



EXECUTIVE SUMMARY

MEETING DATE: September 15, 2023

HCR23-094

SUBJECT: Final Bond Authorization and Tax, Equity and Fiscal Responsibility Act (TEFRA) Hearing and Resolution for SkyLINE Apartments

COUNCIL DISTRICT: 5

ORIGINATING DEPARTMENT: Real Estate

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

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$42,476,918 and taxable bonds in an amount not to exceed \$21,000,000 to fund Bernardo Family Housing LP's construction of SkyLINE Apartments, a new affordable rental housing development at 16785-16787 West Bernardo Drive, in the Rancho Bernardo neighborhood, which will consist of 99 units that will remain affordable for 55 years for individuals and families earning 30 percent to 55 percent of the San Diego Area Median Income (AMI) and one manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On November 17, 2022, the Housing Commission Board of Commissioners (Board) approved taking preliminary steps to authorize the issuance of up to \$42,500,000 of tax-exempt Multifamily Housing Revenue Bonds and taxable bonds in an amount not to exceed \$21,000,000 to finance the new construction of SkyLINE (formerly named Rancho Bernardo Transit Village) and held a TEFRA hearing.
- On May 10, 2023, the California Debt Limit Allocation Committee (CDLAC) approved a \$39,204,504 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.
- Pursuant to a June 30, 2023, revised application, on July 25, 2023, CDLAC approved a request for an additional \$3,272,414 Supplemental Allocation. The total CDLAC allocation of tax-exempt bonds is \$42,476,918.
- SkyLINE will consist of 49 one-bedroom units, 25 two-bedroom units, and 26 three-bedroom units.
- SkyLINE will be built on a vacant portion of Metropolitan Transit System (MTS) parking lot. The site is near bus service, grocery stores, pharmacies, healthcare options, and the Rancho Bernardo library.
- The Housing Commission has awarded 30 Project-Based Housing Vouchers to this development for households with income at or below 30 percent of San Diego's Area Median Income (\$41,350 per year for a four-person household).
- There are no Housing Commission cash loan funds proposed for the SkyLINE development.
- SkyLINE's proposed development cost per unit is higher than a typical multifamily rental housing development because, in addition to an affordable residential component, there is also additional MTS-required parking as well as the developer's proposed new headquarters.
- SkyLINE's non-residential portion will be funded with taxable bond proceeds, tax credit equity proceeds, and State of California Infill Infrastructure grant funds. The tax-exempt bonds proceeds may not be used to fund the non-residential commercial/office space.
- SkyLINE has an estimated total development cost of \$90,943,122 (\$909,431 per unit).



REPORT

DATE ISSUED: September 7, 2023

REPORT NO: HCR23-094

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 15, 2023

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for SkyLINE Apartments

COUNCIL DISTRICT: 5

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on September 15, 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 this hearing not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in the aggregate amount not to exceed \$42,476,918 and taxable bonds in an amount not to exceed \$21,000,000 to fund Bernardo Family Housing LP's construction of SkyLINE Apartments, a new affordable rental housing development at 16785-16787 West Bernardo Drive in the Rancho Bernardo neighborhood, which will consist of 99 units that will remain affordable for 55 years for individuals and families earning 30 percent to 55 percent of the San Diego Area Median Income (AMI) and one manager's unit.

STAFF RECOMMENDATIONS

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

Housing Commission

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of a tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$42,476,918 to fund Bernardo Family Housing LP's construction of SkyLINE Apartments (SkyLINE), a new affordable rental housing development at 16785-16787 West Bernardo Drive in the Rancho Bernardo neighborhood, which will consist of 99 units that will remain affordable for 55 years for individuals and families earning 30 percent to 55 percent of the San Diego Area Median Income (AMI) and one manager's unit.

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$42,476,918 and taxable bonds in an amount not to exceed \$21,000,000 to fund Bernardo Family Housing LP's construction of SkyLINE Apartments (SkyLINE), a new affordable rental housing development at 16785-16787 West Bernardo Drive in the Rancho Bernardo neighborhood, which will consist of 99 units that will remain affordable for 55 years for individuals and families earning 30 percent to 55 percent of the San Diego Area Median Income (AMI) and one manager's unit.
- 2) Authorize the Housing Commission's President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.

City Council

- 1) Adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$42,476,918 to facilitate the development of SkyLINE Apartments (SkyLINE), a new affordable rental housing development at 16785-16787 West Bernardo Drive in the Rancho Bernardo neighborhood, which will consist of 99 units that will remain affordable for 55 years for individuals and families earning 30 percent to 55 percent of the San Diego Area Median Income (AMI) and one manager's unit.

SUMMARY

A Development Summary is as follows:

Table 1 –Development Details

Address	16785-16787 West Bernardo Drive, San Diego. CA 92127
Council District	5
Community Plan Area	Rancho Bernardo Community Plan
Developer	Affirmed Housing (Affirmed)
Development Type	New construction
Construction Type	Type III over Type IA (five stories)
Parking Type	Proposed parking spaces will be as follows: 85 parking spaces (Metropolitan Transit System replacements) <u>+38</u> spaces (parking for Affirmed's on-site offices exclusive use) 123 Subtotal of non-residential parking spaces <u>+78</u> parking spaces for 100 residential units 201 Total parking spaces
Local Amenities	<u>Mass Transit</u> - This site is a portion of the Rancho Bernardo Transit Station at 17051 West Bernardo Drive, which provides bus service. <u>Grocery</u> - Vons (1.4 miles). Albertsons (1.9 miles). Barons Market Rancho Bernardo (1.2 miles).

	<u>Schools</u> - Westwood Elementary School (1.4 miles). Bernardo Heights Middle School (3.9 miles). Rancho Bernardo High School (3.7 miles).
Housing Type	Affordable multifamily
Accessibility	Wheelchair accessibility in 15 percent of the units, and 10 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	1.2 acres, 52,272 square feet
Units	100 (99 units restricted/affordable)
Density	83.33 dwelling units per acre (100 units ÷ 1.2 acres = 83.33)
Unit Mix	99 affordable rental units: 49 one-bedroom units, 25 two-bedroom units, 25 three-bedroom units and one three-bedroom manager's unit.
Gross Building Area	93,976 square feet of residential space. (Plus approximately 12,950 square feet of commercial/office space and approximately 78,433 square feet of two-story parking.)
Net Rentable Area	76,926 square feet.
Federal Project Based Housing Vouchers (PBV)	30 PBVs for low-income individuals and families earning up to 30 percent of AMI .
Affordable Units in Service by Council District	Council District 5 includes 1,624 affordable rental housing units currently in service, which represents 6.36 percent of the 25,527 affordable rental housing units in service citywide.

Background

On November 17, 2022, the Housing Commission Board (Report No. HCR22-118) approved taking preliminary steps to authorize the issuance of up to \$42,500,000 of tax-exempt Multifamily Housing Revenue Bonds, and taxable bonds in an amount not to exceed \$21,000,000, to finance the new construction of SkyLINE (formerly named Rancho Bernardo Transit Village) and held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986.

The Housing Commission Board 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).

On May 10, 2023, the California Debt Limit Allocation Committee (CDLAC) approved a \$39,204,504 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

Pursuant to a June 30, 2023, revised application, on July 25, 2023, CDLAC approved a request for an additional \$3,272,414 Supplemental Allocation. The total CDLAC allocation of tax-exempt bonds is \$42,476,918.

The Development

SkyLINE will be a 100-unit, new construction development, with 99 affordable housing units and one manager's unit. The SkyLINE development will be at 16785-16787 West Bernardo Drive (Attachment 1 –Site Map). The subject site will replace a vacant portion of the San Diego Metropolitan Transit System (MTS) Rancho Bernardo Transit Station's existing parking lot. The existing Rancho Bernardo Transit Station at 17051 West Bernardo Drive provides bus service.

SkyLINE will consist of 49 one-bedroom units (537 square feet), 25 two-bedroom units (815 square feet), and 26 three-bedroom units (1,090 square feet) within one building. SkyLINE's proposed building will have five stories of modified wood construction built over a two-story concrete podium structure. The development will provide 30 units rent-restricted to households with income up to 30 percent of San Diego's Area Median Income (AMI), 39 units rent-restricted to households with income up to 50 percent of AMI, 30 units rent-restricted to households with income up to 55 percent of AMI, and an unrestricted manager's unit. Residents of 30 units will receive help to pay their rent through Project-Based Housing Vouchers (PBVs) awarded by the Housing Commission.

The proposed development's unit amenities will include air conditioning, refrigerator, oven, disposal, dishwasher, microwave, and blinds. Site amenities will include a children's play area, a community room with a computer room, shaded outdoor gathering spaces with built-in seating, and a leasing office. As discussed in greater detail within the Financing Structure section of this report, SkyLINE's proposed development cost per unit is higher than a typical multifamily rental housing development because, in addition to an affordable residential component, there is also MTS- required parking as well as the developer's proposed new headquarters. Please refer to the Financing Structure section below for a detailed breakdown of these cost drivers.

The Property

SkyLINE will be built on a vacant portion of an MTS parking lot at 17051 West Bernardo Drive, San Diego, CA 92127, which is north of Bernardo Center Drive, south of Bernardo Center Road, and west of Interstate 15. The site is near bus service, grocery stores, pharmacies, healthcare options, and the Rancho Bernardo library. A site map is at Attachment 1. MTS will enter into a ground lease for 99 years with the project ownership entity, Bernardo Family Housing LP. Rent will be paid annually, in arrears, based upon 5 percent of the available cash flow after all debt and operating expenses are paid.

Resident Services

The developer, Affirmed Housing, has a Memorandum of Understanding with Compass for Affordable Housing (Compass) to provide resident services to SkyLINE's tenants. The services will include adult education, health and wellness classes, financial literacy, nutrition, exercise, art, parenting, food preparation, career building, job readiness (resume writing, interviewing skills), computer education, voter registration, activities to develop community leadership, and other enrichment activities.

