

HOUSING AUTHORITY REPORT

DATE ISSUED: June 29, 2007 REPORT NO: HAR 07-023

ATTENTION: Chair and Members of the Housing Authority  
For the Agenda of July 24, 2007

SUBJECT: Final Bond Authorization for Redwood Villa Apartments

REQUESTED ACTION:

Take the final step to authorize the issuance of Housing Authority mortgage revenue bonds to fund the rehabilitation of the Redwood Villa Apartments.

STAFF RECOMMENDATION:

- A. Housing Authority authorize the issuance of up to \$6,050,000 in multifamily housing revenue bonds to fund the rehabilitation of the 92-unit Redwood Villa Apartments located at 3060 53rd Street by Redwood Villa Senior Housing Partners, L.P., a limited partnership (Borrower). The managing general partner of the Borrower is an entity controlled by the San Diego Interfaith Housing Foundation (Interfaith).
- B. City Council hold a public hearing (*known as a TEFRA hearing - Tax Equity and Fiscal Responsibility Act*) and readopt a resolution approving the issuance of tax-exempt bonds in an amount up to \$6,050,000 by the Housing Authority for Redwood Villa Apartments located at 3060 53<sup>rd</sup> Street in the City of San Diego to correct the name of the Borrower. (Borrower name was incorrect in the TEFRA resolution that was approved on March 6, 2007.).

BACKGROUND:

The Project

Redwood Villa is a 92-unit affordable housing development for seniors located at 3060 53rd Street in the community of Oak Park. The project contains 66 one-bedroom units, 24 two-bedroom units, and two three-bedroom staff units. See Attachment 1 for a vicinity map.

The property was developed by a tax credit limited partnership formed by Interfaith in 1988. The original financing to build Redwood Villa included 9% tax credits, a State of California Rental Housing Construction Program (RHCP) loan, two Housing Commission loans, membership fees raised by Interfaith, and a first mortgage currently held by Citibank. The tax credits expired in 2003 and the original tax credit limited partner, Related Capital, has exited the partnership. Interfaith also has already repaid one of the Housing Commission loans; the remaining loan will be repaid as part of the refinancing of the project.

The state RHCP program has recently given the Borrower permission to acquire and rehabilitate the project using tax exempt bonds and 4% tax credits. The acquisition of the project by the Borrower will allow for financial stabilization of the project, an increased term of affordability, and substantial rehabilitation of the project. The Borrower expects to spend approximately \$1.4 million on the rehabilitation of the project with the proposed scope of work to include a new HVAC system, roof, parking lot, and landscaping as well as new cabinets and fixtures in each unit.

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Housing Affordability

Redwood Villa currently has rent and occupancy restrictions on 74 of its 92 total units. Forty-one units are currently restricted under the RHCP program. The rents on the RHCP units are set so that tenants pay 30% of their incomes on rent and utilities. An additional 33 units are rent and occupancy restricted under the terms of the Housing Commission loan at 50% Area Median Income (AMI) (\$28,100 for a household of 2), 60% AMI (\$33,720 for a household of 2), and 65% AMI (\$36,500 for a household of 2). The remaining 18 units are unrestricted.

Through the proposed bond issuance, Redwood Villa will continue to provide housing for low- and very-low income seniors for a minimum of 55 years. Thirty-four units will be restricted at 50% AMI, 56 units will be restricted at 60% AMI, and two units will be reserved for on-site managers and will not be rent and occupancy restricted. Current tenants occupying the 41 RHCP-restricted units will continue to pay 30% of their income towards rent and utilities until they vacate their units. Through attrition, rents on the RHCP units will be increased to 50% and 60% AMI. Maximum rents for the project are summarized in the following table.

Type	Unit Size (sq. ft.)	AMI	Number of Units	Restricted Rent (net of utility allowance)	Market Rate	Monthly Savings per unit
One Bedroom	481-671	50% AMI	27	\$629	\$876	\$247
One Bedroom	841-947	60% AMI	17	\$760	\$876	\$116
Two Bedroom	481-671	50% AMI	39	\$751	\$1,044	\$293
Two Bedroom	841-947	60% AMI	17	\$909	\$1,044	\$135
Three Bedroom	1,112	MGR	2	N/A	N/A	N/A
<b>Total</b>			<b>92</b>			
<b>Total Annual Savings</b>						<b>\$176,436</b>

Development Team

The project will be owned and operated by the Borrower: 1% of which will be owned by the managing general partner, Redwood Villa Interfaith Housing Corporation, a wholly owned affiliate of Interfaith and 99% of which will be owned by the tax credit equity limited partner, Red Capital Markets, Inc. (Red Capital). A Developer's Disclosure Statement is included as Attachment 2.

Interfaith is a non-profit, HUD-certified Community Housing Development Corporation that previously received Housing Commission financial assistance to develop Redwood Villa, Mission Terrace, Palm Terrace, Metro Villas, and Renaissance at North Park. Interfaith owns and manages twelve affordable housing communities throughout San Diego county totaling more than 1,100 units.

Financing Structure

The total development cost of the project is estimated to be approximately \$12.1 million. Of the \$6,050,000 estimated bond issuance amount, approximately \$3.55 million in housing revenue bonds will be used to finance the rehabilitation of the project and will be paid off at conversion to permanent financing. The permanent bond amount is estimated to be approximately \$2.5 million and will be based upon project costs, revenues, and interest rates at the time of bond issuance. Preliminary permanent sources of funding are summarized in the following table:

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<b>Proposed Permanent Financing Sources</b>	
Federal Tax Credits	\$4,600,000
Housing Revenue Bonds	\$2,500,000
Deferred Developer Fee	\$200,000
Seller Note	\$4,700,000
Income from Operations	\$100,000
<b>Total</b>	<b>\$12,100,000</b>

The seller note listed above will be executed by the Borrower in favor of the Interfaith controlled partnership that currently owns the project and will be repaid over time from surplus cash flow.

Public Disclosure and Bond Authorization

The bonds will be sold in two series totaling \$6,050,000. A senior series in the approximate amount of \$2,500,000 will be sold through a public offering with Red Capital acting as the underwriter. The senior bonds will be credit enhanced by the Federal National Mortgage Association (Fannie Mae) and rated AAA by Standard and Poor's.

A subordinate series of bonds in the approximate amount of \$3,550,000 will be sold through a private placement to Red Capital. The subordinate bonds will not be rated or credit enhanced. The subordinate bonds will be repaid at conversion to permanent financing from tax credit proceeds.

The following documents will be executed on behalf of the Housing Authority: Official Statement, Trust Indenture, Subordinate Trust Indenture, Financing Agreement, Subordinate Loan Agreement, Regulatory Agreement, Intercreditor Agreement, Subordination Agreement and a Bond Purchase Agreement. At the time of docketing, all bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's office and bond counsel.

An Official Statement in preliminary form will be used to market the senior bonds to investors. The official statement will contain limited information about the Housing Authority as the issuer. This information verifies that the Housing Authority is an appropriate issuer of the bonds and that there is no 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. Furthermore, it is necessary for members of the Housing Authority to disclose any knowledge, not available to the general public, about the feasibility of the project. Attachment 3 contains the language regarding the Housing Authority that will be used in the Official Statement.

The senior bonds will be issued pursuant to a Trust Indenture between the Housing Authority and the trustee. Based upon instructions contained in the Trust Indenture, the trustee will disburse bond proceeds for eligible costs, collect project revenues and make payments to bondholders, and hold collateral to secure payment of the bonds. A Subordinate Trust Indenture will also be executed to provide separate instructions to the trustee for the subordinate bond series.

