



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: February 1, 2017

HCR17-016

ORIGINATING DEPARTMENT: Real Estate Division

BOARD REPORT: Preliminary Bond Authorization for Pacific Highlands Ranch Village

CONTACT/PHONE NUMBER: Deborah Ruane, 619-578-7566

EXECUTIVE SUMMARY OF KEY FACTORS:

- Approve steps to finance the acquisition and redevelopment of Pacific Highlands Ranch, a 79-unit multifamily development located in the Pacific Highlands Ranch community in the North City Future Urbanizing Area (NCFUA), Council District 1.
- The 79 unit property will consist of 2 four-story walk-up apartment buildings on two separate sites.
- The property will consist of 15 1-bedroom units, 40 2-bedroom units and 24 3-bedroom units, including one manager's unit, and the affordable units will be restricted at 50% and 60% AMI
- The developer is Affirmed Housing Group, a seasoned and highly reputable developer of affordable housing, with whom the Housing Commission has an excellent history
- There will be no Housing Commission funds in this transaction; SDHC is only approving a recommendation for bond allocation and other steps necessary to obtain the financing
- Staff requests the SDHC Board recommend to the Housing Authority approval of the following steps:
 - Issue a bond inducement resolution for up to \$24,000,000 in Multifamily Revenue Housing Bonds
 - Authorize an application to the California Debt Limit Allocation Committee for same
 - Approve financing team of Stradling Yocca Carlson & Rauth as Bond Counsel and Ross Financial as Financial Advisor
 - Request the City of San Diego hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing to adopt a resolution approving the issuance of bonds.
- If approved by all parties, the developer could commence construction in September 2017 and complete construction in December 2018.



REPORT

DATE ISSUED: February 2, 2016

REPORT NO: HCR17-016

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of February 10, 2017

SUBJECT: Preliminary Bond Authorization for Pacific Highlands Ranch Village

COUNCIL DISTRICT: 1

REQUESTED ACTION

Take the initial steps to issue Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to fund the acquisition and development of Pacific Highlands Ranch Village (PHR Village), a 79-unit multifamily affordable housing rental development, located in the Pacific Highlands Ranch community, which will remain affordable for 55 years.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council take the following actions, as described in this report.

- 1) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Pacific Highlands Ranch Village, a 79-unit multifamily affordable housing rental development, located in the Pacific Highlands Ranch community, which will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$24,000,000 in Multifamily Housing Revenue Bonds for the development of Pacific Highlands Ranch Village by a limited partnership formed by Affirmed Housing Group (Affirmed);
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$24,000,000 for Pacific Highlands Ranch Village;
 - c. Approve the financing team of Stradling Yocca Carlson & Rauth as Bond Counsel and Ross Financial as Financial Advisor; and
 - d. Request that the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$24,000,000; and
- 2) Authorize the Housing Commission President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such

actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	Block 6000 of Carmel Valley Road at Intersection of Village Center Loop Road
Council District	1
Community Plan Area	Carmel Valley Community Planning Group
Development Type	New Construction
Construction Type	Type V
Parking Type	Surface & Tuck Under
Housing Type	Multifamily
Lot Size	Approximately 1.96 acres, 85,378 square feet
Units	79
Density	40.3 dwelling units per acre
Affordable Unit Mix	15 one-bedroom units, 39 two-bedroom units, 24 three-bedroom units, and 1 two-bedroom manager’s unit
Gross Building Area	92,779 square feet
Net Rentable Area	63,394 square feet

The Development

PHR Village is a proposed new construction affordable housing rental development to be located in Pacific Highlands Ranch (Subarea III) of the North City Future Urbanizing Area (NCFUA). PHR Village is to be located on a 1.96 acre parcel at the intersection of Carmel Valley Road and Village Center Loop Road, located just north of State Route 56/Ted Williams Parkway (Attachment 2). The development consists of 2 four-story Type V walk-up apartment buildings on two separate sites. PHR Village will include 15 one-bedroom units, 40 two-bedroom units, and 24 three-bedroom units. Proposed amenities will include a community room with common area kitchen, lounge and work station, on-site management, leasing office and laundry facilities.

Project Sustainability

PHR Village will comply with the California Tax Credit Allocation Committee’s (TCAC) minimum energy efficiency standards.

Development Team

During the 15-year tax credit compliance period, PHR Village will be owned by a California limited partnership (a single-asset limited partnership) that will include: an affiliate of Affirmed as the Administrative General Partner, a to-be-determined Managing General Partner and a tax-credit investor limited partner. A statements for public disclosure for Affirmed is included in Attachment 3.

Affirmed is an award-winning, for-profit, real estate development firm located in San Diego. Since its formation in 1994, Affirmed has developed more than 3,000 units in various developments. Affirmed has developed eight affordable housing developments utilizing Housing Commission loans. Their developments include rehabilitation and new construction of senior and multifamily rental housing and for-sale housing.

Table 2 - Development Team Summary

ROLE	FIRM/CONTRACT
Owner	To-be-formed Limited Partner
Administrative General Partner	To-be-formed affiliate of Affirmed Housing Group
Managing General Partner	TBD
Limited Partner	TBD
Developer	Affirmed Housing Group
Architect	Architects Orange
General Contractor	Latitude 33 Planning & Engineering
Property Management	Solari Enterprises
Construction Lender and Permanent Lender	TBD
Land Owner/Seller	R&V Management Corporation

Financing Structure

PHR Village has an estimated total development cost of \$31,338,000 and an estimated total per unit cost of \$396,684 per unit. It will be financed with a combination of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, Master Developer cash and improvement loans, a General Partner (GP) equity loan and a deferred developer fee.

