



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: April 6, 2023

HCR23-046

SUBJECT: Loan Recommendation, Loan Modification, Preliminary Bond Authorization, and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Hacienda Townhomes

COUNCIL DISTRICT(S): 3

ORIGINATING DEPARTMENT: Real Estate Division

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

REQUESTED ACTION:

Approve: 1) a proposed forgivable loan, in an amount not to exceed \$2,200,000, to a Casa Nueva II L.P., a California limited partnership; 2) the transfer, restructuring and extension of an existing San Diego Housing Commission loan, currently estimated at \$2,962,000, from the owner Hacienda Townhomes Ltd., to Casa Nueva II L.P., a California limited partnership; -and 3) take the initial steps to issue up to \$14,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition with rehabilitation of Hacienda Townhomes at 350 17th Street, San Diego, which consists of 51 existing rental housing units that will remain affordable for 55 years, for households with incomes of 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Built in 1994, Hacienda Townhomes (Hacienda) is an existing 52-unit large family rental housing development in the East Village neighborhood of downtown San Diego, with 51 affordable rental housing units and one unrestricted manager's unit.
- Hacienda is owned by HT Ltd., whose General Partner has been the nonprofit Occupational Training Services (OTS). The Limited Partner has been the nonprofit San Diego Community Housing Corporation (SDCHC).
- Hacienda is in need of substantial rehabilitation work to address hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful life.
- Hacienda has an estimated total development cost of \$23,735,118 (\$456,445/unit).
- Through the San Diego Housing Commission's (Housing Commission) Fiscal Year (FY) 2021 Preservation Notice of Funding Availability (NOFA) and FY 2021 Affordable Housing NOFA, Housing Commission staff provided a preliminary recommendation of award for a forgivable loan of up to \$2,200,000 and 19 Project-Based Housing Vouchers for the Hacienda development.
- The Housing Commission's original land acquisition loan for Hacienda remains outstanding. With the proposed staff-recommended actions, if approved, the original loan (principal plus interest) from 1992 would be recast in its entirety to a new 55-year term with current market conditions.
- The Housing Commission's proposed new loan and proposed loan transfer/assumption and restructuring will be contingent upon the Successor Agency to the Redevelopment Agency and the San Diego City Council approving a transfer and extension of a Redevelopment Agency loan.



REPORT

DATE ISSUED: March 30, 2023

REPORT NO: HCR23-046

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 6, 2023

SUBJECT: Loan Recommendation, Loan Modification, Preliminary Bond Authorization, and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Hacienda Townhomes

COUNCIL DISTRICT: 3

REQUESTED ACTION

Advance notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B) for Staff Recommendation No. 1.

Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings are scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on April 6, 2023, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that these hearings not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's Interim President & Chief Executive Officer, or designee, within seven days of the date of this notice.

Approve: 1) a proposed forgivable loan, in an amount not to exceed \$2,200,000, to Casa Nueva II L.P., a California limited partnership 2) the transfer, restructuring and extension of an existing San Diego Housing Commission loan, currently estimated at \$2,962,000, from the owner Hacienda Townhomes Ltd., to Casa Nueva II L.P., a California limited partnership and 3) take the initial steps to issue up to \$14,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition with rehabilitation of Hacienda Townhomes at 350 17th Street, San Diego, which consists of 51 existing rental housing units that will remain affordable for 55 years for households with incomes of 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions:

- 1) Approve a Housing Commission forgivable loan in an amount not to exceed \$2,200,000 to Casa Nueva II L.P., a California limited partnership (Hacienda) at 350 17th Street, San Diego, with 51 affordable rental housing units that will remain affordable for 55 years for households with incomes of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.

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The Housing Commission's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission's General Counsel's approval.

- 2) Approve the transfer, restructuring and extension of the affordability term of an existing Housing Commission loan, currently estimated at \$2,901,680, from the owner Hacienda Townhomes Ltd., (HT Ltd.) to Casa Nueva II L.P., a California limited partnership:
- 3) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to:
 - a. Execute all necessary documents and instruments to effectuate these transactions and implement the project, in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner;
 - b. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur for the proposed and existing Housing Commission loans, provided that the proposed \$2,200,000 maximum Housing Commission loan amount may not increase; and
 - c. 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 the General Counsel.
- 4) Approve the following steps to issue up to \$14,000,000 of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds for Hacienda:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$14,000,000 in tax-exempt Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Hacienda by Casa Nueva II L.P., a California limited partnership;
 - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$14,000,000 for Hacienda; and
 - c. Approve the bond financing team of Quint and Thimmig as Bond Counsel and CSG Advisors as Bond Financial Advisor.
- 5) Authorize the Housing Commission's President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.
- 6) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$14,000,000 to facilitate the acquisition and rehabilitation of Hacienda.

SUMMARY

A Development Summary is at Table 1 below.

Table 1 - Development Details

Address	Hacienda Townhomes, 350 17 th Street, San Diego
Council District	3
Community Plan Area	Downtown
Developer	San Diego Community Housing Corporation (SDCHC)
Development Type	Acquisition with rehabilitation
Construction Type	Type V four-story wood frame over a Type I one-story concrete podium
Parking Type	Subterranean parking with 39 assigned spaces
Mass Transit	0.3 mile to trolley station at Park and Market and 0.2 mile to bus stop at 16 th and Market
Housing Type	Multifamily
Accessibility	1 mobility unit, 51 units compliant with Fair Housing Act Accessibility (FHAA), and 4 percent of the units accessible to residents with visual and/or hearing impairment
Lot Size	.69 acres, 30,056 square feet
Units	52 (51 units restricted/affordable)
Density	75 dwelling units per acre (52 units ÷ .69 acres)
Unit Mix	51 affordable rental units: one one-bedroom, 26 two-bedrooms, 24 three-bedrooms, plus one unrestricted manager’s unit.
Gross Building Area	52,000 square feet.
Net Rentable Area	43,050 square feet.
Project-Based Housing Vouchers (PBV)	19 PBVs for households with income up to 30 percent of AMI, selected from the Housing Commission’s PBV waiting list (not permanent supportive housing for individuals experiencing homelessness)
Affordable Units in Service by Council District	Council District 3 includes 8,317 affordable rental housing units currently in service, which represents 32 percent of the 25,446 affordable rental housing units in service citywide.

The Development

Hacienda is an existing 52-unit large family rental housing development at 350 17th Street in the East Village neighborhood of downtown San Diego, west of Interstate 5, between J and K Streets. (Attachment 1 - Site Map). Hacienda was constructed in 1994. It consists of two four-story wood-framed buildings above a single level of subterranean parking. There are 51 two-story townhouse-style units and a single one-bedroom flat on approximately .69 acres. The development includes: a gated parking garage, a community room, a manager’s leasing office, a laundry facility, and an interior courtyard with gardens and two tot lots. The unit mix consists of 26 two-bedroom units, 24 three-bedroom units, and one one-bedroom unit, plus a two-bedroom manager’s unit. Two stairways and one elevator serve the building.

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Adjacent land uses include commercial buildings and rental duplexes to the north, Interstate 5 to the east, and commercial buildings to the south and the west. The site is accessible to public transportation, areas of employment, food shopping, and medical services. The trolley is available at 0.3 mile from the site. Bus service is available at 0.2 mile from the site.

Hacienda is owned by HT Ltd. whose General Partner has been the nonprofit Occupational Training Services. The Limited Partner has been the nonprofit San Diego Community Housing Corporation (SDCHC). In November 1992, the Housing Commission provided to OTS for Hacienda a \$748,197 third position, residual receipts, 55-year land acquisition loan, with 4.5 percent compounding interest. The original loan remains outstanding. The Housing Commission's original/current 55-year loan affordability restrictions remain in effect until December 4, 2047. With the above listed action items, the original loan (principal plus interest) from 1992 would be recast in its entirety to a new 55-year term with current market conditions, including but not limited to interest rates, reserves, etc., being reflected.

Former Redevelopment Agency (FRA) Loan

In 1993, the former Redevelopment Agency provided to HT Ltd. a \$713,196 fourth position, 55-year loan, with 3 percent simple interest. The FRA loan remains outstanding. The developer has requested that the City of San Diego's Successor Agency (the FRA's Successor Agency) extend that loan an additional 55 years and transfer the FRA's Hacienda loan from HT Ltd., as the current owner/borrower, to Casa Nueva II L.P., a California limited partnership. City of San Diego staff plans to consider this issue in Spring 2023. Actions regarding the FRA loan are contingent upon final approvals by the Successor Agency, and by the San Diego City Council.

The Housing Commission's proposed new loan and proposed loan transfer/assumption and restructuring will be contingent upon the Successor Agency and the San Diego City Council approving the FRA loan transfer and extension and contingent upon the actions deemed necessary by the Housing Commission's General Counsel.

Developer's Requests

The developer is requesting that the Housing Commission:

- a) Approve a new \$2,200,000 forgivable loan. In response to the Housing Commission's Fiscal Year (FY) 2021 Preservation Notice of Funding Availability (NOFA) and FY 2021 Affordable Housing NOFA, SDCHC applied for a forgivable loan and 19 PBVs for the Hacienda development, respectively. On January 11, 2021, Housing Commission staff provided a preliminary recommendation of award for a forgivable loan of up to \$2,200,000 and 19 PBVs for the Hacienda development.
- b) Approve the transfer and restructuring of the existing Housing Commission loan, currently estimated at \$2,901,680, from the owner HT Ltd. to the to-be-formed California limited partnership tentatively known as Casa Nueva II L.P.
- c) The developer proposes that the Housing Authority of the City of San Diego (Housing Authority) apply for and obtain: a CDLAC allocation of authority for the Housing Authority to issue up to \$14,000,000 of tax-exempt private equity bonds for the proposed acquisition and rehabilitation of Hacienda.

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Obtaining a bond issuance allocation from CDLAC will enable the developer to apply to the California Tax Credit Allocation Committee (CTCAC) approval for 4 percent tax credits and necessary third-party financing, as described in this report, to enable the developer to complete a rehabilitation of the property.

Building Conditions/Proposed Rehabilitation Work

Hacienda is in need of substantial rehabilitation work to address hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful life. The scope of the proposed rehabilitation work is at Attachment 2. The developer's pro forma currently estimates rehabilitation costs at \$8,276,125 (\$159,156 per unit) including a 10 percent contingency.

Appraisal

On October 20, 2020, Kinetic Valuation Group appraised Hacienda at \$5,570,000. Prior to the submission to CTCAC in May 2023, Kinetic Valuation Group will complete an updated appraisal and the developer will submit to the Housing Commission.

