



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: February 8, 2019

HCR19-018

COUNCIL DISTRICT(S): 8

SUBJECT: Loan Recommendation for Hollister Apartments

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

#### REQUESTED ACTION:

Request to approve a \$4,860,000 residual receipts loan to fund the acquisition and rehabilitation of Hollister Apartments, an 83-unit supportive housing apartment community serving homeless individuals in the Otay Mesa-Nestor Community Planning Area.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed affordable housing development is a 3-story, 26,050-square-foot building, composed of 83 units located at the corner of Hollister Street and Outer Road to the east of Interstate-5 Freeway. The unit mix would consist of 82 living units at approximately 240 square feet and a single two-bedroom manager's unit.
- This is part of HOUSING FIRST – SAN DIEGO program to support the Housing Commission's Homelessness Action Plan, and will provide housing for 82 homeless individuals. The Housing Commission will also provide 82 Project Based Vouchers.
- The developer is seeking a residual receipts loan of up to \$4,860,000, tax credits of \$12,887,615, general partner note \$2,880,000, County of San Diego SNHP Funds of \$3,775,000 and deferred developer fee of \$303,796.
- The developer is SVDP Management with Chelsea Investment Corporation as the development consultant, the partnership is seasoned and highly reputable developer of affordable housing whom the Housing Commission has an excellent history.
- Total development cost of the development is \$24,706,411
- Total development cost per residential unit is \$297,668
- Housing Commission subsidy per unit is \$58,554
- If approved, the developer could commence construction in June 2019 and complete construction by January 2020.



## REPORT

**DATE ISSUED:** January 31, 2019

**REPORT NO:** HCR19-018

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of February 8, 2019

**SUBJECT:** Loan Recommendation for Hollister Apartments

**COUNCIL DISTRICT:** 7

### **REQUESTED ACTION**

*The seven day advance notice of San Diego Housing Commission's hearing of this matter is being provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A) and (B) concerning staff recommendation No. 1 only.*

Approve a residual receipts loan in an amount not to exceed \$4,860,000 to Hollister Apartments, LP to finance the proposed rehabilitation of a motel located at 1010 Outer Road San Diego, CA 92154, to create 82 units of permanent supportive housing for individuals experiencing homelessness, which will remain affordable for 55 years, and one manager's unit.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) take the following actions, as described in this report:

1. Approve a Housing Commission residual receipts loan in an amount not to exceed \$4,860,000 to Hollister Apartments, LP to finance the proposed rehabilitation of a motel located at 1010 Outer Road, San Diego, CA 92154, to create 82 units of permanent supportive housing for individuals experiencing homelessness, which will remain affordable for 55 years, and one unrestricted manager's unit;

The Housing Commission's proposed loan would be contingent upon the developer receiving all necessary third-party funding commitments, including a California Tax Credit Allocation Committee (TCAC) award of 9 percent tax credits, as well as additional funds from other third-party sources as described in this report.

2. Authorize the President and Chief Executive Officer (President & CEO) of the Housing Commission, or designee:
  - a) To execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by General Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement the approvals upon advice of General Counsel;
  - b) To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided

that the proposed \$4,860,000 maximum Housing Commission loan amount may not increase; and

- c) To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.

## **SUMMARY**

### **The Permanent Supportive Housing Development**

The Hollister Apartments development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission’s homelessness action plan. This action plan is rooted in the national “Housing First” model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed. The current phase of HOUSING FIRST – SAN DIEGO launched on July 1, 2017, and included up to 525 federal rental housing vouchers.

The Hollister Apartments received an award of 82 federal Project-Based Housing Vouchers in response to the HOUSING FIRST – SAN DIEGO Notice of Funding Availability (NOFA) and a proposed funding award of \$4,860,000 through the Multifamily Housing Rehabilitation NOFA released by the Housing Commission on September 4, 2018, which closed on December 4, 2018.

### **Developer’s Request**

The developer, SVDP Management, Inc., applied for a \$4,860,000 residual receipts loan and federal rental housing vouchers from the Housing Commission.

In response to the HOUSING FIRST – SAN DIEGO NOFA, the development was reviewed by a selection committee consisting of Housing Commission staff. The selection committee recommended 82 federal Project-Based Housing Vouchers to provide rental assistance for the development.

The development also underwent a review through the Multifamily Housing Rehabilitation NOFA, and Housing Commission staff recommends awarding a residual receipts loan in the amount of \$4,860,000.

### **Existing Improvements**

The project site is currently occupied by the three-story, 88-room EZ8 Motel, which is planned to be renovated to create 82 permanent supportive housing units and one two-bedroom manager’s unit. No relocation will be required. A purchase and sale agreement was entered into by SVDP Management, Inc. and South Bay Motel Investors L.P. on February 28, 2018.

A location map is included as Attachment 1.

