



REPORT

DATE ISSUED: September 10, 2007 REPORT NO: HAR 07-31

ATTENTION: Members of the Housing Authority
Members of the City Council
For the Agenda of October 9, 2007

SUBJECT: Preliminary Items Pursuant to Issuing Multifamily Housing Revenue Bonds for
Ten Fifty B (Council District 2)

REQUESTED ACTION:

Take the initial steps to issue Housing Authority mortgage revenue bonds to fund site acquisition and construction of the 229-unit Ten Fifty B project. Borrower would develop the property and restrict rents below market; issuance of bonds would require Housing Authority approval at a later date and is contingent upon approval of a loan by the Redevelopment Agency. Please note that although Ten Fifty B will consist of a single structure, for financing purposes, two separate project components will be created on separate legal parcels.

STAFF RECOMMENDATION:

- A. Housing Authority approve two bond inducement resolutions (a "declaration of official intent") for up to a total of \$55 million in multifamily housing revenue bonds for acquisition and construction of Ten Fifty B by Affirmed Housing Group (Affirmed);
- B. Housing Authority approve two applications (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt "private activity bonds" in total amount up to \$55 million for Ten Fifty B; and,
- C. City Council hold a public hearing (*known as a TEFRA hearing - Tax Equity and Fiscal Responsibility Act*) and adopt two resolutions approving the issuance of tax-exempt bonds in a total amount of up to \$55 million by the Housing Authority for Ten Fifty B to be located at 1050 B Street in the City of San Diego.

BACKGROUND:

The Project

Affirmed proposes to construct and operate a 23-story, 229-unit affordable rental housing development on a 19,994 square-foot site located on the north side of B Street between Tenth and Eleventh Avenues in downtown San Diego. The project would consist of 68 studio, 57 one bedroom, 34 two bedroom, and 70 three bedroom units. As part of its purchase contract with the property owner, Affirmed will construct ground floor retail space in the building and allow the seller to retain ownership of that portion of the building. The project will also include 132 parking spaces, a 700 square foot community room, and two outdoor terraces totaling 7,400 square feet. A vicinity map is included as Attachment 1. Attachment 2 provides a summary description of the project and its two components.

Housing Affordability

A total of 226 apartments would be affordable to very low and low-income households earning 25% to 60% of Area Median Income (AMI) (\$15,800 to \$37,250 for a household of three). Three units will be

reserved for on-site managers and will not be occupancy-restricted. The following table summarizes the rent and occupancy restrictions.

Type	Unit Size (sq. ft.)	AMI	Number of Units	Restricted Rent (net of utility allowance)*	Market Rate	Monthly Savings per unit
Studio	465	35%	33	\$412	\$900	\$488
Studio	465	50%	11	\$598	\$900	\$302
Studio	465	60%	24	\$719	\$900	\$181
One Bedroom	648	30%	7	\$373	\$1,400	\$1,027
One Bedroom	648	50%	15	\$643	\$1,400	\$757
One Bedroom	648	60%	34	\$774	\$1,400	\$626
One Bedroom	648	MGR	1	N/A	\$1,400	N/A
Two Bedroom	887	30%	17	\$445	\$1,600	\$1,155
Two Bedroom	887	50%	3	\$761	\$1,600	\$839
Two Bedroom	887	60%	13	\$918	\$1,600	\$682
Two Bedroom	887	MGR	1	N/A	\$1,600	N/A
Three Bedroom	1,068	25%	10	\$424	\$1,900	\$1,476
Three Bedroom	1,068	30%	7	\$514	\$1,900	\$1,386
Three Bedroom	1,068	35%	10	\$603	\$1,900	\$1,297
Three Bedroom	1,068	40%	4	\$693	\$1,900	\$1,207
Three Bedroom	1,068	50%	9	879	\$1,900	\$1,021
Three Bedroom	1,068	60%	29	\$1,059	\$1,900	\$841
Three Bedroom	1,068	MGR	1	N/A	\$1,900	N/A
Total			229			\$159,420
Total Annual Savings						\$2,045,448

*Due to CCDC funding, rents have been reduced below Housing Commission typical rents for each income category to comply with California Redevelopment requirements.

Development Team

Since inception in 1994, Affirmed has developed over 1,500 units in California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Affirmed has secured over \$390 million of tax credit, conventional, and other financing for affordable housing projects. Recent developments include new construction as well as acquisition and substantial rehabilitation projects in San Diego, Riverside, and Santa Clara counties. Recent projects in San Diego include the 106-unit Tesoro Grove Apartments, the 94-unit Hollywood Palms Apartments, the 50-unit Creekside Trails Apartments, the 69-unit Auburn Park Apartments, and the 275-unit Studio 15 development in downtown. A developer disclosure statement for Affirmed is included as Attachment 3.

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal tax credits available) to developers of affordable housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a project, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, projects are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal and City Council TEFRA resolutions must be secured no later than 30 days after application submittal.

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Preliminary Bond Items for Ten Fifty B

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It is anticipated that the project will receive two bond allocations at CDLAC's December meeting (one allocation for each project component); however, if necessary, staff will submit additional applications to CDLAC to secure bond allocations for the project. A general description of the Multifamily Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 4.

The combined \$55 million bond allocations that will be sought from CDLAC are approximately 25% higher than the anticipated issuance amount (\$47 million). The developer has requested this cushion to account for possible increases in the bond amount due to increases in construction costs or decreases in the assumed interest rate. Of the total \$47 million estimated bond issuance amount, approximately \$35 million in housing revenue bonds will be used to finance the construction of the project and will be paid off at conversion to permanent financing. The combined permanent bond amount is estimated to be approximately \$9 million and will be based upon project costs, revenues, and interest rates at the time of bond issuance.

The total development cost of the project is estimated to be approximately \$88.7 million. In addition to housing revenue bonds, sources of funding will include a loan from the Centre City Development Corporation (CCDC), federal tax credits, a loan from the State of California's Multifamily Housing Program (MHP), and a deferred developer fee. The development of the project is dependent upon the developer securing the MHP loan.

The CCDC Board of Directors is scheduled to hear several items associated with Ten Fifty B, including a loan of up to \$34 million for the project, on September 19, 2007. The CCDC loan requires the approval of the Redevelopment Agency, and the proposed issuance of bonds for the project by the Housing Authority is contingent upon approval of the loan.