Prevailing Wages

The proposed use of federal Moving to Work (MTW) funds, which the Housing Commission administers will require the development's payment of federal Davis-Bacon prevailing wages. Hacienda is not subject to California state prevailing wages because the development is not proposing to use California state financing that requires payment of such wages.

Project Sustainability

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

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment, however, a waiver to CTCAC is in process as the property consists of two-story townhomes. If approved and a waiver is granted by CTCAC, the Housing Commission will review for reasonableness. The same units can satisfy both accessibility requirements. If HOME Investment Partnerships Program funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

Relocation

The developer does not anticipate the permanent relocation of tenants. However, tenants may need to be temporarily relocated while rehabilitation work is taking place in their unit. Relocation will comply with the Federal Uniform Relocation Act. The developer plans to engage a relocation consultant, who will draft a relocation plan and coordinate temporary relocation. The developer's pro forma budgets \$350,000 for the tenants' temporary relocation and the relocation consultant's costs.

Services

SDCHC has been the service provider for the past 20 years and will continue to serve as lead service provider. The developer has contracted with Urban League of San Diego as an additional service provider to provide financial literacy classes/services. Even though on-site services from outside providers were discontinued as a result of the pandemic, the developer is currently evaluating reengaging service providers that have offered services in the past (e.g., Easter Seals, UCSD nursing program).

Development Team

During the tax credit compliance period, Hacienda will be owned by Casa Nueva II L.P, a California limited partnership. as the owner/borrower and with SDCHC as the developer. (Attachment 3 - Organization Chart).

SDCHC is a 501(c)(3) nonprofit developer. SDCHC was founded in 1994. It is dedicated to developing affordable housing that offers services designed to assist residents in achieving upward economic mobility. SDCHC’s mission is to increase, preserve, and improve quality affordable housing opportunities for working families in San Diego. In addition to Hacienda, SDCHC currently owns and operates apartments that utilized Housing Commission loans, as follows:

- Grant Heights II, two sites: Grant Heights Apartments, 28 units at 2651-2663 J Street, San Diego, and Winona Apartments, 14 units at 3845 Winona Avenue, San Diego. The developer received a \$8,815,000 tax-exempt Bonds allocation and assumed a \$1,300,466 Housing Commission loan.
- Oceanview Apartments, a four-unit complex at 3992 Oceanview Boulevard, San Diego, with three loans that have been paid off in total. The property was purchased from the nonprofit HOPE CDC in 2009.

SDCHC is in full compliance on its previous Housing Commission-funded loans. Based upon the developer’s past experience and past development performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Hacienda project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	SDCHC
Owner/Borrower	Casa Nueva II L.P.
Managing General Partner	Casa Nueva II LLC
Administrative General Partner	SDCHC
Tax Credit Investor Limited Partner	To be determined
Architect	Basis Architecture & Consulting
General Contractor	Allgire General Contractors
Property Management	Solari Enterprises, Inc.
Construction and Permanent Lender	To be determined
Resident Services Providers	SDCHC and Urban League

Property Management

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

FINANCING STRUCTURE

Hacienda has an estimated total development cost of \$23,735,118 (\$456,445/unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 4 and summarized in Table 3 below.

Table 3 - Hacienda Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$3,316,000	Acquisition	\$10,038,750	\$193,052
Seller’s carry back note	5,416,036	Construction costs 7,523,750 Contingency + 752,375 Total construction \$8,276,125	\$8,276,125	\$159,156
Housing Commission amount of the existing loan proposed to be recast	2,962,000	Financing costs	\$1,359,862	\$26,151
Housing Commission proposed new forgivable loan	2,200,000	Other soft costs	\$1,390,000	\$26,731
City of San Diego Former Redevelopment Agency existing loan extension	683,000	Permits and fees	\$156,000	\$3,000
Deferred developer’s fee	550,107	Developer’s fee	\$2,000,000	\$38,462
Four percent tax credit equity	8,607,976	Reserves	\$514,382	\$9,892
Total Development Cost	\$23,735,118	Total Development Cost (TDC	\$23,735,118	\$456,445

The Housing Commission’s proposed \$2,200,000 forgivable loan will be funded with U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) program funds, which the Housing Commission administers. The use of these funds for preservation was approved as an MTW initiative in the Housing Commission’s Fiscal Year 2021 MTW Annual Plan. The Housing Commission is one of only 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide. The MTW designation provides the Housing Commission with the ability, subject to HUD’s approval, to implement a variety of innovative new approaches to provide housing assistance and other services to families with low income in the City of San Diego.

The total amount of new Housing Commission funding sources to Hacienda shall not exceed \$2,200,000. A final determination of Housing Commission funding sources will be made by the Housing Commission’s President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized in Attachment 5. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission’s loan.

Developer’s Fee

\$2,000,000 – Gross developer’s fee
-550,107 – Minus deferred developer’s fee
 \$1,449,893 – Net cash developer’s fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report at its Attachment 1 states: “Developer fee for 4% tax credits: in project costs 15% of eligible basis...” For this development the developer is proposing a \$2,000,000 total developer fee, which complies with HAR17-011. The net cash developer fee shall be \$1,530,608 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 – Hacienda Key Performance Indicators

Development Cost Per Unit	\$23,735,118 ÷ 52 units =	\$456,445
Housing Commission Subsidy Per Unit Recast Loan	\$2,962,000 ÷ 52 units =	\$56,962
Housing Commission Subsidy Per Unit New Forgivable Loan	\$2,200,000 ÷ 52 units =	\$42,308
Acquisition Cost Per Unit	\$10,038,750 ÷ 52 units =	\$193,052
Gross Building Square Foot Hard Cost	\$8,276,125 ÷ 52,000 sq. ft. =	\$159
Net Rentable Square Foot Hard Cost	\$8,276,125 ÷ 41,050 sq. ft. =	\$202

Project Comparison Chart

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

Table 5 - Comparable Development Projects

Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject: Hacienda	2023	52	\$23,735,118 (with prevailing wage)	\$456,445	\$99,269	\$159
Grant Heights II	2020	42	\$17,968,471 (no prevailing wage)	\$427,821	\$31,769	\$130
West Park	2018	47	\$15,593,274 (with prevailing wage)	\$331,772	\$76,453	\$457

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission. Housing Commission bond inducement resolutions must be obtained prior to application submittal, and Housing Authority TEFRA resolutions must be secured by the time of project closing. These actions do not obligate the Housing Authority to issue bonds.

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

The developer plans to submit a bond allocation application to CDLAC on May 23, 2023, for an August 23, 2023, bond allocation meeting (dates are subject to change at CDLAC’s discretion). However, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the proposed development. The developer will be seeking a CDLAC bond allocation of approximately \$14,000,000 in tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego’s (City) ordinance on bond disclosure. The developer proposes that the bonds will be used to provide rehabilitation and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

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Staff recommends assigning Quint and Thimmig as Bond Counsel and CSG Advisors as Bond Financial Advisor to work on the development. The proposed bond financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Program Policy.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBVs)

On January 11, 2021, the Housing Commission staff provided an award recommendation of 19 PBVs to Hacienda for households with income up to 30 percent of AMI, currently \$27,350 per year for a one-person household. PBV households are selected from the Housing Commission's PBV waiting list. Subsequently, the Housing Commission and the developer executed a Housing Assistance Payments Contract for 115 PBVs at Hacienda. That agreement is currently effective. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Hacienda's 151 voucher-assisted units, consisting of 1 one-, 8 two- and 6 three-bedroom units.

Affordability

Hacienda will be subject to the Housing Commission's Declaration of Covenants and Restrictions and applicable tax credit and bond regulatory agreements, which will restrict affordability of 51 units for 55 years.

The rent and occupancy restrictions required by the Housing Commission, CTCAC, and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the Housing Commission loan's restricted units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

CDLAC is responsible for allocating tax-exempt private activity bond volume cap authority of the State of California for a variety of programs that include multifamily housing, single-family housing, tax-exempt facilities, and industrial development bonds. Each year CDLAC calculates volume cap for tax-exempt debt to be issued for a range of different private projects including multifamily housing. There is unprecedented demand for private activity tax-exempt housing bonds which has prompted CDLAC to change the way they approach allocation of their bond volume cap. In 2019 CDLAC began awarding private activity tax-exempt bonds on a competitive basis for multifamily housing. CDLAC develops and implements a competitive system to provide equitable distribution of bond allocation throughout California. Existing affordable housing such as Hacienda Townhomes is ranked and scored based on specific criteria and policy objectives set in CDLAC Regulations. Current policy objectives for existing housing includes targeting extremely low-income and very low-income households. As such, the developer proposes to deepen affordability targeting of Hacienda Townhomes to improve the projects competitiveness.

As shown in Tables 6 and 7 below, the developer proposes to:

- a) Revise the affordability level of one one-bedroom unit to 30% of AMI, a reduction from the current level of 50% of AMI.
- b) Revise the affordability levels of two-bedroom units to:

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- a. 30% of AMI for 20 units
- b. 50% AMI for three units and
- c. 60% AMI for three units
- c) Revise the affordability levels of three-bedroom units to:
 - a. 30% of AMI for 14 units
 - b. 50% AMI for three units and
 - c. 60% AMI for seven units

Table 6 – Hacienda Current Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	50%	1	\$962
Subtotal One Bedroom Units	--	1	--
Two bedrooms	35%	8	\$714
Two bedrooms	50%	8	\$1,059
Two bedrooms	60%	10	\$1,290
Subtotal Two Bedroom Units	--	26	--
Three bedrooms	35%	4	\$778
Three bedrooms	50%	10	\$1,162
Three bedrooms	60%	10	\$1,418
Subtotal Three Bedroom Units	--	24	--
Manager's two bedrooms unit	--	1	
Total Units	--	52	--

Table 7 – Hacienda Proposed Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$31,250/year for two-person household)	1	\$732
Subtotal One Bedroom Units	--	1	--
Two bedrooms	30% (\$35,150/year for three-person household)	20	\$878
Two bedrooms	50% (\$58,550/year for three-person household)	3	\$1,463
Two bedrooms	60% (\$70,260/year for three-person household)	3	\$1,756
Subtotal Two Bedroom Units	--	26	--
Three bedrooms	30% (\$39,050/year for four-person household)	14	\$1,015
Three bedrooms	50% (\$65,050/year for four-person household)	3	\$1,691
Three bedrooms	60% (\$78,060/year for four-person household)	7	\$2,030

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Subtotal Three Bedroom Units	--	24	--
Manager's two bedrooms unit	--	1	
Total Units	--	52	--

As shown in Table 8 below, under the proposed actions, the Hacienda rent and occupancy restrictions will be extended by an additional 31 years (from 2047 to 2078) with the deeper affordability of the \$2,200,000 forgivable loan plus the bond regulatory agreement restrictions taking priority as they will have the strictest affordability terms.