## **Table 1 - Development Details**

Address	1010 Outer Road
Council District	8
Community Plan Area	Otay Mesa-Nestor
Development Type	Rehabilitation
Construction Type	Type V over Type I
Parking Type	On Grade Parking
Housing Type	Permanent Supportive Housing
Lot Size	1.04 Acres, 45,302 square feet
Units	83 (inclusive of one manager's unit)
Density	79.81 dwelling units per acre
Unit Mix	82 Living Units and (1) 2-bedroom manager's unit
Gross Building Area	20,445 Net rentable square feet
Commercial Space	<u>5,605</u> Community/Corridors 26,050 Square Feet
Net Rentable Area	20,445 Square Feet
Developer	SVDP Management, Inc.
Prevailing Wages	Subject to Davis-Bacon Prevailing Wages
Rental Subsidy	82 Project-Based Housing Vouchers

#### The Development

Hollister Apartments is a proposed rehabilitation development located at 1010 Outer Road in the Otay Mesa-Nestor Community Plan Area that will providing housing for individuals experiencing chronic homelessness and individuals with disabilities who experience homelessness. Once a person moves into permanent housing, case management and wraparound services will be provided by a residential homeless service provider. A development summary is included as Attachment 2.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City to participate in a Coordinated Entry System (CES), and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen homeless individuals for the most appropriate housing options based on who is most in need. The developer and service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

#### Supportive Services

Hollister Apartments residents will have access to an array of supportive services provided by St. Vincent de Paul Village and County of San Diego Department of Behavioral Health Services (BHS). The lead service provider for Hollister Apartments will be St. Vincent de Paul Village.

- St. Vincent de Paul Village will be providing on-site and off-site services to residents that include case management, life skills, payee services, nursing support, social and community building activities, and access to the comprehensive services offered at their downtown campus. Free transportation will be offered to residents to access services at the downtown location.
- County of San Diego BHS will be providing services for 25 of the 82 permanent supportive

housing units at Hollister Apartments. The 25 units will be set aside for individuals experiencing homelessness with serious mental illness. Wraparound supportive services will be provided through an agreement with the County of San Diego.

The proposed affordable housing development is a three-story, 26,050-square-foot building, existing 88-room EZ8 motel. The property will be renovated to create 82 permanent supportive housing units located at the corner of Hollister Street and Outer Road to the east of Interstate 5. The unit mix would consist of 82 living units at approximately 240 square feet each and a single two-bedroom manager's unit. This permanent supportive housing community will provide comprehensive on-site and off-site supportive services. Project site amenities include on-site case management, laundry facility, on-site property management and security, community room, outdoor barbecue and dining area, community garden, and bicycle storage shed.

#### Development Team

During the 15-year tax credit compliance period, Hollister Apartments will be owned by a California limited partnership (Hollister Apartments LP, a single-asset limited partnership) consisting of: 1) SVDP Management, Inc. as the General Partner; and 2) a tax credit limited partner.

#### Prevailing Wages

This development proposes to use federal Project-Based Housing Vouchers, which will require payment of Davis-Bacon prevailing wages.

#### Accessibility

The California Tax Credit Allocation Committee (TCAC) requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. In addition, these accessible units will satisfy the federal HOME Investment Partnerships Program (HOME) and Project-Based Housing Voucher accessibility requirement of wheelchair accessibility in 5 percent of the units plus an additional 2 percent of the units accessible to residents with visual and/or hearing impairment. In the event that existing building conditions prove to be financially infeasible to correct, to comply with the 10 percent TCAC requirement, Hollister Apartments L.P. and the project architect will work to obtain a waiver from TCAC. The development will include Universal Design features.

#### Development Team

SVDP Management has constructed and rehabilitated five permanent affordable housing buildings, a Federally Qualified Health Center, dining facilities, resource and training centers with supportive services space, and temporary shelters. SVDP Management currently owns and operates 360 affordable housing units, some set aside as permanent supportive housing. Chelsea Investment Corporation will be providing development consulting services to SVDP Management, offering technical expertise related to organizing financing and construction management. The Housing Commission has worked with SVDP Management and Chelsea Investment Corporation on 16<sup>th</sup> and Market, a 12-story, 136-unit affordable housing community; Boulevard Apartments, a four-story, 24-unit affordable housing community; and most recently, 15<sup>th</sup> and Commercial, a 12-story, mixed-use property with affordable housing, transitional housing, a child development center, and underground parking. SVDP

Management is in compliance with all previous Housing Commission loans and bond issuances. A Developer Disclosure Statements for SVDP Management is provided as Attachment 3.

**Table 2 - Development Team Summary**

Developer	SVDP Management, Inc.
Limited Partnership	General Partner: SVDP Management, Inc. Tax Credit Limited Partner: To-be-determined
Architect	To-be-determined
Service Provider	St. Vincent de Paul Village and County of San Diego BHS
Property Management	Hyder & Co

**Proposed Financing Structure**

Hollister Apartments has an estimated total development cost of \$24,706,411. SVDP Management proposes to finance the project through the use of 9 percent tax credits, a general partner note, County of San Diego Special Needs Housing Program loan, deferred developer fee, and Housing Commission residual receipts loan.

Total development costs and sources and uses of funds are detailed in the pro forma attached to this report (Attachment 4) and summarized below.

**Table 3 - Permanent Sources & Uses**

Sources of Funding		Uses of Funding	
Tax Credit Equity	\$12,887,615	Land Acquisition	\$9,520,000
SVDP GP Note	2,880,000	Hard Costs	8,576,357
Housing Commission Loan	4,860,000	Soft Costs	1,598,049
County of San Diego SNHP	3,775,000	Financing Costs	1,002,470
Deferred Developer Fee	303,796	Developer Fee	2,000,000
		Reserves	2,009,535
<b>Estimated Total Development</b>	<b>\$24,706,411</b>	<b>Estimated Total Uses</b>	<b>\$24,706,411</b>

**Developer Fee**

SVDP Management is proposing a developer fee of \$2,000,000 (\$24,096/unit). The fee proposal is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

\$2,000,000 – gross developer fee

- 303,796 – developer’s deferred developer fee; paid out of residual cash flow

\$1,696,204 – up front new developer fee

**Table 4 - Funding Request**

Housing Commission Total Subsidy	\$4,860,000
Housing Commission Subsidy Per Unit	\$58,554

**Proposed Funding Sources**

The proposed Housing Commission loan will be funded with up to \$4,760,000 in U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Affordable Housing Revolving Loan Funds granted to the City of San Diego and administered by the Housing Commission and up to \$100,000 from the City of San Diego's Affordable Housing Fund (Inclusionary Housing funds and Housing Trust Fund linkage fee revenues) administered by the Housing Commission. 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's loan will be a residual receipts loan. Loan terms are provided as Attachment 5.