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Under the terms of the Financing Agreement, the Housing Authority will loan the proceeds of the senior bonds to the borrower in order to acquire and rehabilitate the project. The Financing Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the trustee. A Subordinate Loan Agreement, fulfilling the same functions, will be used for the subordinate bond series.

The Regulatory Agreement will be recorded against the property in order 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 Bond Purchase Agreement outlines the terms under which the Housing Authority will issue and the underwriter will purchase the bonds. The Bond Purchase Agreement is executed and delivered by the Housing Authority, the borrower, and the underwriter.

The Intercreditor Agreement outlines the respective rights of the trustee on behalf of the Housing Authority and Fannie Mae in the event the Borrower defaults on any of its obligations associated with the bond financing. In the event of a default, Fannie Mae will have principal control and enforcement rights.

The Subordination Agreement provides that the repayment of the loan for the subordinate bonds is payable only from excess proceeds from the project and is subordinate in all respects to the loan securing the senior bonds and further limits the remedies that may be exercised to collect on the subordinate loan so long as the senior bonds are outstanding.

Since the bonds will not be repaid using any City or Housing Authority revenues, it is not appropriate to provide any information about the City's finances. For a summary of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize bond financings, please see Attachment 4.

Staff has been working with Public Financial Management, the Housing Commission's Financial Advisor, to perform due diligence concerning the proposed financing and to formulate a recommendation for the Housing Authority. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the bond issuance for the project be authorized. The Financial Advisor's analysis and recommendation to proceed is included as Attachment 5.

Staff is also working with the City's Disclosure Practices Working Group to assure that the issuance of Housing Authority bonds is in conformance with the City's disclosure requirements.

#### TEFRA Resolution Revision

To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the Internal Revenue 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. In the resolution approved by the City Council on March 6, 2007, the name of the ownership entity was incorrect. To ensure that the proposed bonds are tax-exempt, bond counsel recommends that a new TEFRA resolution be adopted.

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FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested action. The bonds will not constitute a debt of the City of San Diego. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for repayment of the bonds will be limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the project owner. The Housing Commission's origination fee under the financing will be up to \$13,915 (0.23 percent of the bond amount). No local housing funds (Tax increment, Inclusionary, Housing Trust Fund, HOME, CDBG etc.) will be made available to develop the project.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

From 1983 through 1988 the Housing Commission, City Council, and Housing Authority approved several items to facilitate the financing of Redwood Villa Apartments. On March 6, 2007, the Housing Authority and City Council approved preliminary bond items for the project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Interfaith presented an informational report on its plan to refinance and rehabilitate the project to the Eastern Area Planning Group on March 13, 2007.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

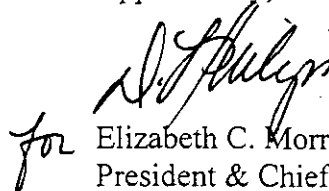
Low income seniors are the intended residents of the project. An affiliate of Interfaith will act as the developer of the project. Red Capital will provide debt and equity as well as act as the underwriter for the project. Public Financial Management and Stradling, Yocca Carlson & Rauth have been selected to assist in preparing the financing.

Respectfully submitted,



Cissy Fisher  
Director of Housing Finance & Development

Approved by,



for Elizabeth C. Morris  
President & Chief Executive Officer

Attachments:

1. Vicinity Map
2. Developer Disclosure Statement\*
3. Housing Authority Disclosure Summary
4. Multifamily Bond Program Summary
5. Financial Advisor's Analysis

\*Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, Suite 300.

# Attachment 1: Vicinity Map



Site Address: 3060 53<sup>rd</sup> Street, San Diego



Good Neighbors

San Diego  
Housing Commission

- 1625 Newton Avenue
- San Diego, California 92113-1038
- 619/231 9400
- FAX: 619/544 9193

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer:  
**Redwood Villa Associates**
2. Address, phone number and ZIP Code:  
**7956 Lester Avenue  
Lemon Grove, CA 91945  
Phone: (619) 668-1532**
3. IRS Number of Developer:  
**33-0317241**
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:  
  
 A corporation  
 A nonprofit or charitable institution or corporation  
 A partnership known as: **Redwood Villa Associates**  
 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:  
**Not Applicable**

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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:



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- a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.  
**Not Applicable**
- 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. **The general partner of the tax credit limited partnership is a nonprofit corporation. Please see the attached list of the board of directors.**
- 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. **Redwood Villa Interfaith Housing Corporation is the general partner owning 1%. San Diego Interfaith Housing Foundation is the current limited partner owning 99% but will exit the partnership when Red Capital closes the transaction.**
- 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.  
**Not Applicable**
- 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%.

Name, Address & Zip Code  
**Not Applicable**

Phone Number

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



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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):

Name, Address and Zip Code	Description of character and extent of interest
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**Not Applicable**

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:

**See item 6**

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.

**Redwood Villa Associates is a California limited partnership that is made up of Redwood Villa Interfaith Housing Corporation, general partner, and San Diego Interfaith Housing Foundation, limited partner. These entities are affiliated nonprofits sharing the same board of directors. San Diego Interfaith Housing Foundation will exit the partnership when Red Capital closes the tax credit transaction.**

10. The financial condition of the developer, as of Decmeber 31, 2005 is reflected in the attached financial statement.

11. 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:

**See attached description of project**

12. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:

a. In banks:

Name, Address and ZIP Code of Bank	\$ Amount
Not Applicable	

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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>
<b>The refinancing and rehabilitation of Redwood Villa will come from Bonds, tax credits and a 2<sup>nd</sup> mortgage from the current owner. See the draft financing plan included with the project description.</b>	

- c. By sale of readily salable assets:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
<b>Not Applicable</b>		

13. Name and addresses of bank references:

**Mr. Evan Becker, Director  
Red Capital Group  
655 W. Broadway, Suite 800  
San Diego, CA 92101  
(619) 471-0113**

14. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years? Yes \_\_\_ No X  
If yes, give date, place, and under what name.

15. 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.

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16. 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 list of completed developments**

**000365**

17. 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:

**Not Applicable**

a. Name and address of such contractor or builder:

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:

c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ \_\_\_\_\_

General description of such work:

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

**Not Applicable**

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

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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**Not Applicable**

18. 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:

**Not Applicable**

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19. 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.

20. 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:

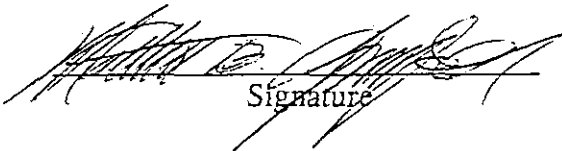
1. Project Description
2. Developer Experience Description
3. Draft Project Budget with Sources and Uses

CERTIFICATION

I (We) Redwood Villa Associates 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 (our) knowledge and belief.