Prevailing Wages

SkyLINE's proposed use of 30 U.S. Department of Housing and Urban Development Project-Based Housing Vouchers, administered by the Housing Commission, will require this development to pay federal prevailing wages. Also, the proposed use of California Department of Housing and Community Development Infill Infrastructure Grant funds will require this development to pay California State prevailing wages.

Relocation

The subject property is vacant. No relocation is necessary.

Accessibility

The California Tax Credit Allocation Committee (CTCAC) requires wheelchair accessibility in 15 percent of the units, and an additional 10 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The SkyLINE units will be accessible in accordance with the Americans with Disabilities Act.

Project Sustainability

SkyLINE will be constructed in conformance with CTCAC minimum energy efficiency standards. The development's features will include a rooftop photovoltaic solar energy system, Leadership in Energy and Environmental Design (LEED) lighting, and energy efficient appliances. Water efficiency and conservation has been incorporated into the development's design, including low-flow fixtures and drought-resistant landscaping. The development will be Green Point rated.

Development Team

During the tax credit compliance period, SkyLINE will be owned by Bernardo Family Housing LP, a single-asset, California limited partnership consisting of: CFAH Housing, LLC, as the Managing General Partner, AHG Rancho Bernardo, LLC, as the Administrative General Partner, and Bank of America, as the tax credit limited partner (Attachment 2 – Organization Chart). Affirmed Housing is the developer of the SkyLINE project. Since its start in 1992, Affirmed Housing has completed, or has under construction, 70 developments with over 5,500 affordable rental and for-sale apartments and homes in various locations. Affirmed Housing has approximately 1,130 apartments in the planning stage throughout California. Affirmed Housing is an award-winning, for-profit, real estate development firm in San Diego. Affirmed Housing has completed several affordable housing developments utilizing Housing Commission loans. It has worked with the Housing Commission on multiple projects utilizing tax-exempt Multifamily Housing Revenue Bonds issued by the Housing Authority. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed SkyLINE development.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group Inc.
Owner/Borrower	Bernardo Family Housing LP
Managing General Partner	CFAH Housing LLC
Administrative General Partner	AHG Rancho Bernardo LLC
Tax Credit Investor Limited Partner	Bank of America (B of A)
Architect	Architect Orange
General Contractor	HA Builders
Property Management	ConAm Management Corporation
Ground Lessor	San Diego Metropolitan Transit System (MTS)
Tenant Services Providers	Compass for Affordable Housing

Bond Issuance Underwriter	Lument Capital
Construction Lender	Bank of America
Permanent Lender	Citi Community Capital

Property Management

ConAm Management Corporation (ConAm) will manage SkyLINE. Established in 1975, ConAm is a nationwide management company based in San Diego, with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It is experienced in property management, marketing, maintenance, and tax-credits. ConAm manages 599 units for Affirmed Housing.

FINANCING STRUCTURE

SkyLINE has an estimated total development cost of \$90,943,122 (\$909,431 per unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 3 and summarized below. There are no Housing Commission cash loan funds proposed for the SkyLINE development.

Table 3 – SkyLINE Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$16,120,492	Land cost	\$131,001	\$1,310
State of California Department of Housing and Community Development Infill Infrastructure Grant	4,469,800	Construction cost \$57,268,585 Contingency cost + 4,008,800 Total 61,277,385	61,277,385	612,774
City of San Diego loan	5,000,000	Financing costs	13,202,894	132,029
County of San Diego loan	2,000,000	Other soft costs	3,026,788	30,268
Deferred developer fee	3,880,000	Reserves	522,000	5,220
Solar credits	204,600	Soft cost contingency	1,128,948	11,289
4 percent federal tax credit equity	40,036,982	Architect and engineering	3,075,000	30,750
State of California tax credit equity	15,408,048	City of San Diego permits and City development impact fees	2,199,106	21,991
Interest Income	3,823,200	Developer's fee	6,380,000	63,800
Total Sources	\$90,943,122	Total Development Cost (TDC)	\$90,943,122	\$909,431

Developer Fee

\$6,380,000 - Gross developer fee

- 3,880,000 - Minus deferred developer fee

\$2,500,000 - Net cash developer fee

On April 25, 2017, the Authority approved the “*Request for Approval of Updated Developer Fees*” (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “*Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....*” The proposed developer fee complies with the HAR17-011 “*Request for Approval of Updated Developer Fees*” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$90,943,122 \div 100 \text{ units} =$	\$909,431
Housing Commission Subsidy Per Unit	$\$0 \div 100 \text{ units} =$	\$0
Land (lease) Cost Per Unit	$\$131,001 \div 100 \text{ units} =$	\$1,310
	Residential portion = 93,976 sq. ft. Non-residential portion = 12,950 sq. ft. parking = <u>78,433</u> sq. ft. Subtotal = <u>185,359</u> sq. ft.	
Gross Building Square Foot Hard Cost	$\$61,277,385 \div 185,359 \text{ sq. ft.} =$	\$331
Net Rentable Square Foot Hard Cost	$\$61,277,385 \div 76,926 \text{ sq. ft.} =$	\$797

The total hard cost of \$61,277,385 includes costs for residential, commercial/office building space (which will include developer Affirmed Housing's new headquarters), MTS-required replacement parking and other parking. When the costs for non-residential commercial/office space and the MTS-required parking are removed from the project's total development cost, the development's residential portion cost per unit drops from \$909,431 to \$816,158.

	Total Cost	Cost Per Unit
Residential	\$81,615,786	\$816,158
Commercial	5,257,536	52,575
MTS Parking	4,069,800	40,698
Total	\$90,943,122	\$909,431

SkyLINE's non-residential portion will be funded with taxable bond proceeds, tax credit equity proceeds, and State of California Infill Infrastructure grant funds. The tax-exempt bonds proceeds may not be used to fund the non-residential commercial/office space.

Project Comparison Chart

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

Table 5 – Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – SkyLINE	2023	100	\$90,943,122 (With prevailing wage, & commercial/office space component)	\$909,431 – Total Development Cost \$816,158 – Residential portion	\$0	\$331

Modica	2023	94	\$58,165,819 (Without prevailing wage, no commercial/office space component)	\$618,785	\$31,915	\$378
Iris at San Ysidro	2022	100	\$56,449,080 (With prevailing wage, no commercial/office space component)	\$564,182	\$23,000	\$307
Ventana al Sur	2021	101	\$57,337,762 (With prevailing wage, no commercial/office space component)	\$567,701	\$43,564	\$512

SkyLINE's \$909,431 development cost per unit is higher than a typical multifamily rental housing development because of various factors including:

- MTS requires the developer to provide 85 parking stalls within SkyLINE's podium structure for MTS patrons as trolley replacement parking.
- MTS-required, and other, parking adds \$9,690,000 (\$96,900/unit) to the construction costs.
- Escalation of interest rates, which includes higher interest reserves.
- Higher-than-expected sewer and water off-site work is required. Through Affirmed Housing's design review process with the City of San Diego, a water study was submitted to the City of San Diego. City of San Diego staff determined that a water loop is required rather than an upgrade of an existing system. Additionally, it was also determined that approximately 550 feet of additional sewer is required for the property.
- Construction cost inflation has significantly increased in the past year.
- Necessary increase in the contingency budget to compensate for increasing interest and construction costs.
- Utilization of a project labor agreement as well as the higher of federal or state prevailing wage rates, as a result of the funding sources attributable to the project.
- Volatility in the insurance market has increased the insurance costs.
- City of San Diego permits and development impact fees add over \$2 million to the costs.
- Due to the mixed-use zoning, the SkyLINE design will include commercial/office space.

TAX EXEMPT AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds Financing

The bonds will be issued in one tax-exempt series in the amount of \$42,476,918 (expected to be designated Series 2023 B). In addition, Bank of America will make a direct taxable loan to the Borrower during the construction period.

The tax-exempt debt will be sold initially through a public offering and will be structured during the construction period as rated, non-credit-enhanced, 100% cash collateralized, short-term, and publicly offered Bonds that will be marketed by Lument Capital, or a related entity, as underwriter, and pursuant to a forward commitment with Citibank, N.A., will convert to a permanent loan evidenced by a note to be purchased by Citibank in a private placement transaction for the permanent loan period in accordance with the Housing Authority's policies on private placements. The permanent period note is expected to be unrated.

Security – During the construction period, bond repayment will be secured by deposits in a Collateral Fund. The Bonds will be 100% cash collateralized during the construction period. The Trustee, U.S. Bank Trust Company, National Association, will hold deposited funds in cash or they will be invested in permitted investments that are expected to include U.S. Treasury obligations. The Trustee may release the Bond proceeds to the Borrower for acquiring and developing the development only if it receives a like amount of funds into a Collateral Fund. The deposits in the Collateral Fund must be bankruptcy-proof. There will be no additional credit enhancement. The loan is expected to be secured by a first lien position on the property. From the conversion date, the obligation issued by the Housing Authority will take the form of a note (Governmental Note) to be executed and delivered by the Housing Authority for the purpose of funding a permanent loan to the Borrower to be purchased by Citibank pursuant to the terms of a forward commitment. From and after the conversion date, the Governmental Note will be secured by a mortgage and revenues of the project.

Financing Documents for the Bonds and Governmental Note:

Trust Indenture – The Bonds will be issued pursuant to an Indenture between the Housing Authority and US Bank as Trustee. The Indenture sets forth the terms of the Series 1 Bonds, including interest rate, final maturity, and redemption provisions. The Indenture establishes accounts for deposit of Bond proceeds and repayment sources. Based upon instructions contained in the Indenture, the Trustee will disburse bond proceeds for eligible costs, collect project revenues, and make payments to the Bondholders. The Bonds are expected to be repaid in full following completion of the construction period in connection with conversion.

