studio	60% AMI	21	\$720	\$900	\$180
One Bedroom	50% AMI	3	\$647	\$1,400	\$753
One Bedroom	60% AMI	12	\$778	\$1,400	\$622
Two Bedroom	50% AMI	2	\$766	\$1,600	\$834
Two Bedroom**	60% AMI	27	\$923	\$1,600	\$677
Three Bedroom	50% AMI	1	\$861	\$1,900	\$1,039
Three Bedroom	60% AMI	4	\$1036	\$1,900	\$864
Total		77			\$40,052
Total Annual Savings					\$480,624

*Rents shown have been further reduced to comply with California Redevelopment requirements.

** Includes one manager's unit.

Development Team

Wakeland, a 501 (c)(3) non-profit housing developer, will be responsible for the construction and development of the project. Wakeland currently has over 5,000 units of affordable housing in its portfolio. The Housing Commission has worked with Wakeland on several successful projects. Recently completed projects include the 60-unit Beyer Courtyard Apartments in San Ysidro and Lillian Place, a 74-unit project located in downtown San Diego. Wakeland's statement for public disclosure is included as Attachment 2.

Parkside Terrace L.P., a single asset limited partnership will own and operate the proposed project. Wakeland Parkside, LLC, a wholly owned subsidiary of Wakeland, will act as general partner of the limited partnership. Red Capital Markets will act as the tax credit investor and the limited partner of Parkside Terrace L.P.

Financing Structure

The total development cost of the project is estimated to be approximately \$29.6 million. Major cost items include site acquisition and demolition, construction costs, interest and financing costs, a developer fee, and other soft costs. A summary of development costs is included below:

Proposed Permanent Financing Uses	
Construction	\$17,600,000
Property Acquisition and Demolition	5,700,000
Developer Fee	1,400,000
Interest and Financing Costs	1,800,000
Other Soft Costs	3,100,000
Total	\$29,600,000

Proposed permanent financing sources will consist of housing revenue bonds, tax credit equity, a loan from the Centre City Development Corporation (CCDC), and a deferred developer fee. Approximately \$12 million in housing revenue bonds will be used to finance the construction of the project and will be repaid with other permanent financing sources after the project is built and occupied. As a result, after conversion to permanent financing only approximately \$5 million in housing revenue bonds will remain outstanding. Estimated permanent sources of funding are summarized in the following table:

Proposed Permanent Financing Sources	
CCDC Loan	\$15,300,000
Tax Credits	9,000,000
Housing Revenue Bonds	5,000,000
Deferred Developer Fee	300,000
Total	\$29,600,000

Public Disclosure and Bond Authorization

The bonds will be sold through a private placement to Wells Fargo Bank (Wells). The bonds will not be credit enhanced or rated. As part of the proposed financing, Wells will be required to sign an investor letter certifying that they are a sophisticated investor, understand the risks associated with the purchase of the bonds, and have completed all necessary due diligence in determining to purchase the bonds.

The transfer of the bonds by Wells or any subsequent bondholder will be restricted to transferees who would purchase all of the bonds (to maintain ownership by a single bondholder), and who would represent to the Authority that they are sophisticated investors who are buying the bonds for investment purposes and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds. Finally, Wells must agree that a mortgage loan default will not, in itself, constitute a bond default.

Currently, it is anticipated that Wells will buy the bonds initially and hold them through the construction of the project. After construction and lease up, Wells will sell the bonds to the California Community Reinvestment Corporation (CCRC). In order to purchase the bonds, CCRC will be required to sign an investor letter making all the same representations as the initial purchaser.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, and Regulatory Agreement. At the time of docketing, all 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 bonds will be issued pursuant to an Indenture between the Housing Authority and Wells (acting as the bondholder representative). Based upon instructions contained in Indenture, Wells will disburse bond proceeds for eligible costs, collect project revenues, and hold collateral to secure payment of the bonds.

Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bonds to the borrower in order 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 bondholder representative.

The Regulatory Agreement will be recorded against the property in order 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.

Since the bonds will not be repaid using any City or Housing Authority revenues, it is not appropriate to provide any information about the City's finances. A summary of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and City Council to initiate and finalize bond financings are included in Attachment 3.

Staff has been working with CSG Advisors Inc. (CSG), the Housing Commission's financial advisor, to perform due diligence concerning the proposed financing and to formulate a recommendation for the Housing Authority. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is CSG's recommendation that the bond issuance for the project be authorized. CSG's analysis and recommendation to proceed is included as Attachment 4.