To finance the project, Affirmed will secure up to \$2.4 million in private funding. Affirmed is also applying for a number of competitive financing sources. These sources include funds available under Federal Home Loan Bank's Affordable Housing Program (AHP) and the State's Prop 1C programs. To the extent the project receives AHP and Prop 1C funding, the \$2.4 million in private funds will be reduced. Any additional funds will result in a dollar for dollar reduction in the CCDC loan. Preliminary permanent sources of funding are summarized in the following table:

Proposed Permanent Financing Sources	
CCDC Loan	\$34,000,000
Federal Tax Credits	\$33,700,000
Housing Revenue Bonds	\$8,300,000
MHP Program	\$10,000,000
Private Funds/AHP/Prop 1C	\$2,400,000
Deferred Developer Fee	\$300,000
Total	\$88,700,000

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Preliminary Bond Items for Ten Fifty B

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The developer is currently analyzing whether to sell the bonds through a private placement or public offering. The proposed financing will comply with both the Housing Commission's Multifamily Housing Revenue Bond Program policy and the City's ordinance on bond disclosure.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested actions. Approval of the bond inducement and TEFRA resolutions do not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

N/A

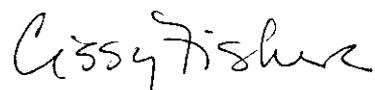
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The project will be presented to the Centre City Advisory Committee on September 13, 2007.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Low and very-low income households are the intended residents of the project. Affirmed will develop the project. The current owners of the site are: Julian E. Josephson and Jennifer Josephson, husband and wife; Stanley G. Smiedt and Paul B. Abelowitz as co-trustees of the Josephson Childrens Trust No. 1995-1; Stanley H. Smiedt and Marilyn Smiedt, husband and wife; and Julian E. Josephson and Sheldon Derezin as co-trustees of the Smiedt Children's Trust No. 1995-1. The developer has not yet selected financial participants for the project.

Respectfully submitted,



Cissy Fisher
Director of Housing Finance & Development

Approved by,

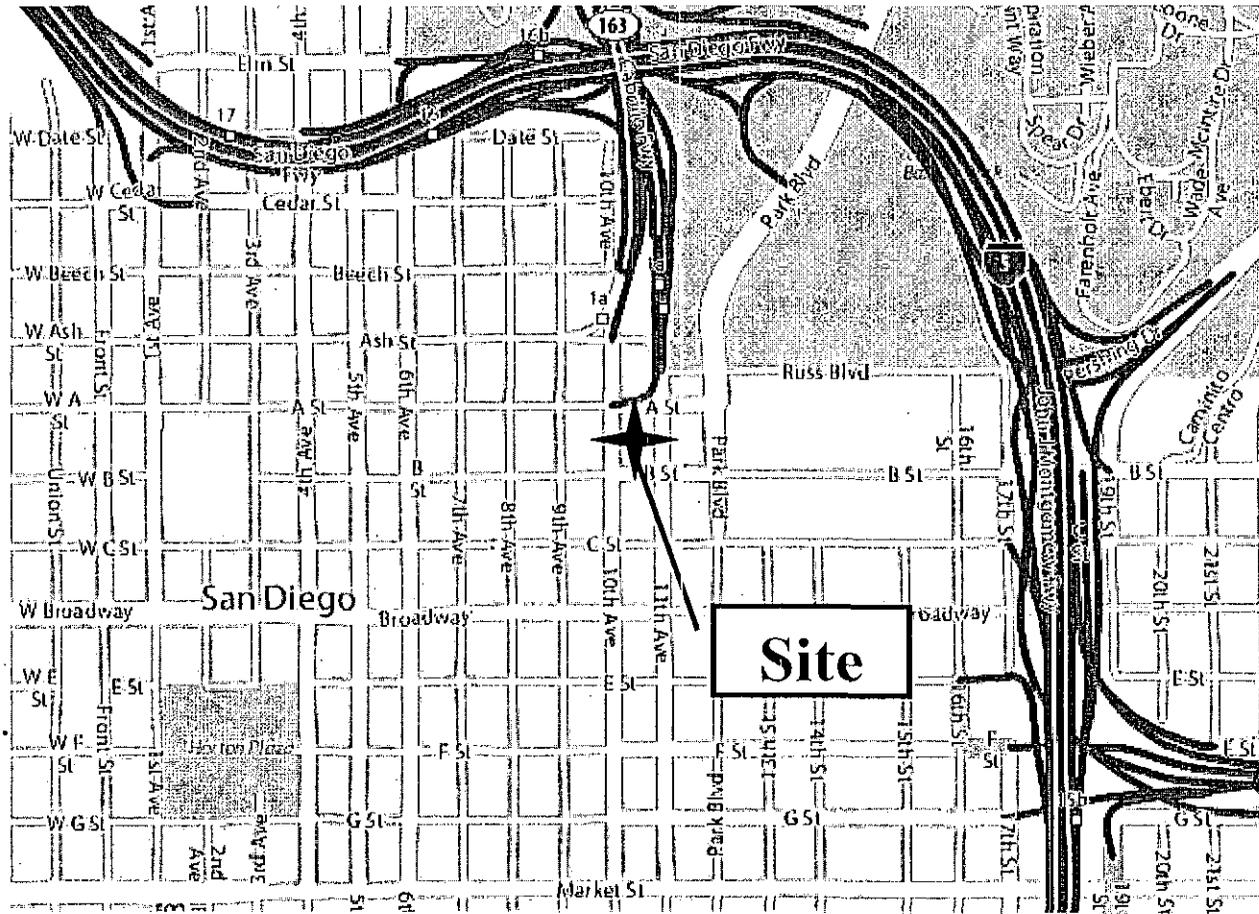


Elizabeth C. Morris
President & Chief Executive Officer

- Attachments:
1. Vicinity Map
 2. Project Description
 3. Affirmed's Developer Disclosure Statement*
 4. Multifamily Bond Program Summary