The Housing Commission loan is contingent upon the developer obtaining the proposed funding approvals from TCAC for 9 percent tax credits. SVDP Management will submit a 9 percent tax credit application to TCAC in March, and if successful in securing funding, will break ground on the project by the end of June 2019.

**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.

**Table 5 – Performance Indicators**

Development Cost Per Unit	$\$24,706,411 \div 83 \text{ units} = \$297,668$
Housing Commission Subsidy Per Unit	$\$4,860,000 \div 83 \text{ units} = \$58,554$
Net Rentable Square Foot Hard Cost	$\$8,576,357 \div 20,445 \text{ sf} = \$420$
Gross Building Square Foot Hard Cost	$\$8,576,357 \div 26,050 \text{ sf} = \$329$

**Table 6 - Project Cost Comparison Chart**

Project Name	Year Completed	Construction Type	Units	Total Development Cost	Per Unit Cost	Commission Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject Property	2020	V Over I	83	\$24,706,411	\$297,668	\$58,554	\$329
West Park	2020	V Over I	47	\$15,593,274	\$331,772	\$76,453	\$396
Zephyr	2019	V Over I	85	\$27,225,500	\$320,300	\$35,294	\$180

**AFFORDABLE HOUSING IMPACT**

**Homelessness Impact**

The 2018 San Diego Regional Homeless Point-In-Time Count identified a total of 8,576 total individuals experiencing homelessness in the City, of which 4,990 were living without shelter on San Diego streets, in canyons, beaches, riverbeds, parks, or in vehicles. San Diego County has the

fourth largest homeless population in the nation, according to the 2018 Annual Homeless Assessment Report to Congress from the HUD Office of Community Planning and Development.

Hollister Apartments will be subject to a Housing Commission Declaration of Covenants and Restrictions, which in addition to the applicable tax credit regulatory agreement, will restrict the affordability of 82 units for 55 years.

A portion of the targeted tenant population is extremely low-income and does not typically have a stable source of income to pay rent. The Housing Commission has awarded 82 federal Project-Based Housing Vouchers (PBV) to the development to provide rental assistance to supplement tenant rental payments. The targeted tenant base for PBV's shall be extremely low-income individuals. PBV's are awarded to specific affordable housing developments to provide rental assistance linked to their units. When a tenant moves, the rental housing voucher remains with the affordable housing unit so that another San Diegan experiencing homelessness is eligible to receive permanent supportive housing with supportive services.

**Table 7 - Proposed Rents**

Unit Type	AMI	Number of Units	Maximum Rent*	PBV Rent
Living Unit	30%	82	\$511	\$942
2-Bedroom	N/A	1	N/A	-
Total		83		

\*Owner paid utilities

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the proposed Fiscal Year (FY) 2019 Housing Authority Approved Budget. Approving this action will authorize the Housing Commission to expend an amount up to \$4,860,000 in FY2019 budget as approved by the Housing Authority.

Funding sources approved by this action will be as follows:

HUD CDBG Affordable Housing Revolving Loan Fund \$ 4,760,000  
City of San Diego Affordable Housing Fund \$100,000  
Total Funding Sources - Up to \$4,860,000

Fiscal Year 2019 funding uses approved by this action will be as follows:

Loans – up to \$4,860,000  
Total funding uses - \$4,860,000

Approving this action will further give the President & CEO, or designee, the authority to substitute the funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

### Development Schedule

The estimated development timeline is as follows:

Housing Commission proposed approval	February 8, 2019
TCAC 9% Application Submittal	March 4, 2019
TCAC 9% Tax Credit Award Meeting	June 12, 2019
Construction Start	June 2019
Construction Completion	January 2020

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On September 12, 2018, this project was discussed during Non-Agenda Public Comment portion of the Otay Mesa-Nestor Community Planning Group meeting.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include SVDP Management, the Otay Mesa-Nestor community and future residents. Rehabilitation of the property is expected to have a positive impact on the community because it will redevelop a site into affordable rental units serving homeless individuals.

### **ENVIRONMENTAL REVIEW**

This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This project is subject to 24 CFR Part 58 of the National Environmental Policy Act (NEPA) and has obtained the following determination. This categorically excluded activity/project converts to exempt, per 58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 58.5.