Staff is also working with the City's Disclosure Practices Working Group to insure that the issuance of Housing Authority bonds is in conformance with the City's disclosure requirements.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested action. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for repayment of the bonds will be limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the project owner. The Housing Commission's origination fee under the financing will be up to \$39,362 (0.23 percent of the bond amount).

PREVIOUS COUNCIL AND/OR COMMITTEE ACTIONS:

On September 14, 2004, the Redevelopment Agency approved an Owner Participation Agreement (OPA) with Oak Shelter Systems, LLC (Oak Shelter) to develop a mixed-use project on the subject site. In 2005, Oak Shelter determined that the project was no longer financially feasible and asked to terminate the OPA. On July 10, 2007, the Housing Authority and City Council approved preliminary bond items for the project and the Redevelopment Agency terminated the original OPA with Oak Shelter, approved an OPA with Parkside Terrace, L.P., and granted design approval for the project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On February 21, 2007, the Centre City Advisory Committee terminated the original OPA with Oak Shelter; approved a new OPA with Parkside Terrace, L.P.; and granted design review approval of the project. On February 28, 2007, the CCDC board approved these same three actions, and on April 27, 2007, the Housing Commission approved preliminary bond items for the project.

ENVIRONMENTAL REVIEW:

Under the 2006 Final Environmental Impact Report (FEIR) for Centre City, an Environmental Secondary Study is prepared by CCDC for all developments in the Centre City area in order to evaluate the project's compliance with the Downtown Community Plan, Planned District Ordinance, and the findings and conclusions of the FEIR. A Secondary Study was completed for Parkside Terrace and the project was found to be in compliance with those planning documents. As a result, no further environmental review is required.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

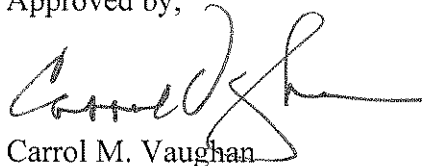
Low and very-low income households are the intended residents of the project. Wakeland will develop the project. American Baptist Churches of the Pacific Southwest, a California nonprofit corporation, doing business as Transformation Ministries currently owns the site. Red Capital Markets will provide equity and Wells and CCRC will provide debt for the project.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance & Development

Approved by,



Carrol M. Vaughan
Interim President & Chief Executive Officer

- Attachments:
1. Vicinity Map
 2. Wakeland's Developer Disclosure Statement*
 3. Multifamily Bond Program Summary
 4. Financial Advisor Analysis

Distribution of these attachments may be limited. Copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, Main Lobby.

Attachment 1: Vicinity Map



Site Address 505 13th Street, San Diego 92101



ATTACHMENT 2
**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS**
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR: Wakeland Housing and Development Corporation
2. Address and Zip Code: 625 Broadway, Suite 1000 San Diego, CA 92101
3. Telephone Number: 619-235-2296
4. Name of Principal Contact for CONTRACTOR: Kenneth L. Sauder, President/CEO
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0833640
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:

December 28, 1998

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. **NA**

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.

Karolina Ericsson
Chairman of the Board
Craig Fukuyama
Doug Perkins
Art Rivera
Board Member
Lee Winslett
Board Treasurer
Larry Nuffer
Board Member

Glen R. Googins
Board Member

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. **NA**

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. **NA**

relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

NA

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.

June 30, 2006 Audit is attached

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:

Wakeland shall obtain predevelopment funds from Wells Fargo Bank, the Low Income Investment Fund and Red Capital Markets. Construction and permanent financing will be provided via an issuance of tax-exempt bonds by the San Diego Housing Commission. The bonds will be purchased by Wells Fargo Bank for the construction period. The California Community Reinvestment Corporation (CCRC) will be the permanent lender. Additional permanent financing will be provided by the Centre City Development Corporation (CCDC) in the form of a residual receipts loan. A tax credit investor (Red Capital Markets) will purchase the 4% tax credits.