Date: 12/18/06

Date: \_\_\_\_\_

  
Signature

\_\_\_\_\_  
Signature

Title: President

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

Redwood Villa Interfaith Housing Corporation, General Partner

Address & ZIP Code

7956 Lester Avenue

\_\_\_\_\_

Lemon Grove, CA 91945

\_\_\_\_\_

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Redwood Villa Interfaith Housing Corporation  
Brief Biographical Background  
Board of Directors  
December 2006

EXECUTIVE COMMITTEE:

OCCUPATION/EDUCATION/POSITION IN COMMUNITY:

**SMYTH, GREGORY S.**  
Chair

Ordained Deacon, Roman Catholic Diocese of San Diego. Former Housing Management Specialist, Former Head, Housing Management Division, Naval Facilities Engineering Commander, Retired Navy (Captain), Former Director Chula Vista, CA Military Family Housing San Diego. B.A Holy Cross College, Worcester, MA MS Salve Regina University, Newport, RI Navel War College

**RAMSEY, JOSEPH C.**  
Vice Chair

Retired Aeronautical Engineer/General Dynamics, Member/Apartment Rental Owners Assoc. Prior member SD Housing Trust Fund Task Force/SD Housing Commission. B.S. Purdue University, Aerospace Engineering

**MASSEY, TONY**  
Secretary

Finance-Loan Specialist/Financial Grip, Retired Military (CWO). Experience with Human Resources, Foreign Diplomatic Corp as Naval Attache. B.A. Los Angeles City College Marketing Program, National University, SD

**BRUNSON, DOUGLAS**  
Treasurer

Retired Business Executive, Pres. of Board of San Diego Habitat for Humanity and Interfaith Shelter Network, active in church and community with a focus on justice issues. B.S. Business S.D.S.U.

**BALL, ROGER**  
Chair, Dev. Committee

Civil Engineer, President, Rick Engineering Company, S.D. Chapter of Consulting Engineers & Land Surveyors of CA, American Society of Civil Engineers, CHI Epsilon. B.S. Civil Engineering, S.D.S.U.

**SCHOETTLE, THOMAS J**  
Chair, Finance Committee

Certified Financial Planner and Attorney with Schoettle Financial. Received Juris Doctor in 1988, University of Virginia. B.S. Accounting, With Distinction, 1985 from Indiana University.

**RVIHC BOARD MEMBERS:  
Brief Biographical Background**

**ADLER, KAI W.**

Marketing Consultant for Vortex International and Vortex Water Technologies. Has served on the Board of Horizon Gate Ministries also Director and Coordinator for March for Jesus. Helped to establish YWAM San Diego/Tijuana and served on its Board.

**GAZE, JUDY**

Project Manager, Program Manager / SRA, International, Project Lead / Oracle, Corp., Navy Region Southwest Director of Quality of Life Services, Commanding Officer / Personnel Support Activity San Diego, Director / Military Family Housing San Diego, Commander Naval Base San Diego, Commanding Officer / Training Command, Executive Officer / Naval Station Pearl Harbor, Credentialed Trainer / Management Classes, Director / Engineering Technical Training School, Process Improvement Consultant for Subordinate Commands, M.B.A. / National University, S.D. Valedictorian B.A. University of Northern Iowa, Secondary Education, Sociology, Spanish Honors. Alumni Award for Leadership, S.D. Chamber of Commerce / Military Affairs Advisory Committee, Member S.D. Women In Business

**MOORE, TERRY**

Investment Broker, Developer, Consultant and Expert witness. Director of ACI Commercial Real Estate. Has taught investment professionals for National University, UCSD extension, California Assoc. Of Realtors, California Apartment Assoc. and National CCIM. Has been listed in ANational Who's Who in Creative Real Estate. MBA Southern Methodist University.

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## Redwood Villa Refinancing and Rehabilitation Description

Redwood Villa is a 92-unit affordable housing development for seniors located at 3060 53rd Street, San Diego, CA 92105. The project contains 66 one-bedroom apartments, 24-two bedroom apartments and 2-three bedroom staff units.

The property was developed by a tax credit limited partnership formed by San Diego Interfaith Housing Foundation in 1988. The financing used for Redwood Villa included 9% tax credits, a State of California RHCP loan, a San Diego Housing Commission Loan, membership fees raised by San Diego Interfaith Housing Foundation and a first mortgage currently held by Citibank.

The tax credits expired in 2003 and the original tax credit limited partner, Related Capital, has exited the partnership. We have also recently repaid the original San Diego Housing Commission loan.

The State RHCP program has recently given us permission to refinance and rehabilitate the project using tax exempt bonds and 4% tax credits. Therefore, we will be submitting a May 2007 bond application to CDLAC. This application is due 60 days prior to the application deadline. For logistical purposes, it is my understanding that the application will need to be submitted in mid-March of 2007 for the May 2007 CDLAC application.

The refinancing will allow for a financial stabilization of the project, increased length of affordability and substantial rehabilitation of the project to include new cabinets and fixtures, HVAC system, roof, parking lot, landscaping and other improvements.

*We respectfully request the San Diego Housing Commission to provide bond issuance services, including the TEFRA and other appropriate hearings in early 2007. Red Capital Markets will provide the bond and tax credit financing for us.*

Attached please find background information about the Redwood Villa and the developer, Redwood Villa Associates, a California Limited Partnership. In addition, please find attached a draft financial model, including targeted rents and sources and uses.

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**San Diego Interfaith Housing Foundation Portfolio and Experience**

Interfaith has had many years of experience with various subsidy sources, including Redevelopment Agency Set-Aside Funds, HOME funds, Federal Home Loan Bank Affordable Housing Program (AHP) funds, State of California Rental Housing Construction Program (RHCP) funds, California Housing Financing Agency (CHFA) funds, HUD 236 funds, HUD 221(d)3 funds, HUD 223(a)7 funds, HUD 203K funds and low income housing tax credits. The following are descriptions of projects using various subsidies:

**DEL PRADO  
APARTMENTS**

**3878 Beyer Boulevard  
San Ysidro, California 92173**

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<i>PROGRAM:</i>	60 unit garden style apartments for families/elderly
<i>CURRENT OCCUPANCY:</i>	100%
<i>RESIDENT HOUSEHOLD INCOME LEVEL:</i>	\$10,000 – 30,000
<i>YEAR COMPLETED:</i>	1971
<i>CONSTRUCTION COST:</i>	\$660,000
<i>CONTRACTOR:</i>	M.H. Golden Construction Company
<i>ARCHITECT:</i>	Loch Crane & Associates
<i>DEVELOPER:</i>	Del Prado Interfaith Housing Corporation, a nonprofit corporation
<i>MANAGING AGENT:</i>	Interfaith Housing Assistance Corporation, a nonprofit corporation
<i>SUBSIDY:</i>	Section 236 and LMSA Section 8 (HUD)
<i>PERMANENT LENDER:</i>	GMAC Commercial Mortgage
<i>CONSTRUCTION LENDER:</i>	San Diego Trust and Savings

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**DELTA ARMS  
APARTMENTS**

4245 Delta Street  
San Diego, California 92113

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*PROGRAM:* 22 unit garden style apartments for families/elderly

*CURRENT OCCUPANCY:* 100%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$10,000 – 30,000

*UNIT MIX:* 6 – 1 Bedrooms  
10 – 2 Bedrooms  
6 – 3 Bedrooms

*YEAR COMPLETED:* 1972

*CONSTRUCTION COST:* \$270,000

*CONTRACTOR:* Andrew E. Luckey

*ARCHITECT:* Loch Crane & Associates

*DEVELOPER:* Delta Manor Interfaith Housing Corporation, a  
nonprofit corporation

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*SUBSIDY:* Section 236 and LMSA Section 8 (HUD)

*PERMANENT LENDER:* GMAC Commercial Mortgage

*CONSTRUCTION LENDER:* Securities Inter Mountain, Inc.