Respectfully submitted,

Approved by,



Colin Miller  
Vice President, Housing Finance  
Real Estate Division

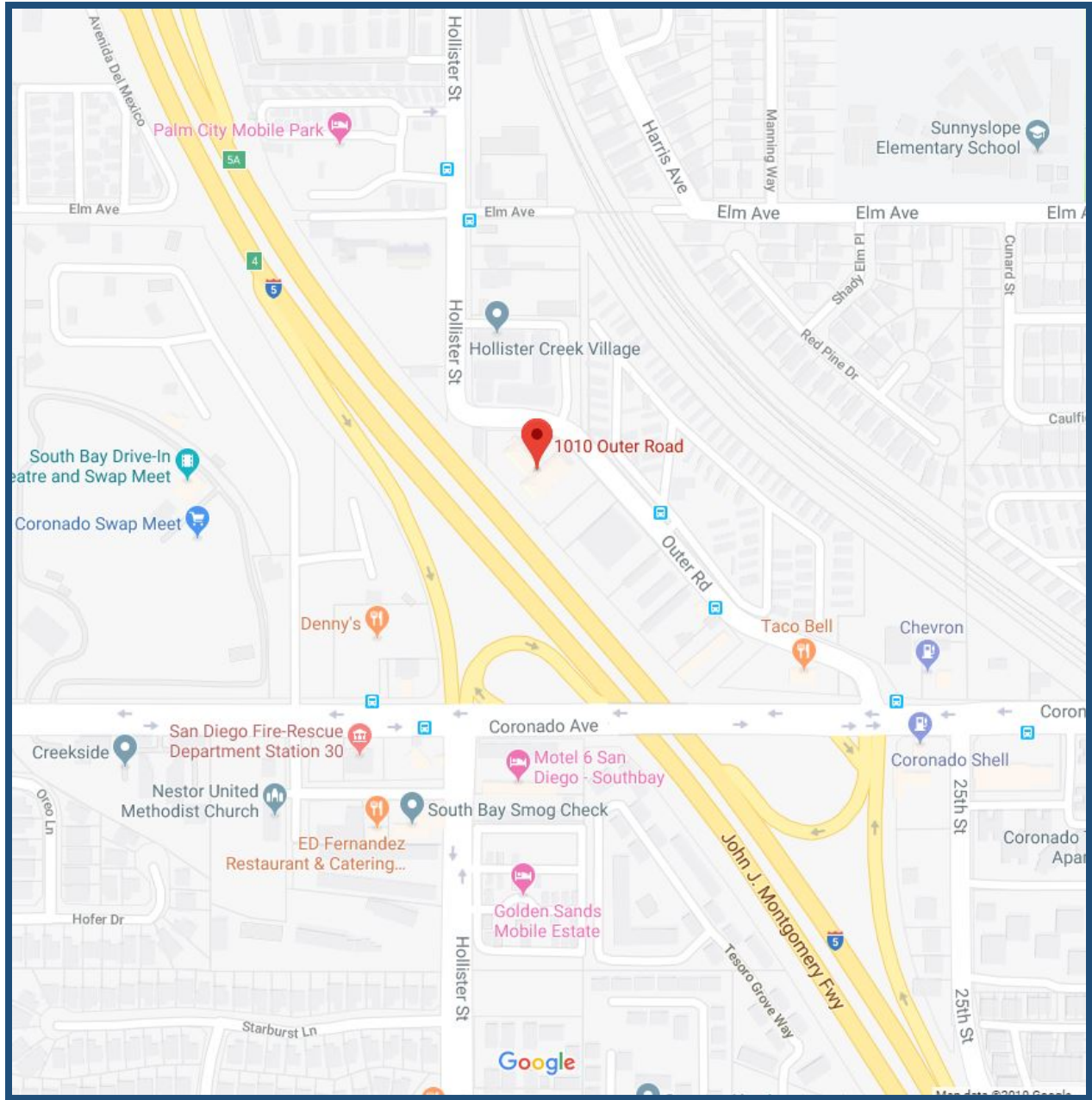


Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Attachments: 1) Location Map  
2) Development Summary  
3) Developer Disclosure Agreement  
4) Developer pro forma  
5) Term Sheet

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)

**Location Map**



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

1. Name of CONTRACTOR: S.V.D.P. Management, Inc. (dba Father Joe's Villages)
2. Address and ZIP Code: 3350 E Street, San Diego, CA 92101
3. Telephone Number: (619) 446-2128
4. Name of Principal Contact for CONTRACTOR: Bill Bolstad, Chief Revenue Officer
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0492304
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)  
Nonprofit 501c3

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
April 6, 1992
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 percent of any class of stock. N/A
  - 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.
    - Al Aguirre (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
    - Ernesto Arredondo (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
    - Adriana Cabré (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
    - Eric Casazza (Vice Chair) 3350 E Street San Diego, CA 92102 P: 619-446-2100

- Bishop John Dolan (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Steven Francis (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Bob Leone (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Richard Norling (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Jim O'Hara (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Mike Schleyhahn (Chair) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Kathleen Sellick (Secretary) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Jamie Settineri (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Bart Schubert (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Joost H. van Adelsberg, Jr. (Treasurer) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Linc Ward (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100
- Ed Witt (Director) 3350 E Street San Diego, CA 92102 P: 619-446-2100

- 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. N/A
- 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. N/A
- 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 percent.(Attach extra sheet if necessary) N/A

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

Within the last 12 months the Board of Directors has experienced the following changes: former Board member Jim DeLapa was replaced on the Board by Bishop John P. Dolan, and Stephen When resigned from his seat on the Board and was not replaced.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(c) will change within the next twelve (12) months? If yes, please explain in detail. Board members serve for 3-year terms. We do not foresee or anticipate any specific changes at this time. However, as the board is 100% volunteer based and experiences occasional turnover, it is possible that there may be minor changes in the next 12 months.

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 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR):

N/A

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:

N/A

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 any 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: St. Vincent de Paul Village, Inc. (SVdPV)	Partner agency; together with S.V.D.P. Management, comprises Father Joe's Villages.
Address: 3350 E Street San Diego, CA 92102	
Name: Deacon Jim F. Vargas, OFS	President and CEO of St. Vincent de Paul Village, Inc. and S.V.D.P. Management, Inc.
Address: 2561 Via Viesta La Jolla, CA 92037	
Name: Mathew Nuth	Chief Administrative Officer of St. Vincent de Paul Village, Inc. and S.V.D.P. Management Inc.
Address: 1044 Susan Lane San Diego, CA 92065	

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.