There will be no Housing Commission loan on this project.

Estimated permanent sources and uses of financing are provided in Table 3. A full project pro forma is also provided as Attachment 4.

Table 3 – PHR Village Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Tax-Exempt Permanent Loan (Series A Bond)	\$8,857,000	Acquisition Costs	\$0
Tax-Exempt Permanent Loan (Series B Bond)	\$1,600,000	Hard Costs	\$18,658,000
		Hard Cost Contingency	\$1,306,000
Master Dev. Cash Loan	\$800,000	Soft Costs	\$7,941,000
Master Dev. Improvement Loan	\$3,100,000	Financing Costs	\$1,246,000
GP Equity Loan	\$2,000,000	Reserves	\$231,000
4% Tax-Credit Equity	\$14,231,000	Developer Fee	\$1,956,000
Deferred Developer Fee	\$750,000		
Total Development Cost	\$31,338,000	Total Development Cost	\$31,338,000

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$31,338,000 \div 79 \text{ units} =$	\$396,683
Land Cost Per Unit	-	-
Gross Building Square Foot Hard Cost	$\$19,964,000 \div 92,779 \text{ sq. ft.} =$	\$215
Net Rentable Square Foot Hard Cost	$\$19,964,000 \div 63,394 \text{ sq. ft.} =$	\$315

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable rental housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City of San Diego impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other recent developments of the same construction type within the North City Future Urbanizing Area.

Table 5 – Comparable Development Projects in NCFUA with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq. Ft.
Subject	2016	V	79	\$31,338,000	\$396,683	\$0	\$215
Torrey Vale	2015	V	28	\$10,259,493	\$366,410	\$0	\$137
Rancho del Sol	2015	V	96	\$24,619,631	\$256,454	\$0	\$201
Fairbanks Commons	2014	V	165	\$49,796,523	\$301,797	\$0	\$122

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in March 2017 for a May 2017 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$24,000,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The up to \$24,000,000 bond

allocation that will be sought from CDLAC is approximately 5 percent higher than the \$23,029,085 amount for which the development is being underwritten. This increased amount represents a bond contingency to account for possible increases in the bond amount due to increases in construction costs, and/or decreases in the assumed interest rate, and/or the loss of other planned funding sources. The bond amount that is ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, construction and permanent financing. The Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Ross Financial as Financial Advisor and Stradling Yocca Carlson & Rauth as Bond Counsel to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are designated on a rotating basis from the firms selected under the program through a competitive Request for Proposal process.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
• Housing Authority for preliminary consideration	• March 6, 2017
• City Council IRS-required TEFRA hearing	• March 6, 2017
• CDLAC bond application	• March 17, 2017
• TCAC 4% tax-credit application	• March 17, 2017
• CDLAC and TCAC allocation meetings	• May 17, 2017
• Housing Commission proposed final bond authorization	• July 2017
• Housing Authority proposed final bond authorization	• July 2017
• Estimated bond issuance and escrow closing	• September 2017
• Estimated start of construction	• September 2017
• Estimated completion of construction	• December 2018

Prevailing Wages

Prevailing wages are not applicable to the proposed development because no Federal or State funds will be used.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, PHR Village would restrict:

- Approximately 10 percent of the units to households at or below 50 percent of San Diego’s Area Median Income (AMI), approximately \$42,500 per year for a family of four; and
- Approximately 90 percent of the units to households at or below 60 percent of AMI, approximately \$51,000 per year for a family of four.

PHR Village will be affordable for a 55-year term. Table 6 summarizes the affordability:

Table 6 – PHR Village Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents
1-bedroom	TCAC	50% AMI	1	\$796
1-bedroom	TCAC	60% AMI	14	\$956
2-bedroom	TCAC	50% AMI	1	\$956
2-bedroom	TCAC	60% AMI	38	\$1,147
3-bedroom	Bond	50% AMI	6	\$1,063
3-bedroom	Bond	60% AMI	4	\$1,275
3-bedroom	TCAC	60% AMI	14	\$1,326
2 Bedroom-Manager	N/A	N/A	1	-
Total			79	

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2017 Housing Commission Budget. Approving this action will not change the FY 2017 total budget.

Funding sources approved by this action will be as follows:
 Bond Issuance Fees - \$60,000

Funding uses approved by this action will be as follows:
 Housing Commission Rental Housing Finance Program Administration Costs - \$60,000

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. 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. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The Carmel Valley Community Planning Board voted to recommend approval of the project by a vote of 12-0, at their meeting on September 26, 2013.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed Housing Group, the Pacific Highlands Ranch community and residents. Development of the property is expected to have a positive impact on the community because it by

increasing the inventory of affordable housing in the North County Future Urbanizing Area for low and very-low income households.