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

Attachment 1: Vicinity Map



Site Address: 1050 Street, San Diego 92101

TABLE 1

PROJECT DESCRIPTION
TEN FIFTY B
CENTRE CITY DEVELOPMENT CORPORATION

	4% Tax Credits w/MHP		4% Tax Credits w/o MHP		Total	
I. Location					10th and B Streets San Diego, CA	
II. Site Area					21,780 SF	0.5 Acres
III. Gross Building Area						
Residential Area	103,508 SF (1)	71%	78,701 SF (2)	77%	182,209 SF	74%
Common Area/Circulation - Residential	<u>34,398</u> SF	<u>24%</u>	<u>16,251</u> SF	<u>16%</u>	<u>50,649</u> SF	<u>20%</u>
Gross Building Area - Residential	137,906 SF	95%	94,952 SF	93%	232,858 SF	94%
Retail Area	6,931 SF	5%	6,519 SF	6%	13,450 SF	5%
Common Area/Circulation - Retail	<u>465</u> SF	<u>0%</u>	<u>438</u> SF	<u>0%</u>	<u>903</u> SF	<u>0%</u>
Gross Building Area - Retail	7,396 SF	5%	6,957 SF	7%	14,353 SF	6%
Total Gross Building Area (GBA)	145,302 SF	100%	101,909 SF	100%	247,211 SF	100%
Floor Area Ratio (FAR)					11.4	
IV. Number of Stories	16 Stories (Floors 8-23)		6 Stories (Floors 2-7)		1 Story - Retail / Common <u>22</u> Stories - Residential 23 Stories	
V. Construction Type					Type I	
VI. Unit Mix						
Studio	33 Units	28%	35 Units	32%	68 Units	30%
One Bedroom	7 Units	6%	50 Units	45%	57 Units	25%
Two Bedroom	25 Units	21%	9 Units	8%	34 Units	15%
Three Bedroom	<u>53</u> Units	<u>45%</u>	<u>17</u> Units	<u>15%</u>	<u>70</u> Units	<u>31%</u>
Total/Average	118 Units	100%	111 Units	100%	229 Units	100%
VII. Average Unit Size						
Studio	470 SF		470 SF		470 SF	
One Bedroom	640 SF		640 SF		640 SF	
Two Bedroom	887 SF		887 SF		887 SF	
Three Bedroom	<u>1,063</u> SF		<u>1,063</u> SF		<u>1,063</u> SF	
Total/Average	835 SF		671 SF		755 SF	
Average Unit Size (Net)	835 SF		671 SF		755 SF	
Average Unit Size (Gross)	1,169 SF		855 SF		1,017 SF	
VIII. Density					458 Units/Acre	
IX. Affordability Mix						
Units @ 25% of AMI	10 Units	8%	0 Units	0%	10 Units	4%
Units @ 30% of AMI	31 Units	26%	0 Units	0%	31 Units	14%
Units @ 35% of AMI	43 Units	36%	0 Units	0%	43 Units	19%
Units @ 40% of AMI	4 Units	3%	0 Units	0%	4 Units	2%
Units @ 50% of AMI	4 Units	3%	34 Units	31%	38 Units	17%
Units @ 60% of AMI	<u>25</u> Units	<u>21%</u>	<u>75</u> Units	<u>68%</u>	<u>100</u> Units	<u>44%</u>
Total Affordable	117 Units	99%	109 Units	98%	226 Units	99%
Manager	1 Units	1%	2 Units	2%	3 Units	1%
Total Units	118 Units	100%	111 Units	100%	229 Units	100%
X. Average Affordability (Affordable Units)	39% AMI		57% AMI		48% AMI	



Housing Finance & Development

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE
(add extra sheets if you need more space)

- 1. Name of developer:
Affirmed Housing Group
- 2. Address, phone number and ZIP Code:
13520 Evening Creek Drive North, #360
San Diego, CA 92128
- 3. IRS Number of Developer:
33-0454528
- 4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:

- X A corporation
- _____ A nonprofit or charitable institution or corporation
- _____ A partnership known as: _____
- _____ A business association or a joint venture known as _____
- _____ A Federal, State or local government or instrumentality thereof.
- _____ Other (explain)

- 5. If the developer is not an individual or a government agency or instrumentality, give date of organization:

December 18, 1990

- 6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:

- a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

James Silverwood, President and CEO

Developer Disclosure Statement Page 2

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

N/A

- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

N/A

- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

N/A

- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.

<u>Name, Address & Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
N/A	N/A	N/A

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer):

Developer Disclosure Statement Page 3

<u>Name, Address and Zip Code</u>	<u>Description of character and extent of interest</u>
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N/A

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:

James Silverwood

9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.

None

10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:

Affirmed Housing Group will not use its own funds for the development of the proposed project. Affirmed Housing Group shall seek to obtain a combination of CCDC subsidy of \$33,595,000, permanent mortgage of \$8,708,000, Low-income Tax Credit equity of \$33,739,000, MHP funds of 10,000,000, private funding of \$2,400,000 and Deferred Developer fee of 250,000. All of the aforementioned funds are necessary to accomplish the development of the proposed project.

11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking: Affirmed Housing Group will use the structure, noted in #10, to finance the project.

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
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- b. By loans from affiliated or associated corporations or firms:

<u>Name, Address and ZIP Code of Source</u>	<u>\$ Amount</u>
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Developer Disclosure Statement Page 4

- c. By sale of readily salable assets:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
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12. Name and addresses of bank references:

Alice Carr – Citibank: 787 West Fifth Street, 29th floor, Los Angeles, CA 90071
 Ed Quinlivan – Union Bank: 530 B Street, suite 500, San Diego, CA 92101
 Waheed Karim – US Bank: 4330 La Jolla Village Drive, San Diego, CA 92122
 Hank Cunningham – Bank of America: 450 B Street, suite 450, San Diego, CA 92101

13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes _____ No X
 If yes, give date, place, and under what name.

14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes _____ No X

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

N/A

15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:

See attached.

16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:

- a. Name and address of such contractor or builder: N/A – outside General Contractor, specializing in high-rise construction to be used.
- 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, explain:

Developer Disclosure Statement Page 5

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

General description of such work:

N/A

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

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

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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N/A

17. Brief 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

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?

Yes _____ No X

If yes, explain.

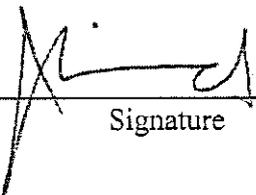
19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

CERTIFICATION

I, James Silverwood, certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my knowledge and belief.

Date: 08/29/2007

Date: _____



Signature

Signature

Title: President and CEO

Title: _____

Address & ZIP Code

13520 Evening Creek Dr. N, #360

San Diego, CA 92128

SAN DIEGO HOUSING COMMISSION

Contact: **Betsy Morris**, President & CEO
Telephone: (619) 578-7531
E-mail: ecm@sdhc.org

Contact: **Cissy Fisher**, Director, Housing Finance & Development
Telephone: (619) 578-7585
E-mail: cissyf@sdhc.org

COUNCIL DISTRICT 7

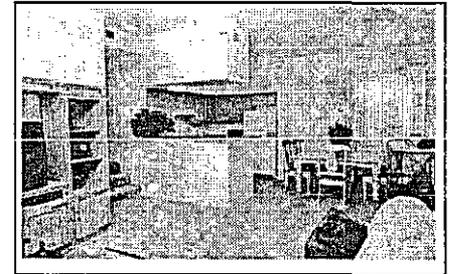
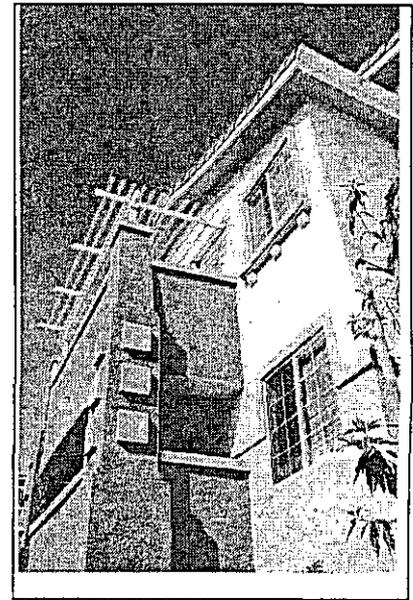
Contact: **Elyse Lowe**, Council Representative
Telephone: (619) 533-5897
E-mail: elowe@sandiego.gov

COUNCIL DISTRICT 8

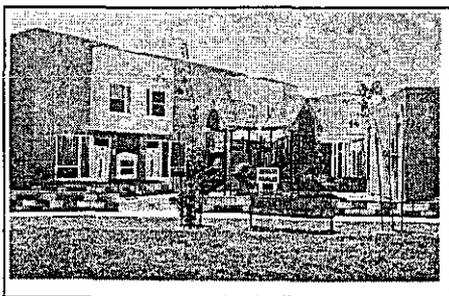
Contact: **Ana Molina Rodriguez**, Chief of Staff
Telephone: (619) 236-6688
E-mail: amolina@sandiego.gov

COUNCIL DISTRICT 3

Contact: **Pam Ison**, Council Representative
Telephone: (619) 236-6633



RELATED EXPERIENCE: Affirmed Housing Group has worked with the San Diego Housing Commission to develop two apartment communities in Council District 8, one in Council District 3 and is currently developing an apartment community and public park in Council District 7 with the assistance of the City of San Diego Redevelopment Agency.