Please see enclosed financial statements.

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:

As represented in the pro forma the funds to be obtained for the development include:

- Federal LIHTC Equity: \$5,319,932
- County of San Diego No Place Like Home: \$6,317,220
- San Diego Housing Commission: \$4,860,000

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

- In banks/savings and loans: Name: Merrill Lynch/ Bank of America as cash (not invested)  
Address: 655 W. Broadway #101, San Diego, CA 92101  
Amount: \$ 2,880,000
- By loans from affiliated or associated corporations or firms: N/A  
Name: N/A  
Address: N/A  
Amount: \$ N/A
- By sale of readily salable assets/including marketable securities: None Proposed

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

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

Name and Address	Contact Name
Name: Wells Fargo	Mr. Paul Shipstead, Vice President
Address: 401 B Street, Suite 304	Phone: 619-699-3135
San Diego, CA 92101	E-Mail: paul.shipstead@wellsfargo.com
Name: Banner Bank	Ms. Ana Angel, Commercial Relationship Manager
Address: 4445 Eastgate Mall, Suite 110,	Phone: (858) 625-8871
San Diego, CA 92121	E-Mail: ana.angel@bannerbank.com

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.

N/A

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:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
N/A	N/A	N/A	N/A	N/A

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: N/A	N/A
Address: N/A	N/A

- 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: \$ N/A

General description of such work:

N/A

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)

<b>Project Name</b>	N/A	
<b>Project Owner Contact Information</b>		
	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		

<b>Bonding Company Involved</b>	Name	Amount of Contract
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	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
N/A	N/A	N/A	N/A

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

Awarding Agency	Amount	Date Opened
N/A	N/A	N/A

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:

N/A

23. Does any member of the governing body of 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 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:

Please see attached for S.V.D.P. Management's 990.

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:

The following is the insurance agency name and contact information:

Marsh & McLennan Agency LLC  
c/o Joyce Flores  
P.O. Box 85638  
San Diego, CA 92186  
858-587-7546

- a. General Liability, including Bodily Injury and Property Damage Insurance.

Please see attached for the certificate of insurance showing the amount of coverage and coverage periods.

Check coverage(s) carried:

- ☒ Comprehensive Form (\$1,000,000)
- ☒ Premises – Operations (\$1,000,000)
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard (\$2,000,000)
- ☒ Contractual Insurance (\$20,000)
- ☒ Broad Form Property Damage (\$2,000,000)
- ☐ Independent Contractors
- ☒ Personal Injury (\$1,000,000)

- b. Automobile Public Liability/Property Damage

Please see attached for the certificate of insurance showing the amount of coverage and coverage periods.

Check coverage(s) carried:

- ☒ Comprehensive Form (\$1,000,000)
- ☒ Owned (\$1,000,000)
- ☒ Hired (\$1,000,000)
- ☒ Non-Owned (\$1,000,000)

- c. Workers Compensation

Please see attached for the certificate of insurance showing the amount of coverage and coverage periods.

Coverage carried:

Each accident - \$1,000,000  
Disease – each employee \$1,000,000  
Disease – policy limit \$1,000,000

d. Professional Liability (Errors and Omissions)

Please see attached for the certificate of insurance showing the amount of coverage and coverage periods.

Aggregate- \$ 2,000,000  
Each Incident- \$1,000,000

e. Excess Liability  
N/A

f. Other: Umbrella Liability

Please see attached for the certificate of insurance showing the amount of coverage and coverage periods.

Each occurrence \$1,000,000  
Aggregate \$1,000,000

Other: Commercial Property  
Building \$162,416,570  
Property \$7,515,000  
DED \$5,000 each loss

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 SDHC setting forth the provisions of this nondiscrimination clause.

Yes

28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

Yes

29. CONTRACTOR warrants and certifies that no member, Commissioner, Councilperson, officer, or employee of SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which 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.

Yes

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:

Government Complaint	Entity Making	Date	Resolution
N/A		N/A	N/A

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:

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

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 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 SDHC.

S.V.D.P. Management, Inc. has successfully completed 8 tax credit projects, most recently placing 300 tax credit funded units in service between 2008 and 2012. Additionally, S.V.D.P. Management has retained the services of a development firm and large general contractor to provide consulting services for this project.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to 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
N/A	N/A	N/A	N/A

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 projects:

1. Name: Joseph Wong Design Associates; Joseph Wong  
Address: 2359 Fourth Avenue, Suite 300 San Diego, CA 92101  
Phone: 619-233-6777

Project Name and Description: Architect on two former affordable and permanent supportive housing projects for Father Joe's Villages.

2. Name: Richman Asset Management, Lisa Corcoran, Vice President  
Address: 1158 26<sup>th</sup> Street #576, Santa Monica, CA 90403  
Phone: 310-264-9393

Project Name and Description: Richman Asset Management has been an investment partner in three of S.V.D.P. Management's affordable housing projects, representing 250 units. These projects include: 16<sup>th</sup> & Market in Downtown San Diego, Boulevard Apartments in North Park (3137 El Cajon Blvd.) and Villa Harvey Mandel, located at 17<sup>th</sup> & Imperial also in Downtown San Diego. The relationship with Richman Asset Management spans the course of more than 15 years of positive collaboration.

3. Name: Veterans Village of San Diego, Andre Simpson  
Address: 4141 Pacific Hwy, San Diego, CA 92110  
Phone: 619-393-2077

Project Name and Description: Veterans Village of San Diego (VVSD) and S.V.D.P. have collaborated on numerous projects in support of homeless veterans over the course of twenty years and VVSD is familiar with our structures and building projects.