ENVIRONMENTAL REVIEW

The City of San Diego as Lead Agency under the California Environmental Quality Act (CEQA) has prepared and completed Master Environmental Impact Report (MEIR) Findings for Project No. 317590 (Findings to MEIR No. 96-7918/SCH No. 97111077), dated October 23, 2013. Based on the initial study, the City of San Diego has determined that the project would not cause any significant effect on the environment not examined in the previously certified Master Environmental Impact Report, that no additional significant environmental effect will result from the proposal, no new additional mitigation measures or alternatives may be required, and that the project is within the scope of the Master EIR. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

Respectfully submitted,

Cameron Shariati

Cameron Shariati
Real Estate Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
Real Estate Division

- Attachments: 1) Development Summary
2) Site Map
3) Developer Disclosure Statement
4) Project Pro Forma
5) Multifamily Housing Revenue Bond Program

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 – DEVELOPMENT SUMMARY

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Table 4 – Key Performance Indicators

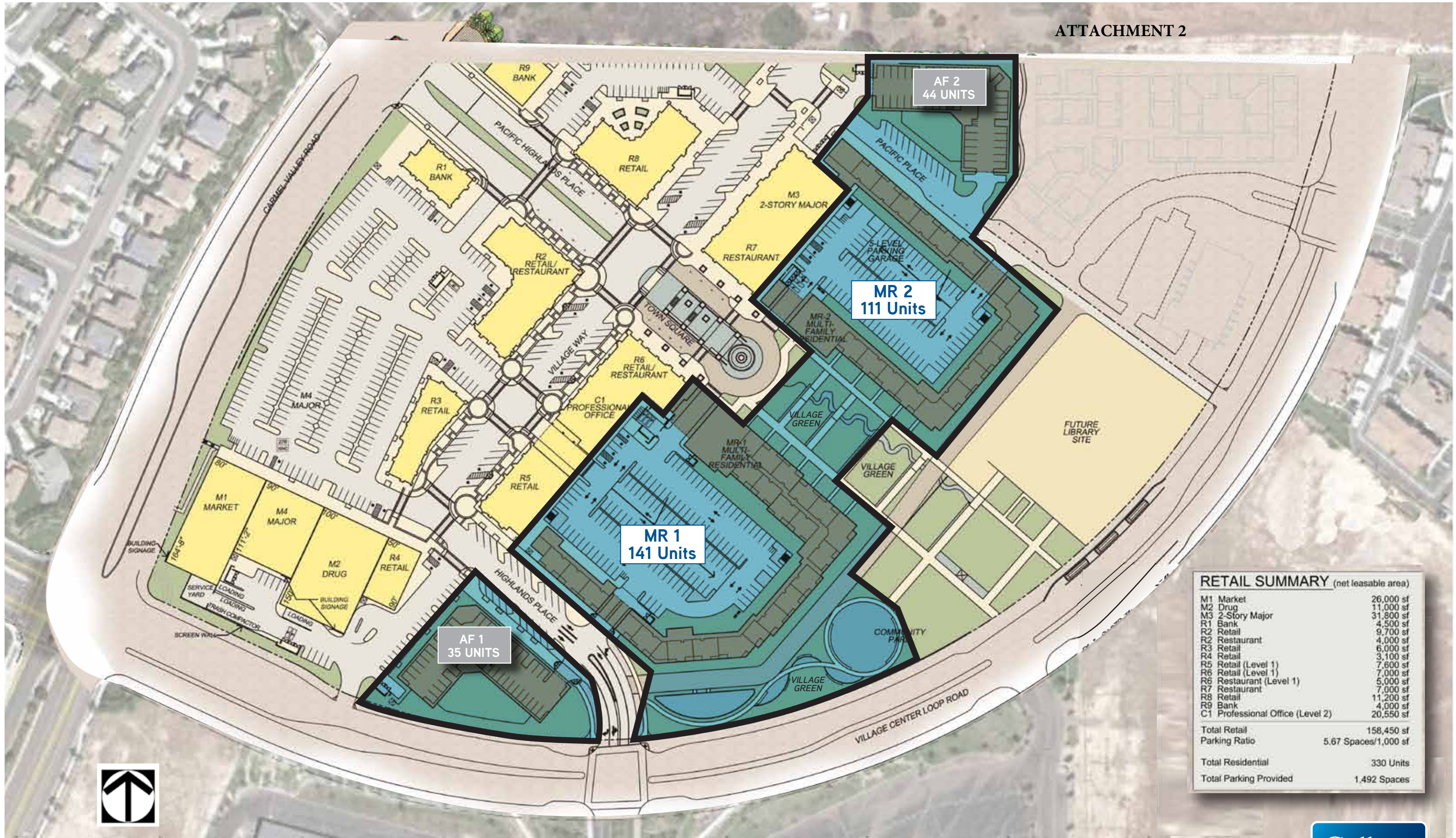
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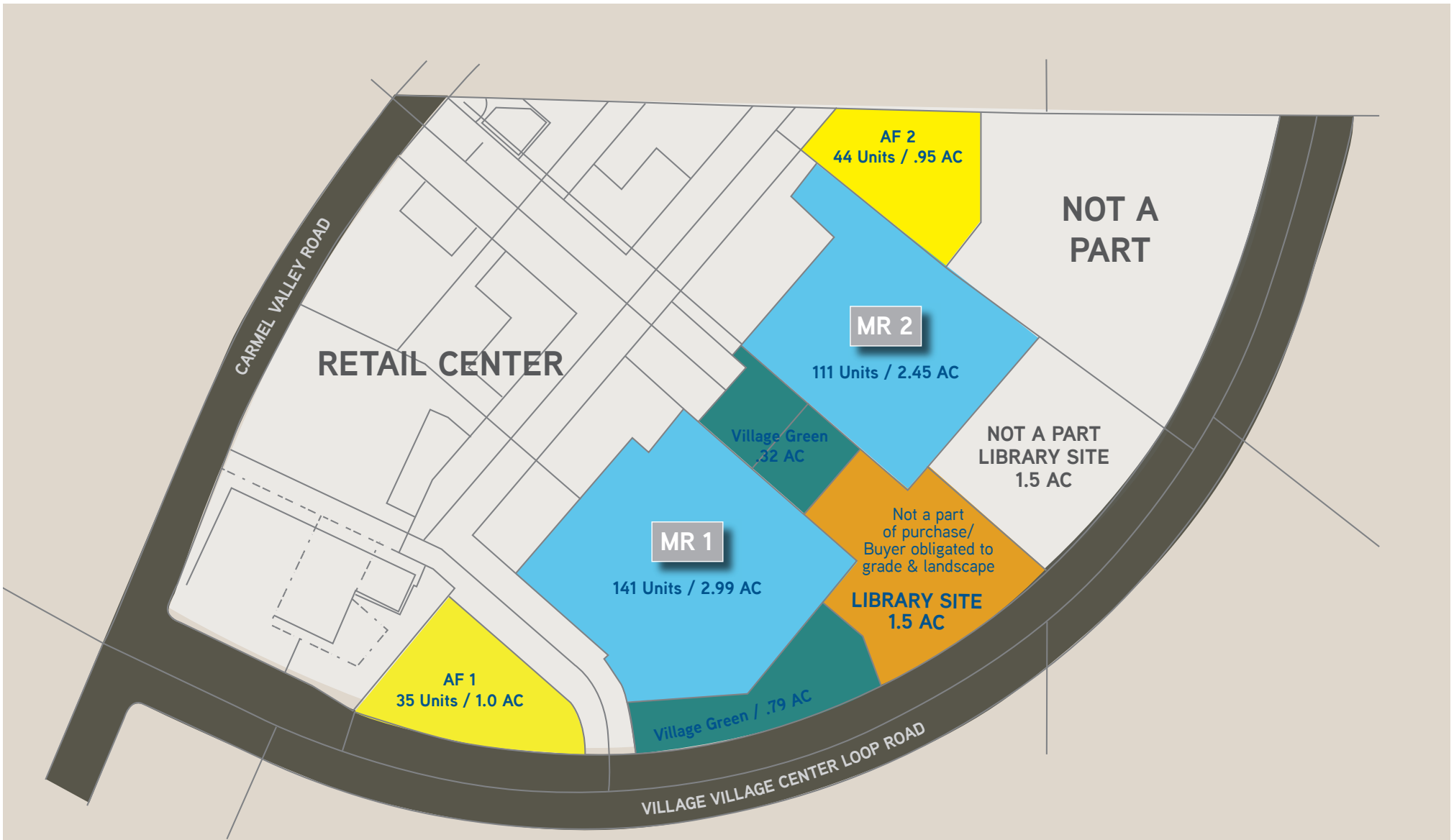
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2 Bedroom–Manager	N/A	N/A	1	-
Total			79	



