



**Centre City
Development
Corporation**

REPORT NO. CCDC-08-05

DATE ISSUED: February 27, 2008

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of March 4, 2008

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Transfer of Limited Partnership Interest in Hacienda Townhomes
Ltd. – East Village District of the Expansion Sub Area of the Centre
City Redevelopment Project

COUNCIL DISTRICTS: Districts 2 & 8

REFERENCE: None

STAFF CONTACT: A.J. Magana, Accountant/Financial Analyst

REQUESTED ACTION: That the Redevelopment Agency of the City of San Diego (“Agency”) approve the transfer of limited partnership interest in Hacienda Townhomes, Ltd. from Fannie Mae (formerly known as Federal National Mortgage Association) to San Diego Community Housing Corporation (“SDCHC”), a California nonprofit public benefit corporation.

STAFF RECOMMENDATION: That the Agency approve the transfer of limited partnership interest in Hacienda Townhomes, Ltd. from Fannie Mae (formerly known as Federal National Mortgage Association) to SDCHC, a California nonprofit public benefit corporation.

SUMMARY: On November 14, 2007, Occupational Training Services, Inc. (“OTS”), the general partner of Hacienda Townhomes, Ltd., sent a request to the Agency to transfer the interest of the limited partner from Fannie Mae to SDCHC, an affiliate of OTS. Since the low-income tax credits have expired, Fannie Mae is willing to transfer their interest to SDCHC for the sum of \$50,000 together with the other agreements and documentation connected with this transfer as full consideration and full value for such assignment and transfer.

FISCAL CONSIDERATIONS: None.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On January 30, 2008 the Corporation Board voted unanimously on consent approval of staff recommendations.

OTHER RECOMMENDATIONS: None.

BACKGROUND: Hacienda Townhomes (“Project”) consists of 52 low-income residential units and is located at 300 17th Street. The Project was funded in part by low-income housing tax credits, a loan from the Agency in the amount of \$713,196, in addition to other sources of funding.

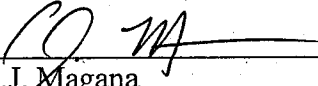
The Agency loan consisted of two components. The first component, consisting of \$363,196, accrues simple interest at a rate of 3% per annum on the unpaid principal balance. As of September 30, 2007, the outstanding loan balance was \$501,829. This component of the note becomes due and payable July, 2048. The second component consists of \$350,000 and was paid in full on March 31, 2005 in accordance with the amendment to the promissory note dated October 7, 1994.

DISCUSSION: SDCHC is a tax-exempt California non-profit public benefit corporation and will continue to run the project as a low-income residential project. The low-income restrictions are also guaranteed per the Declaration of Covenants and Restrictions (rent restrictions) by OTS, recorded against the Project which will assure affordability restrictions are met through 2048.

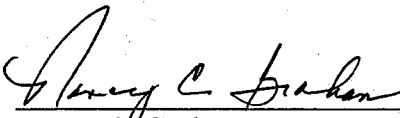
ENVIRONMENTAL IMPACT: This activity is not a project, and therefore not subject to CEQA per CEQA Guidelines Section 15060(c)(3).

CONCLUSION: Staff recommends that the Corporation recommend that the Agency approves the transfer of limited partnership interest in Hacienda Townhomes, Ltd. from Fannie Mae to SDCHC.

Respectfully submitted,



A.J. Magana
Accountant/Financial Analyst



Nancy C. Graham
President

Attachments:

- A – Assignment and Assumption Agreement
- B – Third Amendment to First Amended and Restated Agreement of Limited Partnership of Hacienda Townhomes, Ltd.
- C – Consent of General Partner of Hacienda Townhomes, Ltd.
- D – General Partner Certification
- E – Indemnity Agreement
- F – General Release
- G – Unanimous Consent in Lieu of Special Meeting