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.

S.V.D.P. Management, Inc. has developed 8 properties partly funded by LIHTCs, including 5 affordable housing projects, two transitional and multi-use properties and a residential care facility. Two of these projects were acquisition rehab, and six were new construction. S.V.D.P.M currently operates 365 units of affordable and PSH units in 5 properties and has engaged a consultant (Chelsea Investment Corporation) with experience in both the development and construction of affordable housing projects, particularly acquisition/rehab projects.

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

Name	Experience
TBD	TBD

## **CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR**

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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 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 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 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 24<sup>th</sup> day of October, 2018, at San Diego, California.

CONTRACTOR

By:   
\_\_\_\_\_  
Signature

Bill Bolstad, Chief Revenue Officer  
\_\_\_\_\_  
Title

**CERTIFICATION**

The CONTRACTOR, S.V.D.P. Management, Inc., 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: [Signature]

By: \_\_\_\_\_

Title: Chief Revenue Officer

Title: \_\_\_\_\_

Dated: 10/24/18

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**

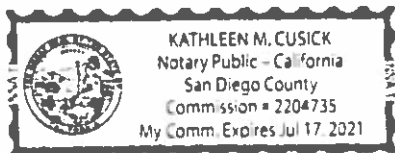
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of SAN DIEGO

Subscribed and sworn to (or affirmed) before me on this 24<sup>th</sup> day of OCTOBER, 2018

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



SEAL

[Signature]  
Signature of Notary



**PROJECT SUMMARY**

Hollister Street - SVDP

Print Date:

**9% with SNHP and SDHC, 100% PBV****83 Units****SOURCES AND USES SUMMARY****FINANCING ASSUMPTIONS****PRELIM DEVELOPMENT PROGRAMMING SUMMARY****Development Costs****Acquisition**

Land	\$27,349/unit	2,270,000
Basis Eligible Acquisition Cost	\$87,349/unit	7,250,000
<b>Subtotal Acquisition</b>	<b>\$114,699/unit</b>	<b>9,520,000</b>

**Hard Costs**

Off-site Improvements	\$0/unit	0
Environmental Remediation	\$0/unit	0
Site Work	\$0/unit	0
Structures	0 stalls \$82,400/unit	6,839,200
General Requirements	\$15.73/gsf \$4,944/unit	410,352
Contractor Overhead	1.9% \$1,648/unit	136,784
Contractor Profit	\$4,944/unit	410,352
Owner Contingency	10.8% \$9,394/unit	779,669
<b>Subtotal Hard Costs</b>	<b>\$328.74/gsf \$103,330/unit</b>	<b>8,576,357</b>

A&E	1.91% of GC \$1,976/unit	164,000
Financing Fees and Interest	\$12,078/unit	1,002,470
Legal Fees	\$1,867/unit	155,000
Reserves	\$24,211/unit	2,009,535
Development Impact and Permit Fees	\$7,410/unit	615,000
Developer Fee	\$24,096/unit	2,000,000
Misc (Acctg, Marketing, Reports, Studies, Etc)	\$7,239/unit	600,813
Contingency	\$762/unit	63,236
<b>Subtotal Soft Costs</b>	<b>\$79,639/unit</b>	<b>6,610,054</b>

**Total Development Costs** **\$297,668/unit** **24,706,411**

**Sources**

Federal LIHTC Equity	52%	12,887,615
State LIHTC Equity	0%	0
Permanent Loan (Tranche A)	0%	0
SVDP GP Note	12%	2,880,000
SNHP	\$45,482/unit	3,775,000
AHP	0%	0
Deferred Developer Fee	\$3,660/unit	303,795
SDHC	20%	4,860,000

**Total Development Sources** **100%** **24,706,411**

**Equity**

	<i>Closing</i>	<i>Completion</i>	<i>Conversion</i>	8,609
Equity Pay I	10%	0%	89%	1%
Federal Tax Credit Price				\$ 0.9400

9% Credit Rate	9.00%
4% Credit Rate	3.25%
LP Interest	99.99%

**Debt**

Opr. Exp./Unit/Year	5,664
Services/Unit/Year	3,732
Replacement Reserves/Unit/Year	500
<b>Vacancy Rate</b>	<b>5.00%</b>
Perm Loan Amort	0
Interest Rate - Construction Loan	4.75%
Tax- Exempt Bonds - Construction/Perm	0
Construction Loan	12,403,614
Total Loans	12,403,614

**Tax Credit Considerations**

DDA/QCT Boost	130%
Rural Designation	No
50% Test	N/A

Housing Set Aside	Special Needs
Prevailing Wage (State, Federal, Both):	Federal

	2020	<b>Solar</b>	<b>State</b>	<b>Fed</b>
1st Yr Credit Delivery	0	0	726,807	
2nd Yr Credit Delivery	0	0	1,371,023	
3rd Yr Credit Delivery	0	0	1,371,023	

City:	San Diego
MSA:	San Diego

4 Person 50% AMI:	\$81,800
Site (acres):	
Construction Type:	
No. of Stories:	
Parking Type:	
No. of Stalls:	
Extraordinary Cond:	
Impact Fees per Unit:	5,000
Financing Sources:	9% TCs w/ 100% PBVs SDHC SNHP (25)

**PROJECT UNIT & INCOME MIX**

AMI	Studio	1BR	2BR	3BR	Totals
Sq. Ft.	240	563	765	1,050	20,445
<b>UA</b>	<b>\$47</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>60%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>55%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>50%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>45%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>40%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>35%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30%</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>
<b>Mgr.</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Totals</b>	<b>82</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>83</b>