RETAIL SUMMARY (net leasable area)	
M1 Market	26,000 sf
M2 Drug	11,000 sf
M3 2-Story Major	31,800 sf
R1 Bank	4,500 sf
R2 Retail	9,700 sf
R2 Restaurant	4,000 sf
R3 Retail	6,000 sf
R4 Retail	3,100 sf
R5 Retail (Level 1)	7,600 sf
R6 Retail (Level 1)	7,000 sf
R6 Restaurant (Level 1)	5,000 sf
R7 Restaurant	7,000 sf
R8 Retail	11,200 sf
R9 Bank	4,000 sf
C1 Professional Office (Level 2)	20,550 sf
Total Retail	158,450 sf
Parking Ratio	5.67 Spaces/1,000 sf
Total Residential	330 Units
Total Parking Provided	1,492 Spaces







**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure**

- 1. Name of CONTRACTOR: Affirmed Housing Group, Inc.
- 2. Address and Zip Code: 13520 Evening Creek Dr. N, Ste. 160, San Diego, CA 92128
- 3. Telephone Number: 858-679-2828
- 4. Name of Principal Contact for CONTRACTOR: Sydney Connell
- 5. Federal Identification Number or Social Security Number of CONTRACTOR: 26-0812994
- 6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- A corporation (Attach Articles of Incorporation)
- A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- A partnership known as: _____
(Name)

Check one:

- General Partnership (Attach statement of General Partnership)
- Limited Partnership (Attach Certificate of Limited Partnership)
- A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
- A Federal, State or local government or instrumentality thereof.
- Other (explain)

- 7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
08/07/07
- 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR 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.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James Silverwood	President/CEO, 100% interest
Address: 13520 Evening Creek Dr. N, Ste. 160	
San Diego, CA 92128	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (see 8)	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (see 8)	
Address:	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: Affirmed Housing Group, a CA Corp.	Sister company (combined group for reporting financials)
Address: 13520 Evening Creek Dr. N, Ste. 160	
San Diego, CA 92128	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.
15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

TCAC

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:
- a. In banks/savings and loans:
 - Name: US Bank, Citi, Fidelity
 - Address: (Provided upon request – see financials)
 - Amount: \$ 2 million

b. By loans from affiliated or associated corporations or firms:

Name: US Bank

Address: 4747 Executive Dr., 3rd Fl, San Diego, CA 92121

Amount: \$ 750,000 to \$1,500,000

c. By sale of readily salable assets/including marketable securities: N/A

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name: US Bank	Waheed Karim
Address: 4747 Executive Dr., 3rd Fl	
San Diego, CA 92121	
Name: Citibank	Christopher D Myers
Address: 740 Lomas Santa Fe Dr. Suite 210	
Solana Beach, CA 92075	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR'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

If yes, give date, place, and under what name.