Table 8 – Estimated Current and Proposed Terms of Affordability Restrictions

Housing Commission Funding	Restricted Units	Restrictions Term
<u>Currently:</u> Original 1992 loan principal = \$748,197 Estimated accrued interest = +2,213,803 Estimated total current loan = 2,962,000	<u>Currently:</u> 12 units at 35 percent AMI 19 units at 50 percent AMI +20 units at 60 percent AMI 51 units restricted	<u>Currently:</u> 55 years: From Dec 4, 1992 To Dec 4, 2047
<u>Proposed:</u> Developer requested new loan = 2,200,000	<u>Proposed:</u> 35 units at 30 percent AMI 6 units at 50 percent AMI +10 units at 60 percent AMI 51 units restricted	<u>Proposed:</u> 55 years: From Mid-2023/2024 To Mid-2078/2079

FISCAL CONSIDERATIONS

The funding sources and uses approved by this proposed action are included in the proposed Fiscal Year 2023 Housing Commission Budget.

Funding sources approved by this action will be as follows.

- Bond Issuer Fee – \$14,000,000 X 0.0025 = \$35,000
- Housing Commission loan funds – up to \$2,200,000
- Total Funding Sources – up to \$2,235,000

Funding uses approved by this action.

- Administrative costs - \$35,000
- Housing Commission loan funds – up to \$2,200,000
- Total Funding Uses - up to \$2,235,000

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above 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.

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City, nor the Housing Authority, would be pledged to the payment of the bonds. The developer is

March 30, 2023

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responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

Estimated Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
• CDLAC bond application and CTCAC tax credit application	• May 23, 2023
• CDLAC bond and CTCAC tax credit allocation meetings	• August 23, 2023
• Housing Commission proposed final bond authorization	• September 2023
• Housing Authority proposed final bond authorization	• October 2023
• Estimated bond issuance and escrow closing	• December 2023
• Estimated start of rehabilitation	• January 2024
• Estimated completion of rehabilitation	• January 2025

HOUSING COMMISSION STRATEGIC PLAN

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

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 14, 2018, the proposed renovation of Hacienda was presented as an information item to the Downtown Community Planning Council (DCPC).

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include SDCHC as the developer, residents of the Hacienda Apartments, the East Village Downtown community, the Successor Agency as a lender, and the Housing Commission as a lender. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

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

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Hacienda Townhomes is an existing facility and the proposed actions do not involve expansion of the

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existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities.

National Environmental Policy Act

The forgivable loan includes federal funds that constitute a portion of the project's funding. An environmental determination was made that Hacienda is categorically excluded, not subject to Part 58.5 of the National Environmental Policy Act as the action under consideration is approval of supplemental assistance (including insurance or guarantee) to a project previously approved under Part 58. Initial NEPA review and approval was completed November 5, 2018, and review/approval of supplemental funding was completed March 4, 2021.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter
Vice President, Multifamily Housing Finance
Real Estate Division

Approved by,

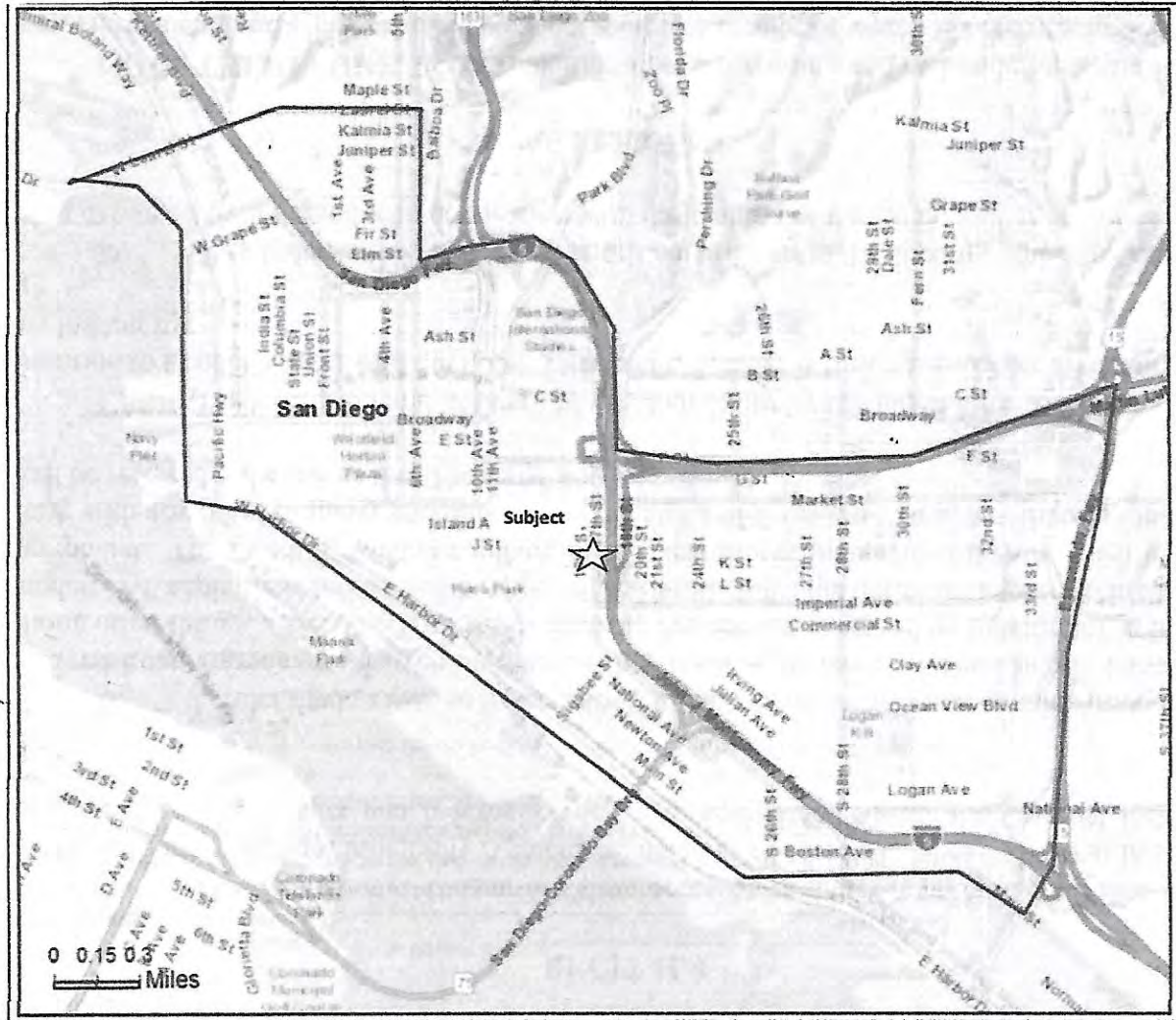
Jeff Davis

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

- Attachments:
1. Site Map
 2. Rehabilitation Summary
 3. Organization Chart
 4. Proposed Loan Terms
 5. Developer's Project Pro Forma
 6. Multifamily Housing Revenue Bond Program.
 7. Developer's Disclosure Statement

Docket materials are available in the "Governance & Legislative Affairs section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 - SITE MAP



ATTACHMENT 2 - REHABILITATION SUMMARY

Description of Rehabilitation Improvements

Building Information

Hacienda Townhomes is a 52-unit, family housing development constructed in 1994 on approximately 0.69-acres, located at 350 17th Street in the City of San Diego, California. The property consists of two 4-story wood framed buildings over a single level of subterranean parking. The property includes a gated parking garage, leasing office, community room, laundry, and interior courtyard with gardens and two tot lots.

There are a total of 51 two-story townhouse-style units and a single one-bedroom flat. The unit mix consists of 27 two-bedroom units, 24 three-bedroom units, and 1 one-bedroom unit. Two stairways and one elevator serve the building. Approximately 42,950 rentable square feet of building area is provided.

The property is located between J and K Streets in the East Village neighborhood of Downtown San Diego. The main resident and leasing office entrance is off 17th Street, secured by a gated key pad entry system. The ground level parking garage is located off J Street and provides thirty-nine (39) parking spaces including two accessible spaces. Landscaping at the perimeter of the project consists of mature trees at municipal walkway medians, and concrete planters are provided throughout the courtyard and main entry areas.

The property slopes gently down from east to west and the building encompasses the entire site. The property is comprised of 2 four-story, wood-framed apartment buildings constructed on a reinforced concrete podium above subterranean parking garage. The buildings are connected by elevated walkways and bridges at the upper levels. Facade finishes consist of painted stucco and wood trim components. The roofs are flat and are finished with a built-up membrane topped with gravel ballast. Exterior windows are dual glazed aluminum framed horizontal sliding assemblies. The main entry door is a dual glazed, aluminum storefront assembly. Unit entry doors are insulated metal in wood frames. The interior walls and ceilings are constructed with wood framing finished with painted gypsum board. Apartment unit interiors have vinyl tile flooring throughout the living area, kitchen and bathroom and carpet flooring at the bedrooms. Each apartment unit has a wall mounted electric heater. Air conditioning is not provided. The community room and the leasing office are provided with thru-wall air conditioners.

Parking

Thirty-nine (39) total stalls, including two accessible stalls, one of which is van accessible are provided at the parking garage.

History of Renovations

The Property was built in 1994 and has had minimal capital improvements since construction. The project is in need of comprehensive rehabilitation work to address inherent and hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful lives. Targeted areas of improvement include

replacement of major building systems that are failing and contributing to hazardous conditions for occupants; building exteriors that have been compromised by poor initial quality, weather, and pests; site work to enhance security, function and accessibility; and replacement of interior finishes to restore healthy living conditions and provide longer term durability.

Nature of Rehabilitation Project:

Accessibility Features

Accessible path of travel will be established throughout the site. To the extent possible, accessible unit interiors will provide conforming door lever hardware with returns at all swing doors, new disabled access door pull hardware, new door bells with flashing strobe, new resilient flooring throughout, accessible refrigerators, accessible range with front controls. The building's elevator and wheelchair lift, both of which are original, will be modernized or replaced.