<b>Common</b>	<b>3,000</b>	<b>Net SF</b>	23,445	<b>Cost psf</b>	\$ 365.81
<b>Eff Loss</b>	<b>10%</b>	<b>Gross SF</b>	26,050	<b>Cost psf</b>	\$ 299.30

**PROJECT TIMING**

Tax Credit Allocation	6/1/19
Construction Begin - Initial Closing	7/1/19
Construction Complete	7/1/20
Lease Up Complete	8/1/20
Conversion/Stabilization	12/1/20
8609	12/1/20

**ATTACHMENT 5**  
**PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY**

Hollister Apartments  
1010 Outer Road  
January 25, 2019

The San Diego Housing Commission ("Housing Commission") is pleased to submit this non-binding commitment term summary. The commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners ("Board of Commissioners") and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan ("Housing Commission Loan") to Hollister Apartments, L.P., ("Borrower"), wherein S.V.D.P. Management a California non-profit company is the Managing General Partner with respect to the proposed rehabilitation and permanent financing of a 83-unit development (with 82 affordable units and one unrestricted manager's unit) located at 1010 Outer Road, San Diego ("Hollister Apartments"). Closing must occur within eighteen (18) months of the Board of Commissioners approval of the Housing Commission loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply and shall prevail. Provided that the Housing Commission loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission loan. In addition, Exhibit A includes the Borrower's pro forma which models financial projections of the Project.

The terms of the Housing Commission's proposed financing shall be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$4,860,000 as a residual receipts loan, with an additional annual fixed payment of \$10,000. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate**- 4 percent simple interest.
3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Payments** - Annual payments on the loan shall be a fixed payment of \$10,000 with additional payments that equal the 50% percent of the project's residual cash. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts , then the Housing Commission and such other

approved lenders shall share the 50% percent of the project's residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

- (i) The year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year. "Limited Partnership Fees" shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans. The Housing Commission Loan will be due and payable in full in 55 years.

**5. Affordability-**

- a. Restricted units must remain affordable for at least 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
- b. The affordability shall be as follows:

Unit Type	AM I	Affordable Units
Studios	30%	82
Subtotal 30% AMI Units		82
Manager Unit	N/A	1
Total		83

- 6. **Alternate Funding-** If the Borrower does not secure 9 percent tax credits in the California Tax Credit Allocation Committee's (CTCAC) first funding round of 2019, then borrower shall make application for 9% credits in the CTCAC second funding round of 2019. Borrower shall also seek alternative funding, including, but not limited to, the State of California Department of Housing and Community Development, County of San Diego, Federal Home Loan Bank, etc. along with tax exempt bonds and 4% tax credits. Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.

7. **Appraised Value** - The purchase price of land and improvements (excluding telecommunications property) shall not exceed the \$8,650,000 appraised value as shown in the Integra Realty Resources February 14, 2018 appraisal report. Should the telecommunications property be added to the purchase price, the Borrower shall provide a new Appraisal to the Housing Commission. The purchase price shall not exceed the new appraised value. In the event that the developer, S.D.V.P. Management, Inc., or its affiliate, acquires the land prior to Housing Commission loan closing, 100% of any net sales proceeds resulting from a subsequent sale to the tax credit limited partnership shall be structured as a Seller Carryback Loan. Borrower will submit an updated appraisal report with an effective date that is no more than 90 days before the closing.
8. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission loan with endorsements, as acceptable to the Housing Commission's legal counsel.
9. **Construction Costs Third-Party Review** - Prior to loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
10. **Contractor** - The selected construction contractor shall competitively bid at least three qualified subcontractors for each trade and shall be awarded to the lowest qualified and responsive bidder.
  - a. **Construction Agreement** - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
  - b. **Subcontractors** - the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the project. Those bids will be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
  - c. **Change orders** at or in excess of \$50,000 shall have Housing Commission prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.
  - d. **Agreement Changes** - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing

Commission.

- c. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.
11. **Tax Credit Equity**- Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.
12. **First Mortgage**- Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.
13. **Cost Certification** - The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certifications completed/finalized.
14. **Cost Savings and/or Additional Proceeds at Escrow Closing** - In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, then upon the construction loan closing, the excess funds shall be used as follows:
  - a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
  - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 16 below.
  - c. Other Soft Lenders - If the project financing includes other soft lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the soft lenders loan amounts and in conformance with the other soft lenders' agreements.
15. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing** - In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows :
  - a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
  - b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
  - c. Third, payment towards the Borrower's deferred developer fee. A deferred developer fee is currently modeled in the pro forma (Attachment A).
  - d. Fourth, cost savings shall be shared fifty percent (50%) to the Borrower and the

other fifty percent (50%) will be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.

16. **Debt Service Coverage Ratio** - Prior to closing, subject to lender and equity investor underwriting criteria, the Housing Commission Loan amount will be adjusted (with a commensurate adjustment to the permanent loan amount) to an amount necessary for the permanent loan to achieve a maximum projected 1.15 debt service coverage ratio.

The Housing Commission loan will be adjusted (with a commensurate adjustment to the permanent loan amount to an amount necessary for the project to remain feasible for a 16-year term. For example, if at closing the project remains feasible past year-16, then, the Housing Commission Loan will be reduced (and the permanent loan amount will be increased to archive a 16-year feasibility period). In no event however, will the Housing Commission subsidy exceed \$4,860,000.