N/A

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

Yes No

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

N/A

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description (Please see attached bond list)	Date of Completion	Amount of Bond	Action on Bond
				No legal action on any of the bonds

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

- a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- 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? N/A

Yes No

If yes, please explain, in detail, each such instance:

N/A

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ N/A

General description of such work:

N/A

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Project Name	N/A	
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

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

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

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

Awarding Agency	Amount	Date Opened
N/A		

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

N/A

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

Yes No

If yes, explain:

N/A

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

Yes No

If yes, explain:

N/A

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's: List the amount of coverage (limits) currently existing in each category:

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)] (See attached certificates)

Check coverage(s) carried:

- Comprehensive Form
- Premises - Operations
- Explosion and Collapse Hazard
- Underground Hazard
- Products/Completed Operations Hazard
- Contractual Insurance
- Broad Form Property Damage
- Independent Contractors
- Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Complaint	Entity	Making	Date	Resolution
N/A				

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

Yes No

If yes, please explain, in detail, N/A

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A					

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

Twenty years of experience in affordable housing and over 3500 units built; strong financials and strong relationships with lenders, investors, cities and localities.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
12/03/15	Imperial Urban Housing, LP - Cypress	Current	\$3,450,000
12/9/2011	Connections Housing	Current	\$2,000,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

Yes No

If yes, explain:
N/A

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

Yes No

If yes, explain:
N/A

38. List three local references that would be familiar with your previous construction project:

1. Name: John Meyer, Interim Director, City of Vista Redevelopment and Housing
Address: 200 Civic Center Drive, Vista, CA 92084
Phone: (760) 639-6190
Project Name and Description: Paseo Pointe – 69 Units, mixed use, new construction project
2. Name: Brad Richter, Assistant Vice President, Planning, Civic San Diego
Address: 401 B. Street, Fourth Fl, San Diego, CA 92101
Phone: (619) 533-7115
Project Name and Description: TenFifty B – high rise with 229 unit total between 2 phases
3. Name: Harry Williams at San Marcos
Address: 1 Civic Center Drive, San Marcos, CA 92069
Phone: (760) 744-1050 ext 3238
Project Name and Description: Eastgate -- 40 unit, mixed use, new construction project

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

N/A

40. Give the name and experience of the proposed Construction Superintendent.

Name	Experience
TBD	

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 15th day of November, 20 16, at San Diego, California.

CONTRACTOR

By: _____

Signature

Chief Financial Officer

Title

CERTIFICATION

The CONTRACTOR, Affirmed Housing Group, Inc., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: *Nicki Cometa* By: _____
Title: Nicki Cometa/ CFO Title: _____
Dated: November 15, 2016 Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

JURAT

State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____

by _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature of Notary

attached

SEAL

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 15th
day of November, 2016, by Nicki Cometa

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature _____

A handwritten signature in blue ink, consisting of several vertical, slightly curved strokes, positioned over the signature line.

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Harriet Smith Windsor

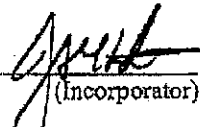
Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- **First:** The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- **Second:** Its registered office in the State of Delaware is to be located at 40 E. Division Street, Suite A Street, in the City of Dover County of Kent Zip Code 19901. The registered agent in charge thereof is Paracorp Incorporated
- **Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock of this corporation is authorized to issue is 1,000,000 shares (number of authorized shares) with a par value of \$1.00 per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:
Name Joel L. Incorvaia
Mailing Address 445 Marine View Avenue, Suite 295
Del Mar, CA Zip Code 92014
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 7th day of August, A D. 20 07

BY: 
(Incorporator)

NAME: Joel L. Incorvaia
(type or print)

Delaware

PAGE 1

The First State

CERTIFICATE

SEARCHED APRIL 7, 2008, AT 4:09 P.M.
FOR DEBTOR "AFFIRMED HOUSING GROUP, INC."

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THERE ARE NO PRESENTLY EFFECTIVE FINANCING STATEMENTS, LAPSED FINANCING STATEMENTS, FEDERAL TAX LIENS OR UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH NAME THE ABOVE DEBTOR, AS OF MARCH 28, 2008 AT 11:59 P.M.



20081208907UCXL

080401489

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505467

DATE: 04-07-08

Bond No.	Surety	Bond Type	Principal	Obligee	Job Description	Effective Date	Renewal Date	Premium	Bond Amount	Status
SU5012123	ARCH	Performance/ Payment Bond	Vallejo Family Housing Partners LP	City of Vallejo	Installation of Public Improvements for Avian Glen Apartments	12/08/04	12/08/16	\$ 451.00	\$ 22,550.00	open as of 11/10/16

Total	\$ 451.00	\$ 22,550.00
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ATTACHMENT 4

Village Affordable
 79 Unit Family Affordable (2 sites,+ 1 Manager Unit)
 4 Stories on Grade
 4% LIHTC + Bonds + B Bond
 November 15, 2016

SOURCES		Per Unit	% Total
Series A Bond	\$ 8,857,000	112,114	28.3%
Master Dev. Cash Loan	\$ 800,000	10,127	2.6%
Master Dev. Improvement Loan	\$ 3,100,000	39,241	9.9%
AHG Deferred Developer Fee	\$ 750,000	9,494	2.4%
GP Equity Loan	\$ 2,000,000	25,316	6.4%
Series B Bond	\$ 1,600,000	20,253	5.1%
Federal Tax Credit Equity	\$ 14,231,000	180,139	45.4%
TOTAL SOURCES	\$ 31,338,000	396,684	100.0%