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

- a. Via predevelopment loans:

Name, Address & Zip Code of Bank/Savings & Loan:

Red Capital Markets
Evan Becker
655 West Broadway, Suite 800
San Diego, CA 92101

Amount: \$ 1,000,000

Low Income Investment Fund
Amber Carter
800 S. Figueroa Street, Suite 760
Los Angeles, CA 90017
Amount: \$ 500,000

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ NA

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

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
NA	\$	\$

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

Union Bank of California
Lenore Beltran
1201 5th Avenue
San Diego, CA 92101

Wells Fargo Bank
Lee Winslet
401 B Street, Suite 304-A
San Diego, CA 92101

Washington Mutual
Art Rivera
707 Broadway
15th Floor
San Diego 92101

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:

<u>Type Bond</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
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NA

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: **NA**

a. Name and addresses of such contractor or builder:

NA

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: **NA**

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$27.8 million (construction costs only)

General description of such work: Wakeland was the managing general partner in tax credit partnerships that built the 60 unit Beyer Courtyards in the San Ysidro neighborhood of San Diego, as well as the 74 unit Lillian Place in downtown San Diego. Both projects were successfully completed and occupied. Litigation against Lillian Place was found to be groundless by the courts. Wakeland is currently finishing the rehabilitation of the 93 unit Del Sol Apartments in the Nestor neighborhood of San Diego.

d. Construction contracts or developments now being performed by such contractor or builder: Del Sol Apartments. L.P. in which Wakeland Del Sol, LLC is the managing partner, is currently completing the rehabilitation of Del Sol Apartments (a 93 unit project). The rehab. of the units is technically done, with only the construction of the new community center and grounds work left to be done. All work will be completed in June, 2007.

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Date to be Completed</u>	<u>Amount</u>
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See above. Wakeland is a developer, and is not a general contractor. Wakeland has hired Portrait Homes as the general contractor working on Del Sol Apartments.

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

Awarding Agency

Amount

Date Opened

NA

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

NA

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

Yes No

If yes, explain.

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

Please see attached list of projects and Wakeland brochure

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:

NA

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

Cavignac & Associates
Scott Bedingfield
450 B Street
Suite 1800
San Diego, CA 92101
(619) 744-0560

- 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: Commercial General Liability (attached)

- 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)] see attached

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] **NA**

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] **NA**

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

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

Government Entity
Making Complaint

Date

Resolution

NA

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

NA

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:

<u>Governmental Agency</u>	<u>Description License</u>	<u>Date Issued</u>	<u>Status</u>	<u>Revocation</u>
<u>License</u>	<u>Number</u>	<u>(original)</u>	<u>(current)</u>	<u>(yes/no)</u>

NA

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

NA

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

Wakeland will need to receive an allocation of tax-exempt bonds and 4% tax credits both of which are expected.

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

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
2000	SDHC (Canyon Rim)	Current	1,565,000
2000	SDHC (Stratton)	Current	1,565,000
2001	SDHC (Vista Terrace)	Current	1,290,000
2001	SDHC (Coronado Terrace)	Current	1,270,000
2003	SDHC (Beyer Courtyards)	Current	4,200,000
2005	SDHC + CCDC (Lillian Place)	Current	8,020,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? Yes No

Is yes, explain:

NA

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:

NA

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

Name: Debbie Fountain/Craig Ruiz- City of Carlsbad

Address: 2965 Roosevelt Street, Suite B Carlsbad, CA 92008

Phone: 760-434-2817

Project Name and Description: Vista Las Flores (a 28 unit affordable housing development)

Name: Community Development Commission -City of National City

Address: 140 E. 12th Street, Suite B National City, CA 91950

Phone: 619-336-4256

Project Name and Description: Town Square Rowhomes (6 for sale shopkeeper row homes)

Name: Cissy Fisher - San Diego Housing Commission

Address: 1122 Broadway, San Diego, CA 92101

Phone: 619-578-7585

Project Name and Description: Canyon Rim, The Stratton, Vista Terrace, Coronado Terrace, Beyer Courtyards, Lillian Place

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the

proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

NA

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

NA

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

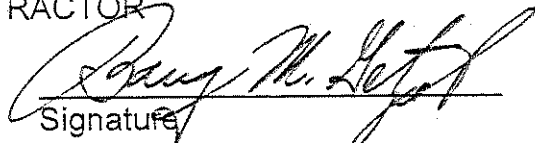
CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information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

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

Executed this 2ND day of March, 2007, at San Diego, California.