Loan Agreement – Under the terms of the Loan Agreement between the Housing Authority and the Borrower, the Housing Authority will loan the proceeds of the Bonds to the borrower in order to develop the project. The loan is evidenced by a note in an amount corresponding to the principal amount of the Bonds. With the Loan Agreement, the Housing Authority assigns its rights to receive note payments to the Trustee.

Funding Loan Agreement – During the permanent period, a Governmental Note will be issued pursuant to a Funding Loan Agreement among Citibank, the Housing Authority and U.S. Bank Trust Company, National Association, as Fiscal Agent.

Borrower Loan Agreement – During the permanent period, the loan to the Borrower will be governed by the terms of a Borrower Loan Agreement among the Housing Authority, the Borrower and the Fiscal Agent.

Regulatory Agreement and Declaration of Restrictive Covenants – A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable Federal and State laws. The Regulatory Agreement restricts the rental of the 99 affordable apartments (the one manager unit is exempted) to low-income residents for at least 55 years.

Bond Purchase Agreement – This Agreement is among the Housing Authority, the Borrower and the Underwriter of the Bonds. It sets forth the conditions under which the Underwriter will purchase the Bonds.

Official Statement - During the Bonds' marketing period, an Official Statement (to be prepared by counsel to the Underwriter), in preliminary form, will be used. After the Bonds are sold, final pricing information will be included and the Official Statement will become final. The Official Statement, in preliminary form, will be used to market the Bonds to investors. It describes the terms, financing structure, flow of funds, the development, and the security for the Bonds during the construction period. The Official Statement, which will be executed by the Borrower, will contain limited information about the Housing Authority as issuer. This information verifies that the Housing Authority is an appropriate issuer of the Bonds and that there is not existing or threatened litigation that would jeopardize the validity of the Bonds. Financial statements of the Housing Commission or Housing Authority are not included in the Official Statement.

Financial Advisor's Recommendation

Orrick, Herrington and Sutcliffe, LLP is the Bond Counsel and PFM Advisors is the Bond Financial Advisor to work on the bonds issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor's analysis and recommendation is at Attachment 6.

AFFORDABLE HOUSING IMPACT

Project Based Vouchers (PBV)

Affirmed Housing applied to the Housing Commission's Fiscal Year 2022 Notice of Funding Availability (NOFA) for PBVs only and was provided a preliminary award recommendation of 30 PBVs for SkyLINE, which are for low-income individuals and families with income up to 30 percent of AMI, currently \$33,100 per year for a two-person household, \$37,250 per year for a three-person household, and \$41,350 per year for a four-person household. The recommendation for these vouchers is contingent upon additional items including, but not limited to completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the PBV program, Work-Able families pay either the minimum monthly rent payment amount or a predetermined amount of rent that is based on the family's annual income, whichever is greater. There is no minimum monthly rent payment amount for Elderly/Disabled families, which currently are households in which all adult family members are 55 or older, disabled, or a full-time student ages 18 to 23. The Housing Assistance Payment provides a rental subsidy for residents in SkyLINE's 30 voucher-assisted units. The PBV units will be 10 one-bedroom units, 10 two-bedroom units, and 10 three-bedroom units. The tenants will be selected from the Housing Commission's low-income PBV Wait List. Tenant Supportive Services will be provided by Compass for Affordable Housing. Applicants for these PBVs will be selected from SDHC's PBV wait list.

Affordability

The SkyLINE development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 99 units for 55 years. The rent and occupancy restrictions required by CTCAC will be applicable.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom (PBVs)	30% (\$33,100/year for two-person household)	10	\$775
One bedroom	50% (\$55,150/year for two-person household)	20	\$1,292
One bedroom	55% (\$60,665/year for two-person household)	19	\$1,422
Subtotal One Bedroom Units	--	49	--
Two bedrooms (PBVs)	30% (\$37,250/year for three-person household)	10	\$930
Two bedrooms	50% (\$62,050/year for three-person household)	11	\$1,551
Two bedrooms	55% (\$68,255/year for three-person household)	4	\$1,706
Subtotal Two Bedroom Units	--	25	--
Three bedrooms (PBVs)	30% (\$41,350/year for four-person household)	10	\$1,075
Three bedrooms	50% (\$68,900/year for four-person household)	8	\$1,791
Three bedrooms	55% (\$75,790/year for four-person household)	7	\$1,971
Subtotal Three Bedroom Units	--	25	--
Manager's three bedrooms unit	--	1	--
Total Units	--	100	--

FISCAL CONSIDERATIONS

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

Funding sources approved by this action:

\$42,476,918 Tax-exempt Bond

+21,000,000 Taxable Bond

\$63,476,918 X 0.0025 = \$158,692

Total Funding Sources: up to \$158,692

Funding uses approved by this action:

Administrative costs: \$158,692

Total Funding Uses: up to \$158,692

The tax-exempt bonds and the taxable bonds will not constitute a debt of the City of San Diego. If the bonds are ultimately issued for the project, then these 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 project-related revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of these bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee, annual bond administration fee, as well as the Housing Commission's Bond Counsel fee and Financial Advisor's fee.

September 7, 2023

Final Bond Authorization and Tax Equity and Fiscal Responsibility Act Resolution for SkyLINE Apartment

Page 12

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none">• Housing Authority consideration of bond authorization• City Council consideration of TEFRA resolution	<ul style="list-style-type: none">• October 10, 2023• October 10, 2023• October 23, 2023
<ul style="list-style-type: none">• Estimated bond issuance and escrow closing• Estimated start of construction work• Estimated completion of construction work	<ul style="list-style-type: none">• November 2023• February 2026

HOUSING COMMISSION STRATEGIC PLAN

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

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

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

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On October 21, 2021, Affirmed Housing presented the proposed development as an informational item to the Rancho Bernardo Community Planning Board. No vote was taken for that informational item.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed Housing as the developer, the County of San Diego as a proposed lender, MTS as the property lessor, and the Rancho Bernardo neighborhood. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and create 99 new affordable rental homes for families with very low and low income.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15300.1, Relation to Ministerial Projects. Section 21080 of the Public Resources Code exempts from the application of CEQA those projects over which public agencies exercise only ministerial authority. The City of San Diego Development Services Department has provided the developer with verification of zoning & land use entitlements indicating the ministerial approval.

September 7, 2023

Final Bond Authorization and Tax Equity and Fiscal Responsibility Act Resolution for SkyLINE Apartment

Page 13

National Environmental Policy Act

Federal funds constitute a portion of the project's funding. The project received approval of a National Environmental Policy Act (NEPA) Environmental Assessment from the City of San Diego on May 9, 2023 and Authority to Use Grant Funds from the US Department of Housing and Urban Development (HUD) on June 20, 2023.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,

