



**HOUSING &
HOMELESS SERVICES**

Item 7.3

Otay Ranch Apartments/Encelia

Otay Ranch Apts / Encelia

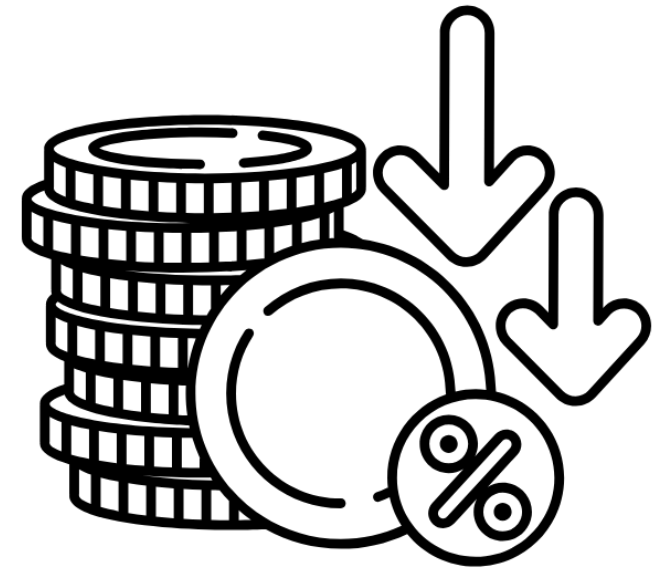
Project Overview

- Meta Housing Corporation, developer
- Village 8 West
- 173 Affordable Units + 2 Manager's Units
- Rents affordable at 50% and 60% of Area Median Income ("AMI")
 - 55 1-Bedroom units
 - 74 2-Bedroom units
 - 46 3-Bedroom units
- Commercial space
- Community rooms, teen lounge, dog park, tot lot, 1/2 basketball court, and more
- Fully occupied

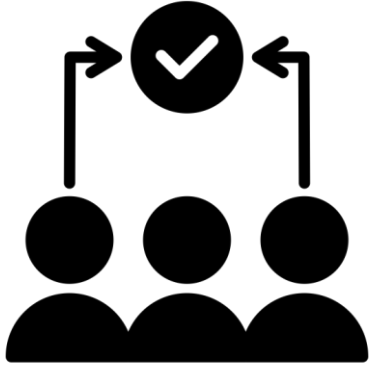


Tax - Exempt Bonds

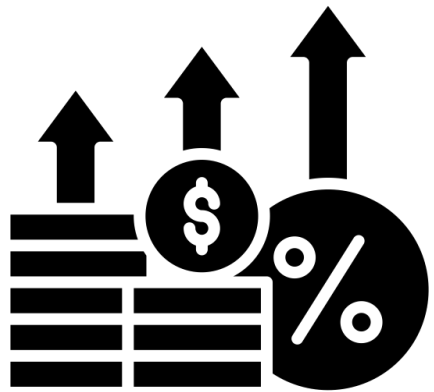
- Debt financing tool for affordable housing
- Investors are not taxed on interest income
- Developers can finance at lower interest rates
- Repaid to bondholders from rental income
- Total bonding capacity limited by state/federal government
- Regulated through Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)



TEFRA Hearing



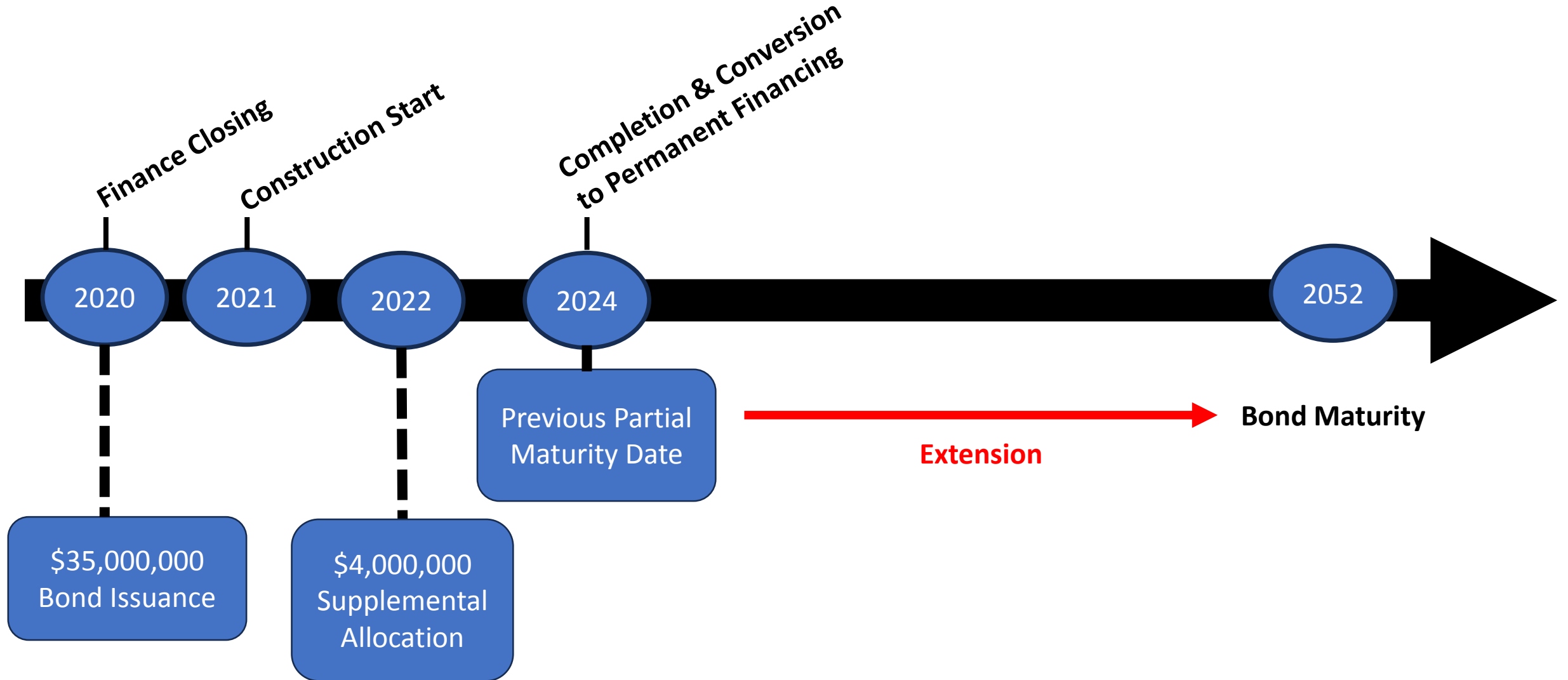
- Required for any issuance of tax-exempt bonds
- Public hearing must be held
- Public must be given opportunity to provide comment



- Required because maturity date of a portion of bonds is being modified
 - Additional \$5.9 Million being converted to permanent debt
 - If weighted avg maturity date is extended by 4+ years, new TEFRA is needed



Encelia Bond Issuances





Recommendation

Approve the conversion of the bond revenue notes to the permanent phase of financing for Otay Ranch Apartments (Encelia at Cota Vera)