Energy Efficiency and Sustainability

- Replace windows
- Replace water boiler
- New efficient plumbing fixtures
- New unit wall heaters
- Repairs to mechanical systems
- New energy efficient lighting in units and common areas
- New energy efficient kitchen appliances

Immediate Repair Needs

- Provide new waterproofing and flashing at elevated decks and balconies
- Replace doors, frames, sills, and thresholds
- Repair termite and water damaged wood framing and drywall
- Stabilize foundation, address settlement issues, and repair structural damage
- Replace copper water supply lines and waste lines
- Replace building entrance door system
- Install new security camera surveillance system
- Improve drainage throughout site

Building General

- Paint building exterior
- Replace building entry doors
- Replace keypad entry system
- Service repair or replace elevator
- Replace rooftop boiler and storage tanks
- Pressure wash and restripe parking stalls
- Replace parking garage gate
- Replace roofing
- Replace building exterior lighting
- Improve interior courtyard

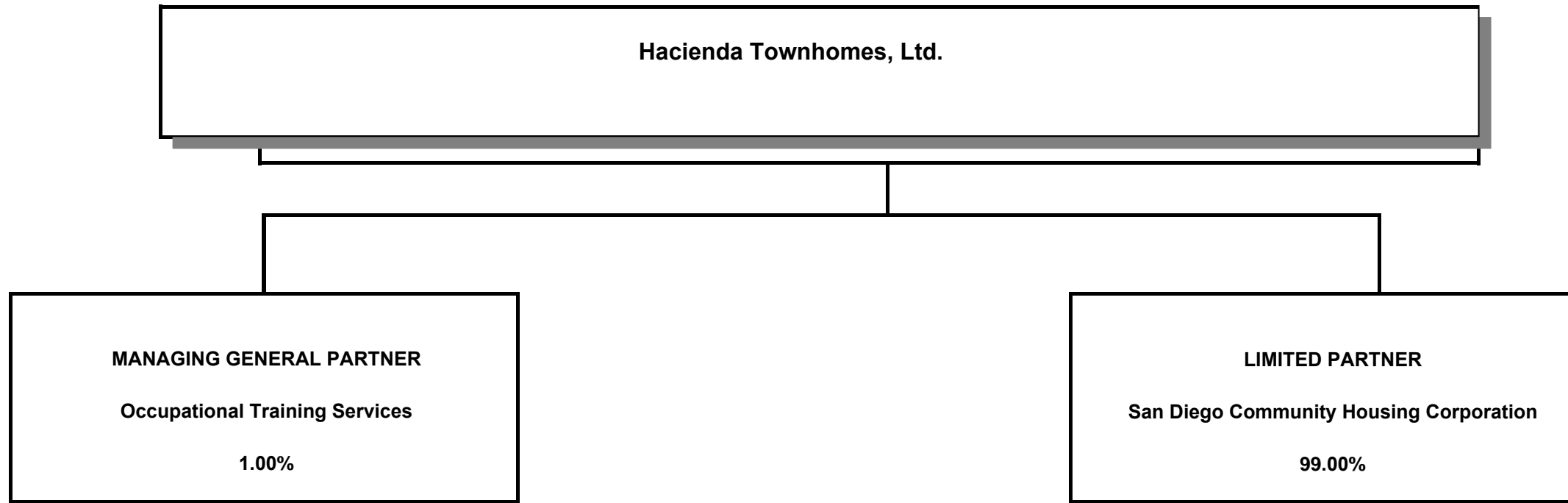
- Replace signage
- Restripe parking stalls
- Patch and repair stucco
- Community room and laundry room upgrades

Resident Units:

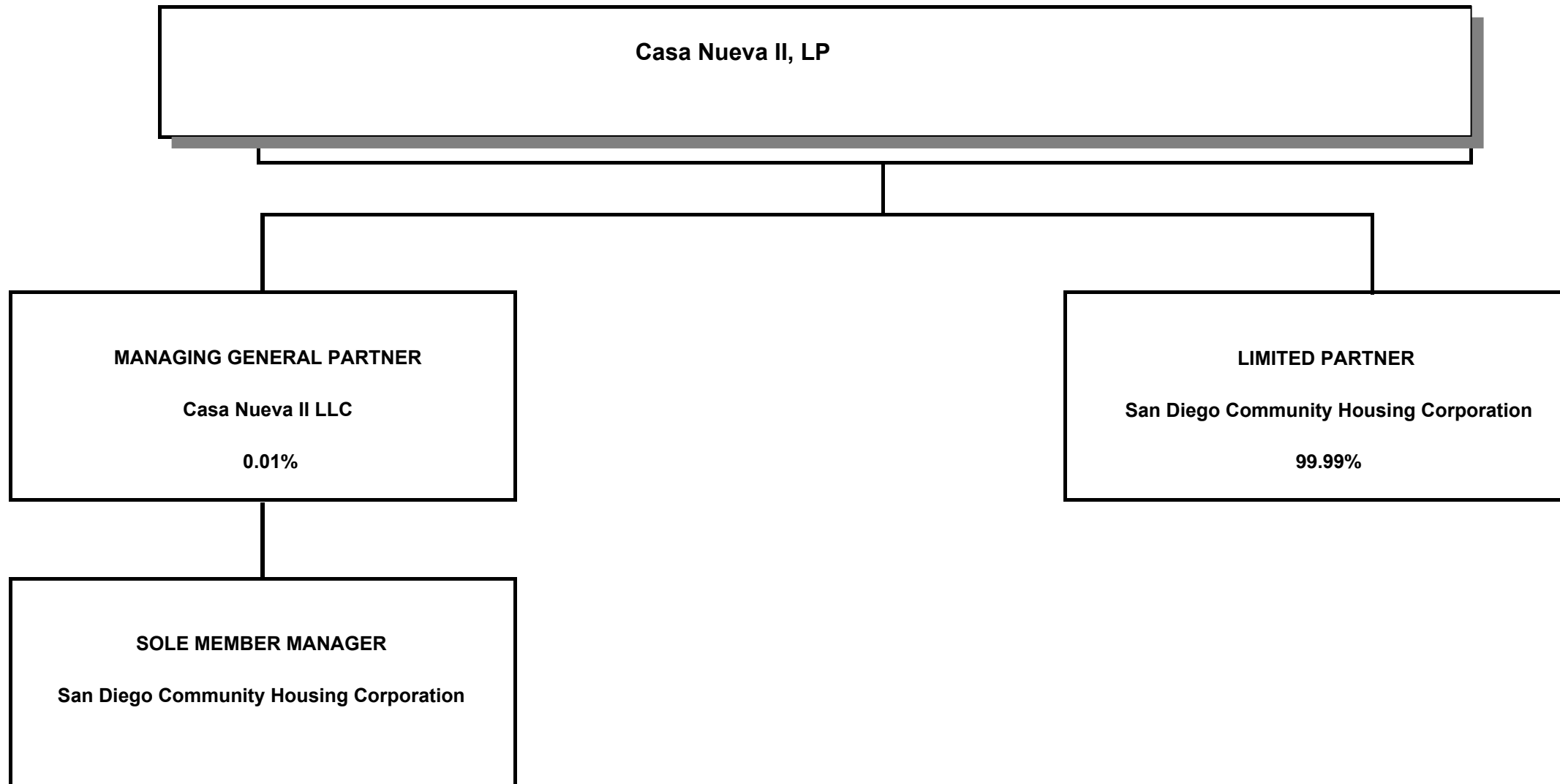
- Replace bath vanities
- Replace bath fixtures
- Replace bath vents
- Replace appliances
- Replace tubs and surrounds
- Code update to ADA and adaptable units
- Unit painting
- Replace light fixtures
- Replace blinds
- New dishwashers
- Replace cabinets and countertops
- Replace wall heaters
- Replace bathroom and kitchen exhaust fans

ATTACHMENT 3 - ORGANIZATION CHART

Current Org Chart



Proposed Org Chart



ATTACHMENT 4
PROPOSED FORGIVABLE LOAN NON-BINDING
COMMITMENT TERMS SUMMARY

Hacienda Townhomes (Project)
350 17th Street
March 29, 2023

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment terms summary. This 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 forgivable loan (“Housing Commission Loan”) to Casa Nueva LP, California limited partnership (“Borrower”), with respect to the proposed acquisition and rehabilitation and permanent financing of a 52-unit development (with 52 affordable units and one unrestricted manager’s unit) to be located at 350 17th Street, San Diego. Closing must occur within twenty-four (24) months from receipt of NOFA award letter, unless an extension is granted by the President & CEO of the Housing Commission (or by designee) in their 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 forgivable 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 Forgivable 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 \$2,200,000 as a forgivable loan. Loan funds to be used for the acquisition, rehabilitation and permanent financing of the Project.
2. **Interest Rate**- Loan will not accrue interest (if there is a default on the loan, interest will be assessed and applied).
3. **Loan Term** - The loan will be due in 55 years from completion of the Project, unless forgiven.
4. **Loan Payments** – The loan will not require an annual payment as the loan will be forgivable at a rate of 1/55th per year. On the 55th year, the entire principal amount shall be forgiven, provided there is no default. If there is a default on the loan, the unforgiven portion of the loan and interest, if any, will be due and payable.
5. **Affordability**-
 - a. Restricted units must remain affordable for 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	AMI	Units
One bedrooms	50% AMI	1
Subtotal One Bedroom Units	--	1
Two bedrooms	30% AMI	20
Two bedrooms	50% AMI	3
Two bedrooms	60% AMI	3
Subtotal Two Bedroom Units	--	26
Three bedrooms	30% AMI	14
Three bedrooms	50% AMI	3
Three bedrooms	60% AMI	7
Subtotal Three Bedroom Units		24
Manager's Unit (Two Bedrooms)	--	1
TOTAL UNITS	--	52

- c. The Project is to be operated as low-income housing. All of the above-referenced 51 dwelling units ("Affordable Units") shall be rent and occupancy restricted for 55 years as set forth in the Declaration. The obligations of Borrower under the Declaration shall be independent of, and in addition to, Borrower's obligations under the Loan Agreement, and repayment of the Commission Loan shall not terminate or otherwise affect the affordability restrictions set forth in the Declaration.
- d. The Commission Loan shall be evidenced by the Commission Note. The Commission Note shall not bear interest, except in the event of a default. The Commission Note shall be forgiven incrementally with one fifty-fifth (1/55th) of the original principal amount of the Commission Note (e.g., if starting on December 31, 2023 then forgiven on each December 31, thereafter until December 31, 2078 at which time all principal on the Commission Note shall be forgiven, provided there is no default under the terms of this Agreement, the Commission Note, the Declaration or the Deed of Trust). This Agreement and the Commission Note shall be secured by the Deed of Trust.
6. **Purchase Option** – Borrower has met threshold requirements in the Notice of Funding Availability application for committing to provide the Housing Commission with the option to purchase the property at the end of the 15-year tax-credit compliance period.
7. **Alternate Funding-** 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, the State of California's Department of Development Services Community Resource Development Plan. 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.