CONTRACTOR

By:



Signature

Senior Project Manager

Title

CERTIFICATION

The CONTRACTOR, Wakeland Housing & Development Corp., 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: Benny M. Leto By: Kenneth L
Title: Senior Project Manager Title: PRES/CEO
Dated: March 1, 2007 Dated: 3-05-07

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

ATTEST:
Subscribed and sworn to before me this _____ day of _____, 20____.

Signature of Notary
My Commission Expires: _____

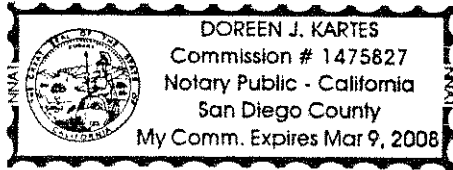
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Diego } ss.

On March 5, 2007 before me, Doreen J. Kartes, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Barry M. Getzel
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Doreen J. Kartes
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

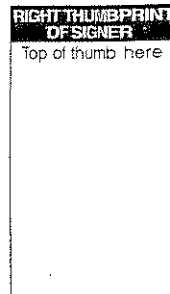
Title or Type of Document: _____
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

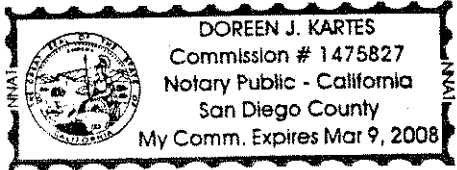
State of California }
County of San Diego } ss.

On March 5, 2007 before me, Doreen J. Kartes, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Kenneth L. Sander
Name(s) of Signer(s)

personally known to me
 ~~proved to me on the basis of satisfactory evidence~~

to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.
Doreen J. Kartes
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

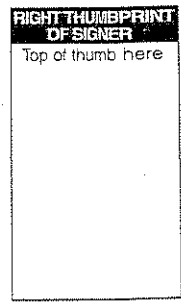
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



**WAKELAND HOUSING AND DEVELOPMENT
BOARD OF DIRECTORS**

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Board Member
Vice Pres of Operations/Development at
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600 B Street, Suite 2000
San Diego, CA 92101
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Lina Ericsson
Board Chairperson
Luce Forward Hamilton & Scripps
600 West Broadway, Suite 2600
San Diego, CA 92101
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GRG Law
344 F Street, Suite 100
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Board Treasurer
Vice President of Wells Fargo Bank
Community Lending Division
401 B Street, Suite 304A
San Diego, CA 92101
Ph. # (619) 699-3037

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

9/28/2006

PRODUCER
 MG Skinner & Associates
 11030 Santa Monica Blvd. #207
 Los Angeles, CA. 90025
 310-478-5041

INSURED
 WCPP 6/30/06-07
 Nakeland Housing & Development
 625 Broadway, Suite #1000
 San Diego, CA 92101

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

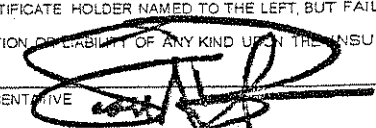
INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Lexington Ins. Co.	
INSURER B:	Chubb Custom Ins. Co.	
INSURER C:	American Guarantee & Liability	
INSURER D:		
INSURER E:		

COVERAGES
 THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC	6761981	6/30/06	6/30/07	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ excluded PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000
B AUTOMOBILE LIABILITY <input type="checkbox"/> ANYAUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	73526898	06/30/06	06/30/07	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
GARAGE LIABILITY <input type="checkbox"/> ANYAUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
C EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	AUC5346105-01	6/30/06	6/30/07	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

*Exception: Ten (10) days for non-payment of premium

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30*</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

9/28/2006

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER NAME, CONTACT PERSON AND ADDRESS		PHONE (A/C, No, Ext): 310-478-5041	COMPANY NAME AND ADDRESS		NAIC NO:
		FAX (A/C, No): 310-479-8707	1) Allied World Assurance Co #1180887 (\$5M) 2) United States Fire Ins. Co. (\$5M) See Attachment For Additional Carriers 3) Hartford Steam Boiler #FBP2220431		
MG Skinner & Associates 11030 Santa Monica Blvd. #207 Los Angeles, CA. 90025		E-MAIL ADDRESS:			
MODE:	SUB CODE:				
AGENCY CUSTOMER ID#			IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
NAMED INSURED AND ADDRESS			LOAN NUMBER	POLICY NUMBER	
Wakeland Housing & Development 625 Broadway, Ste #1000 San Diego, CA 92101				See Attachment	
ADDITIONAL NAMED INSURED(S)			EFFECTIVE DATE	EXPIRATION DATE	CONTINUED UNTIL TERMINATED IF CHECKED
			6/30/06	6/30/07	<input type="checkbox"/>
			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use additional sheets if more space is required)