Tesoro Grove (Council District 8) - In October 2000, Affirmed Housing Group submitted a response to the Housing Commission's Notice of Funding Availability with a proposal to develop a 106-unit multifamily affordable rental community. The land is an irregularly shaped parcel, adjacent to Interstate 5 and was a remnant of a property condemned by the City when they sought to construct a sewer pump station. Our design team created an award winning site plan which created a walkable residential neighborhood, orienting the buildings in such a way that the buildings mitigated nearly all of the noise generated by the adjacent

freeway. The design included a variety of floor plans including townhomes, flats, and split level apartments. The development was financed using competitive 9% tax credits and is affordable to households earning 30% - 60% of San Diego County's Median Income. A special feature of the development is the common building – all of the electricity used to run the management office and laundry room is generated by using a photovoltaic (solar electric) system.

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Hollywood Palms - In June 2001, Affirmed Housing Group was engaged by Boston Capital to act as Developer of a 94-unit multifamily affordable housing development. Affirmed Housing Group secured 4% tax credits, coordinated tax-exempt bond financing and obtained project-based section 8 as well as gap financing from the San Diego Housing Commission. Because the development was quite controversial, Affirmed Housing Group worked diligently with the City Heights Redevelopment Project Area Committee (PAC) and City Heights Area Planning Committee to develop an award winning community for which City Heights residents could be proud. Hollywood Palms now stands as a gateway in City Heights and has set the standard for affordable housing design, management and energy efficiency. The apartment complex was completed in 2002 and offers 2-, 3-, and 4-bedrooms apartments to households earning 50% and 60% of San Diego County's Median Income.



Creekside Trails - With the success of Tesoro Grove and the overwhelming demand for affordable family housing in San Diego's South Bay, Affirmed Housing Group focused it's attention back on Council District 8. With the assistance of City's Expedite Program, Affirmed Housing Group obtained entitlements to build 50 affordable rental units on a parcel which was designated as open space and was home to a portion of Nestor Creek. The compromise: develop a linear park along the creek to

promote pedestrian activity within the Community Planning Area's core. The Planning Commission unanimously approved the plan within 5 months of the first planning submittal. Creekside received an award of 9% tax credits in October 2004. The complex was completely occupied by March of 2006 with apartments affordable to households earning 30% - 60% of San Diego County's Median Income.



Auburn Park

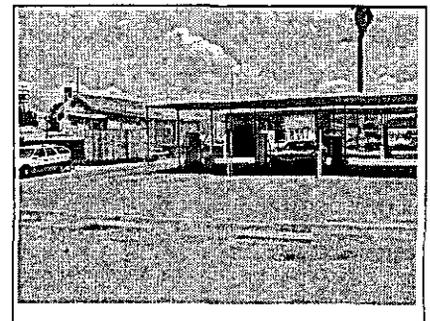
Auburn Park, located in Council District 7, is Affirmed Housing Group's most challenging & complex development to date. Starting with the land: the site is irregularly shaped, contains cliff-like slopes, and is bisected by the Auburn Branch of Chollas Creek. Thanks to a creative design team and a helpful neighborhood group, the site plan is genius. The apartments have been placed along the street to promote pedestrian activity which allows for a tremendous amount of open space for such a small development. Affirmed Housing Group is working with the Redevelopment Agency and the City's Parks Department to dedicate the open space park to the public upon completion of construction. The scope of construction includes: building a 69 unit apartment community over a subterranean parking structure, revegetating and restoring the Auburn Branch of Chollas Creek, and building a 1/2 acre community park complete with an educational gazebo. All of the apartments will be rented to households earning 30% - 60% of San Diego



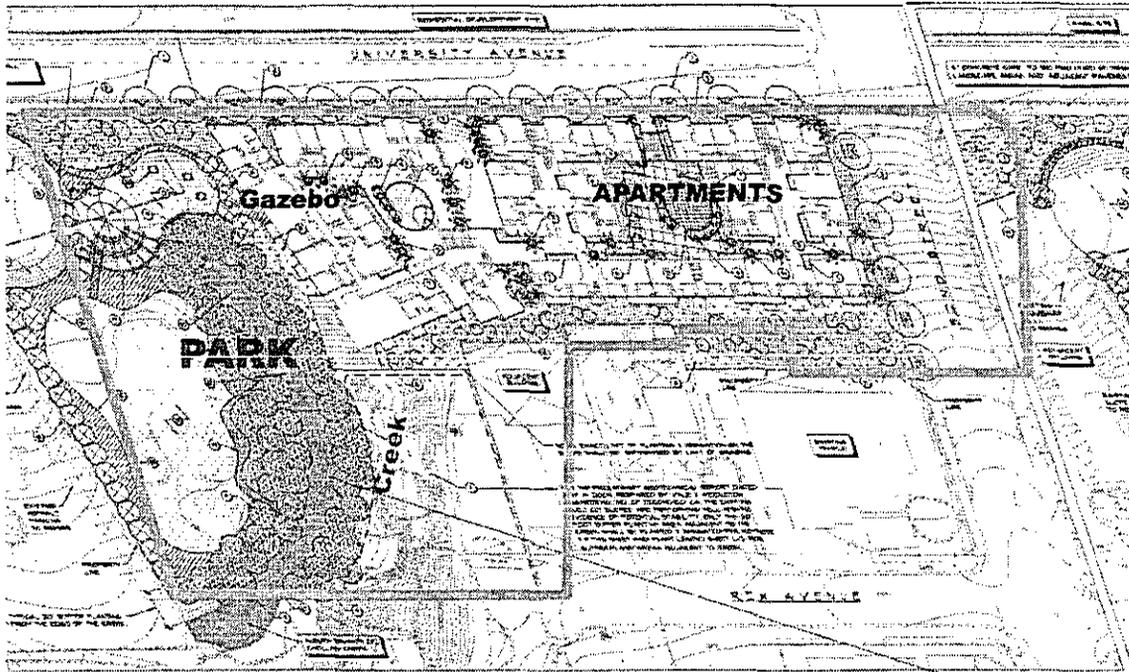
Auburn Park

County's Median Income. Approval of the development was granted by the City Council on June 28, 2005. The proposed levels of affordability are quite appropriate for the neighborhood as this particular census tract is one of the poorest in the county. Many of the areas residents are Somalian refugees living in cramped and substandard housing. We have been fortunate as we have had the opportunity to work with an active neighborhood group to help bring Auburn Park to fruition. The Fox Canyon Neighborhood Association

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(FCNA) has sacrificed many hours to work with our design team to produce a beautiful site plan. For more information on this collaborative effort, please contact FCNA's President, Jose Lopez at FoxCanyonN@aol.com, visit their website at <http://www.neighborhoodlink.com/sandiego/foxcan/>.