8. **Purchase Price** – The purchase price of the land and improvements shall be approximately \$10,038,750. SDCHC is in the process of updating the appraisal with Kinetic Valuation Group and the purchase price will take into account CDLAC’s tiebreaker methodology.
9. **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.
10. **Construction Costs Third-Party Review** - Prior to Housing Commission Loan closing a costs review may be obtained by the Housing Commission from a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
11. **Contractor** – Allgire General Contractors is the proposed General Contractor. The General Contractor shall competitively bid the construction work of the Project to at least three qualified and responsible subcontractors for each Major Trade Subcontractor involved in the construction of the Project. Contracts shall be awarded to the lowest qualified and responsible bidder. Evidence of the three bids shall be provided to the Housing Commission at its request. Major Trade Subcontractors shall mean, any Trade Contractor, having a responsibility for the design or construction, that is awarded a subcontract that equals or exceeds 10 percent of the value of the project’s total Construction Contract under which the Subcontract is awarded, including but not limited to Subcontractors in:
 - Plumbing; Heating and/or Air-Conditioning; Painting; Electrical Work; Tile Setting and/or Drywall/Plastering; Carpentry; Floor Work; Roofing and/or Siding; Sheet Metal Work; Concrete Work; Special Trade Contractors Structural Iron and Steel Workers; Cement Masons; Pipefitters and Steamfitters; and Stonemasons.
 - a. Borrower upon SDHC request will submit copies of three qualified bids received from the Major Trade Subcontractors.
 - b. 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.
 - c. Subcontractors - the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each Major Trade Subcontractor involved in the construction of the Project. Those bids will be reviewed by the Borrower. The Borrower and General Contractor shall submit the Major Trade Subcontractors’ competitive bids to the Housing Commission for review and approval upon request.
 - d. Change orders at or in excess of \$100,000 shall have Housing Commission prior written approval. For proposed change orders over \$100,000, 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.
 - e. 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.

- f. 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.

12. **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.
13. **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.
14. **Cost Certification -** The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certification is completed/finalized.
15. **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 Public Lenders - If the Project financing includes other public lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.
 - d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.
16. **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 attached pro forma (Attachment A). Fourth, excess funds 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.

- d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

- 17. **Developer Fee**- The Developer Fee will be \$2,000,000. It is estimated that \$550,107 of such amount shall be paid from the project's Development Sources; provided, however, in no case will the maximum payable developer fee exceed \$2,000,000.
 - a. Additional developer fee provisions:
 - a. Any Deferred Developer Fee amount must be calculated as per TCAC and SDHC guidelines.
 - b. The Deferred Developer Fee 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.
 - b. Developer fee payments shall be paid out incrementally. Because the Project 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, and an environmental review.
- 19. **Environmental Requirements** - Currently Moving to Work (MTW) federal funds are 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 MTW funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). MTW funds constitute a portion of the funding for the Project, and a final reservation of MTW 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 MTW 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 commitment terms summary, you acknowledge no legal claim to any amount of MTW 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 MTW 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 as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This amount must be included in the total development cost of the 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** – the Housing Commission’s 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: $\$157.50 \times 51$ (Project units to be affordability monitored) = **\$8,032.50** per year. Additional training and assistance are currently \$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 may require a third party review of the construction costs/budget to determine the reasonableness of construction hard costs. If applicable, the Housing Commission will charge a fee of \$12,500 to be paid at close of escrow.
 - f) **Environmental Noticing Fee**- Publishing/filing costs are to be paid at close of escrow.
 - g) **Bond Financing Fees** – the borrower is responsible for the payment of all costs under the bond financing including:
 - The Housing Commission's .0025 bond amount issuer fee (25 bps) at closing (estimated at $\$14,000,000 \times .0025 = \$35,000$); and
 - The Housing Commission’s .00125 annual bond administrative fee (12.5 bps) on the first anniversary bond issuance and on each bond issuance annual anniversary date until conversion to permanent financing.
 - The Housing Commission's annual bond administrative fee after conversion to permanent financing shall be the greater of \$10,000 or 12.5 basis points bonds of the initial amount of outstanding bonds upon conversion to permanent financing. Such fee is to be paid on the annual anniversary date of initial bond issuance.
 - h) TEFRA Notice/Advertising Costs – at close of escrow the borrower shall reimburse the Housing Commission for all costs of Tax Equity and Fiscal Responsibility Act required public meeting notice advertising.
21. **Fees for Asset Management** (amounts not to exceed)-
- a. 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 related to the investor and general partner’s management of the Project.
 - b. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission’s President and CEO or 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 \$2,200,000, will be provided for the Project in any Housing Commission 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 MTW funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. In the event that the Housing Commission ultimately determines to fund (all or any part) of the Housing Commission Loan using any MTW funds, then Borrower shall comply with the MTW program's rules and regulations, Federal Davis Bacon law and Section 3.
24. **Insurance** - Borrower shall at all times during the term of the Housing Commission rent and occupancy restrictions 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, flood 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 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 insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.
25. **Loan Disbursement Schedule** - - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to \$2,200,000) will be disbursed as follows:
- Up to 75 percent (\$1,650,000) at escrow closing.
 - Up to 10 percent (\$220,000) to be distributed at 50 percent construction completion,
 - Up to 10 percent (\$220,000) 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 (\$110,000) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.
- b. Loan proceeds shall be 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.
26. **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 proposed property manager's fee must be approved in advance by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the Housing Commission Loan 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 property management is required. There shall be onemanager's unit.
 - e. Marketing Plan – This project's use of federal Moving to Work funds require that 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.
 - i) In the event the Housing Commission funds (all or part) of the Housing Commission Loan using any HOME funds, then 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.
27. **Maximum Resident Service Expenses & Case Management-**
The attached pro forma's operating expense budget models an annual \$35,000 Resident Services expenditure with a 3 percent annual escalator). Increasing this amount will require prior Housing Commission written approval.
28. **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.
29. **Project Based Vouchers**– The Project has previously received federal Project Based Vouchers (PBV) from the Housing Commission and has an executed HAP agreement.
30. **Prevailing Wage-** It is anticipated that the Project will be subject to Federal Davis-Bacon prevailing wage rates because the Project will utilize federal MTW funds.
31. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
32. **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. **Transition Reserve** – The attached pro forma models a capitalized transition reserve amount of \$0.
 - b. **Operating Reserve** - The attached proforma models a three-month operating reserve at **\$410,382** at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's Loan.
 - c. **Replacement Reserve** -The attached proforma models an annual replacement reserve at **\$26,000 (\$500 per unit per year)**.
 - d. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve funds and/or from the Project's replacement reserve funds.
33. **Section 3-** This project's use of federal Moving to Work funds require that 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.
 - (i) In the event that the Housing Commission funds (all or part) of the Housing Commission

Loan using any HOME funds, then 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.

34. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R) 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 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.
35. **Tenant Service Delivery Plan** – If deemed necessary, 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 delivery 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.
36. **Title (ALTA Lender's Policy)** -The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Housing Commission Loan with endorsements acceptable to the Housing Commission.
37. **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.

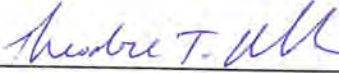
Exhibit A - Proforma - is attached hereto and is hereby incorporated.

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 **Wednesday, March 29, 2023**, so that this letter of intent may be attached to the Housing Commission Board report.

The Remainder of this page intentionally left blank

ACKNOWLEDGED AND AGREED TO BY:

San Diego Community Housing Corporation

By: 

Print Name: Theodore T. Miyahara

Title: President, SDCHC

San Diego Housing Commission

DocuSigned by:
By: 
73FCC317B0464E3...

Print Name: Emily S. Jacobs

Title: Executive Vice President, Real Estate

Loan Terms Attachment: Pro forma

Corby Loan Terms Attach 9 13 061121.docx

ATTACHMENT 5 - DEVELOPER'S PROJECT PRO FORMA

Hacienda Townhomes- CRL RENTS

Modeling Assumption Overview

Physical Details ~ Outstanding Financing ~ Hypothetical Valuation

Project	Address	Units	Census Tract	QCT or DDA	APN
Hacienda Townhomes	350 17th Street	52	51.00	Yes	535-394-16

Schedule

Pre Construction Start Date	1/1/2023
Pre Construction Period (Days)	372
Construction Period Start	1/8/2024
Construction Period Schedule (Days)	360
Construction Period End	1/2/2025
Conversion Period (Days)	180
Conversion	7/1/2025
Total Days	912

Financing Sources - Construction and Permanent Period

Sources of Financing- <i>Construction Period</i>		Notes
Private Activity Bonds	12,000,000	
LIHTC	860,798	10% equity pay in during construction
San Diego Housing Commission	2,962,000	Existing loan
SDCHC New Loan	749,683	Modeling portion of loan during construction to meet 50% test
Successor Agency Recast	683,000	
Seller Carryback Note	5,416,036	
Deferred Developer Fee	500,000	
Costs Deferred Until Conversion	563,602	
Total	23,735,119	

Sources of Financing - <i>Permanent Period</i>		
Private Activity Bonds	3,316,000	
LIHTC	8,607,976	
SDHC Recast	2,962,000	Combine SDHC Notes
New SDCHC Loan	2,200,000	Combine SDHC Notes
Former RDA Recast	683,000	
Seller Carryback Note	5,416,036	
Deferred Developer Fee	550,107	
Total	23,735,119	

Pay In Schedules: Equity ~ Deferred Costs ~ Developer Fee

Costs Deferred Until Conversion		Cash Developer Fee Pay-In Schedule	
Replacement Reserve Transfer	-	Closing	25%
Permanent Financing Fee	34,220	Completion	50%
Developer Fee	2,000,000	Conversion	20%
LIHTC Equity at Closing	10%	8609	5%