17. **Developer Fee-**

- a. Maximum Fee \$2,000,000
- b. Additional developer fee provisions
  - i. If for any reason the Borrower does not collect the entire developer fee through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$2,000,000 shall be given priority over Housing Commission residual receipt payments.
  - ii. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally: because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

18. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review.

- a. In order to confirm the above-referenced (at paragraph 15), 1.15 maximum debt service coverage ratio, the Borrower shall provide the Housing Commission with an updated appraisal within 90 days of the estimated escrow closing date.

19. **Environmental Requirements** - Currently HOME funds are **not** planned for this project. Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds could constitute a portion of the funding for the Project, and a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the

provision of any HOME funds to the Project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.

20. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:

- a) **Underwriting Fee** - a flat underwriting fee in the amount of **\$60,000** will be charged for each project as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of a proposed project and is to be paid at close of escrow.
- b) **Legal Fee** - the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000** and are to be paid at the close of escrow.
- c) **Compliance Affordability Monitoring Fee** - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows:  $\$150 \times 82$  (Hollister Apartments project units to be affordability monitored) = **\$12,300** per year. Additional training and assistance is currently at \$100 per hour.
- d) **Asset Management Fee**- the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
- e) **Third-Party Construction Review** - the Housing Commission requires a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.

21. **Fees for Asset Management** (amounts not to exceed)-

- a. As detailed in paragraph 4 (above), the year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. "Limited Partnership Fees" include Asset management fees (4(i) related to the investor and general partner's management of the Project.
- b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
- c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or his designee.

22. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds, beyond this Letter of Intent's \$4,860,000, will be provided for this project in any Housing Commission's future Notices of Funds Available.
23. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. Borrower should be familiar with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.
24. **HOME Investment Partnerships (HOME) Funds** –  
Currently there are **NO** HOME funds planned for this project. It is estimated that the project will have approximately (0) HOME restricted units.
- a. HOME program regulations will be applicable.
  - b. HOME funds may not be used to fund any of the following:
    - i) Any reserves are not eligible for HOME funds (including but not limited to operating reserves).
    - ii) Offsite improvements are not eligible for funding with HOME funds.
    - iii) Furnishings costs are not eligible for funding with HOME funds.
    - iv) Commercial space improvements are not eligible for funding with HOME funds.
  - c. The HOME IDIS funding system requires at least one HOME draw in a 12 month period and at least of small portion of the HOME funds must remain in the IDIS system until the project is ready for occupancy.
25. **Insurance** - Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake insurance, in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the private insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.
26. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$4,860,000**) will be disbursed as follows:
- Up to 75 percent (**\$3,645,000**) at escrow closing.

- Up to 15 percent **(\$729,000)** to be distributed at 50 percent construction completion.
  - Up to 5 percent **(\$243,000)** to be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
  - Up to 5 percent **(\$243,000)** upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission loan disbursement schedule in their sole reasonable discretion.
  - b. A portion of the HOME program funds must be withheld until issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
  - c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.
27. **Loan Payments** -- Annual hard payments will be required. Annual residual receipts payments at 50 percent of cash flow is required.
- a. Starting at the end of the first year after project completion, the Housing Commission will split its share of residual cash flow with Housing Commission-approved soft lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1, in the year immediately following the calendar year in which construction is completed.
  - b. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid.
28. **Management of the Development -**
- a. **Management Plan** - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.
  - b. **Approval of Management Fee** - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
  - c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
  - d. **Manager's Units** - Experienced on-site management is required. There shall be one manager's unit.
  - e. **Marketing Plan** - to ensure compliance with HOME regulations and with federal fair housing requirements prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.
29. **Maximum Resident Service Expenses & Case Management-**
- a. For the calculation of Housing Commission's residual receipts the attached pro forma's operating expense budget models maximum allowable resident supportive services expenses at \$400,000 per year (with a 3 percent annual escalator). Increasing this amount will require prior Housing Commission approval.

30. **Annual Budget Submittal** -three months prior to the end of each calendar year, the borrower shall submit an annual budget for Housing Commission review and prior approval.
  31. **Permanent Supportive Housing** - This project will have Project Based Vouchers (PBV) from the Housing Commission.
  32. **Prevailing Wage** - It is anticipated that the Project will be subject to Federal Davis-Bacon prevailing wage rates because of the use of Project Based Vouchers. Other sources may trigger more restrictive requirements. Borrower is responsible for ensuring compliance with all federal, state, and local Prevailing Wage requirements.
  33. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
- 3 1. **Reserves:** Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.
    - a. Replacement Reserve -The attached proforma models an annual replacement reserve at **\$41,500 (\$500 per unit per year)**.
    - b. Operating Reserve - a capitalized operating reserve at **\$434,951** (or equivalent to six months of operating expenses) at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's loan.
    - c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements, which exceed \$1,000, from either the project's operating reserve funds and/or from the project's replacement reserve funds.
  32. **Section 3** - of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
  33. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R), a Loan Agreement, and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
    - a) The deed of trust and security instruments securing the construction and permanent loan.
    - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be in conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
    - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
  34. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior

to project lease up.

35. **Title (ALTA Lender's Policy)** - The Borrower shall acquire, at its sole cost and expense, ALTA Lender's Policies for the loan with endorsements acceptable to the Housing Commission insuring the Housing Commission's loan.
36. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.
37. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by \_\_\_\_\_, so that this letter of intent may be attached to the Housing Commission Board report.

**ACKNOWLEDGED AND AGREED TO BY:**

BORROWER, Hollister Apartments, L.P.

By: 

Print Name: Bill Bolsted

Title: Chief Revenue Officer

Date: 1/30/19

Attachment: Exhibit A Developer's Pro forma