Construction will be complete in June of 2007.



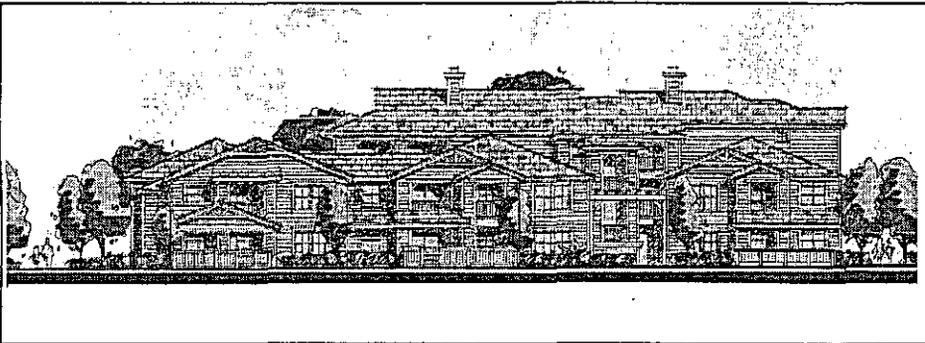
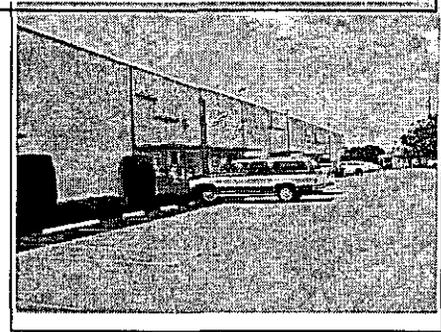
CITY OF FREMONT

Contact: **Elisa Tierney**, Redevelopment Director
Telephone: (510) 494-4501
E-mail: Etiernev@ci.fremont.ca.us
Contact: **Bill Cooper**, Redevelopment Project Manager
Telephone: (510) 494-4520

RELATED EXPERIENCE: **Maple Square:** Affirmed Housing Group is currently working with the City of Fremont to redevelop an underutilize automotive repair center in the Centerville Redevelopment Project Area. Affirmed Housing Group privately secured purchase agreements with two separate property owners for three parcels. The Redevelopment Agency conveyed a vacant parcel to the complete the land assembly process. Affirmed Housing Group received approval for a Planned District and a General Plan Amendment to redevelop the site. We then secured funding from the State of California through its Multifamily Housing Program (MHP) as well as tax exempt bond authority and 4% tax credits.

Construction of the Craftsman style apartments has commenced and is scheduled to be completed August 2006.

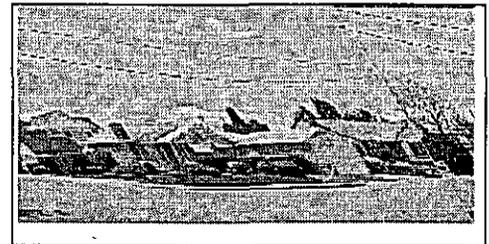
The apartment community is comprised of 132 affordable apartments contained in 2- and 3- story slab-on-grade structures and one 3 story podium structure with subterranean parking. The apartments will be



rented to households earning 25% - 60% of Alameda County's Median Income.

Proximity to a lower density single family neighborhood inspired us to design 9 single family "market rate" homes as a density buffer between the existing neighborhood and the

new high density apartments. The new homes offer buyers a choice of either Craftsman or Bungalow style homes.



CITY OF SAN MARCOS



000919

Contact: **Rick Gittings**, City Manager

(760) 744-1050 x3118

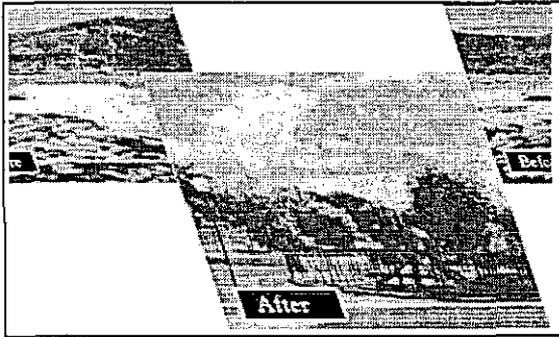
Contact: **Charlie Schaffer**, Development Services Director

Telephone: (760) 744-1050 x3230

RELATED EXPERIENCE:

Mariposa - In April 1997, Affirmed Housing Group acquired an 80-unit multifamily complex in the Richmar Redevelopment Area. The apartment complex was long known for a myriad of illegal activity - predominantly drug trafficking. It's proximity to the City's Junior High School made it a perfect

candidate for redevelopment. After securing tax-exempt bond financing, 4% tax credits and Redevelopment Agency funding, substantial interior and exterior rehabilitation efforts were undertaken to complete the 70-unit project. Site and building redesign efforts included: converting (20) one-bedroom apartments into (9) three-bedroom apartments and a central management office; installing a pool and spa; creating a community recreation room; and restoring a 1 acre park. Mariposa

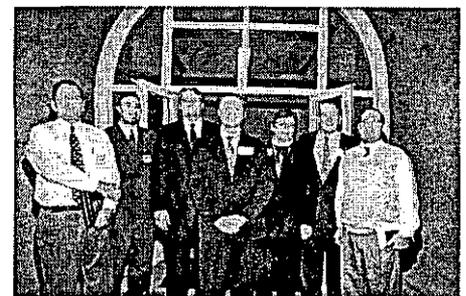
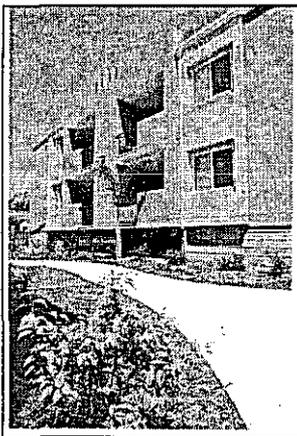


offers affordable rents to households earning 35% - 60% of San Diego County's Median Income. The range of affordability allowed families who were once living in extremely cramped conditions to live in their own apartments while maintaining close contact with one another by living in the same apartment complex.



Ventaliso - In addition to obtaining highly competitive 9% tax credits, Affirmed Housing Group secured financing from the Redevelopment Agency of the City of San Marcos and HOME funds from the County of San Diego. Shortly after acquiring 3 separately owned

commercially-zoned parcels, Affirmed Housing Group processed a boundary adjustment and General Plan Amendment necessary to construct the 48-unit affordable apartment complex. Ventaliso is the first apartment complex on Richmar to utilize subterranean parking. The apartment community offers affordable rents to households earning 30% - 60% of San Diego County's Median Income as well as market rate rents for those who do not meet the income requirements.