General Underwriting

Underwriting		Operating Expenses (Per Unit)	\$9,275
Interest Rate	6.50%	Replacement Reserve (Per Unit)	\$500
Term (Years)	30	Income Escalator	2.5%
DSCR	1.20	Expense Escalator	3.5%
Tax Credit Pricing	\$0.85	Vacancy Factor Year 1	5.0%
Applicable Fraction	100%	Vacancy Factor Year 2+	5.0%
Annual Issuer Fee	0.125%	LP Asset Management Fee	\$5,000
Bond Issuance Amt.	12,000,000	GP Asset Management Fee	\$20,000
Construction Int. Rate	5.75%		

Hacienda Townhomes- CRL RENTS

Sources & Uses of Funds Summary

CONSTRUCTION FINANCING			
SOURCES		USES	
Private Activity Bonds	\$ 12,000,000	Acquisition	\$ 10,038,750
LIHTC	860,798	Construction	8,276,125
San Diego Housing Commission	2,962,000	Building Permit Fees	156,000
NEW SDHC Loan	749,683	Architect & Engineer	365,000
Successor Agency Recast	683,000	Consultant Fees	330,000
Seller Carryback Note	5,416,036	Title/Tax/Insurance	175,000
Deferred Developer Fee	500,000	Syndication	50,000
Costs Deferred Until Conversion	563,602	Marketing/Furnishing	35,000
		Soft Cost Contingency	150,000
		Relocation	350,000
		Developer Fee	2,000,000
		TCAC & CDLAC Fees	111,892
		Financing Costs	900,470
		Housing Commission Fees	102,500
		Bond Issuance	180,000
		Reserves	514,382
TOTAL SOURCES	\$ 23,735,119	TOTAL USES	\$ 23,735,119

PERMANENT FINANCING			
SOURCES		USES	
Private Activity Bonds	\$ 3,316,000	Acquisition	\$ 10,038,750
LIHTC	8,607,976	Construction	8,276,125
SDHC Recast	2,962,000	Building Permit Fees	156,000
NEW SDHC Loan	2,200,000	Architect & Engineer	365,000
Former RDA Recast	683,000	Consultant Fees	330,000
Seller Carryback Note	5,416,036	Title/Tax/Insurance	175,000
Deferred Developer Fee	550,107	Syndication	50,000
		Marketing/Furnishing	35,000
		Soft Cost Contingency	150,000
		Relocation	350,000
		Developer Fee	2,000,000
		TCAC & CDLAC Fees	111,892
		Financing Costs	1,080,470
		Reserves	514,382
		Housing Commission Fees	102,500
TOTAL SOURCES	\$ 23,735,119	TOTAL USES	\$ 23,735,119

Hacienda Townhomes- CRL RENTS

Development Budget

USE OF FUNDS

	TOTAL	PER UNIT	DEPRECIABLE	TAX CREDIT ELIGIBLE
ACQUISITION				
ACQUISITION COSTS				
Land Purchase	585,000	11,250		
Building Purchase	9,453,750	181,803	9,453,750	9,453,750
Total Acquisition Costs	10,038,750	193,053	9,453,750	9,453,750
DIRECT COSTS				
CONSTRUCTION				
Rehab Costs- Prevailing Wage	6,500,000	125,000	6,500,000	6,500,000
General Conditions/Profit/Overhead	910,000	17,500	910,000	910,000
Bonding & Insurance	113,750	2,188	113,750	113,750
Subtotal Construction	7,523,750	144,688	7,523,750	7,523,750
Contingency @ 10%	752,375	14,469	752,375	752,375
Total Construction Costs	8,276,125	159,156	8,276,125	8,276,125
INDIRECT COSTS				
BUILDING PERMITS, FEES, & PUBLIC WORKS				
Building Permits	156,000	3,000	156,000	156,000
Subtotal Building Permits & Public Works	156,000	3,000	156,000	156,000
ARCHITECT & ENGINEER				
Architect - MPE, CASP, Structural	300,000	5,769	300,000	300,000
Civil Engineering	50,000	962	50,000	50,000
Energy Audit	15,000	288	15,000	15,000
Total Architect & Engineering Fees	365,000	7,019	365,000	365,000
CONSULTANT FEES				
Appraisal	15,000	288	15,000	15,000
Market Study	15,000	288		
Environmental	5,000	96	5,000	5,000
Physical Needs Assessment	10,000	192	10,000	10,000
Cost Certification	20,000	385		
Construction Management	90,000	1,731	90,000	90,000
Prevailing Wage Consultant	100,000	1,923	100,000	100,000
Financial Consultant	75,000	1,442		
Total Consultant Fees	330,000	6,346	220,000	220,000
TITLE RECORDING				
Title/Recording/Escrow Acquisition	65,000	1,250		
Title/Recording/Escrow Conversion	15,000	288		
Total Title/Recording	80,000	1,538	-	-
PROPERTY TAX/SPECIAL ASSESSMENTS/INSURANCE				
Downtown PBID: Construction Period	25,000	481	25,000	25,000
Insurance During Construction	70,000	1,346	70,000	70,000
Total Property Tax	95,000	1,827	25,000	95,000
INVESTOR FEES				
Fees	50,000	962		
Total Legal Fees	50,000	962	-	-
MARKETING/FURNISHING				
Marketing Property/Property Mgmt. Start-Up	10,000	192		
Furnishing	25,000	481		
Total Marketing Fees	35,000	673	-	-
SOFT COST CONTINGENCY				
Soft Cost Contingency	150,000	2,885	150,000	150,000
Total Soft Cost Contingency	150,000	2,885	150,000	150,000
RELOCATION COSTS				
Temp. Relocation Costs (consultant + tenant)	350,000	6,731	245,000	350,000
Permanent Relocation Subsidy	-	-	-	-
Total Tenant Relocation Fees	350,000	6,731	245,000	350,000
DEVELOPER FEE				
Developer Fee	2,000,000	38,462	2,000,000	2,000,000
Developer Fee	2,000,000	38,462	2,000,000	2,000,000
CDLAC & TCAC FEES				
TCAC/CDLAC Fees	85,200	1,638		
Application Fee	2,000	38		
Allocation Fee/Performance Deposit	3,782	73		
Monitoring Fees	20,910	402		
Total TCAC Fees	111,892	2,152	-	-
CONSTRUCTION FINANCE COSTS				
Construction Interest	776,250	14,928	504,563	504,563
Construction Loan Fees	90,000	1,731	58,500	58,500
Total Construction Finance Costs	866,250	16,659	563,063	563,063
PERMANENT FINANCE COST				
Permanent Finance Cost	34,220	658		
Total Permanent Finance Cost	34,220	658	-	-
RESERVES				
Lease Up Reserves	-	-		
Replacement Reserve	104,000			
Operating Reserves	410,382	7,892		
Total Lease-Up Reserves	514,382	9,892	-	-
PUBLIC AGENCY FEES				
Origination	60,000	1,154		
Legal	27,500	529		
Asset Management	15,000	288		
Total Public Agency Fees	102,500	1,971	-	-
LEGAL FEES				
Borrower & Lender Legal	135,000	2,596	47,250	47,250
Issuance Fee	45,000	865		
Total Issuance Fee	180,000	3,462	47,250	47,250
TOTAL PROJECT COSTS	23,735,119	456,445	21,501,188	21,676,188

Hacienda Townhomes- CRL RENTS

Rent & Expense Assumptions

AREA AMI (2022 PMSA SD)

AMI	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0
30%	27,330	29,280	31,230	33,180	35,130	37,080	39,030	40,605	42,180
35%	31,885	34,160	36,435	38,710	40,985	43,260	45,535	47,373	49,210
40%	36,440	39,040	41,640	44,240	46,840	49,440	52,040	54,140	56,240
45%	40,995	43,920	46,845	49,770	52,695	55,620	58,545	60,908	63,270
50%	45,550	48,800	52,050	55,300	58,550	61,800	65,050	67,675	70,300
55%	50,105	53,680	57,255	60,830	64,405	67,980	71,555	74,443	77,330
60%	54,660	58,560	62,460	66,360	70,260	74,160	78,060	81,210	84,360

TCAC MAX RENT LEVELS

Maximum Rents	30%	35%	40%	45%	50%	55%	60%
Studio	683	797	911	1,024	1,138	1,252	1,366
1 Bedroom	732	854	976	1,098	1,220	1,342	1,464
2 Bedroom	878	1,024	1,171	1,317	1,463	1,610	1,756
3 Bedroom	1,015	1,184	1,353	1,522	1,691	1,861	2,030

UTILITY ALLOWANCE SCHEDULE

Tenant Utility		1 Bed	2 Bed	3 Bed
Space Heating	Electric	27	32	35
Cooking	Electric	12	18	28
Other Electric		46	64	82
	Total	85	114	145

ADJUSTED NET TCAC RENTS AFTER UTILITY ALLOWANCE ADJUSTMENT

Maximum Rent	30%	35%	40%	45%	50%	55%	60%
1 Bedroom	647	769	891	1013	1135	1257	1379
2 Bedroom	764	910	1057	1203	1349	1496	1642
3 Bedroom	870	1039	1208	1377	1546	1716	1885

AMI TARGETING- RESYNDICATION

Type	HAP Units	Non-HAP Units	AMI
1 Bedroom	1	0	30%
2 Bedroom	6	14	30%
	0	3	50%
	0	3	60%
3 Bedroom	4	10	30%
	0	3	50%
	0	7	60%
Total	11	40	
Manager Units	1		

2022 CRL RENTS

AMI	Gross Rent	UA's	Net Rent
50%	1024	62	962
35%	796	82	714
50%	1141	82	1059
60%	1372	82	1290
35%	883	105	778
50%	1267	105	1162
60%	1523	105	1418

HAP Rents	Pmt. Standard
1 Bedroom	2339
2 Bedroom	3023
3 Bedroom	4253

GROSS POTENTIAL RENTS- MAXIMUM TCAC & HAP RENTS

Type	AMI	30%	50%	60%	TOTAL	ANNUAL
1 Bedroom	-	-	-	-	-	-
2 Bedroom	10,700	4,046	4,925	19,670	236,043	
3 Bedroom	8,701	4,046	13,197	25,944	311,331	
HAP Rent- 1 Bedroom	2,339	-	-	2,339	28,068	
HAP Rent- 2 Bedroom	18,138	-	-	18,138	217,656	
HAP Rent- 3 Bedroom	17,012	-	-	17,012	204,144	
				83,104	997,242	

ADDITIONAL INCOME

Residential Income @ \$5 pupy	1,275
Tennant Contributions	-
Other- Laundry Income @ \$10 pupm	6,240
TOTAL	\$ 7,515