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**HORTON HOUSE  
APARTMENTS**

333 G Street  
San Diego, California 92101

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*PROGRAM:* 153 unit urban tower apartments for elderly/disabled

*CURRENT OCCUPANCY:* 100%

**RESIDENT HOUSEHOLD  
INCOME LEVEL:** \$5,000 -- 15,000

*UNIT MIX:* 49 -- Studios  
102 -- 1 Bedrooms  
2 -- 2 Bedrooms

*YEAR COMPLETED:* 1981

*CONSTRUCTION COST:* \$5,900,000

*CONTRACTOR:* Roel Construction Company

*ARCHITECT:* Tucker, Sadler & Associates

*DEVELOPER:* Horton House Interfaith Housing Corporation, a nonprofit corporation

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a nonprofit corporation

*SUBSIDY:* Section 223 (a) 7 and LMSA Section 8 (HUD)

*PERMANENT LENDER:* Red Mortgage Capital

*CONSTRUCTION LENDER:* United California Bank

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**REDWOOD VILLA  
APARTMENTS**

3060 53<sup>rd</sup> Street  
San Diego, California 92105

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*PROGRAM:* 92 unit garden style apartments for elderly/disabled

*CURRENT OCCUPANCY:* 98%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$10,000 – 40,000

*YEAR COMPLETED:* 1988

*CONSTRUCTION COST:* \$3,200,000

*CONTRACTOR:* R.E. Hazard Jr., Inc.

*ARCHITECT:* Martinez Wong & Associates

*DEVELOPER:* Redwood Villa Associates, Limited Partnership,  
Redwood Villa Interfaith Housing Corporation as  
managing general partner

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
State RHCP  
Private Memberships  
San Diego Housing Commission

*PERMANENT LENDER:* Savings Association Mortgage Company  
State RHCP  
San Diego Housing Commission

*CONSTRUCTION LENDER:* Wells Fargo Bank

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**MISSION TERRACE  
APARTMENTS**

10210 San Diego Mission Road  
San Diego, California 92108

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*PROGRAM:* 77 unit terraced apartments for families/elderly

*CURRENT OCCUPANCY:* 98%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$12,000 – 35,000

*UNIT MIX:* 37 – 1 Bedrooms  
16 – 2 Bedrooms  
24 – 3 Bedrooms

*YEAR COMPLETED:* 1995

*CONSTRUCTION COST:* \$4,600,000

*CONTRACTOR:* Centex Golden Construction Company

*ARCHITECT:* Studio E Architects

*DEVELOPER:* Mission Terrace Associates, Limited Partnership,  
Mission Terrace Interfaith Housing Corporation as  
managing general partner

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
HOME Program (HUD)  
San Diego Housing Trust Fund  
AHP Program (Federal Home Loan Bank)

*PERMANENT LENDER:* Citibank  
AHP (Federal Home Loan Bank)  
San Diego Housing Commission

*CONSTRUCTION LENDER:* Wells Fargo Bank

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**PRESIOCA VILLA  
APARTMENTS**

9211 Amy's Street  
Spring Valley, California 91977

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*PROGRAM:* 94 unit garden style apartments for families/elderly

*CURRENT OCCUPANCY:* 100%

**RESIDENT HOUSEHOLD  
INCOME LEVEL:** \$9,600 – 40,250

*UNIT MIX:* 94 – 2 Bedrooms

*YEAR COMPLETED:* 1985

*REHABILITATION COST:* \$400,000

*CONTRACTOR:* Cuatro Corporation

*DEVELOPER:* Presioca Villa Interfaith Housing Corporation

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* HOME Program  
FDIC – Affordable Housing Disposition Program

*PERMANENT LENDER:* Washington Mutual

*CONSTRUCTION LENDER:* San Diego County Dept. of Housing & Comm. Dev.

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**000376**

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**PALM TERRACE  
APARTMENTS**

2885 Palm Avenue  
San Diego, California 92154

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*PROGRAM:* 60 unit garden style apartments for families/elderly

*CURRENT OCCUPANCY:* 100%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$14,000 – 76,000

*UNIT MIX:* 60 – 2 Bedroom flats and town homes

*YEAR COMPLETED:* 1984

*REHABILITATION COST:* \$300,000

*CONTRACTOR:* Cuatro Corporation

*DEVELOPER:* Palm Terrace Interfaith Housing Corporation

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* HOME Program  
San Diego Housing Trust Fund

*PERMANENT LENDER:* Savings Association Mortgage Company

*CONSTRUCTION LENDER:* San Diego Housing Commission

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**BROOKVIEW  
VILLAGE**

13120-13150 Pomerado Road  
Poway, CA 92064

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*PROGRAM:* 102 garden style apartment for seniors

*CURRENT OCCUPANCY:* 100%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$7,500 – 21,500

*UNIT MIX:* 81 – 1 Bedrooms  
21 – 2 Bedrooms

*YEAR COMPLETED:* 2001

*CONSTRUCTION COST:* \$8,000,000

*CONTRACTOR:* Sun Country Builders

*ARCHITECT:* Studio E Architects

*DEVELOPER:* Brookview Senior Housing Partners, L.P.,  
Brookview Interfaith Housing Corporation as  
managing general partner

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
HOME Program (HUD)  
Redevelopment Tax Increment  
Private Mortgage  
AHP Program (Federal Home Loan Bank)

*PERMANENT LENDER:* Bank of America Community Development Bank  
AHP (Federal Home Loan Bank)  
California Equity Fund  
Poway Redevelopment Agency  
County Dept. of Housing & Community Dev.

*CONSTRUCTION LENDER:* Bank of America Community Development Bank

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**VISTA LAS FLORES  
APARTMENTS**

6404 – 6420 Halyard Place  
Carlsbad, CA 92008

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*PROGRAM:* 28 Apartments for Families

*CURRENT OCCUPANCY:* 100%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$16,771 – 34,140

*UNIT MIX:* 12 – 2 Bedrooms  
16 – 3 Bedrooms

*YEAR COMPLETED:* 2001

*CONSTRUCTION COST:* 3,000,000

*CONTRACTOR:* Standard Pacific Corporation

*ARCHITECT:* Rodriguez & Simon Design Associates

*DEVELOPER:* Pacific Vista Las Flores, L.P.  
Wakeland Housing, Co - G.P.  
VLF Interfaith Housing Corporation, Co - G.P.

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
Mortgage Bonds  
City Loan  
AHP Program (Federal Home Loan Bank)  
Private Construction Financing

*PERMANENT LENDER:* California Housing Finance Agency  
City of Carlsbad  
AHP (Federal Home Loan Bank)

*CONSTRUCTION LENDER:* Bank of America Community Development Bank

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**METRO VILLAS  
APARTMENTS**

4071 39<sup>TH</sup> Street  
San Diego, CA 92105

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*PROGRAM:* 120 Apartments for Families

*CURRENT OCCUPANCY:* 100%

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$21,735 - \$45,550

*UNIT MIX:* 48 - 1 Bedrooms  
36 - 2 Bedrooms  
24 - 3 bedrooms  
12 - 4 bedrooms

*YEAR COMPLETED:* 2004

*CONSTRUCTION COST:* \$11,200,000

*CONTRACTOR:* Sun Country Builders

*ARCHITECT:* Studio E Architects

*DEVELOPER:* Metro Villas Housing Partners, L.P.  
Metro Interfaith Housing Corporation, Co - G.P.  
City Heights CDC, Co - G.P.