CITY OF TEMECULA

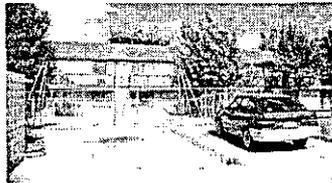
000920

Contact: **John Meyer**, Director - Housing and Redevelopment
Telephone: (951) 693-3950
E-mail: John.Meyer@cityoftemecula.org



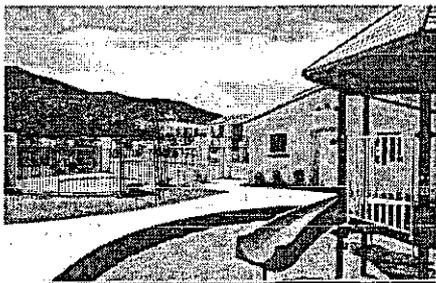
RELATED EXPERIENCE:

Mission Village - In December 1997, Affirmed Housing Group was formally selected to assist the City of Temecula in meeting its affordable



development goals based on a response to the City Redevelopment Agency's RFQ. Affirmed Housing Group creatively leveraged the Redevelopment Agency's financial contribution through a long-term ground lease, tax exempt bonds, and 4% tax credits to develop the 76-unit apartment community.

Construction efforts included remodeling (38) two-bedroom apartments and



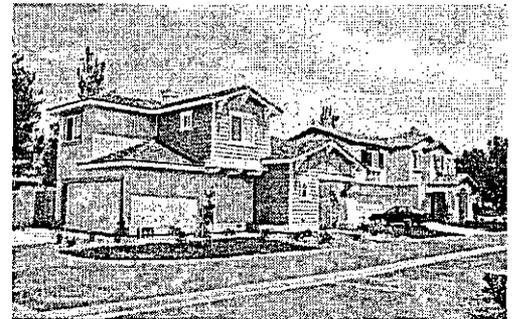
constructing (38) new three-bedroom apartments, building a central management office, and constructing a pool and new play areas adjacent to new laundry facilities. The apartment community offers rents affordable to households earning 50% and 60% of Riverside County's Median Income.



Cottages of Old Town - When the Redevelopment Agency desired to produce an affordable homeownership project, they turned to Affirmed Housing Group to develop 17 single family homes. The development consisted of rehabilitating 3 existing single family residences (including a historic home) and constructing 14 new single family detached homes. The properties were sold through a



lottery system to households earning up to 120% AMI and include a mix of 3 and 4 bedroom, single and two story homes with attached garages. The Cottages of Old Town turned many Temecula renters into homeowners.



CITY OF MURRIETA

000921

Contact: **Lori Moss**, City Manager
Telephone: (951) 304-2489
E-mail: lmoss@murrieta.org

RELATED EXPERIENCE: Monte Vista is Murrieta’s first planned affordable apartment community. Located near the City’s “big box” core, the development will provide new housing for the community’s growing work force.

The 64 unit apartment community exhibits a Craftsman style which will compliment the planned Town Square which will be located across the street.

To finance the development, Affirmed Housing Group secured competitive 9% tax credits, a loan from the Redevelopment Agency, and a HOME Loan from the County of Riverside. Rents will be affordable to households earning 30% - 60% of Riverside County’s Median Income. Construction was completed in July of 2005 and the apartment complex has enjoyed 100% occupancy since it opened.



The success of Monte Vista has prompted the City Council to request that Affirmed Housing Group build another affordable housing development. Affirmed Housing Group is currently planning Murrieta’s second affordable housing development - Heritage Village. Heritage Village will be a 48 unit apartment complex with a day care center.

CONSTRUCTION LENDERS

- a. **BANK OF AMERICA**
450 B Street, Suite 450, San Diego, CA 92101

Contact: **Hank Cunningham**, Senior Vice President
Telephone: (619) 515-5969
E-mail: hank.cunningham@bankofamerica.com

RELATED EXPERIENCE: Affirmed Housing Group has selected Bank of America as construction and permanent lender on numerous affordable housing developments. Bank of America has expedited loan approval for projects with an array of complex public financing, including tax exempt bonds, tax credits, HOME and RDA funds and project based Section 8. Further, Bank of America has also purchased tax-exempt bonds on a private placement basis.

000922

b. CITIBANK
787 West 5th Street, 29th Floor, Los Angeles, CA 90071

Contact: **Alice Carr**, Market Director for California Citibank Community Development
Telephone: (213) 239-1934

RELATED EXPERIENCE: Citibank has acted as construction and permanent lender on numerous affordable housing developments. Loans have been made on projects utilizing either 9% or 4% tax credits. Citibank has also purchased tax-exempt bonds on a private placement basis.

c. WASHINGTON MUTUAL BANK
17877 Von Karman, 4th Floor, Irvine, CA 92614

Contact: **Arthur Porter**, Senior Vice President
Telephone: (949) 833-4123
Contact: **Catherine Fredinburg**, Construction and Community Lending Manager
Telephone: (949) 833-4121

RELATED EXPERIENCE: Washington Mutual Bank has acted as construction and permanent lender on many of Affirmed Housing Group's previous tax-exempt bond developments. Washington Mutual has the financial capacity to purchase tax-exempt bonds, on a private placement basis. Both Catherine Fredinburg and Arthur Porter are familiar with the multiple layers of funds associated with affordable housing development, similar to the proposed financing structure.

d. UNION BANK OF CALIFORNIA
530 B Street, Suite 500, San Diego, CA 92101

Contact: **Edward Quinlivan**, Vice President
Telephone: (619) 230-3256

RELATED EXPERIENCE: Union Bank of California was recently selected as construction and permanent lender on Auburn Park Apartments. Prior to joining Union Bank, Mr. Shipstead was the Senior Vice President of Bank of America Community Bank and processed 6 construction and 2 permanent loans with Affirmed Housing Group, along with the purchase of tax-exempt bonds on a private placement basis.

TAX CREDIT INVESTORS

a. BOSTON CAPITAL
One Boston Place, 21st Floor, Boston, MA 02108

Contact: **Brenda Champy**, Senior Vice President, Director of Acquisitions
Telephone: (617) 624-8874

RELATED EXPERIENCE: Affirmed Housing Group has had a strong working relationship with Boston Capital for the past four years. In addition to acting as the investor on several developments, Boston Capital has provided pre-development financing and assistance with securing tax-exempt bond financing to many projects. Boston Capital recently engaged Affirmed Housing Group as

Developer for a 94-unit multifamily affordable rental community in the City of San Diego.

000923

b. MMA FINANCIAL (formerly LEND LEASE)
One Front Street, Suite 1100, San Francisco, CA 94111

Contact: **Catherine Talbot**, Principal, Acquisitions
Phone: (415) 773-9210

RELATED EXPERIENCE: In April 1999, Lend Lease was engaged as the investor partner and provided pre-development financing on a 60-unit multifamily affordable housing development in the city of Winston-Salem, North Carolina, which Affirmed Housing Group acted as general partner. During construction of the project, Lend Lease provided over \$2 Million dollars in equity through the sale of federal tax credits.