APPLICABLE FRACTION

Units:	52
Affordable Units:	51
Manager	1
Applicable Fraction	100%

LOAN SIZING

Loan Sizing		Rental Income	900,975	Actual Projected Income Per Lower of Existing CRL/TCAC Target Rent
Rate	6.50%	Other Income	7,515	
Term	30	Gross Income	908,490	
DSCR	1.20	Less Vacancy	(45,425)	
Loan Sizing Vacancy Factor	5.0%	Total Income	863,066	
		Operating Expense	(482,306)	
		Annual Issuer Fee	(10,000)	
		Compliance Monitoring	(7,905)	
		Resident Services	(35,000)	
		Reserves	(26,000)	
		NOI	301,855	
		Present Value	\$3,316,434	
		Round To	3,316,000	
		PMT	\$251,513	

Hacienda Townhomes- CRL RENTS
ANNUAL OPERATING EXPENSES

ANNUAL OPERATING EXPENSES		
	TOTAL	PER UNIT
Adminstration	39,000	750
Maintenance & Repairs	52,000	1,000
Management Fee	39,780	765
Payroll & Fringe	136,026	2,616
Utilities	140,000	2,692
Refuse Removal	22,000	423
Real Estate Taxes	18,500	356
Property & Liability Insurance	35,000	673
Total Operating Expenses	482,306	9,275
Bond Issuer Fee/Compliance Monitoring	10,000	192
Compliance Monitoring	7,905	152
Resident Services	35,000	673
Replacement Reserves	26,000	500
Total Operating Exp. and Reserves	561,211	10,793

Hacienda Townhomes- CRL RENTS

Eligible Basis and Threshold Basis Limits

ELIGIBLE BASIS CALCULATION			
		Acquisition	Construction
Total Eligible Basis	\$	9,453,750	\$ 12,222,438
<i>Deduct From Eligible Basis</i>			
All Grant Proceeds Used to Finance Cost in Eligible Basis	\$	-	\$ -
BMIR Federal Financing of Costs in 9% Eligible Basis	\$	-	\$ -
Non-Qualified Non-Recourse Financing	\$	-	\$ -
Non-Qualifying Portion of Higher Quality Units	\$	-	\$ -
Historic Credit (residential portion only)	\$	-	\$ -
Total Ineligible Amounts	\$	-	\$ -
Total Eligible Basis Amount Voluntarily Excluded	\$	-	\$ -
TOTAL BASIS REDUCTION	\$	-	\$ -
TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS	\$	9,453,750	\$ 12,222,438
130% Boost- 6 of 8 located in QCT- modeled at 85% unadjusted basis		-	3,666,731
Total Adjusted ELIGIBLE BASIS	\$	9,453,750	\$ 15,889,169
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS	\$	9,453,750	\$ 15,889,169
Total Credit Reduction	\$	-	-
TOTAL ADJUSTED QUALIFIED BASIS	\$	9,453,750	\$ 15,889,169
Applicable Percentage		4.00%	4.00%
Subtotal Annual Credit	\$	378,150	\$ 635,567
10 Year Credit Allocation	\$	3,781,500	\$ 6,355,668
Limited Partner Interest		99.9%	99.9%
TOTAL INVESTOR LIMITED PARTNER TAX CREDITS	\$	3,777,719	\$ 6,349,312
ILP Credit Purchase Price		\$0.85	\$0.85
	\$	3,211,061	\$ 5,396,915
Combined Credits			\$ 8,607,976

Hacienda Townhomes- CRL RENTS

Operating Proforma

Rental Assumptions

Rent Inc./Year	2.5%
Op. Cost Inc./Year	3.5%
Reserves Inc./Year	0.0%
Other Increase/Year	2.5%
Vac. Year 1	5.0%
Vac. Year 2	5.0%
Vac. Year 3 & Beyond	5.0%

	YEAR	1	2	3	4	5	6	7
Rental Income		900,975	923,499	946,587	970,252	994,508	1,019,371	1,044,855
Other Income		7,515	7,703	7,895	8,093	8,295	8,503	8,715
Total Residential Income		908,490	931,202	954,482	978,344	1,002,803	1,027,873	1,053,570
Vacancy		(45,049)	(46,175)	(47,329)	(48,513)	(49,725)	(50,969)	(52,243)
Effective Gross Income		863,441	885,027	907,153	929,832	953,078	976,905	1,001,327
Operating Expenses								
Operating Expenses		482,306	499,187	516,658	534,741	553,457	572,828	592,877
Total Operating Expenses	\$9,275	482,306	499,187	516,658	534,741	553,457	572,828	592,877
Annual Bond Administration Fee/County Annual Fee		10,000	10,000	10,000	10,000	10,000	10,000	10,000
Compliance Monitoring		7,905	7,905	7,905	7,905	7,905	7,905	7,905
Resident Services		35,000	36,050	37,132	38,245	39,393	40,575	41,792
Reserves		26,000	26,000	26,000	26,000	26,000	26,000	26,000
Net Operating Income		302,230	305,886	309,458	312,940	316,323	319,597	322,753
Conventional Debt		(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)
Available Cash Flow		50,717	54,373	57,946	61,428	64,810	68,084	71,241
Asset Management Fees								
Investor Limited Partner Asset Management Fee		5,000	5,175	5,356	5,544	5,738	5,938	6,146
Managing General Partner Asset Management Fee		20,000	20,700	21,425	22,174	22,950	23,754	24,585
AVAILABLE CASH FLOW		25,717	28,498	31,165	33,710	36,122	38,392	40,509

8	9	10	11	12	13	14	15	16	17	18	19
1,070,976	1,097,751	1,125,194	1,153,324	1,182,157	1,211,711	1,242,004	1,273,054	1,304,880	1,337,502	1,370,940	1,405,214
8,933	9,156	9,385	9,620	9,860	10,107	10,360	10,618	10,884	11,156	11,435	11,721
1,079,909	1,106,907	1,134,580	1,162,944	1,192,018	1,221,818	1,252,363	1,283,673	1,315,764	1,348,659	1,382,375	1,416,934
(53,549)	(54,888)	(56,260)	(57,666)	(59,108)	(60,586)	(62,100)	(63,653)	(65,244)	(66,875)	(68,547)	(70,261)
1,026,360	1,052,019	1,078,320	1,105,278	1,132,910	1,161,232	1,190,263	1,220,020	1,250,520	1,281,783	1,313,828	1,346,674
613,628	635,105	657,334	680,340	704,152	728,797	754,305	780,706	808,031	836,312	865,583	895,878
613,628	635,105	657,334	680,340	704,152	728,797	754,305	780,706	808,031	836,312	865,583	895,878
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905
43,046	44,337	45,667	47,037	48,448	49,902	51,399	52,941	54,529	56,165	57,850	59,585
26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
325,782	328,672	331,414	333,995	336,404	338,628	340,654	342,468	344,056	345,402	346,491	347,305
(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)
74,269	77,160	79,902	82,483	84,892	87,116	89,142	90,956	92,543	93,889	94,978	95,793
6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093	-	-	-	-
25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374	33,507	34,680	35,894	37,150
42,462	44,240	45,829	47,218	48,393	49,339	50,043	50,488	50,036	50,210	50,085	50,643

	20	21	22	23	24	25	26	27	28	29	30	31
	1,440,344	1,476,352	1,513,261	1,551,093	1,589,870	1,629,617	1,670,357	1,712,116	1,754,919	1,798,792	1,843,762	1,889,856
	12,014	12,314	12,622	12,938	13,261	13,593	13,932	14,281	14,638	15,004	15,379	15,763
	1,452,358	1,488,667	1,525,883	1,564,030	1,603,131	1,643,209	1,684,290	1,726,397	1,769,557	1,813,796	1,859,141	1,905,619
	(72,017)	(73,818)	(75,663)	(77,555)	(79,494)	(81,481)	(83,518)	(85,606)	(87,746)	(89,940)	(92,188)	(94,493)
	1,380,341	1,414,849	1,450,220	1,486,476	1,523,638	1,561,729	1,600,772	1,640,791	1,681,811	1,723,856	1,766,953	1,811,126
	927,234	959,687	993,276	1,028,041	1,064,022	1,101,263	1,139,807	1,179,700	1,220,990	1,263,725	1,307,955	1,353,733
	927,234	959,687	993,276	1,028,041	1,064,022	1,101,263	1,139,807	1,179,700	1,220,990	1,263,725	1,307,955	1,353,733
	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905
	61,373	63,214	65,110	67,064	69,076	71,148	73,282	75,481	77,745	80,077	82,480	84,954
	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
	347,829	348,043	347,929	347,466	346,635	345,413	343,777	341,705	339,171	336,149	332,613	328,534
	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	(251,513)	-
	96,316	96,531	96,416	95,954	95,122	93,900	92,265	90,192	87,658	84,637	81,100	328,534
	-	-	-	-	-	-	-	-	-	-	-	-
	38,450	39,796	41,189	42,630	44,122	45,667	47,265	48,919	50,631	52,403	54,238	56,136
	57,866	56,735	55,228	53,324	51,000	48,234	45,000	41,273	37,027	32,233	26,863	272,398

32	33	34	35	36	37	38	39	40	41	42	43
1,937,102	1,985,530	2,035,168	2,086,047	2,138,199	2,191,654	2,246,445	2,302,606	2,360,171	2,419,175	2,479,655	2,541,646
16,157	16,561	16,975	17,400	17,835	18,281	18,738	19,206	19,686	20,178	20,683	21,200
1,953,260	2,002,091	2,052,143	2,103,447	2,156,033	2,209,934	2,265,182	2,321,812	2,379,857	2,439,354	2,500,337	2,562,846
(96,855)	(99,276)	(101,758)	(104,302)	(106,910)	(109,583)	(112,322)	(115,130)	(118,009)	(120,959)	(123,983)	(127,082)
1,856,405	1,902,815	1,950,385	1,999,145	2,049,123	2,100,351	2,152,860	2,206,682	2,261,849	2,318,395	2,376,355	2,435,764
1,401,114	1,450,153	1,500,908	1,553,440	1,607,811	1,664,084	1,722,327	1,782,608	1,845,000	1,909,575	1,976,410	2,045,584
1,401,114	1,450,153	1,500,908	1,553,440	1,607,811	1,664,084	1,722,327	1,782,608	1,845,000	1,909,575	1,976,410	2,045,584
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905
87,503	90,128	92,832	95,617	98,485	101,440	104,483	107,617	110,846	114,171	117,596	121,124
26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
323,883	318,629	312,740	306,183	298,922	290,923	282,145	272,551	262,098	250,744	238,443	225,150
-	-	-	-	-	-	-	-	-	-	-	-
323,883	318,629	312,740	306,183	298,922	290,923	282,145	272,551	262,098	250,744	238,443	225,150
-	-	-	-	-	-	-	-	-	-	-	-
58,101	60,134	62,239	64,417	66,672	69,005	71,421	73,920	76,507	79,185	81,957	84,825
265,782	258,494	250,501	241,765	232,251	221,917	210,725	198,631	185,591	171,559	156,487	140,325