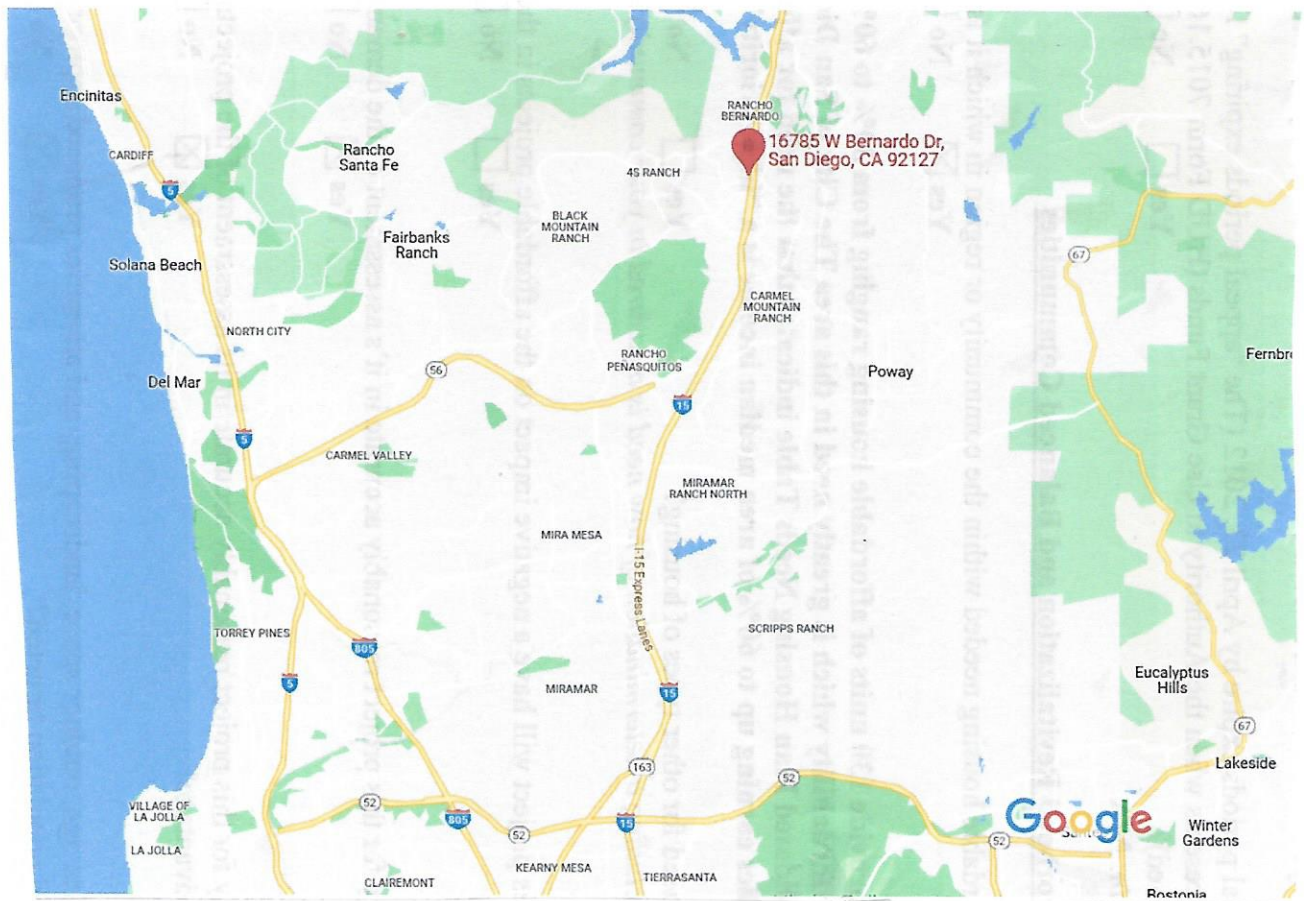
Jeff Davis

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

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

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

ATTACHMENT 1 - SITE MAP



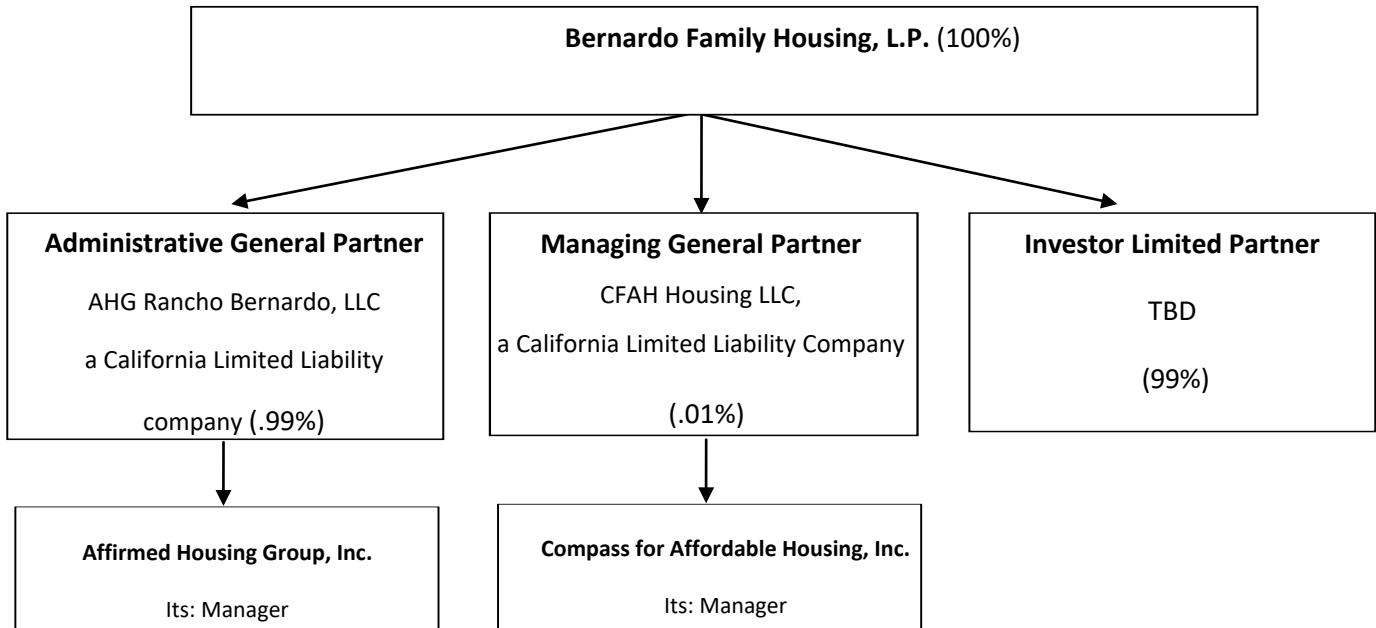
ATTACHMENT 2 - ORGANIZATION CHART

Bernardo Family Housing, L.P.

OWNERSHIP STRUCTURE:

Limited Partnership

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that will be the 100% ownership entity of the affordable housing project. AHG Rancho Bernardo LLC, a California single purpose entity filed with the state will be the Administrative General Partner, owning .99% interest; CFAH Housing LLC will act as the Managing General Partner and will own .01% interest and the The Investor Limited Partner will have 99% interest in the limited partnership. The Borrower entity has been fully formed, which includes the the non-profit sponsor. Please see completed organizational documents.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

1. James Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Mellody Lock
Director of Development
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Tania Moshirian
Project Manager
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
4. Katelyn Silverwood
Executive Director
Compass For Affordable Housing
13520 Evening Creek Dr. N, #560
San Diego, CA 92128

Affirmed Housing Group, Inc. (AHG) will act as the Manager of the Administrative General Partner in the development of the affordable housing project. Affirmed's role of the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

ATTACHMENT 3 DEVELOPER'S PROJECT PRO FORMA

Rancho Bernardo Transit Affordable/Mixed Use Plaza

100 Mixed Income Affordable Family Apts; 14,000 SF Commercial Office

5 stories wood frame over 2 story concrete + Replacement Parking

4%+State + City SD (LMIHAF) + SDHC PBVs (Non PSH) + County of SD (IHTF)+IIG
Public Bond Offering

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Permanent Loan	\$ 16,120,492	161,205	17.7%
City of San Diego	\$ 5,000,000	50,000	5.5%
County of San Diego	\$ 2,000,000	20,000	2.2%
HCD IIG	\$ 4,469,800	44,698	4.9%
45L Credits	\$ 204,600	2,046	0.2%
Interest Income	\$ 3,823,200	38,232	4.2%
Deferred Developer Fee	\$ 3,880,000	38,800	4.3%
Federal Tax Credit Equity	\$ 40,036,982	400,370	44.0%
State Tax Credit Equity	\$ 15,408,048	154,080	16.9%
TOTAL SOURCES	\$ 90,943,122	909,431	100.0%

USES

Land/Acquisition Cost	\$ 131,001	1,310	0.1%
Total New Construction Costs	\$ 57,268,585	572,686	63.0%
Hard Cost Subtotal	\$ 57,268,585	572,686	63.0%
Construction Contingency	\$ 4,008,800	40,088	4.4%
Architecture & Engineering	\$ 3,075,000	30,750	3.4%
Construction Interest & Fees	\$ 11,322,290	113,223	12.4%
Capitalized Reserves	\$ 522,000	5,220	0.6%
Taxes & Insurance	\$ 1,144,704	11,447	1.3%
Cost of Issuance	\$ 735,900	7,359	0.8%
Construction Services	\$ 50,000	500	0.1%
Escrow & Title	\$ 80,000	800	0.1%
Legal Fees	\$ 335,000	3,350	0.4%
Devel Impact Fees & Permits	\$ 2,199,106	21,991	2.4%
Tax Credit Fees	\$ 204,538	2,045	0.2%
Misc. Soft Costs	\$ 2,357,250	23,573	2.6%
Soft Cost subtotal	\$ 22,025,788	220,258	24.2%
Soft Cost Contingency	\$ 1,128,948	11,289	1.2%
Developer Fee	\$ 6,380,000	63,800	7.0%
TOTAL USES	\$ 90,943,122	909,431	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$16,120,492
Permanent Loan Interest Rate	6.31%
Permanent Loan Term (yr.)	17
Permanent Loan Amort (yr.)	40
Net Operating Income	\$1,272,431
Debt Service	\$1,106,461
Debt Coverage Ratio	1.15
Construction Loan Amount (TE &	\$53,987,608
Construction Loan Interest Rate	7.66%
Construction Loan Term (mo.)	36
Loan to Value	46.71%

INCOME

Type	Qty.	%AMI	Net Income	Total Income
1BR-PBV	10	30%	\$ 2,343	\$ 23,430
1BR	20	50%	\$ 1,226	\$ 24,520
1BR	19	55%	\$ 1,335	\$ 25,365
2BR-PBV	10	30%	\$ 3,032	\$ 30,320
2BR	11	50%	\$ 1,469	\$ 16,159
2BR	4	55%		
3BR-PBV	10	30%	\$ 4,282	\$ 42,820
3BR	8	50%	\$ 1,652	\$ 13,216
3BR	7	55%	\$ 1,652	\$ 11,564
3BR MGR	1		\$ -	\$ -
TOTAL	100			\$ 187,394
Annual Residential Income				\$ 1,415,745
Excess PBV Income				\$ 934,354
Other Income				\$ 20,692
Total Gross Annual Income				\$ 2,370,791
Vacancy @ 5.0%				\$ (117,505)
TOTAL NET ANNUAL INCOME				\$ 2,253,286

EXPENSES

Administrative	\$ 1,250	\$ 125,000
Management	\$ 713	\$ 71,280
Utilities	\$ 1,900	\$ 190,000
Payroll	\$ 1,739	\$ 173,921
Total Insurance:	\$ 1,190	\$ 119,000
Maintenance	\$ 1,613	\$ 161,304
Other: Agency Monitoring Fees	\$ -	\$ -
Subtotal	\$ 8,405	\$ 840,505
Resident Services	\$ 500	\$ 50,000
Replacement Reserves	\$ 375	\$ 37,500
Real Estate Taxes	\$ 130	\$ 13,000
Other: Misc state & local fees, is	\$ 399	\$ 39,850
ANNUAL EXPENSES	\$	\$ 980,855

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$4,256,989
Federal Tax Credit Pricing	\$0.95
State Tax Credits Requested	\$17,509,145
State Tax Credit Pricing	\$0.88
LP Interest	99.00%
Applicable Rate	4.00%
50% Test	51.49%

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS
Rancho Bernardo Transit Affordable/Mixed Use Plaza