LOCATION/DESCRIPTION
Location:

COVERAGE INFORMATION	CAUSE OF LOSS FORM	BASIC	BROAD	SPECIAL	OTHER	DED.	AMOUNT
COMMERCIAL PROPERTY COVERAGE				<input checked="" type="checkbox"/>			\$ 300,000,000
BUSINESS INCOME / RENTAL VALUE		<input checked="" type="checkbox"/>					\$10,000
BLANKET COVERAGE		<input checked="" type="checkbox"/>					N/A
TERRORISM COVERAGE		<input checked="" type="checkbox"/>					
IS COVERAGE PROVIDED FOR "CERTIFIED ACTS" ONLY?		<input checked="" type="checkbox"/>					
IS COVERAGE A STAND ALONE POLICY?		<input checked="" type="checkbox"/>					
DOES COVERAGE INCLUDE DOMESTIC TERRORISM?		<input checked="" type="checkbox"/>					\$100,000
COVERAGE FOR MOLD		<input checked="" type="checkbox"/>					
MOLD EXCLUSION (If "YES", specify organization's form used)		<input checked="" type="checkbox"/>					
REPLACEMENT COST		<input checked="" type="checkbox"/>					
AGREED AMOUNT		<input checked="" type="checkbox"/>					
COINSURANCE			<input checked="" type="checkbox"/>				
EQUIPMENT BREAKDOWN (If Applicable)		<input checked="" type="checkbox"/>					\$50,000,000 DED. \$10,000
LAW AND ORDINANCE - Coverage for loss to undamaged portion of building		<input checked="" type="checkbox"/>					\$10,000,000 DED. \$10,000
- Demolition Costs		<input checked="" type="checkbox"/>					Incl. above DED. \$10,000
- Incr. Cost of Construction		<input checked="" type="checkbox"/>					Incl. above DED. \$10,000
EARTHQUAKE (If Applicable)			<input checked="" type="checkbox"/>				
FLOOD (If Applicable)				<input checked="" type="checkbox"/>			
WIND / HAIL (If Separate Policy)				<input checked="" type="checkbox"/>			
PERMISSION TO WAIVE SUBROGATION PRIOR TO LOSS		<input checked="" type="checkbox"/>					

REMARKS- Including Special Conditions (Use additional sheets if more space is required)

CANCELLATION
THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30* DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST		LENDER SERVICING AGENT NAME AND ADDRESS	
NAME AND ADDRESS			
		*Except 10 days for Non-payment of Premium	
MORTGAGEE		AUTHORIZED REPRESENTATIVE	
LOSS PAYEE			

**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” 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 or the Housing Authority’s faith, credit or taxing power. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. In practice, projects financed by multifamily housing bonds are affordable for a minimum of 30 years. Bonds may also be combined with other financing sources to create deeper affordability and longer terms of restriction.

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

Approval Process:

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

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

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

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

Bond Disclosure: The offering document (typically an Official 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 the behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

Attachment 4

January 24, 2008

Mr. Peter Armstrong
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Parkside Terrace Apartments

Dear Mr. Armstrong:

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

- Current Site 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.

CSG has based the analysis of the Project on documents provided by Wakeland Housing and Development Corporation, LLC (the "Developer"), and on conversations with Wells Fargo (the "Initial Bond Purchaser") and the California Community Reinvestment Corp (CCRC) (the "Subsequent Bond Purchaser") and Commission staff. The documents examined included the Developer's proposed financial schedules. CSG has not visited the site of the proposed Project.

CURRENT SITE STATUS AND THE PROPOSED PROJECT

The Current Site

The proposed Project will be located on a 20,000 sq ft property (the "Site") located at 505 13th Street in the East Village neighborhood of downtown San Diego. A church, parking and number of small buildings are currently located on the Site. These buildings will be demolished.

There are currently no housing units located on the Site.

The Site is currently owned by Transformation Ministries / East Village Community Church (the "Seller"). The Developer currently holds an exclusive option to purchase the property.