44	45	46	47	48	49	50	51	52	53	54	55
2,605,187	2,670,317	2,737,075	2,805,502	2,875,639	2,947,530	3,021,219	3,096,749	3,174,168	3,253,522	3,334,860	3,418,231
21,730	22,273	22,830	23,401	23,986	24,585	25,200	25,830	26,476	27,138	27,816	28,511
2,626,917	2,692,590	2,759,905	2,828,902	2,899,625	2,972,116	3,046,418	3,122,579	3,200,643	3,280,659	3,362,676	3,446,743
(130,259)	(133,516)	(136,854)	(140,275)	(143,782)	(147,377)	(151,061)	(154,837)	(158,708)	(162,676)	(166,743)	(170,912)
2,496,658	2,559,074	2,623,051	2,688,627	2,755,843	2,824,739	2,895,358	2,967,741	3,041,935	3,117,983	3,195,933	3,275,831
2,117,180	2,191,281	2,267,976	2,347,355	2,429,512	2,514,545	2,602,554	2,693,644	2,787,921	2,885,499	2,986,491	3,091,018
2,117,180	2,191,281	2,267,976	2,347,355	2,429,512	2,514,545	2,602,554	2,693,644	2,787,921	2,885,499	2,986,491	3,091,018
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905
124,758	128,501	132,356	136,327	140,416	144,629	148,968	153,437	158,040	162,781	167,664	172,694
26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
210,815	195,387	178,814	161,041	142,009	121,660	99,931	76,756	52,069	25,799	(2,127)	(31,786)
-	-	-	-	-	-	-	-	-	-	-	-
210,815	195,387	178,814	161,041	142,009	121,660	99,931	76,756	52,069	25,799	(2,127)	(31,786)
-	-	-	-	-	-	-	-	-	-	-	-
87,794	90,867	94,047	97,339	100,746	104,272	99,931	76,756	52,069	25,799	(2,127)	(31,786)
123,021	104,521	84,767	63,702	41,264	17,388	-	-	-	-	-	-

ATTACHMENT 6
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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

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

ATTACHMENT 7A- DEVELOPER'S DISCLOSURE STATEMENT

SDCHC BOARD OF DIRECTORS

Bruce Mayberry

Chair
Principal
JBM Energy Solutions

Jason Paguio

Vice Chair
President & CEO
Asian Business Association

Vinh Le

Secretary
Principal
3C Nexus Educational Consultants

Angeli Calinog

Assistant Secretary
Policy Advisor
San Diego Regional Chamber of Commerce

Jim Miller

Treasurer
Financial/Accounting Consultant
JM Enterprises

Marina Philips

Voting Member
Vice President
California Bank & Trust

Rebecca Williams

Voting Member
Attorney
Allen Matkins

Adam Smith

Voting Member
Attorney
San Diego Gas & Electric

Ted Miyahara

President & CEO
Non-voting Member
President & CEO
San Diego Community Housing Corporation

ATTACHMENT 7 - DEVELOPER'S DISCLOSURE STATEMENT

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

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

A corporation (Attach Articles of Incorporation)

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

A partnership known as: _____

(Name)

Check one:

General Partnership (Attach statement of General Partnership)

Limited Partnership (Attach Certificate of Limited Partnership)

A business association or a joint venture known as: _____

(Attach joint venture or business association agreement)

A Federal, State or local government or instrumentality thereof.

Other (explain)

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

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

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

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

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

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

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

No

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

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

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

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

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

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

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

On file with the San Diego Housing Commission

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

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

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

- a. In banks/savings and loans:
 - Name: California Bank & Trust
 - Address:
 - Amount: \$ 5,627,063

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

Name:

Address:

Amount: \$

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

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

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

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

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

Yes No

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

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

Yes No

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

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

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

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

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

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

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

Yes No

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

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

General description of such work:

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

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

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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

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

Yes No

If yes, explain:

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

N/A

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

Yes No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

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

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

Government Complaint	Entity Making	Date	Resolution

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

Yes No

If yes, please explain, in detail,

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

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

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

N/A

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

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

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

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

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

Yes No

If yes, explain:

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

Yes No

If yes, explain:

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

1. Name: Holly Nelson
Address: City of Escondido
Phone: 760-839-4518
Project Name and Description: Valley Senior Village
2. Name: Matt Grosz
Address: 401 West A Street #1830 San Diego CA 9210 I
Phone: 858-752-2066
Project Name and Description: Genesis Apartments
3. Name: Steve Herman
Address: 1900 A venue of the Starts # 2350, Los Angeles
Phone: 310-407-6181
Project Name and Description: Grant Heights II

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

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

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

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

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 20th day of March, 2023 at San Diego, California.

CONTRACTOR

By: 

Signature

President, SDHC

Title

CERTIFICATION

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

By: Theodore T. Miyahara By: _____
Title: President, SDCHC Title: _____
Dated: 3/20/23 Dated: _____

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

JURAT

State of California
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 20th day of March, 20 23
by Theodore T. Miyahara personally known to me or proved to me on the basis of
satisfactory evidence to be the person(s) who appeared before me.

Phung Chau

Signature of Notary

SEAL



1916291

FILED
in the office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION

OCT 24 1994

OF

SAN DIEGO COMMUNITY HOUSING CORPORATION

Tony Miller
Acting Secretary of State

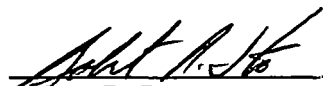
- ONE:** The name of this corporation is San Diego Community Housing Corporation.
- TWO:**
- (a) This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.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

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

FIVE:

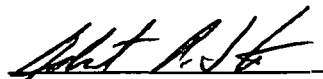
- (a) All corporate property is irrevocably dedicated to the charitable purposes set forth in Article TWO above. No part of the net earnings or assets of this corporation shall ever inure to the benefit of any of its directors, trustees, officers or members, or to the benefit of any private person.
-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

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



Robert P. Ito
Incorporator

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



Robert P. Ito

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

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SECOND AMENDED AND RESTATED

**BYLAWS
OF**

**SAN DIEGO COMMUNITY HOUSING CORPORATION
A California Nonprofit Public Benefit Corporation**

**ARTICLE 1
OFFICES**

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

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

**ARTICLE 2
PURPOSE**

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

**ARTICLE 3
MEMBERSHIP**

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

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

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

ARTICLE 4 DIRECTORS

Section 4.01 Powers.

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

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

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

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

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

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

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

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

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

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

Section 4.02 Number, Term and Qualification of Directors.

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

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

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

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

Section 4.04 Vacancies on Board.

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

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

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

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

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

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

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

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

Section 4.08 Special Meetings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.18 Standard of Care.

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

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

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

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

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

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

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

Section 4.19 Nonliability of Directors and Certain Officers.

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

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

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

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

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

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

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

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

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

ARTICLE 5 COMMITTEES

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

- (a) Vacancies. Fill vacancies on the Board or on any committee which has the authority of the Board;
- (b) Compensation. Fix compensation of the directors for serving on the Board or on any committee;
- (c) Bylaws. Amend or repeal Bylaws or adopt new Bylaws;
- (d) Board Resolutions. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Committees. Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Corporate Funds. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected;
- (g) Self-Dealing. With respect to any assets held in charitable trust, approve any contract or transaction between this corporation and one or more of its directors or between this corporation and an entity in which one or more of its directors have a material financial interest, subject to the approval provisions of Corporations Code section 5233(d)(3).

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

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

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

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

Section 5.05 Advisory Committees.

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

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

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

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

ARTICLE 6 SELF-DEALING TRANSACTIONS

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

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

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

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

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

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

(b) No More Advantageous Arrangement. That either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7 OFFICERS

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

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

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

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

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

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

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

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

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

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

Section 7.10 Secretary.

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

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

Section 7.11 Treasurer.

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

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

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

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

ARTICLE 8 INDEMNIFICATION AND INSURANCE

Section 8.01 Indemnification.

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

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

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

ARTICLE 9 RECORDS AND REPORTS

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

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

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

Section 9.02 Annual Report.

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

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

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

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

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

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

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

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

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

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

ARTICLE 10 GENERAL PROVISIONS

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

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

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

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

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

ARTICLE 11 AMENDMENTS


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

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

CERTIFICATE OF ADOPTION OF BYLAWS

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

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


Secretary

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-2406

DEPARTMENT OF THE TREASURY

Date: JUL 26 1995

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

Employer Identification Number:
33-0661980

Case Number:
955194009

Contact Person:
TYRONE THOMAS

Contact Telephone Number: (213) 894-2289

Accounting Period Ending:
June 30

Foundation Status Classification:
170(b)(1)(A)(vi)

Advance Ruling Period Begins:
October 24, 1994

Advance Ruling Period Ends:
June 30, 1999

Addendum Applies:
No

RECEIVED

JUL 31 1995

OCCUPATIONAL TRAINING
SERVICES, INC

Dear Applicant:

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

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

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

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

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

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

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SAN DIEGO COMMUNITY HOUSING

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

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

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

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

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

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

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

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

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SAN DIEGO COMMUNITY HOUSING

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

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

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

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

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

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

Sincerely yours,


Richard R. Orsco
District Director

Letter 1045 (DC/C3)

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

DEPARTMENT OF THE TREASURY

Date: DEC 29 1999

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

SAN DIEGO COMMUNITY HOUSING
CORPORATION
8799 BALBOA AVE 220
SAN DIEGO, CA 92123-1538

Dear Applicant:

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

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

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

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

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

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

Sincerely yours,

~~Steven T. Miller~~
Steven T. Miller
Director, Exempt Organizations

Letter 1050 (DO/CG)



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

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

00029049
BODC: TE

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



023941

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

Dear Taxpayer:

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

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

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

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

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

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

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

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

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

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

Thank you for your cooperation.

Sincerely yours,



Teri M. Johnson
Operations Manager, AM Ops. 3