Basis Limits Used: **TCAC 2023** County: **SAN DIEGO**
 Application Type: **4%+State** Housing Type: **Large Family**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$353,173	0	\$0
1	\$407,205	49	\$19,953,045
2	\$491,200	25	\$12,280,000
3	\$628,736	26	\$16,347,136
4+	\$700,451	0	\$0
TOTAL UNITS:		100	
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			\$48,580,181
		Yes/No	
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	Yes	\$9,716,036
(b)	Plus (+) 10% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	Yes	\$4,858,018
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	No	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	No	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features. If yes, enter total % boost: 0%	No	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: Seismic Upgrading	No	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	Yes Please Enter Amount:	\$1,826,490
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	Yes	\$4,858,018
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; AND (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	Yes	\$4,858,018
4% Projects			
(j)	Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and 50% of AMI. Affordable Units: 99 Total Affordable Units @ 50% to 35% of AMI: 39	39%	\$19,137,647
(k)	Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of AMI. Affordable Units: 99 Total Affordable Units @ 35% of AMI or Below: 30	30%	\$29,442,534
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$123,276,942

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit 104.402%

UNADJUSTED THRESHOLD BASIS - 39% TEST

Total of (a), (b), (c), (d), & (h) cannot exceed 39% 40.000%

DEVELOPMENT BUDGET

Rancho Bernardo Transit Affordable/Mixed Use PI

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Purchase Price	1	1	-		
Land Carry Cost + Misc. Fees	131,000	131,000	-		
Land Carry Cost	-	-	-		
Total Land Cost or Value	131,001	131,001	-		
Existing Improvements Value	-	-	-		-
Off-Site Improvements	-	-	-	-	-
Total Acquisition Cost	-	-	-	-	-
Total Land Cost / Acquisition Cost	131,001	131,001	-	-	-
REHABILITATION					
Abatement/Demolition	-	-	-		
Structures	-	-	-	-	-
General Requirements	-	-	-	-	-
Contractor Overhead	-	-	-	-	-
Contractor Profit	-	-	-	-	-
Prevailing Wages	-	-	-	-	-
General Liability Insurance	-	-	-	-	-
Contractor Contingency	-	-	-	-	-
Total Rehabilitation Costs	-	-	-	-	-
Total Relocation Expenses	-	-	-	-	-
NEW CONSTRUCTION					
Site Work	5,130,000	5,130,000	-	5,130,000	-
Structures	35,220,000	32,142,000	3,078,000	32,142,000	-
General Requirements	2,200,000	2,173,000	27,000	2,173,000	-
Contractor Overhead	1,000,000	1,000,000	-	1,000,000	-
Contractor Profit	2,200,000	2,167,000	33,000	2,167,000	-
Solar PV	570,000	570,000	-	570,000	-
Prevailing Wages	-	-	-	-	-
General Liability Insurance/ Bond Prem	1,087,585	1,087,585	-	1,087,585	-
Parking (MTS/Resi/Office):	9,690,000	8,756,340	933,660	8,756,340	-
Other: Site Security	171,000	171,000	-	171,000	-
Total New Construction Costs	57,268,585	53,196,925	4,071,660	53,196,925	-

DEVELOPMENT BUDGET

Rancho Bernardo Transit Affordable/Mixed Use Plaza

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES					
Design (incl ADA)	1,975,000	1,786,575	188,425	1,786,575	-
Other:	-	-	-	-	-
Total Architectural Costs	1,975,000	1,786,575	188,425	1,786,575	-
Total Survey and Engineering	1,100,000	1,100,000		1,100,000	-
CONST. INTEREST & FEES					
Tax-Exempt Construction Loan Interest	4,130,000	4,130,000	-	4,130,000	-
Origination Fee	538,839	538,839	-	538,839	-
Cost of Issuance	735,900	735,900	-	73,590	-
Taxes	62,000	62,000	-	62,000	-
Insurance	1,082,704	1,082,704	-	1,082,704	-
Title and Recording	80,000	80,000	-	80,000	-
Construction Service Fees (Bank)	50,000	50,000	-	50,000	-
Other: Public Bond Interest	3,823,220	3,823,220	-	3,823,220	-
Other: SDHC Const Review	12,500	12,500	-	12,500	-
Other: Taxable Construction Interest	1,060,500	1,060,500	-	1,060,500	-
Total Const. Interest & Fees	11,575,663	11,575,663	-	10,913,353	-

PERMANENT FINANCING					
Loan Origination Fee	165,479	165,479	-		
Credit Enhancement/Application Fee	-	-	-		
Title and Recording	-	-	-		
Taxes	-	-	-		
Insurance	-	-	-		
Other: SDHC Monitoring & Underwriting Fee	75,642	75,642	-		
Other: Interest Prior to Conversion	2,589,110	2,589,110	-		
Total Perm. Financing Costs	2,830,231	2,830,231	-		
LEGAL FEES					
Lender Legal Pd. by Applicant	155,000	155,000	-	65,000	-
Other : Partnership & Transaction	180,000	180,000	-	10,000	-
Total Attorney Costs	335,000	335,000	-	75,000	-
RESERVES					
Rent Reserves	-	-	-		
Capitalized Operating Reserve	-	-	-		
*3- Month Operating Reserve	522,000	522,000	-		
Other: (Specify)	-	-	-		
Total Reserve Costs	522,000	522,000	-		

DEVELOPMENT BUDGET

Rancho Bernardo Transit Affordable/Mixed Use Plaza

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
Total Appraisal Costs	8,000	8,000	-	8,000	-
Total Hard Cost Contingency	4,008,800	4,008,800	-	4,008,800	-
OTHER PROJECT COSTS					
TCAC App/Allocation/Monitoring	204,538	204,538	-		
Environmental Audit	45,000	45,000	-	45,000	-
Local Dev. Impact Fees	1,896,281	1,826,490	69,791	1,826,490	-
Permit Processing Fees	302,825	302,825	-	302,825	-
Marketing	25,000	25,000	-		
Furnishings, Fixtures, Equipment	600,000	600,000	-	600,000	-
Market Study	14,250	14,250	-	14,250	-
Accounting/Reimbursables	40,000	40,000	-	40,000	-
Soft Cost Contingency	1,128,948	1,128,948	-	1,128,948	-
Lease-Up Costs	50,000	50,000	-	-	-
Other: Transit passes	63,000	63,000	-		-
Other: MTS/City fees	50,000	50,000	-	50,000	-
Utilities	389,000	389,000	-	389,000	-
Total Other Costs	4,808,842	4,739,051	69,791	4,396,513	-
SUBTOTAL PROJECT COST	84,563,122	80,233,246	4,329,876	75,485,166	-
	Total Project Cost	Total Residential	Total Commercial	Total	Total
				75,485,166	-
DEVELOPER COSTS					
Developer Overhead/Profit	6,380,000	6,380,000	-	6,380,000	-
Consultant/Processing Agent	-	-	-	-	-
Project Administration	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-
Other: (Specify)	-	-	-	-	-
Total Developer Costs	6,380,000	6,380,000	-	6,380,000	-
TOTAL PROJECT COSTS	90,943,122	86,613,246	4,329,876	81,865,166	-
				-	-
				81,865,166	-

CONSTRUCTION & PERMANENT FINANCING
Rancho Bernardo Transit Affordable/Mixed Use Plaza

Construction Financing				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Int. Reserve</i>
TE Construction Loan Amount	36	7.66%	42,476,918	6,719,110
Taxable Construction Loan Amount	36	7.66%	11,510,690	
Tax Credit Equity (Fed)			16,633,509	
City Of San Diego		3.00%	4,749,985	
County of San Diego		3.00%	1,800,000	
HCD IIG			4,469,800	
Interest Income			3,823,200	
Deferred Cost to Perm			5,479,020	
Total Funds for Construction			90,943,122	

\$ -

Permanent Financing				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Debt Service</i>
Permanent Loan	204	6.31%	\$16,120,492	1,106,461
City of San Diego	660	3.00%	5,000,000	
County of San Diego	660	3.00%	2,000,000	
HCD IIG			4,469,800	
45L Credits			204,600	
Interest Income			3,823,200	
Deferred Developer Fee		1.00%	3,880,000	
Total Permanent Financing			35,498,092	
Federal Tax Credit Equity			40,036,982	
State Tax Credit Equity			15,408,048	
Total Sources of Project Funds			90,943,122	

CONFIDENTIAL

ELIGIBLE AND QUALIFIED BASIS
Rancho Bernardo Transit Affordable/Mixed Use Plaza

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	81,865,166	-
Ineligible Amounts	-	-
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
Total Ineligible Amounts:	-	-
Total Eligible Amount Voluntarily Excluded:		-
Total Basis Reduction:	-	-
Total Requested Unadjusted Eligible Basis:	81,865,166	-
Total Adjusted Threshold Basis Limit	123,276,942	
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	106,424,716	-
Applicable Fraction:	100%	100%
Qualified Basis	106,424,716	-
Total Qualified Basis	106,424,716	
**Total Credit Reduction:	-	0
Total Adjusted Qualified Basis:	106,424,716	

*130% boost if your project is located in a DDA or QCT

**to be calculated in "Points System"

CONFIDENTIAL

BASIS AND CREDITS
Rancho Bernardo Transit Affordable/Mixed Use Plaza

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	106,424,716	-
Applicable Percentage - 30% PV (4%, varies)	4.00%	
Project's Applicable Percentage:	4.00%	0.00%
Subtotal Annual Federal Credit:	4,256,989	-
Total Combined Annual Federal Credit:	4,256,989	<--- \$2.5M Max for 9%

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	90,943,122	
Permanent Financing	35,498,092	
Funding Gap	55,445,030	0.95 Equity Pricing
Federal Tax Credit Factor **	0.94050	99.00% LP Interest
Total Credits Necessary for Feasibility	58,952,716	
Annual Federal Credit Necessary for Feasibility	5,895,272	
Maximum Annual Federal Credits	4,256,989	
Equity Raised From Federal Credit	40,036,982	
Remaining Funding Gap	15,408,048	