The Proposed Project

The Developer proposes to acquire the Site, demolish the existing buildings, and construct a 77-unit apartment building with 2 levels of subterranean parking. The acquisition, demolition and construction will be financed by the proceeds of the sale of tax-exempt private activity bonds, equity from the syndication of Low Income Housing Tax Credits, subordinate financing from the Center City Development Corporation (CCDC) and deferred developer fee.

The Seller will retain ownership of a ground-level parcel on the Site. The Project will be constructed adjacent to and above the parcel retained by the Seller.

The Project will consist of 77 residential units: 25 studios, 18 one-bedroom, 29 two-bedroom and 5 three-bedroom units. In addition, the Project will also contain a community center, laundry room, and a paved and landscaped outdoor deck. There will be 2 levels of subterranean parking.

Of the 77 residential units, 76 units will be income and rent restricted. 1 two-bedroom unit will remain an unrestricted manager's unit. The specific affordability restrictions are as follows:

- 12 units @ 50% Area Median Income ("AMI");
- 64 units @ 60% AMI; and
- 1 unrestricted manager's unit.

The affordability restrictions will be enforced by regulatory agreements associated with the tax-exempt bonds (55-year restriction) and the Low Income Housing Tax Credit program (55 year restriction).

On July 10, 2007, the Housing Authority of the City of San Diego (the "Authority") approved a resolution indicating its official intent to issue bonds in the not-to-exceed amount of \$18,000,000 for the Project. The resolution also approved submittal of an application to the California Debt Limit Allocation Committee (CDLAC).

The Authority submitted a request for \$17,114,159 in bond allocation to CDLAC. On December 5, 2007, CDLAC approved an allocation in the requested amount to the Authority.

THE PROPOSED FINANCING

Financing Sources

The Developer proposes to finance acquisition of the Site, demolition of the existing structures, and construction of the units with certain financing sources including the proceeds of the sale of private activity tax-exempt bonds, equity from the syndication of Low Income Housing Tax Credits, subordinate financing from CCDC, and deferred developer fee. The Developer's projected construction and permanent financing sources are as follows:

	<u>Construction Period</u>	<u>Permanent Period</u>
Bond Proceeds	\$17,114,159*	\$4,266,582
CCDC	\$10,717,000	\$13,800,000
Deferred Developer Fee	\$0	\$280,000
Tax Credit Equity	\$1,179,008	\$11,790,076
Total	\$29,010,167	\$30,136,658

*Current Developer projection of need. Developer may request an additional \$500,000 in taxable financing from the construction lender.

Ownership

The Project will be owned by Parkside Terrace, LP. Parkside, LLC, will serve as the general partner of the limited partnership. The tax-credit investor limited partner will be Red Capital Markets (or an affiliate).

Bond Structure and Credit Enhancement

The Developer proposes that the Authority issue \$17,114,159 of tax-exempt bonds (the "Bonds") to finance, in part, the acquisition of the Site, demolition of the existing structures and construction the Project.

The Bonds would be purchased and held, during the construction period, by the Initial Purchaser on a private placement basis. Upon meeting certain requirements to conversion to the permanent loan, the Bonds will be transferred, in whole, to the Subsequent Purchaser.

The Bonds will be neither rated nor credit enhanced. As privately placed, non-rated bonds, the Bonds will be issued according to the Authority's policies regarding such bonds which among other items, requires that the bonds will be held by a single, sophisticated, institutional investor and the initial and each subsequent holder of the bonds shall sign an investor letter attesting to their status as a sophisticated investor.

The \$17,114,159 loan of bond proceeds will be available during construction to fund a portion of the acquisition and construction costs. At the completion of construction and upon satisfaction of certain requirements, \$12,847,577 of the outstanding bonds will be redeemed. The remaining outstanding bonds (\$4,266,582) will "convert" to a permanent loan and will be purchased by the Subsequent Purchaser.

The construction period bond loan would have a 36-month maximum term, although construction is expected to be complete within 18 months. During the period prior to conversion, the Bonds will accrue interest at a variable rate (indexed to LIBOR) with interest-only payments.

The permanent period bond loan will have 35-year maturity after conversion with full amortization during that period.

Projected Issuance Date

The Developer proposes that the Bonds be issued on or about February 29, 2008. CDLAC has imposed an allocation expiration date of March 4, 2008.

Commission Financial Involvement

The Commission has no financial involvement in this transaction.