USES		Per Unit	% Total
Property Acquisition	\$ -	-	0.0%
Off site Improvements	\$ -	-	0.0%
Total Relocation Expenses	\$ -	-	0.0%
Master Dev. Site Work Contribution	\$ 3,100,000	39,241	9.9%
Total New Construction Costs	\$ 15,558,000	196,937	49.6%
Hard Cost subtotal	\$ 18,658,000	236,177	59.5%
Construction Contingency	\$ 1,306,000	16,532	4.2%
Architecture & Engineering	\$ 611,000	7,734	1.9%
Construction Interest & Fees	\$ 591,000	7,481	1.9%
B Bond Construction Interest	\$ 160,000	2,025	0.5%
Cost of Issuance	\$ 150,000	1,899	0.5%
Capitalized Reserves	\$ 231,000	2,924	0.7%
Taxes & Insurance	\$ 55,000	696	0.2%
Series A & B Bond Int-Post Constr	\$ 345,000	4,367	1.1%
Escrow & Title	\$ 24,000	304	0.1%
Legal Fees	\$ 105,000	1,329	0.3%
Devel Impact Fees & Permits	\$ 4,592,000	58,127	14.7%
Tax Credit Fees	\$ 81,000	1,025	0.3%
Misc. Soft Costs	\$ 133,000	1,684	0.4%
Soft Cost subtotal	\$ 7,078,000	89,595	22.6%
Soft Cost Contingency	\$ 340,000	4,304	1.1%
Paid Developer Fee	\$ 1,206,000	15,266	3.8%
Deferred Dev Fee (Residual Receipts)	\$ 750,000	9,494	2.4%
GP Equity Loan	\$ 2,000,000	25,316	6.4%
TOTAL USES	\$ 31,338,000	396,684	100.0%

FINANCING ASSUMPTIONS

MD Contribution	\$ 800,000
Permanent Loan Amount	8,857,000
Permanent Loan Interest Rate	4.25%
Permanent Loan Term (mo.)	420
Net Operating Income	\$570,326
Debt Service	\$486,668
Debt Coverage Ratio	1.17
Construction Loan Amount	\$23,029,085
Construction Loan Interest Rate	2.20%
Construction Loan Term (mo.)	24
Loan to Value	73.49%
B Bond Construction Interest	10.00%
B Bond Post Constr. Interest	5.00%

INCOME					Rental Income	
Type	Qty.	Sub-total	% AMI	Net	Total	
1BR	0		30%	\$ 451	\$ -	
1BR	0		40%	\$ 610	\$ -	
1BR	0		45%	\$ 690	\$ -	
1BR	1		50%	\$ 769	\$ 769	
1BR	14		60%	\$ 929	\$ 13,009	
1BR Mgr	0	15	mkt	\$ -	\$ -	
2BR	0		30%	\$ 541	\$ -	
2BR	0		40%	\$ 733	\$ -	
2BR	0		45%	\$ 828	\$ -	
2BR	1		50%	\$ 924	\$ 924	
2BR	38		60%	\$ 1,115	\$ 42,363	
2BR Mgr	1	40	mkt	\$ -	\$ -	
3BR	0		30%	\$ 624	\$ -	
3BR	0		40%	\$ 845	\$ -	
3BR*	6		50%	\$ 1,024	\$ 6,143	
3BR*	4		60%	\$ 1,236	\$ 4,943	
3BR	14		60%	\$ 1,287	\$ 18,016	
3BR Mgr	0	24	MKT	\$ -	\$ -	
TOTAL	79	79		\$ 86,168		

Annual Residential Income	\$ 1,034,011
Excess PBV Income:	\$ -
Other Income	\$ 19,480
Total Gross Annual Income	\$ 1,053,491
Vacancy @ 5.0%	\$ (52,675)
TOTAL NET ANNUAL INCOME	\$ 1,000,817

EXPENSES		per unit	
Administrative	\$ 553	\$ 43,700	
Management	\$ 633	\$ 50,041	
Utilities	\$ 1,165	\$ 92,000	
Payroll	\$ 1,392	\$ 110,000	
Insurance	\$ 228	\$ 18,000	
Maintenance	\$ 835	\$ 66,000	
Other:	\$ 177	\$ 14,000	
Other Expenses	Subtotal	\$ 4,984	\$ 393,741
Resident Services	\$ 127	\$ 10,000	
Replacement Reserves	\$ 250	\$ 19,750	
Real Estate Taxes	\$ 152	\$ 12,000	
Other: (specify)	\$ -	\$ -	
ANNUAL EXPENSES	\$ 5,513	\$ 435,491	

TAX CREDIT ASSUMPTIONS

Tax Credits Requested	\$1,249,941
Equity Pricing	\$1.15
LP Interest	99%
Tax Credit Factor	1.14
Applicable Rate - 9%	N/A
Applicable Rate - 4%	3.17%
Income Escalation	2.50%
Expense Escalation	3.50%
Non-Profit	yes

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS
Village Affordable

Application Type:

Basis Limits Used:

<u>Unit Size</u>	<u>Unit Basis Limit</u>	<u>No. of Units</u>	<u>(Basis) X (No. of Units)</u>
SRO/STUDIO	\$211,098	0	\$0
1	\$243,394	15	\$3,650,910
2	\$293,600	40	\$11,744,000
3	\$375,808	24	\$9,019,392
4+	\$418,674	0	\$0
TOTAL UNITS:			79
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			\$24,414,302
		Yes/No	
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	<input type="text" value="No"/>	\$0
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	<input type="text" value="Yes"/>	\$1,709,001
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	<input type="text" value="No"/>	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	<input type="text" value="No"/>	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features.	<input type="text" value="No"/>	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: <input type="text" value="N/A"/>	<input type="text" value="No"/>	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	<input type="text" value="Yes"/> <small>Please Enter Amount:</small>	\$3,804,000
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	<input type="text" value="Yes"/>	\$2,441,430
	4% Only		
(i)	Plus (+) 1% basis adjustment for each 1% of units income-targeted to 50% to 36% AMI Affordable Units: <input type="text" value="78"/> Total Affordable Units @ 50% to 36% of AMI: <input type="text" value="8"/>	<input type="text" value="10%"/>	\$2,504,031
(j)	Plus (+) 1% basis adjustment for each 1% of units income-targeted to 36% AMI or below Affordable Units: <input type="text" value="78"/> Total Affordable Units @ 36% of AMI or Below: <input type="text" value="0"/>	<input type="text" value="0%"/>	\$0
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$34,872,764

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit

CONFIDENTIAL

PROJECT FINANCING: INCOME INFORMATION
Village Affordable

Construction Financing				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Int. Reserve</i>
Lender	24	2.20%	23,029,085	320,000
Tax Credit Equity			3,557,750	
GP Equity Loan			3,100,000	
Master Dev. Improvement Loan				
Construction Loan Buy-Down			1,651,165	
Total Funds for Construction			31,338,000	

Permanent Financing				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Debt Service</i>
Series A Bond	420	4.25%	8,857,000	486,668
Master Dev. Cash Loan	420	2.67%	800,000	
Master Dev. Improvement Loan	420	2.67%	3,100,000	
AHG Deferred Developer Fee	420	3.00%	750,000	
GP Equity Loan	420	2.67%	2,000,000	
Series B Bond	420	2.67%	1,600,000	
Gap				
Total Permanent Financing			17,107,000	
Tax Credit Equity			14,231,000	
Sub-Total Sources			31,338,000	

CONFIDENTIAL

DEVELOPMENT BUDGET

Village Affordable

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	PERMANENT SOURCES						70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
				Series A Bond	#REF!	#REF!	AHG Deferred Developer Fee	GP Equity Loan			
<i>LAND COST/ACQUISITION</i>											
Land Cost or Value	-	-	-	-	-	-	-	-	-	-	
Land Carry Cost	-	-	-	-	-	-	-	-	-	-	
Legal	-	-	-	-	-	-	-	-	-	-	
Total Land Cost or Value	-	-	-	-	-	-	-	-	-	-	
Existing Improvements Value	-	-	-	-	-	-	-	-	-	-	
Off-Site Improvements	-	-	-	-	-	-	-	-	-	-	
Total Acquisition Cost	-	-	-	-	-	-	-	-	-	-	
Total Land Cost / Acquisition Cost	-	-	-	-	-	-	-	-	-	-	
<i>REHABILITATION</i>											
Abatement/Demolition	-	-	-	-	-	-	-	-	-	-	
Structures	-	-	-	-	-	-	-	-	-	-	
General Requirements	-	-	-	-	-	-	-	-	-	-	
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	
Contractor Profit	-	-	-	-	-	-	-	-	-	-	
Prevailing Wages	-	-	-	-	-	-	-	-	-	-	
General Liability Insurance	-	-	-	-	-	-	-	-	-	-	
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	
Total Rehabilitation Costs	-	-	-	-	-	-	-	-	-	-	
Total Relocation Expenses	-	-	-	-	-	-	-	-	-	-	
<i>NEW CONSTRUCTION</i>											
Site Work	500,000	500,000	-	-	-	-	-	-	500,000	-	
Master Dev. Site Work Contribution	3,100,000	3,100,000	-	-	-	-	-	-	3,100,000	-	
Structures	13,154,000	13,154,000	-	-	-	-	-	-	13,154,000	-	
General Requirements	880,000	880,000	-	-	-	-	-	-	880,000	-	
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	
Contractor Profit	678,000	678,000	-	-	-	-	-	-	678,000	-	
Prevailing Wages	-	-	-	-	-	-	-	-	-	-	
General Liability Insurance	346,000	346,000	-	-	-	-	-	-	346,000	-	
Solar	-	-	-	-	-	-	-	-	-	-	
Other: Site Security	-	-	-	-	-	-	-	-	-	-	
Total New Construction Costs	18,658,000	18,658,000	-	-	-	-	-	-	18,658,000	-	
	15,558,000										
Total Construction Costs	18,658,000										