REDEVELOPMENT PROFESSIONALS

a. KEYSER MARSTON ASSOCIATES
1660 Hotel Circle North, Suite 716, San Diego, CA 92108

Contact: **Paul Marra**, Principal
Telephone: (619)718-9500

RELATED EXPERIENCE: Keyser Marston Associates provides consultation services to City and County Redevelopment Agencies by evaluating the market and financial feasibility of potential developments, preparing strategic real estate plans and analyses, structuring transactions between the public and private sectors and assessing the impacts and implementation requirements of land use policies, including housing for all income groups. Affirmed Housing Group has had the opportunity to work with Keyser Marston Associates in their capacity as financial advisor to the Redevelopment Agencies of the City of Temecula and the City of Escondido.

b. DANIEL B. LOPEZ & ASSOCIATES
1339 Glen Drive, San Leandro, CA 94577

Contact: **Daniel Lopez**, President
Telephone: (510) 568-7455

RELATED EXPERIENCE: Daniel B. Lopez & Associates is an experienced consulting firm representing several northern California cities for the purpose of providing advisory services relating to Redevelopment Agency project financial proformas, economic development strategies, developer selection and negotiations, and fiscal impact analyses. Affirmed Housing Group has had the opportunity to work with PMW Associates in their capacity as advisor to the Redevelopment Agency of the City of Fremont in connection with the Maple Square Apartment Homes development.

000924

Contact: Craig Whittom, Director of Community Development
Telephone: (707) 648-4579

Contact: Laura Simpson, Housing and Development Division Manager
Telephone: (707) 648-4393

Contact: Guy Ricca, Senior Community Development Analyst
Telephone: (707) 648-4395

RELATED EXPERIENCE: Affirmed Housing Group responded to the City of Vallejo's 2000 RFP with a proposal to develop an 87-unit affordable multifamily rental community. Affirmed Housing Group processed a Planned Development Permit through the City, secured acquisition funds from the Redevelopment Agency and the State of California through its Multifamily Housing program (MHP) tax exempt bonds through the California Debt Limit Allocation Committee and tax credit financing through the California Tax Credit allocation Committee. Construction has commenced with completion and 100% occupancy expected by December 2006.

**HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM
Summary**

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

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds; there is no pledge of the City’s or the Housing Authority’s faith, credit or taxing power. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

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

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

Approval Process:

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

000926

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

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

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

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

000929

334
10/9

REQUEST FOR CITY COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER (FOR AUDITOR'S USE)

TO: CITY ATTORNEY

2. FROM (ORIGINATING DEPARTMENT):
San Diego Housing Commission

3. DATE:
September 10, 2007

4. SUBJECT:
Preliminary Bond Items for Ten Fifty B

5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.)
Peter Armstrong, 619-578-7556, 49N

6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.)
Cissy Fisher, 619-578-7585, 49N

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND					9. ADDITIONAL INFORMATION / ESTIMATED COST:
DEPT.					COSTS OF CITY ATTORNEY'S REVIEW TO BE CHARGED TO OUSA #346
ORGANIZATION					
OBJECT ACCOUNT					
JOB ORDER					
C.I.P. NUMBER					
AMOUNT					

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>Cissy Fisher</i>	9/12/07	8	DEPUTY CHIEF	<i>[Signature]</i>	9/19/07
2	CARROL VAUGHAN VP-COO	<i>[Signature]</i>		9			
3				10	CITY ATTORNEY	<i>[Signature]</i>	9/24/07
4				11	ORIG. DEPT		
5				DOCKET COORD: _____ COUNCIL LIAISON _____			
6				<input checked="" type="checkbox"/> COUNCIL PRESIDENT <input type="checkbox"/> SPOB <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO: _____ COUNCIL DATE: 10/9/07			
7							

11. PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

CITY COUNCIL HOLD A PUBLIC HEARING AND ADOPT TWO RESOLUTIONS APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE HOUSING AUTHORITY IN A COMBINED AMOUNT OF UP TO \$55 MILLION FOR TEN FIFTY B.

11A. STAFF RECOMMENDATIONS:
ADOPT THE RESOLUTIONS.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 2 (FAULCONER)
COMMUNITY AREA(S): CENTRE CITY
ENVIRONMENTAL IMPACT: A SECONDARY STUDY WAS COMPLETED BY CCDC FOR TEN FIFTY B AND THE PROJECT WAS FOUND TO BE IN COMPLIANCE WITH THE FEIR FOR CENTRE CITY, THE DOWNTOWN COMMUNITY PLAN, AND THE PLANNED DISTRICT ORDINANCE.
HOUSING IMPACT: THE PROJECT WILL CREATE 229 AFFORDABLE HOUSING UNITS.
OTHER ISSUES: THE HOUSING COMMISSION WILL HEAR THIS ITEM ON SEPTEMBER 14, 2007.
CITY CLERK INSTRUCTIONS: PLEASE PROVIDE A CERTIFIED COPY OF RESOLUTION TO PETER ARMSTRONG, MS 49-N.
THERE IS A HOUSING AUTHORITY COMPANION FOR THIS ITEM.



REPORT TO THE CITY COUNCIL
EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: September 10, 2007
ATTENTION: Council President and City Council
ORIGINATING DEPT: San Diego Housing Commission
SUBJECT: Preliminary Bond Items for Ten Fifty B
COUNCIL DISTRICT: District 2
STAFF CONTACT: Cissy Fisher (619) 578-7585

REPORT NO.: HAR07-31

Please note: There is a Housing Authority companion for this item.

REQUESTED ACTION:

Take the initial steps to issue Housing Authority mortgage revenue bonds to fund site acquisition and construction of the 229-unit Ten Fifty B project. Borrower would develop the property and restrict rents below market; issuance of bonds would require Housing Authority approval at a later date and is contingent upon approval of a loan by the Redevelopment Agency. Please note that although Ten Fifty B will consist of a single structure, for financing purposes, two separate project components will be created on separate legal parcels.

STAFF RECOMMENDATION:

City Council hold a public hearing (*known as a TEFRA hearing - Tax Equity and Fiscal Responsibility Act*) and adopt two resolutions approving the issuance of tax-exempt bonds in a total amount of up to \$55 million by the Housing Authority for Ten Fifty B to be located at 1050 B Street in the City of San Diego.

EXECUTIVE SUMMARY:

Affirmed proposes to construct and operate a 23-story, 229-unit affordable rental housing development on a 19,994 square-foot site located on the north side of B Street between Tenth and Eleventh Avenues in downtown San Diego. The project would consist of 68 studio, 57 one bedroom, 34 two bedroom, and 70 three bedroom units. A total of 226 apartments would be affordable to very low and low-income households earning 25% to 60% of Area Median Income (AMI) (\$15,800 to \$37,250 for a household of three). Three units will be reserved for on-site managers and will not be occupancy-restricted.

As part of its purchase contract with the property owner, Affirmed will construct ground floor retail space in the building and allow the seller to retain ownership of that portion of the building. The project will also include 132 parking spaces, a 700 square foot community room, and two outdoor terraces totaling 7,400 square feet.