BASIS AND CREDITS: STATE

Determination of State Credit

	NC/Rehab	Acquisition
Adjusted Qualified Basis	81,865,166	-

Factor Amount *	30%	13%
Maximum Total State Credit	17,509,145	-

Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor **	0.8800	0.880 Equity Pricing	CERTIFICATED CREDITS
Maximum Total State Credit	17,509,145	100.00% LP Interest	
State Credit Necessary for Feasibility	17,509,145	locked per TCAC app	17,509,145 TCAC ALLOCATION
Equity Raised from State Credit	15,408,048		
Remaining Funding Gap	-		

PROJECT INCOME INFORMATION
Rancho Bernardo Transit Affordable/Mixed Use Plaza

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent Less Utilities	(d) Total Monthly Rents (bxc)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Mediam Income	PBVs Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
1BR-PBV	10	\$ 635	\$ 6,352	\$ 66	\$ 701	30%	\$ 2,409	\$ 1,774	\$ 17,738
1BR	20	\$ 1,226	\$ 24,525	\$ 66	\$ 1,292	50%	\$ -	\$ -	\$ -
1BR	19	\$ 1,335	\$ 25,370	\$ 66	\$ 1,401	55%	\$ -	\$ -	\$ -
2BR-PBV	10	\$ 706	\$ 7,060	\$ 82	\$ 788	30%	\$ 3,114	\$ 2,408	\$ 24,080
2BR	11	\$ 1,469	\$ 16,159	\$ 82	\$ 1,551	50%	\$ -	\$ -	\$ -
2BR	4	\$ 1,494	\$ 5,976	\$ 82	\$ 1,576	55%		\$ -	\$ -
3BR-PBV	10	\$ 777	\$ 7,765	\$ 99	\$ 876	30%	\$ 4,381	\$ 3,604	\$ 36,045
3BR	8	\$ 1,652	\$ 13,212	\$ 99	\$ 1,751	50%	\$ -	\$ -	\$ -
3BR	7	\$ 1,652	\$ 11,561	\$ 99	\$ 1,751	55%	\$ -	\$ -	\$ -
3BR MGR	1	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	99	Total Rent	\$ 117,979				Total Tranche B:		\$ 77,863

Aggregate Monthly Rents for All Units:	\$ 117,979
Aggregate Annual Rents for All Units:	\$ 1,415,745

Avg Affordability	45.45%
-------------------	--------

Total Affordable Plus Manager Units:	100
--------------------------------------	-----

Annual Income from Laundry Facilities \$ 10,692 9.00 per unit per month

Annual Income from Vending Machines -

Annual Interest Income -

Other Annual Income (Specify) 10,000

Total Miscellaneous Income: \$ 20,692

Total Annual Potential Gross Income: \$ 1,436,437

Excess PBV Income \$ 934,354

Total Gross Annual Income \$ 2,370,791

\$ 76,102

Utility Allowances AC: PE 6/2022					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	-				
Water Heating:	-				
Cooking:	-				
Lighting:	-				
Electricity:	-				
Water:*	-				
AC	-				
City's Fee	-	-	-	-	
Total:	-	66	82	99	-

*Owner paid utilities

ANNUAL RESIDENTIAL OPERATING EXPENSES
Rancho Bernardo Transit Affordable/Mixed Use Plaza

Administrative	Advertising:	3,000	Per Unit	
	Legal:	11,000		30
	Accounting/Audit:	16,000		110
	Security:	60,000		160
	General Office Costs:	35,000		600
	Total Administrative:	125,000		350
				1,250
Management	Total Management Fee:	71,280		713
Utilities	Fuel:	-		-
	Gas:	20,000		200
	Electricity:	80,000		800
	Water/Sewer:	90,000		900
	Total Utilities:	190,000		1,900
Payroll / Payroll Taxes	On-site Manager(s):	84,821		848
	Maintenance Personnel:	46,937		469
	Other: Payroll Burden/Taxes	42,163		422
	Total Payroll/Payroll Taxes:	173,921		1,739
	Total Insurance:	119,000		1,190
Maintenance	Painting:	8,000		80
	Repairs:	20,000		200
	Trash Removal:	43,304		433
	Exterminating:	10,000		100
	Grounds & Garage Maintenance:	38,000		380
	Other: Fire Alarm Monitoring	12,000		120
	Other: Elevator	30,000		300
	Total Maintenance:	161,304		1,613
Other Expenses	Other:	-		-
	Other:	-		-
	Other:	-		-
	Other:	-		-
	Other:	-		-
	Total Other:	0		-
Total Expenses				
Total Annual Residential Operating Expenses:		840,505		
Total Number of Units in the Project:		100		
Total Annual Operating Expenses Per Unit:		8,405	5,700	min per unit
Total 3-Month Operating Reserve:		522,000		
Total Annual Internet Expense (site amenity election):		-		
Total Annual Service Amenities Budget (from project expenses):		50,000	500	per unit
Total Annual Reserve for Replacement:		37,500	375	per unit
Total Annual Real Estate Taxes:		13,000	150	
Other: Misc state & local fees, issuer fee		39,850		
TOTAL:		980,855	9,809	per unit
Commercial Income				
Total Annual Commercial/Non Residential Revenue:		-		
Total Annual Commercial/Non Residential Expenses:		-		
Total Annual Commercial/Non Residential Debt Service:		-		
Total Annual Commercial/Non Residential Net Income:		-		

Rancho Bernardo Transit Affordable/Mixed Use Plaza

	Inflation Factor	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033	Year 10 2034	Year 11 2035	Year 12 2036	Year 13 2037	Year 14 2038	Year 15 2039
Rental Income	2.5%	1,415,745	1,451,139	1,487,417	1,524,603	1,562,718	1,601,786	1,641,830	1,682,876	1,724,948	1,768,072	1,812,273	1,857,580	1,904,020	1,951,620	2,000,411
PBV INCOME IF APPLICABLE	2.5%	934,354	957,712	981,655	1,006,197	1,031,352	1,057,135	1,083,564	1,110,653	1,138,419	1,166,880	1,196,052	1,225,953	1,256,602	1,288,017	1,320,217
TOTAL GROSS POTENTIAL REVENUE		2,350,099	2,408,851	2,469,072	2,530,799	2,594,069	2,658,921	2,725,394	2,793,529	2,863,367	2,934,951	3,008,325	3,083,533	3,160,622	3,239,637	3,320,628
Vacancy @	5.0%	117,505	120,443	123,454	126,540	129,703	132,946	136,270	139,676	143,168	146,748	150,416	154,177	158,031	161,982	166,031
Other Income	2.5%	20,692	21,209	21,740	22,283	22,840	23,411	23,996	24,596	25,211	25,841	26,488	27,150	27,828	28,524	29,237
TOTAL NET RENTAL INCOME		2,253,286	2,309,618	2,367,358	2,426,542	2,487,206	2,549,386	2,613,121	2,678,449	2,745,410	2,814,045	2,884,396	2,956,506	3,030,419	3,106,179	3,183,834
Advertising:	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856
Legal:	3.5%	11,000	11,385	11,783	12,196	12,623	13,065	13,522	13,995	14,485	14,992	15,517	16,060	16,622	17,204	17,806
Accounting/Audit:	3.5%	16,000	16,560	17,140	17,739	18,360	19,003	19,668	20,356	21,069	21,806	22,570	23,360	24,177	25,023	25,899
Security:	3.5%	60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774	84,636	87,598	90,664	93,837	97,122
General Office Costs:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738	56,654
Total Management Fee:	3.5%	71,280	73,775	76,357	79,029	81,795	84,658	87,621	90,688	93,862	97,147	100,547	104,067	107,709	111,479	115,381
Electricity:	3.5%	80,000	82,800	85,698	88,697	91,802	95,015	98,340	101,782	105,345	109,032	112,848	116,798	120,885	125,116	129,496
Water/Sewer:	3.5%	90,000	93,150	96,410	99,785	103,277	106,892	110,633	114,505	118,513	122,661	126,954	131,397	135,996	140,756	145,683
On-site Manager(s):	3.5%	84,821	87,790	90,862	94,043	97,334	100,741	104,267	107,916	111,693	115,602	119,648	123,836	128,170	132,656	137,299
Maintenance Personnel:	3.5%	46,937	48,580	50,280	52,040	53,862	55,747	57,698	59,717	61,808	63,971	66,210	68,527	70,926	73,408	75,977
Other: Payroll Burden/Taxes	3.5%	42,163	43,638	45,166	46,747	48,383	50,076	51,829	53,643	55,520	57,463	59,475	61,556	63,711	65,941	68,249
Total Insurance:	3.5%	119,000	123,165	127,476	131,937	136,555	141,335	146,281	151,401	156,700	162,185	167,861	173,736	179,817	186,111	192,625
Painting:	3.5%	8,000	8,280	8,570	8,870	9,180	9,501	9,834	10,178	10,534	10,903	11,285	11,680	12,089	12,512	12,950
Repairs:	3.5%	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374
Trash Removal:	3.5%	43,304	44,820	46,388	48,012	49,692	51,432	53,232	55,095	57,023	59,019	61,085	63,223	65,435	67,726	70,096
Exterminating:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Grounds & Garage Maintenance:	3.5%	38,000	39,330	40,707	42,131	43,606	45,132	46,712	48,347	50,039	51,790	53,603	55,479	57,421	59,430	61,510
Other: Fire Alarm Monitoring	3.5%	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767	19,424
Other: Elevator	3.5%	30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919	48,561
Other:	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Amenities Budget	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198	80,935
Other: Misc state & local fees, issuer fee	2.5%	39,850	40,846	41,867	42,914	43,987	45,087	46,214	47,369	48,553	49,767	51,011	52,287	53,594	54,934	56,307
Real Estate Taxes	2.0%	13,000	13,260	13,525	13,796	14,072	14,353	14,640	14,933	15,232	15,536	15,847	16,164	16,487	16,817	17,153
Replacement Reserve	0.0%	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
TOTAL EXPENSES		980,855	1,013,279	1,046,824	1,081,529	1,117,434	1,154,580	1,193,012	1,232,773	1,273,910	1,316,470	1,360,504	1,406,061	1,453,195	1,501,961	1,552,416
Cash Flow Prior to Debt Service (NOI)		1,272,431	1,296,339	1,320,534	1,345,014	1,369,772	1,394,806	1,420,109	1,445,676	1,471,500	1,497,575	1,523,893	1,550,445	1,577,224	1,604,218	1,631,418
DEBT SERVICE - Permanent Loan		1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461	1,106,461
FORECASTED CASH AVAILABLE		165,969	189,878	214,073	238,552	263,311	288,344	313,647	339,214	365,038	391,113	417,431	443,984	470,762	497,757	524,957
Percent of Gross Revenue	8% Max	7.06%	7.88%	8.67%	9.43%	10.15%	10.84%	11.51%	12.14%	12.75%	13.33%	13.88%	14.40%	14.89%	15.36%	15.81%
25% Debt Service Test	Yr 1-3 Max	15.00%	17.16%	19.35%	21.56%	23.80%	26.06%	28.35%	30.66%	32.99%	35.35%	37.73%	40.13%	42.55%	44.99%	47.44%
Debt Coverage Ratio	1.15 Min	1.15	1.17	1.19	1.22	1.24	1.26	1.28	1.31	1.33	1.35	1.38	1.40	1.43	1.45	1.47
Partnership Management Fee	3.0%	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Accrued Management Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Ending Bal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Ground Lease		140,969	164,128	187,551	211,234	235,173	259,362	283,796	308,467	333,369	358,494	383,833	409,378	435,118	461,043	487,142
Ground Lease PMT	5%	7,048	8,206	9,378	10,562	11,759	12,968	14,190	15,423	16,668	17,925	19,192	20,469	21,756	23,052	24,357
Cash Available for Deferred Developer Fee		133,921	155,921	178,173	200,672	223,415	246,394	269,606	293,044	316,701	340,569	364,642	388,909	413,362	437,991	462,785
Deferred Fee	3,880,000	133,921	155,921	178,173	200,672	223,415	246,394	269,606	293,044	316,701	340,569	364,642	388,909	413,362	437,991	243,212
	1.0%	37,461	36,276	34,857	33,199	31,297	29,146	26,741	24,078	21,152	17,958	14,491	10,747	6,721	2,408	-
	balance	3,783,540	3,663,895	3,520,579	3,353,106	3,160,988	2,943,740	2,700,875	2,431,909	2,136,361	1,813,749	1,463,599	1,085,436	678,795	243,212	-
Cash Available for Distribution	Yr 31-55	Yr 1-30	-	-	-	-	-	-	-	-	-	-	-	-	-	219,573
Annual Payment to City SD	70%	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,893
Annual Payment toCounty of SD			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,893
Annual Payment to Affirmed	30%	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,786.50