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
City Redevelopment Loan  
HOME Funds  
AHP Program (Federal Home Loan Bank)  
Private Construction Financing

*PERMANENT LENDER:* Citibank  
City of San Diego  
AHP (Federal Home Loan Bank)

*CONSTRUCTION LENDER:* Wells Fargo Bank

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**RENAISSANCE AT  
NORTH PARK SENIOR  
APARTMENTS**

4330 30<sup>TH</sup> Street  
San Diego, CA 92104

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*PROGRAM:* 96 Apartments for Seniors

*CURRENT OCCUPANCY:* Under Construction

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$19,320 - \$27,600

*UNIT MIX:* 85 - 1 Bedrooms  
11 - 2 Bedrooms

*YEAR COMPLETED:* Scheduled for December 2006

*CONSTRUCTION COST:* \$12,500,000

*CONTRACTOR:* Sun Country Builders

*ARCHITECT:* Martinez Cutri Architects

*DEVELOPER:* Renaissance Senior Housing Partners, L.P.  
North Park Interfaith Housing Corp., G.P.  
Carter Reese & Associates, Co-Guarantor

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
City Redevelopment Loan  
HOME Funds  
AHP Program (Federal Home Loan Bank)  
Private Construction Financing

*PERMANENT LENDER:* Citibank  
City of San Diego  
AHP (Federal Home Loan Bank)

*CONSTRUCTION LENDER:* Citibank

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**LILLIAN PLACE  
APARTMENTS**

1401 J Street  
San Diego, CA 92101

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*PROGRAM:* 74 Apartments for Families

*CURRENT OCCUPANCY:* Under Construction

*RESIDENT HOUSEHOLD  
INCOME LEVEL:* \$19,320 - \$27,600

*UNIT MIX:* 24 - 1 Bedrooms  
27 - 2 Bedrooms  
23 - 3 Bedrooms

*YEAR COMPLETED:* Scheduled for December 2006

*CONSTRUCTION COST:* \$13,500,000

*CONTRACTOR:* Sun Country Builders

*ARCHITECT:* Studio E Architects

*DEVELOPER:* Lillian Place, L.P.  
Wakeland Housing, Co-G.P.  
L.P. Interfaith Housing Corp., Co-G.P.

*MANAGING AGENT:* Interfaith Housing Assistance Corporation, a  
nonprofit corporation

*FINANCING PROGRAMS:* Low Income Housing Tax Credits  
City Redevelopment Loan  
HOME Funds  
AHP Program (Federal Home Loan Bank)  
Private Construction Financing

*PERMANENT LENDER:* CCRC  
City of San Diego  
AHP (Federal Home Loan Bank)

*CONSTRUCTION LENDER:* Wells Fargo Bank

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## Current Projects in the Pipeline

### **Renaissance at North Park Senior Housing**

4330 30<sup>th</sup> Street

San Diego, CA 92104

Developed in joint venture with Carter Reese & Associates

96 - one and two bedroom affordable senior apartments

Under construction – completion due for December 2006

Pre-leasing started in April 2006

San Diego Interfaith Housing Foundation provided construction loan guarantees and 9% tax credit guarantees

### **Lillian Place Family Housing**

1401 J Street

San Diego, CA 92101

Developed in joint venture with Wakeland Housing

74 – one, two and three affordable family apartments

Under construction – completion due for December 2006

Pre-leasing started in April 2006

San Diego Interfaith Housing Foundation and Wakeland Housing provided construction loan guarantees and 9% tax credit guarantees

### **Coronado Senior Housing**

578 Orange Avenue

Coronado, CA 92118

30 – one bedroom affordable senior apartments

In predevelopment – CDLAC bond application submitted, allocation to occur on July 19, 2006. TCAC 4% tax credit application to be submitted on July 19, 2006.

Construction – commenced in November 2006

San Diego Interfaith Housing Foundation provided construction loan guarantees and 4% tax credit guarantees

### **Brighton Avenue Family Housing**

Brighton Avenue and Midland Road

Poway, CA 92064

90 – one, two and three bedroom affordable family apartments

In predevelopment – working with Poway to obtain a development permit on the three acre site. Currently working with Studio E Architects on the community design

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workshop process. Will submit 9% tax credit application in Summer of 2007.

Construction to commence in 2008.

San Diego Interfaith Housing Foundation to provide loan guarantees and 9% tax credit guarantees



# Equity Analysis

## Redwood Villa

000383  
RCM Contact

Evan E. Becker

Phone # 619-471-0113

Fax # 619-471-0122

**Equity:**

Estimated Credits	\$ 500,000
Total Capital Contribution	\$ 4,234,637
Price Per Credit	\$ 0.97

**Equity Pay-In:**

10.00% At Closing	
0.00% During Construction	
0.00% Construction Completion	
85.00% Stabilization	
5.00% 8609's	
100.00%	

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**Sources:**

	Total	Per Unit
Capital Contribution	\$ 4,234,637	46,029
Permanent Loan	2,845,000	30,924
2nd Mortgage	-	-
Other Financing (Hard)	-	-
Seller Note	4,121,007	44,794
GP Loan	-	-
Soft Financing #3	-	-
GP Loan / Deferred Developer Fee	353,263	3,840
FNMA Good Faith Deposit	-	-
Release of Reserves	-	-
Transfer of Reserves	73,000	793
Other	-	-
Other	-	-
Cash Flow from Operations	86,146	936
<b>Total Sources:</b>	<b>\$ 11,713,053</b>	<b>127,316</b>

**Rent Matrix:**

	#	Max TC	Net	Avg. Unit
	Units	Rent	Rent	Sq. Ft.
1Bd RHCP @ 60% AMI	41	746	617	560
1Bd @ 60% AMI	25	746	617	560
2Bd @ 60% AMI	24	894	738	824
3Bd @ 60% AMI	2	1,031	852	1,000
0	0	-	-	-
	92			

**NOI:**

	Total	Per Unit
Rental Income	\$ 589,564	\$ 6,408
Other income	13,920	151
Vacancy	(30,174)	(328)
Operating Expenses	(285,382)	(3,102)
Management Fee	(39,083)	(425)
Replacement Reserve	(23,000)	(250)

Net Operating Income:	\$ 225,845	2,455
Base Cash Flow	33,602	
10-Year Cash Flow	588,069	

**Estimated Lease-Up and Credit Delivery:**

	#	Tax Credit
	Units	Delivery
1/1/2007	0	-
2/1/2007	0	-
3/1/2007	0	-
4/1/2007	0	-
5/1/2007	0	-
6/1/2007	92	18,192
7/1/2007	92	18,192
8/1/2007	92	18,192
9/1/2007	92	18,192
10/1/2007	92	18,192
11/1/2007	92	18,192
12/1/2007	92	18,192
Total		127,343
1/1/2008	92	36,384
2/1/2008	92	36,384
3/1/2008	92	36,384
4/1/2008	92	36,384
5/1/2008	92	36,384
6/1/2008	92	36,384
7/1/2008	92	36,384
8/1/2008	92	36,384
9/1/2008	92	36,384
10/1/2008	92	36,384
11/1/2008	92	36,384
12/1/2008	92	36,384
Total		436,604