PROJECT'S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer – CSG estimates annual debt service on the senior loan of approximately \$304,045, reflecting an interest rate of 6.349% (note that the Developer initially projected a slightly higher interest rate of 6.57%. The 6.349% represents the underwriting rate necessary to meet CCRC's debt cover ratio requirement of 1.10. The actual interest rate will be set before the financial close). 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 \$53,514 at a debt coverage ratio (DCR) of 1.18. Cash flow after reserves would total \$30,414 (DCR @ 1.10).

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides a vehicle for financing the acquisition and construction of the Project. As proposed, the financing will result in the long-term affordability of 76 units in the City of San Diego.

If the Authority issues the bonds, the Commission would receive a fee at bond closing of 0.23% of the issue amount (\$39,363) and an annual fee, prior to conversion, equal to 0.23% of the original principal amount of the Bonds. After conversion, the Commission would receive a fee equal to 0.23% of the initial permanent bond amount (\$9,813).

PUBLIC PURPOSE

The proposed financing will result in 76 housing units affordable to low-income households: 12 units will be restricted to households earning 50% of AMI or less; 64 units will be restricted to households earning 60% of AMI or less.

The bond and tax credit regulatory agreements will require that 76 units are affordable at the above affordability levels for 55 years.

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

Given the Commissions limited financial involvement in this transaction, negotiation of additional public benefit may not be necessary.

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 assist in creating 76 affordable units in the City of San Diego with long-term affordability covenants.
- The Commission has received a tax-exempt bond allocation of \$17,114,159 from CDLAC for the Project.
- The Commission is not providing additional financing for the Project.
- Wells Fargo and CCRC are currently underwriting the Project.
- The Developer has selected a tax credit equity investor that is also currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission, assuming the anticipated maximum loan amount, will receive an up front fee of \$39,363, an annual fee during construction of \$39,363, and a long-term annual fee of approximately \$9,813.

Contingent Items

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

- Wells Fargo Bank and CCRC must complete their underwriting for the Project and issue their final commitments. The Bonds cannot be issued without this commitment.
- Red Capital Markets must complete the underwriting for its contribution of low-income housing tax credit equity.
- Final bond documents and an approving resolution must be approved by the Authority before the Bonds can be issued.

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

Parkside Terrace Apartments

date of rev: 1/24/08

Long-Term Bond Loan

Tax Exempt

Principal Amount ¹	\$	4,266,582
Mortgage Rate ²		6.349%
Amortization Term		35
Underwriting Monthly Debt Service	\$	25,337
Underwriting Annual Debt Service	\$	304,045

¹ Source: Preliminary estimates from the Developer

² Interest rate necessary to meet 1.10 DCR. Initial Developer projections show slightly higher rate.

Post Financing Operations Analysis¹

Income

Gross Rental Income	\$	752,256
Other Income	\$	9,249
Gross Potential Income	\$	761,505
Vacancy Collection Loss	5%	(38,075)
Effective Gross Income	\$	723,430

Expenses

Total Expenses	\$	(349,198)
Property Taxes	\$	(6,859)
Issuer Fee ²	0.23%	\$ (9,813)
Trustee Fee ³	0.00%	\$ -

Net Operating Income \$ 357,560

Required Debt Service

Senior		
Bond Loan	\$	(304,045)
DCR		1.18
Subordinate		
na	\$	-
Total Debt Service	\$	(304,045)

Cash Flow before Reserves \$ 53,514

Debt Coverage Ratio Before Reserves 1.18

Reserves \$ (23,100)

Cash Flow After Reserves \$ 30,414

Overall Debt Coverage Ratio (DCR) 1.10

¹ Source: Preliminary Developer Projections

² Of the permanent principal amount

³ The Commission will not require a trustee for this transaction.

Exhibit A

Parkside Terrace Apartments Permanent Sources and Uses of Funds ¹

Sources

Tax Exempt Bond Loan	\$	4,266,582
Tax Credit Equity	\$	11,790,076
CCDC	\$	13,800,000
Deferred Developer Fee	\$	280,000
Total Sources	\$	30,136,658

Uses

Land and Acquisition Costs	\$	3,960,000
Construction Costs	\$	18,878,325
Construction Contingency	\$	1,096,424
Developer Fee	\$	1,325,000
Operating Reserve	\$	173,761
Other Hard and Soft Costs	\$	4,703,148
Total Uses	\$	30,136,658

Surplus(Deficit)	\$	-
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¹Source: Information provided by the Developer