ATTACHMENT 4

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds. Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to

issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

ATTACHMENT 5 - FINANCIAL ADVISOR'S ANALYSIS

Memorandum

To: Colin Miller, Joe Correia - San Diego Housing Commission

From: Nick Jones, Jaime Trejo - PFM Financial Advisors, LLC

RE: Actions related to the proposed issuance of up to \$42,476,918 tax-exempt and \$11,510,690 taxable Multifamily Housing Revenue Bonds (SkyLINE) Series 2023

Dear Mr. Miller and Mr. Correia,

You have asked PFM Financial Advisors, LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the Multifamily Housing Revenue Bonds (the “Bonds”) in connection with SkyLINE (the “Project”) by Affirmed Housing Group (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

Description of the Project

SkyLINE is an affordable rental housing development located at 16785 - 16787 W Bernardo Drive in San Diego. The project consists of 99 restricted rental units and 1 unrestricted manager unit. The restricted units are made up of 25 three-bedroom, 25 two-bedroom, 49 one-bedroom units.

Construction is expected to begin in November 2023 and be completed in 2025.

The current estimate of site acquisition and hard construction costs is \$57,268,585 (\$572,686 per unit). Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed



development pro-forma estimates that there are \$90,948,122 in total project costs (\$909,431 per unit).

The Developer

Bernardo Family Housing, L.P. is a limited partnership formed by the Developer and Compass for Affordable Housing, which is a 501(c)(3) nonprofit. The Developer was founded in 1992, with a mission to create and maintain exceptional environments for the residents and communities they serve. Compass for Affordable Housing was founded in 2009, with a focus on connecting a diverse group of individuals residing in affordable housing communities to education and resources that navigate and enrich their lives.

The Financing

An aggregate amount not exceeding \$42,476,918 of tax-exempt Housing Authority Bonds will initially be issued to facilitate Bernardo Family Housing, L.P.'s construction of the Project. Bank of America (the "Lender") will serve as the construction lender and equity investor. Lument Securities (the "Underwriter") was selected through an RFP process to underwrite the bonds. Tax credits and tax exemption were allocated to the project by California Tax Credit Allocation Committee ("TCAC") and California Debt Limit Allocation Committee ("CDLAC") in an amount of \$39,204,504 on May 10, 2023. The Project subsequently applied for and received a supplemental CDLAC allocation of \$3,272,414 on July 25, 2023, bringing the total allocation to \$42,476,918. The transaction is scheduled to close before its November 6, 2023 CDLAC closing deadline.

The 2023 Bonds will be publicly offered, rated, and cash-collateralized. The bond proceeds will be deposited into a cash collateralization account held by the Bond Trustee. Bank of America will also be making a taxable construction loan during the construction period. The proceeds of that taxable loan will be advanced to the Bond Trustee to replace draws of tax-exempt bond proceeds that are used for eligible project costs during the construction period, thus maintaining the cash collateral for the bonds.

In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Permanent Financing
Sources and Uses of Funds

Sources:

Tax-Exempt permanent loan	\$ 16,120,492
City of San Diego loan	5,000,000
County of San Diego loan	2,000,000
CA HCD Infill Infrastructure Grant	4,469,800
Solar and 45L Credits	204,600
Interest Income	3,823,200
Deferred developer fee	3,880,000
Federal Tax Credit Equity	40,036,982
State Tax Credit Equity	15,408,048
Total Sources	\$ 90,943,122

Uses:

Land Acquisition	\$ 131,001
Total New Construction Cost	57,268,585
Construction Contingency	4,008,800
Financing Costs	11,322,290
Soft Costs	9,445,598
Soft Cost Contingency	1,128,948
Reserves	522,000
Cost of Issuance	735,900
Developer fee	6,380,000
Total Uses	\$ 90,943,122



Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low-income households. The Project proposes to restrict all 99 non-manager units for households earning no greater than 55% of Area Median Income (“AMI”), with 30 of the units targeted at households earning no greater than 30% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below:

Table 2
Rent Comparison

Unit Type	Area Median Income	Units	Proposed Gross Monthly Rents	Estimated Market Rents	Rent Savings
1 Bedroom	30%	10	\$635	\$1,542	\$907
	50%	20	1,226	1,542	316
	55%	19	1,335	1,542	207
2 Bedroom	30%	10	706	1,979	1,273
	50%	11	1,469	1,979	510
	55%	4	1,494	2,748	1,254
3 Bedroom	30%	10	777	4,381	3,604
	50%	8	1,652	4,381	2,730
	55%	7	1,652	4,381	2,730
Manager	-	1	-	-	-
Total		100	\$117,979	\$237,634	\$119,655
Annual			\$1,415,745	\$2,851,608	\$1,435,863



Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer's proposed rents and estimated costs, there will be \$1,272,431 of net income (net of reserve deposits) available for the first full year of debt service in 2025. Debt service coverage in the first full year is estimated at 1.15 times. By the fifth full year of debt service, assuming a 2.5% annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage is projected to increase to 1.24 times.

Table 3
Estimated Cash Flow

Year:	2025	2026	2027	2028	2029
Rental Income	\$1,415,745	\$1,451,139	\$1,487,417	\$1,524,602	\$1,562,717
Less: Vacancy @ 5%	(70,787)	(72,557)	(74,371)	(76,230)	(78,136)
Rental Subsidy Income	934,354	957,712	981,655	1,006,197	1,031,352
Less: Vacancy @ 5%	(46,718)	(47,886)	(49,083)	(50,310)	(51,568)
Other Income	20,692	21,209	21,740	22,283	22,840
Effective Gross Income	\$2,253,286	\$2,309,618	\$2,367,358	\$2,426,542	\$2,487,206
Less: Operating Expenses	(943,355)	(976,372)	(1,010,545)	(1,045,915)	(1,082,522)
Less: Reserves	(37,500)	(37,500)	(37,500)	(37,500)	(37,500)
Net Income	\$1,272,431	\$1,295,745	\$1,319,313	\$1,343,128	\$1,367,184
Permanent Loan Debt Service	(\$1,106,461)	(\$1,106,461)	(\$1,106,461)	(\$1,106,461)	(\$1,106,461)
Debt Service Coverage ¹	1.15	1.17	1.19	1.21	1.24

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 99 affordable units, all affordable at 55% of AMI, and 30 targeted at 30% of AMI, for a period of 55 years.



- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- The 2023 Bonds will be structured as publicly offered and cash-collateralized obligations. The proceeds of the 2023 Bonds will be loaned to the Borrower, which is an entity formed by the Developer. The Borrower will use these proceeds and other funds to finance the construction of the Project.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,
PFM Financial Advisors, LLC

Nick Jones
Senior Managing Consultant



ATTACHMENT 6 -
DEVELOPER'S DISCLOSURE STATEMENT

Real Estate Department

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

1. Name of CONTRACTOR:
Affirmed Housing Group, Inc.
2. Address and Zip Code:
13520 Evening Creek Dr. N. Suite 160
San Diego, CA 92128
3. Telephone Number:
(858) 679-2828
4. Name of Principal Contact for CONTRACTOR:
James Silverwood
5. Federal Identification Number or Social Security Number of CONTRACTOR:
26-0812994
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:

 X 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:
August 7, 2007
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.
 - 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%.