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**Uses:**

Land Acquisition	\$ -	-
Building Acq.	7,820,000	85,000
Demolition	-	-
Land Other	-	-
Site Work	100,000	1,087
New Construction or Rehab	906,000	9,848
Accessory Building	-	-
General Requirements	83,581	908
Builder's Overhead	27,860	303
Builder's Profit	83,581	908
Construction Other	-	-
Construction Contingency	192,000	2,087
Soft Contingency	25,000	272
Building Permits	-	-
TAP/Impact Fees, etc.	-	-
Architectural Fees & Design	40,000	435
Architectural Fees Supervision	-	-
Real Estate Attorney	20,000	217
Engineering	20,000	217
Construction Period Insurance	8,000	87
Construction Interest	157,357	1,710
Construction Loan Origination	-	-
Inspection Fees	5,000	54
Title & Recording	12,000	130
Negative Arbitrage	-	-
Construction Loan Legal	30,000	326
Equity Bridge Loan Origination	31,760	345
Perm Loan Costs	303,549	3,299
FNMA Good Faith Deposit	-	-
Perm Legal	35,000	380
Survey	10,000	109
Market Study	6,500	71
Environmental Study/Soils Report	15,000	163
Agency Fees	44,493	484
Appraisal	7,500	82
Real Estate Taxes	-	-
Accounting/Cost Certification	15,000	163
Miscellaneous	-	-
Legal (Org.)	5,000	54
Legal (Syndication)	25,000	272
Accounting Fees (Org.)	5,000	-
Tax Opinion	-	-
RCM Asset Mgmt Fee	6,000	65
Tax Opinion	-	-
Developer Fees	1,494,190	16,241
Developer Overhead	-	-
Other:	-	-
Restabilization & Operating Reserve	134,927	1,467
Lease-Up Reserve	-	-
Marketing / Lease-up Fees	10,000	109
MIP During Construction	33,753	367
Other: Basis Plug	-	-
<b>Total Uses:</b>	<b>\$ 11,713,053</b>	<b>127,316</b>
	\$ (0)	

**Sale Transaction Summary:**

		Per unit (bidg)
Purchase Price	\$ 7,820,000	\$ 85,000
1st Trust Deed Payoff	(946,887)	
RHCP Payoff	(2,104,820)	
SDHC Payoff	(647,286)	
Seller Note	(4,121,007)	
Cash To Seller	\$ -	

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**Attachment 3**  
**Housing Authority Disclosure Summary**

**THE ISSUER**

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968 by resolution of the City Council of the City of San Diego (the "Council"). Members of the Council serve as members of the Issuer.

In January 1979, a seven member commission (the "San Diego Housing Commission") took office to administer the functions of the Issuer. The San Diego Housing Commission is responsible for the development of low income rental projects, implementation of financing to promote low income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock. Unless the context otherwise requires, the San Diego Housing Commission will take all actions with respect to the program and the Indenture, the Financing Agreement, the Regulatory Agreement and related documents on behalf of the Issuer.

The seven members of the San Diego Housing Commission are appointed by the Mayor and approved by the Council. Sal Salas currently serves as Chair of the San Diego Housing Commission. Oversight of the San Diego Housing Commission is provided by the Issuer.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER. THE ISSUER IS NOT OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON EXCEPT FROM THE REVENUES OR ASSETS PLEDGED FOR SUCH PAYMENT. THE BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA, THE CITY OF SAN DIEGO OR ANY OTHER SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE ISSUER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

**NO LITIGATION**

**The Issuer**

At the time of issuance of the Bonds, the Issuer delivered certificates to the effect that, to the best knowledge of the Issuer, there is no action, suit or proceeding pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, the Indenture, the Financing Agreement or the Regulatory Agreement, or in any way contesting or affecting the validity of the foregoing.

**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.



- 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

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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.



**The PFM Group**  
 Public Financial Management, Inc.  
 PFM Asset Management LLC  
 PFM Advisors

50 California Street  
 Suite 2300  
 San Francisco, CA 94111

415 982-5544  
 415 982-4513 fax  
 www.pfm.com

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**ATTACHMENT 5**

July 6<sup>th</sup>, 2007

Mr. Peter Armstrong  
 San Diego Housing Commission  
 1122 Broadway, Suite 300  
 San Diego, CA 92101

RE: Proposed actions relating to the proposed issuance of approximately \$6,050,000 Housing Authority of San Diego Multifamily Housing Revenue Bonds in connection with the acquisition and rehabilitation of the Redwood Villa Apartments.

Dear Mr. Armstrong:

You have asked me to review the proposed financing and recommend whether, in my judgment, it is reasonable for the Housing Authority to issue tax-exempt multifamily housing revenue bonds for the acquisition and rehabilitation of the 92-unit Redwood Villa Apartments (the "Project"). In preparing this report I have reviewed financial projections and background information provided by the borrower and the Housing Commission.

The specific findings this report addresses are:

- Whether the issuance of the Bonds 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, I 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**

Redwood Villa is a 92-unit affordable housing development for seniors located at 3060 53rd Street in the community of Oak Park. The project contains 66 one-bedroom units, 24 two-bedroom units, and two three-bedroom staff units.

The property was developed by a tax credit limited partnership formed by the San Diego Interfaith Housing Foundation ("Interfaith") in 1988. The original financing to build Redwood Villa included 9% low income housing tax credits, a State of California Rental Housing Construction Program (RHCP) loan, two Housing Commission loans, membership fees raised by Interfaith, and a first



mortgage currently held by Citibank. The tax credits expired in 2003 and the original tax credit limited partner, Related Capital, has exited the partnership. Interfaith also has already repaid one of the Housing Commission loans; the remaining loan will be repaid as part of the refinancing of the project.

The state RHCP program has recently given the Borrower permission to acquire and rehabilitate the project using tax exempt bonds and 4% low income housing tax credits. The acquisition of the project by the Borrower will allow for financial stabilization of the project, an increased term of affordability, and substantial rehabilitation of the project. The Borrower expects to spend approximately \$1.4 million on the rehabilitation of the project with the proposed scope of work to include a new HVAC system, roof, parking lot, and landscaping as well as new cabinets and fixtures in each unit.

### THE BORROWER

The Borrower is to be Redwood Villa Senior Housing Partners, L.P., a California limited partnership. The partnership will include Redwood Villa Interfaith Housing Corporation (the "Corporation"), a wholly owned affiliate of the San Diego Interfaith Housing Foundation ("Interfaith"), as general partner, and Red Capital as limited partner with 99% partnership interest.

Interfaith is an established developer involved in the acquisition, development and management of multifamily housing projects in the County of San Diego. Interfaith was established in 1969 as a practical ministry of several Christian denominations, which recognized the tremendous housing needs of the poor in San Diego County, and is currently headquartered in the City of Lemon Grove. Interfaith currently manages 13 affordable housing apartment communities comprising 1,053 units, all of which are located in the County of San Diego. Furthermore, Interfaith has worked extensively with the San Diego Housing Commission and Housing Authority in the past, including on the initial development of Redwood Villa in 1988.

### THE FINANCING

Two separate series of bonds are proposed for the Project: Series 2007D Bonds ("Senior Bonds") and Series 2007E bonds ("Subordinate Bonds"). The fixed rate Senior Bonds, in the approximate amount of \$2,415,000, will be sold through a public offering with Red Capital acting as the underwriter. The Senior Bonds will have a 35-year term and amortization with a mandatory tender and rate reset after 18 years, and will be secured by a Fannie Mae credit enhancement instrument resulting in an "AAA" rating by Standard & Poor's. It is anticipated that the Senior Bonds will be publicly sold on August 7, 2007.

