



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: April 9, 2024

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TO: Board of Supervisors

SUBJECT

NOTICED PUBLIC HEARING: ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF AUBURN PARK II APARTMENTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$15,000,000 (DISTRICT: 4)

OVERVIEW

The County has received a request from the California Municipal Finance Authority (“CMFA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$15,000,000 (the “Bonds”), for the benefit of AHG Auburn Park II, LLC, a California limited liability company (the “General Partner”), an affiliate of Affirmed Housing Group, Inc. (the “Sponsor”), on behalf of Auburn Park II, L.P., a California limited partnership, or another ownership entity to be created by the General Partner or by another affiliate of the Sponsor (such limited partnership or ownership entity being referred to herein as the “Borrower”). The Borrower has applied for the financial assistance of the Authority to finance and refinance the acquisition, rehabilitation and improvement of a 69-unit qualified residential rental project (the “Project”) to be owned and operated by the Borrower and located at 5135 University Avenue, in the City of San Diego, San Diego County (the “County”), California.

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue revenue bonds, including the Borrower. In order to initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve the Authority’s issuance of the Bonds. Although the Authority will be the issuer of the Bonds for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

Today’s recommendations will provide the Authority with the required authorization to pursue its determination to issue the Bonds on behalf of the Borrower for the Project.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

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1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.

2. Adopt a Resolution entitled:
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING A PLAN OF FINANCE INCLUDING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 TO FINANCE AND REFINANCE A QUALIFIED RESIDENTIAL RENTAL PROJECT FOR THE BENEFIT OF AUBURN PARK II, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND CERTAIN OTHER MATTERS RELATING THERETO

EQUITY IMPACT STATEMENT

This financing will help in the creation of quality, affordable housing for 69 low-income households in the County of San Diego.

SUSTAINABILITY IMPACT STATEMENT

The proposed action would result in economic benefits for the community by allowing the borrower to continue serving 69 low-income households in the County of San Diego. The project will incorporate the latest energy efficiency trends, as well as extending the property's affordability for an additional 55 years.

FISCAL IMPACT

If approved, the proposal will result in approximately \$991 of unanticipated revenue to be used to reimburse the County for staff costs associated with this non-County financing. There will be no change in net General Fund cost and no additional staff years.

The Borrower will be responsible for the payment of all present and future costs in connection with the issuance of the financing related to the Project. The County will incur no obligation of indebtedness as a result of today's actions.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Deputy Chief Administrative Officer/Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

BACKGROUND

California Municipal Finance Authority ("CMFA" or "Authority")

The CMFA provides tax-exempt financing for qualified projects located throughout the State of California. The Authority's mission is to support economic development, job creation, and social programs throughout the State. By assisting nonprofit corporations with various tax-exempt

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financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

Affirmed Housing Group, Inc.

The Affirmed Housing Group (“Affirmed”) is a Southern California based affordable housing developer specializing in tax-credit and tax-exempt bond financed multi-family and single-family developments. Areas of expertise include site selection, engineering, architecture, construction, relocation, and marketing. They have extensive knowledge in public finance, low-income housing tax credit acquisition and tax-exempt bond financing. Through collaboration with civic leaders and private sector financial partners, Affirmed Housing Group is dedicated to improving and sustaining the viability of California communities through the development of well-designed and professionally managed affordable housing.

Founded in 1992, Affirmed has successfully developed 42 communities with over 3,000 affordable rental and for sale apartments and homes. The Affirmed pipeline of projects currently includes over 500 apartments, each at various stages of development. Affordable housing developments include new construction and rehabilitation of senior, special needs, and family rentals. With extensive knowledge in public and private finance, Affirmed is highly skilled and innovative in development funding.

With over 25 years of successful development experience, Affirmed Housing has proven relationships with lenders and investors. In an industry requiring expertise in specialized financing, Affirmed has effectively utilized creative sources to finance their award winning communities. Sources have included bank, equity, local, state, and federal funding.

Project

Auburn Park II Apartments was constructed in 2008 using tax credit equity, Redevelopment Agency funds from the City of San Diego, and a loan from Union Bank. The project has completed a Physical Needs Assessment, which validates the need for substantial rehabilitation, including unit kitchen and bath remodeling; roof replacement; boiler replacement; and energy efficiency upgrades. The project also requires substantial landscape and security improvements. The project is fully occupied with tenants that income qualify for the existing restrictions, which will remain unchanged with the re-syndication. Temporary relocation will be handled by the sponsor and property management, ConAm. This financing will preserve 69 units of affordable housing for the residents of San Diego for another 55 years.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed action supports the Operational Excellence Strategic Initiative in the County of San Diego’s 2024-2029 Strategic Plan by supporting and allowing the issuance of revenue bonds by CMFA for Affirmed Housing Group to finance the acquisition, rehabilitation and

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improvement of a 69-unit rental housing facility for low-income households located in San Diego.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sarah E. Aghassi". The signature is fluid and cursive, with the first name "Sarah" being more prominent.

SARAH E. AGHASSI
Interim Chief Administrative Officer

ATTACHMENT(S)

1. County Resolution
2. Notice of Public Hearing