Affirmed has developed over 1,500 units in California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Recent developments include new construction as well as acquisition and substantial rehabilitation projects in San Diego, Riverside, and Santa Clara counties. Recent projects in San Diego include the 106-unit Tesoro Grove Apartments, the 94-

September 10, 2007

Ten Fifty B City Council Executive Summary

Page 2

unit Hollywood Palms Apartments, the 50-unit Creekside Trails Apartments, the 69-unit Auburn Park Apartments, and the 275-unit Studio 15 development in downtown.

The total development cost of the project is estimated to be approximately \$88.7 million. In addition to housing revenue bonds, sources of funding will include a loan from the Centre City Development Corporation (CCDC), federal tax credits, a loan from the State of California's Multifamily Housing Program (MHP), private funds, and a deferred developer fee. The development of the project is dependent upon the developer securing the MHP loan.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested actions. Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee. It is possible that the Housing Commission will be asked to participate in the local subsidy. The development team is currently gathering funding commitments.

PREVIOUS HOUSING AUTHORITY And/Or COMMITTEE ACTIONS:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

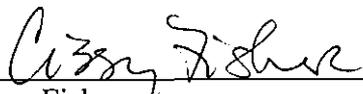
The Centre City Advisory Committee will hear items related to the project on September 13, 2007.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Low and very-low income households are the intended residents of the project. Affirmed will develop the project. The current owners of the site are: Julian E. Josephson and Jennifer Josephson, husband and wife; Stanley G. Smiedt and Paul B. Abelowitz as co-trustees of the Josephson Childrens Trust No. 1995-1; Stanley H. Smiedt and Marilyn Smiedt, husband and wife; and Julian E. Josephson and Sheldon Derezin as co-trustees of the Smiedt Children's Trust No. 1995-1. The developer has not yet selected financial participants for the project.

Respectfully submitted,

Approved by,



Cissy Fisher

Director, Housing Finance and Development



Elizabeth C. Morris

President and Chief Executive Officer

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR TEN FIFTY B (MHP COMPONENT)

WHEREAS, the Housing Authority of the City of San Diego [Authority] adopted a resolution that constituted a declaration of official intent to issue not to exceed \$28,300,000 aggregate principal amount of multifamily housing revenue bonds for Ten Fifty B [MHP Component] [Bonds] to finance the acquisition and construction of approximately 118 units of multifamily rental housing to be located at 1050 B Street in the City of San Diego, as described in the form of notice of public hearing attached as Exhibit A hereto [Project], and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended [Code] requires that the issuance of the Bonds by the Authority be approved by the City Council of the City of San Diego [City] as the applicable elected representative with respect to the Authority, after a public hearing regarding the Project and the Bonds following reasonable public notice; and

WHEREAS, notice of a public hearing with respect to the proposed issuance of the Bonds was published in a newspaper of general circulation in the City on September 24, 2008; and

WHEREAS, a public hearing was held by the City Council on October 9, 2008 and, at the public hearing, an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature, location, and operation of the Project; NOW

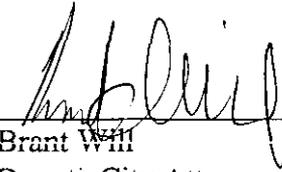
THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that this City Council, as the applicable elected representative with respect to the Authority under Section 147(f) of the Code, approves the issuance of the Bonds by the Authority for the purpose of financing the Project.

BE IT FURTHER RESOLVED, that the City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Brant Will
Deputy City Attorney

BCW:jdf

09/20/07

Or.Dept: Housing

R-2008-232

Companion: HA-2008-12

Exhibit ANOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, October 9, at the hour of 2 p.m., or as soon thereafter as the matter may be heard, at the City Council Chambers, 12th floor, 202 C Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego of its multifamily housing revenue bonds, in order to finance the acquisition and construction of the multifamily rental housing development described below (the "Project"):

<u>Name</u>	<u>Location</u>	<u>Number of Units</u>	<u>Maximum Bond Amount</u>
Ten Fifty B MHP Component	1050 B Street, San Diego, CA 92101 Floor 8 through 23	118	\$28,300,000

The owner of the Project will be Ten Fifty B Street Housing Partners, L.P. The initial operator of the Project is expected to be Solari Enterprises, Inc., or another entity selected by the owner of the Project. A total of 117 units in the project are to be income and rent restricted and occupied by low income tenants at affordable rents.

Notice is further given that at said hearing, all interested parties will have an opportunity to be heard on the question of whether or not such multifamily housing revenue bonds should be issued. Written comments may also be submitted prior to the hearing, c/o Mr. Peter Armstrong, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

Dated: September 24, 2007

CITY COUNCIL OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR TEN FIFTY B (NON-MHP COMPONENT)

WHEREAS, the *Housing Authority of the City of San Diego* [Authority] adopted a resolution that constituted a declaration of official intent to issue not to exceed \$26,700,000 aggregate principal amount of multifamily housing revenue bonds for Ten Fifty B [Non-MHP Component] [Bonds] to finance the acquisition and construction of approximately 111 units of multifamily rental housing to be located at 1050 B Street in the City of San Diego, as described in the form of notice of public hearing attached as Exhibit A hereto [Project], and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended [Code] requires that the issuance of the Bonds by the Authority be approved by the City Council of the City of San Diego [City] as the applicable elected representative with respect to the Authority, after a public hearing regarding the Project and the Bonds following reasonable public notice; and

WHEREAS, notice of a public hearing with respect to the proposed issuance of the Bonds was published in a newspaper of general circulation in the City on September 24, 2008; and

WHEREAS, a public hearing was held by the City Council on October 9, 2008 and, at the public hearing, an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature, location, and operation of the Project; NOW

THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that this City Council, as the applicable elected representative with respect to the Authority under Section 147(f) of the Code, approves the issuance of the Bonds by the Authority for the purpose of financing the Project.

BE IT FURTHER RESOLVED, that the City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 

Brant Will
Deputy City Attorney

BCW:jdf
09/24/07
Or.Dept: Housing
R-2008-247
Companion: HA-2008-13

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

Exhibit A**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, October 9, at the hour of 2 p.m., or as soon thereafter as the matter may be heard, at the City Council Chambers, 12th floor, 202 C Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego of its multifamily housing revenue bonds, in order to finance the acquisition and construction of the multifamily rental housing development described below (the "Project"):

<u>Name</u>	<u>Location</u>	<u>Number of Units</u>	<u>Maximum Bond Amount</u>
Ten Fifty B Non-MHP Component	1050 B Street, San Diego, CA 92101 Floor 2 through 7	118	\$26,700,000

The owner of the Project will be Ten Fifty B Street Housing Partners, L.P. The initial operator of the Project is expected to be Solari Enterprises, Inc., or another entity selected by the owner of the Project.

Notice is further given that at said hearing, all interested parties will have an opportunity to be heard on the question of whether or not such multifamily housing revenue bonds should be issued. Written comments may also be submitted prior to the hearing, c/o Mr. Peter Armstrong, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

Dated: September 24, 2007

CITY COUNCIL OF THE CITY OF SAN DIEGO