An affiliate of the underwriter, Red Capital Community Development Company, LLC ("RCCDC") will purchase the variable rate Subordinate Bonds, in the approximate amount of \$3,635,000, through a private sale. Red Capital Markets, Inc. will retain ownership of the Subordinate Bonds for the entire term of the bonds (anticipated to be no longer than 24 months). The financing is currently scheduled to close on August 16, 2007.



In addition to bond proceeds, the Project will be funded from tax credit equity, a Seller Loan, a transfer of existing reserves and a deferred developer fee.

Sources and uses of funds for this project are shown in Table 1.

#### SOURCES AND USES OF FUNDS

##### SOURCES OF FUNDS

Tax-Exempt Bond Proceeds	
Senior Bonds (Series 2007D)	\$ 2,480,000
Subordinate Bonds (Series 2007E)	3,570,000
Seller Loan	4,720,294
Low Income Housing Tax Credit Proceeds	4,598,270
Transfer of Reserves	73,000
Cash Flow Available from Operations (After Debt Service)	69,853
Deferred Developer Fee	<u>272,833</u>
 TOTAL SOURCES OF FUNDS	 \$ 15,784,251

##### USES OF FUNDS

Development/Rehabilitation Costs	\$ 11,759,406
Operating Reserve	126,905
Bond Costs of Issuance	186,815
Loan Costs (Interest and Fees)	141,125
Repayment of Subordinate Bonds	<u>3,570,000</u>
 TOTAL USES OF FUNDS	 \$ 15,784,251

#### ACHIEVING PUBLIC PURPOSE

Redwood Villa currently has rent and occupancy restrictions on 74 of its 92 total units. Forty-one units are currently restricted under the RHCP program. The rents on the RHCP units are set so that tenants pay 30% of their incomes on rent and utilities. An additional 33 units are rent and occupancy restricted under the terms of the Housing Commission loan at 50% Area Median Income (AMI) (\$28,100 for a household of 2), 60% AMI (\$33,720 for a household of 2), and 65% AMI (\$36,500 for a household of 2). The remaining 18 units are unrestricted.

Through the proposed bond issuance, Redwood Villa will continue to provide housing for low- and very-low income seniors for a *minimum* of 55 years. Thirty-four units will be restricted at 50% AMI, 56 units will be restricted at 60% AMI, and two units will be reserved for on-site managers and will not be rent and occupancy restricted. Current tenants occupying the 41 RHCP-restricted units will continue to pay 30% of their income towards rent and utilities until they vacate their units. Through



attrition, rents on the RHCP units will be increased to 50% and 60% AMI. Maximum rents for the project are summarized in the following table

Type	Unit Size (sq. ft.)	AMI	Number of Units	Restricted Rent (net of utility allowance)	Market Rate	Monthly Savings per unit
One Bedroom	481-671	50% AMI	27	\$629	\$876	\$247
One Bedroom	841-947	60% AMI	17	\$760	\$876	\$116
Two Bedroom	481-671	50% AMI	39	\$751	\$1,044	\$293
Two Bedroom	841-947	60% AMI	17	\$909	\$1,044	\$135
Three Bedroom	1,112	MGR	2	N/A	N/A	N/A
<b>Total</b>			<b>92</b>			
<b>Total Annual Savings</b>						<b>\$176,436</b>

### MEETING DEBT SERVICE AFTER THE FINANCING

As shown in Table 2, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon the developer's initial cash flow estimates, there would be about \$218,000 of net operating income available for debt service in the first full year of stabilization (2008). This amount would provide bond debt service coverage of 1.27 times. By the fifth year, assuming a 3% annual increase in gross income and a 3% annual increase in expenses, debt service coverage would increase to 1.98 times.

TABLE 2  
REDWOOD VILLA APARTMENTS  
ESTIMATED CASH FLOW

Principal Amount of Senior Bonds:	\$ 2,480,000				
	Year				
	1	2	3	4	5
Rental Income	\$ 561,047	\$ 605,205	\$ 647,296	\$ 690,976	\$ 736,294
Plus: Other Income	11,028	11,359	11,700	12,051	12,412
Less: Vacancy	(28,052)	(30,260)	(32,365)	(34,549)	(36,815)
Effective Gross Income*	\$ 544,023	\$ 586,304	\$ 626,631	\$ 668,478	\$ 711,891
Less: Operating Expenses*	(254,548)	(262,184)	(270,050)	(278,151)	(286,496)
Less: Management Fee	(43,522)	(46,904)	(50,130)	(53,478)	(56,951)
Less: Replacement Reserves	(27,600)	(27,600)	(27,600)	(27,600)	(27,600)
Net Operating Income	\$ 218,353	\$ 249,615	\$ 278,850	\$ 309,248	\$ 340,844
Less: Debt Service**	(171,792)	(171,792)	(171,792)	(171,792)	(171,792)
Cash Flow After Debt Service	\$ 46,561	\$ 77,823	\$ 107,058	\$ 137,456	\$ 169,052
Bond Debt Service Coverage	1.27	1.45	1.62	1.80	1.98

\* First stabilized year cash flow as estimated by owner, income assumed to increase at 3% per year and expenses assumed to increase at 3% per year

\*\* Amortized in 35 years at a 6.00% mortgage rate; includes insurance, issuer fee and trustee fee.

The Seller Loan will also be repaid with project revenues, but it is subordinate to the bonds.



### FINANCIAL RISKS

There will be no undue risk to the Housing Authority. The Senior Bonds are expected to receive the highest possible rating of AAA, and the Subordinate Bonds will be placed with a sophisticated institutional buyer and are subject to restrictions consistent with the Housing Commission's policy on unrated debt. 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 is not required under most circumstances to make up any cash flow shortfalls.

### CONCLUSION

Based upon my review, I recommend that the Authority proceed with the issuance of the Bonds. This recommendation is based upon the following findings:

- The Bonds would achieve a public purpose by providing 90 affordable units, with 34 units affordable at 50% or less of median income and 56 units affordable at 60% of median income for a term of 55 years.
  - The owner has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters relating to the financing. The owner will pay all costs of the financing.
- 
- Based upon estimates by the owner that have been reviewed and confirmed by the credit enhancer, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert T. Gamble".

Robert T. Gamble  
Senior Managing Consultant  
Public Financial Management, Inc.

000397

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:  
June 29, 2007

4. SUBJECT:  
Housing Revenue Bonds for Redwood Villa Apartments

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				
DEPT.				
ORGANIZATION				
OBJECT ACCOUNT				
JOB ORDER				
C.I.P. NUMBER				
AMOUNT				

9. ADDITIONAL INFORMATION / ESTIMATED COST:  
COSTS OF CITY ATTORNEY'S REVIEW TO BE CHARGED TO OUSA #346

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>Peter Armstrong</i>	6/29/07	8	DEPUTY CHIEF		
2	CARROL VAUGHAN VP-COO	<i>[Signature]</i>	7/2/07	9			
3	Jim Waring	<i>[Signature]</i>	7/5/07	10	CITY ATTORNEY	<i>[Signature]</i>	7/10/07
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: 7/24/07			
7							

11. PREPARATION OF:  RESOLUTIONS     ORDINANCE(S)     AGREEMENT(S)     DEED(S)  
CITY COUNCIL HOLD A PUBLIC HEARING AND ADOPT A RESOLUTION APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE HOUSING AUTHORITY FOR UP TO \$6,050,000 FOR REDWOOD VILLA APARTMENTS.