Name, Address and
Zip Code _____

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James Silverwood	CEO, 60% interest
Address: 13520 Evening Creek Dr. N. Ste. 160	
San Diego, CA 92128 (858) 386-5175	
Name: Silverwood Descendants Trust - SD	Trust, 40% interest
Address: 13520 Evening Creek Dr. N. Ste 160	
San Diego, CA 92128 (858) 679-2828	
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.

No

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, Address and
Zip Code _____

Position Title (if any) and
extent of interest _____

N/A (see section 8)

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:

James Silverwood, President
13520 Evening Creek Dr. N., Suite 160
San Diego, CA 92128
(858) 679-2828

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.

Affirmed Housing Group, a CA Corp
13520 Evening Creek Dr. N., Suite 160
San Diego, CA 92128

This is a sister company (combined group for reporting financials)

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.

See attachment A- CONFIDENTIAL financial statements

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

The project will be funded through from tax credits, tax exempt bonds, City of San Diego, County of San Diego, HCD and 45 L solar credits.

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

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

Capital One Bank

(address will be provided upon request – see financials)

Amount: \$ 5 million

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

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

US Bank

4747 Executive Drive, 3rd floor

San Diego, CA 92121

Amount: \$ 1,500,000

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

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

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

Alice Harris
Banc of California
3 MacArthur Place
Santa Ana, CA 92707

Vincent Affinito
Capital One
1680 Capital One Drive
McLean, VA 22102

Christopher D Meyers
Citi Bank
740 Lomas Santa FE Drive, Suite 210
Solana Beach, CA 92075

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 X 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 X No

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

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

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

N/A

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

N/A

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

N/A

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

☐ Yes ☒ No

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

N/A

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

N/A

General description of such work:

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.

N/A

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

N/A

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be</u> <u>Completed</u>
--	-----------------	---------------	---------------------------------------

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

N/A

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

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

particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

N/A

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

☐ Yes ☒ No

If yes, explain.

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

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:

N/A

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

- 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 COMMISSION setting forth the provisions of this nondiscrimination clause.

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

-
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.
-
-
-

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

Government Entity
Making Complaint

Date

Resolution

N/A

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

No

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:

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

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

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 COMMISSION.

Over 20 years of experience in affordable housing and 4,000 + units built to date; strong financials and strong relationships with lenders, investors, cities and localities.

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

	Entity Involved (i.e., CITY COMMISSION, etc.)	Status (Current, delinquent repaid, etc.)	Dollar Amount
<u>Date</u>			

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
11/15/2017	Grantville Veterans Housing, L.P. Zephyr (Entity - SDHC)	Current	\$3,000,000
12/14/2017	Twain Housing, L.P.-Stella (Entity-SDHC)	Current	\$7,500,000
12/22/2017	Fairmont Family Housing, L.P.-Bluewater (Entity- SDHC)	Current	\$9,468,500

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 who would be familiar with your previous construction project:

Name: Timothy Elliot, City of Los Angeles Development and Financing Dept.

Address: 1200 West 7th St., Los Angeles, Ca 90017

Phone: (213) 808-8596

Project Name and Description: Vermont Villas -79 PSH Veterans & Seniors

Name: Brad Richter, Deputy Director, Urban Division, Smart and Sustainable Communities at City of San Diego

Address: 9485 Aero Drive, M.S. 413, San Diego, CA 92123

Phone: (619) 533-7115

Project Name and Description: Ten Fifty B- High Rise with 229 units between two phases

Name: Jacky Morales – Ferrand, Director of Housing – City of San Jose

Address: 200 E. Santa Clara, St. San Jose, CA 95113

Phone: (480) 535-3855

Project Name and Description: Villas on the Park – 84 units

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

N/A

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

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 8 day of August, 2023, at San Diego, California.

CONTRACTOR

By:



Signature

CFO

Title

CERTIFICATION

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

By:  By: _____

Title: CFO Title: _____

Dated: 8/8/2023 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.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 8th day of August 2023.

*See attached
Certificate*

Signature of Notary

Name of Notary

SEAL

CALIFORNIA JURAT

GOVERNMENT CODE § 8202

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

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on
this 8 day of August, 2023, by
Date Month Year

(1) Nicki Cometa

(and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to
be the person(s) who appeared before me.



Place Notary Seal and/or Stamp Above

Signature

Bryna Geary
Signature of Notary Public

OPTIONAL

*Completing this information can deter alteration of the document or
fraudulent reattachment of this form to an unintended document.*

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- First: The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- Second: Its registered office in the State of Delaware is to be located at 40 E.
Division Street, Suite A Street, in the City of Dover
County of Kent Zip Code 19901. The registered agent in
charge thereof is Paracorp Incorporated
- Third: The purpose of the corporation is to engage in any lawful act or activity for
which corporations may be organized under the General Corporation Law of
Delaware.
- Fourth: The amount of the total stock of this corporation is authorized to issue is
1,000,000 shares (number of authorized shares) with a par value of
\$1.00 per share.
- Fifth: The name and mailing address of the incorporator are as follows:
Name Joel L. Incorvaia
Mailing Address 445 Marine View Avenue, Suite 295
Del Mar, CA Zip Code 92014
- I, The Undersigned, for the purpose of forming a corporation under the laws of the
State of Delaware, do make, file and record this Certificate, and do certify that the
facts herein stated are true, and I have accordingly hereunto set my hand this
7th day of August, A D 20 07

BY: 

(Incorporator)

NAME: Joel L. Incorvaia

(type or print)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/8/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh & McLennan Agency LLC Marsh & McLennan Ins. Agency LLC PO Box 85638 San Diego CA 92186	CONTACT NAME: PHONE (A/C, No. Ext): FAX (A/C, No): E-MAIL ADDRESS: constructioncerts@MarshMMA.com
INSURED Affirmed Housing Group 13520 Evening Creek Drive North Suite 160 San Diego CA 92128	INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Indemnity Insurance Co. INSURER B: Texas Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:

License#: 0H18131
AFFIRHOUSI**COVERAGES****CERTIFICATE NUMBER:** 1015626516**REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	Y	N	PHPK2556340	6/1/2023	6/1/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	N	N	PHPK2556340	6/1/2023	6/1/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	N	N	PHUB864649	6/1/2023	6/1/2024	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000 \$ Follow Form GL
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	2nd Layer Excess \$2M xs \$3M Follow Form GL			JT123XANN0245001	6/1/2023	6/1/2024	Limits: \$2,000,000 Occ \$2,000,000 Agg

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

Evidence of Coverage

. ZZ

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2015 ACORD CORPORATION. All rights reserved.

Philadelphia Indemnity Insurance Company

PI-GLD-100 (12/16)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**GENERAL LIABILITY DELUXE ENHANCEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$1,000 per day	2
Key and Lock Replacement – Janitorial Services Client Coverage	\$10,000 limit	2
Additional Insured – Broadened Named Insured	Included	3
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	3
Additional Insured – Lessor of Leased Equipment	Included	3
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Transfer of Rights of Recovery Against Others To Us	Clarification	4
Liberalization	Included	5
Bodily Injury – includes Mental Anguish	Included	5

A. Non-Owned Watercraft**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE**

LIABILITY, Subsection **2. Exclusions**, Paragraph **g. (2)** is deleted in its entirety and replaced by the following:

- (2) A watercraft you do not own that is:
- (a) Less than 58 feet long; and
 - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

B. Supplementary Payments

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGE A AND B are amended as follows:

1. **b.** is deleted in its entirety and replaced by the following:

1. **b.** Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these.

1. **d.** is deleted in its entirety and replaced by the following:

1. **d.** All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

C. Key and Lock Replacement – Janitorial Services Client Coverage

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B is amended to include the following:

We will pay for the cost to replace keys and locks at the "clients" premises due to theft or other loss to keys entrusted to you by your "client," up to a \$10,000 limit per occurrence and \$10,000 policy aggregate.

We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your partners, members, officers, "employees", "managers", directors, trustees, authorized representatives or any one to whom you entrust the keys of a "client" for any purpose commit, whether acting alone or in collusion with other persons.

The following, when used on this coverage, are defined as follows:

- a. "Client" means any entity for whom you perform services.
- b. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service or for 30 days after termination of service;
 - (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you; or
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you.

(3) "Employee" does not mean:

(a) Any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(b) Any "manager," director or trustee except while performing acts coming within the scope of the usual duties of an "employee."

c. "Manager" means a person serving in a directorial capacity for a limited liability company.

D. Additional Insureds

SECTION II – WHO IS AN INSURED is amended as follows:

1. Each of the following is also an insured:

a. **Broadened Named Insured** – Any organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.

b. **Managers, Landlords, or Lessors of Premises** – Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.

c. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – Any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

E. Duties in the Event of Occurrence, Claim or Suit

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 2. is amended as follows:

a. is amended to include:

This condition applies only when the "occurrence" or offense is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

b. is amended to include:

This condition will not be considered breached unless the breach occurs after such claim or "suit" is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

F. Unintentional Failure To Disclose Hazards

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 6. Representations is amended to include the following:

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

G. Transfer of Rights of Recovery Against Others To Us

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer of Rights of Recovery Against Others To Us is deleted in its entirety and replaced by the following:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

Therefore, the insured can waive the insurer's rights of recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

H. Liberalization

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, is amended to include the following:

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

I. Bodily Injury – Mental Anguish

SECTION V – DEFINITIONS, Paragraph **3**. Is deleted in its entirety and replaced by the following:

“Bodily injury” means:

- a.** Bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
- b.** Except for mental anguish, includes death resulting from the foregoing (Item **a.** above) at any time.

AFFIRMED HOUSING GROUP

CONFIDENTIAL FINANCIALS

UNDER SEPARATE COVER