11A. STAFF RECOMMENDATIONS:  
ADOPT THE RESOLUTION.

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

**COUNCIL DISTRICT(S):** 4 (YOUNG)

**COMMUNITY AREA(S):** EASTERN AREA

**ENVIRONMENTAL IMPACT:** THE PROJECT IS CATEGORICALLY EXCLUDED FROM THE REQUIREMENTS OF THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) PURSUANT TO THE APPLICABLE PROVISIONS OF NEPA 24CFR PART 58, SECTION 58.35(A)(3). THE PROJECT IS ALSO CATEGORICALLY EXEMPT FROM THE PROVISIONS OF THE CALIFORNIA ENVIRONMENT QUALITY ACT (CEQA) PURSUANT TO SECTION 15301 OF THE CEQA GUIDELINES.

**HOUSING IMPACT:** THE PROJECT WILL REHABILITATE AND PRSERVE 92 AFFORDABLE HOUSING UNITS.

**OTHER ISSUES:** THE HOUSING COMMISSION WILL CONSIDER THIS ITEM ON JULY 13, 2007.

**CITY CLERK INSTRUCTIONS:** PLEASE PROVIDE A CERTIFIED COPY OF RESOLUTION, INCLUDING VOTING SHEET, TO PETER ARMSTRONG, MS 49-N.  
**THERE IS A HOUSING AUTHORITY COMPANION FOR THIS ITEM.**





000399

REPORT TO THE CITY COUNCIL  
EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: June 29, 2007  
ATTENTION: Council President and City Council  
ORIGINATING DEPT: San Diego Housing Commission  
SUBJECT: Housing Revenue Bonds for Redwood Villa Apartments  
COUNCIL DISTRICT: District 4  
STAFF CONTACT: Cissy Fisher (619) 578-7585

REPORT NO.: HAR07-023

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

REQUESTED ACTION:

Take the final step to authorize the issuance of Housing Authority mortgage revenue bonds to fund the rehabilitation of the Redwood Villa Apartments.

STAFF RECOMMENDATION:

City Council hold a public hearing (*known as a TEFRA hearing - Tax Equity and Fiscal Responsibility Act*) and readopt a resolution approving the issuance of tax-exempt bonds in an amount up to \$6,050,000 by the Housing Authority for Redwood Villa Apartments located at 3060 53<sup>rd</sup> Street in the City of San Diego to correct the name of the Borrower. (Borrower name was incorrect in the TEFRA resolution that was approved on March 6, 2007.).

EXECUTIVE SUMMARY:

Redwood Villa is a 92-unit affordable housing development for seniors located at 3060 53rd Street in the community of Oak Park. The project contains 66 one-bedroom units, 24 two-bedroom units, and two three-bedroom staff units.

Redwood Villa currently has rent and occupancy restrictions on 74 of its 92 total units. Forty-one units are currently restricted under the California Rental Housing Construction Program. The rents on the RHCP units are set so that tenants pay 30% of their incomes on rent and utilities. An additional 33 units are rent and occupancy restricted under the terms of the Housing Commission loan at 50% Area Median Income (AMI) (\$28,100 for a household of 2), 60% AMI (\$33,720 for a household of 2), and 65% AMI (\$36,500 for a household of 2). Eighteen units are unrestricted.

Through the proposed bond issuance, Redwood Villa will repay state and Housing Commission loans, and will continue to provide housing for low- and very-low income seniors for a minimum of 55 years. Thirty-four units will be restricted at 50% AMI, 56 units will be restricted at 60% AMI, and two units will be reserved for on-site managers and will not be rent and occupancy restricted. Current tenants occupying the 41 RHCP-restricted units will continue to pay 30% of their income towards rent and utilities until they vacate their units. Through attrition, rents on the RHCP units will be increased to 50% and 60% AMI.

TEFRA Resolution Revision

To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the Internal Revenue 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. In the resolution approved by the City Council on March 6, 2007, the name of the ownership entity was incorrect. To ensure that the proposed bonds are tax-exempt, bond counsel recommends that a new TEFRA resolution be adopted.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested action. Issuance of bonds by the Housing Authority will not constitute a debt of the City of San Diego. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for repayment of the bonds will be limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the project owner. The Housing Commission's origination fee under the financing will be up to \$13,915 (0.23 percent of the bond amount). No local housing funds (Tax increment, Inclusionary, Housing Trust Fund, HOME, CDBG etc.) will be made available to develop the project.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

From 1983 through 1988 the Housing Commission, City Council, and Housing Authority approved several items to facilitate the financing of Redwood Villa Apartments. On March 6, 2007, the Housing Authority and City Council approved preliminary bond items for the project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

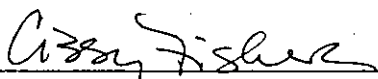
Interfaith presented an informational report on its plan to refinance and rehabilitate the project to the Eastern Area Planning Group on March 13, 2007.


KEY STAKEHOLDERS & PROJECTED IMPACTS:

Low income seniors are the intended residents of the project. An affiliate of Interfaith will act as the developer of the project. Red Capital will provide debt and equity as well as act as the underwriter for the project. Public Financial Management and Stradling, Yocca Carlson & Rauth have been selected to assist in preparing the financing.

Respectfully submitted,

Approved by,

  
\_\_\_\_\_  
Cissy Fisher  
Director, Housing Finance and Development

  
\_\_\_\_\_  
for Elizabeth C. Morris  
President and Chief Executive Officer

000401

RESOLUTION NO. \_\_\_\_\_

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 THE REDWOOD VILLA APARTMENTS

WHEREAS, the Housing Authority of the City of San Diego [Authority] intends to issue not to exceed \$6,050,000 aggregate principal amount of multifamily housing revenue bonds [Bonds] to finance the acquisition and rehabilitation of a multifamily rental housing project in the City of San Diego described in the notice of public hearing attached as Exhibit A hereto [Project]; and

WHEREAS, in order for interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986 requires that the Bonds be approved by the City Council as the applicable elected representative after a public hearing 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 July 9, 2007; and

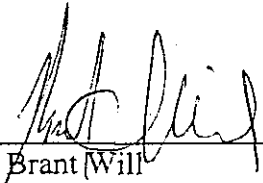
WHEREAS, the public hearing was held on July 24, 2007, and an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW THEREFORE,

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

000402

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  
07/06/07  
Or.Dept: San Diego Housing Commission  
R-2008-23  
Companion: HA-2008-2

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

ELIZABETH S. MALAND  
City Clerk

By \_\_\_\_\_  
Deputy City Clerk

Approved: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

000403

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, July 24, 2007, 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 an aggregate principal amount not to exceed \$6,050,000, in order to finance the acquisition and rehabilitation of the multifamily rental housing project described below:

Name:	Redwood Villa Apartments
Location:	3060 53 <sup>rd</sup> Street
Number of Units:	92
Maximum Bond Amount:	\$6,050,000

The owner of the Project will be Redwood Villa Senior Housing Partners, L.P. The initial operator of the Project will be Interfaith Housing Assistance Corporation or another entity selected by Redwood Villa Senior Housing Partners, L.P. A total of 90 units in the project are to be income and rent restricted and to be 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: July 9, 2007

THE CITY COUNCIL OF THE CITY OF  
SAN DIEGO