DEVELOPMENT BUDGET

Village Affordable

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Series A Bond	#REF!	#REF!	AHG Deferred Developer Fee	GP Equity Loan	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES										
Design	500,000	500,000	-	-	-	-	-	-	500,000	-
Supervision	-	-	-	-	-	-	-	-	-	-
Total Architectural Costs	500,000	500,000	-	-	-	-	-	-	500,000	-
Total Survey and Engineering	111,000	111,000	-	-	-	-	-	-	111,000	-
CONST. INTEREST & FEES										
Construction Loan Interest	320,000	320,000	-	-	-	-	-	-	320,000	-
Origination Fee	170,000	170,000	-	-	-	-	-	-	170,000	-
Series B Bond-interest	160,000								160,000	-
Bond Premium									-	-
Taxes	15,000	15,000	-	-	-	-	-	-	15,000	-
Insurance	-	-	-	-	-	-	-	-	-	-
Title and Recording	24,000	24,000	-	-	-	-	-	-	24,000	-
Construction Services	12,000	12,000	-	-	-	-	-	-	12,000	-
General Liability Insurance	40,000	40,000	-	-	-	-	-	-	40,000	-
Total Const. Interest & Fees	741,000	581,000	-	-	-	-	-	-	689,000	-
PERMANENT FINANCING										
Loan Origination Fee	89,000	89,000	-	89,000	-	-	-	-		
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-		
Title and Recording	-	-	-	-	-	-	-	-		
Taxes										
Cost of Issuance	150,000	150,000								
Series B-Interest prior to conversion	80,000	80,000								
Series A-Interest prior to conversion	265,000	265,000	-	-	-	-	-	-		
Total Perm. Financing Costs	584,000	584,000	-	89,000	-	-	-	-		
LEGAL FEES										
Lender Legal Pd. by Applicant	50,000	50,000	-	-	-	-	-	-	50,000	-
Other : Partnership	55,000	55,000	-	-	-	-	-	-	11,000	-
Total Attorney Costs	105,000	105,000	-	-	-	-	-	-	61,000	-
RESERVES										
Rent Reserves	-	-	-	-	-	-	-	-		
Capitalized Rent Reserves	-	-	-	-	-	-	-	-		
*3- Month Operating Reserve	231,000	231,000	-	-	-	-	-	-		
Other: (Specify)										
Total Reserve Costs	231,000	231,000	-	-	-	-	-	-		

DEVELOPMENT BUDGET

Village Affordable

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Series A Bond	#REF!	#REF!	AHG Deferred Developer Fee	GP Equity Loan	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition	
Total Appraisal Costs	6,000	6,000	-	-	-	-	-	-	6,000	-	
Total Contingency Cost	1,306,000	1,306,000	-	-	-	-	-	-	1,306,000	-	
OTHER PROJECT COSTS											
TCAC App/Allocation/Monitoring	81,000	81,000	-	-	-	-	-	-	-	-	
Environmental Audit	5,000	5,000	-	-	-	-	-	-	5,000	-	
Local Dev. Impact Fees	3,804,000	3,804,000	-	-	-	-	-	-	3,804,000	-	
Permit Processing Fees	135,000	135,000	-	-	-	-	-	-	135,000	-	
Capital Fees	-	-	-	-	-	-	-	-	-	-	
Marketing	15,000	15,000	-	-	-	-	-	-	-	-	
Furnishings, security, signage	79,000	79,000	-	-	-	-	-	-	79,000	-	
Market Study	8,000	8,000	-	-	-	-	-	-	8,000	-	
Accounting/Reimbursables	20,000	20,000	-	-	-	-	-	-	20,000	-	
Soft Cost Contingency	340,000	340,000	-	-	-	-	-	-	340,000	-	
Other: School Fees	438,000	438,000	-	-	-	-	-	-	438,000	-	
Other: village fee	215,000	215,000	-	-	-	-	-	-	215,000	-	
Other: Site Security	-	-	-	-	-	-	-	-	-	-	
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	
Total Other Costs	5,140,000	5,140,000	-	-	-	-	-	-	5,044,000	-	
SUBTOTAL PROJECT COST	27,382,000	27,222,000	-	89,000	-	-	-	-	26,375,000	-	
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis						26,375,000	-
DEVELOPER COSTS											
Developer Overhead/Profit	3,956,000	3,956,000	-	-	-	-	-	-	3,956,000	-	
Consultant/Processing Agent	-	-	-	-	-	-	-	-	-	-	
Project Administration	-	-	-	-	-	-	-	-	-	-	
Broker Fees Paid to a Related Party	-	-	-	-	-	-	-	-	-	-	
Construction Oversight by Developer	-	-	-	-	-	-	-	-	-	-	
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	
Total Developer Costs	3,956,000	3,956,000	-	-	-	-	-	-	3,956,000	-	
TOTAL PROJECT COSTS	31,338,000	31,178,000	-	89,000	-	-	-	-	30,331,000	-	
	Bridge Loan Expense During Construction								-	-	
	Total Eligible Basis								30,331,000	-	
									(1,156,482)		

ELIGIBLE AND QUALIFIED BASIS
Village Affordable

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	\$ 30,331,000	\$ -
Ineligible Amounts		
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
Total Ineligible Amounts:	-	-
Total Eligible Amount Voluntarily Excluded:		-
Total Basis Reduction:	-	-
Total Requested Unadjusted Eligible Basis:	30,331,000	-
Total Adjusted Threshold Basis Limit		34,872,764
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	39,430,300	-
Applicable Fraction:	100%	100%
Qualified Basis	39,430,300	-
Total Qualified Basis		39,430,300
**Total Credit Reduction:	-	-
Total Adjusted Qualified Basis:		39,430,300

0%

*130% boost if your project is located in a DDA or QCT

**to be calculated in "Points System"

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BASIS AND CREDITS: FEDERAL

Village Affordable

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	39,430,300	-
*Applicable Percentage:	3.17%	3.17%
Subtotal Annual Federal Credit:	1,249,941	-
Total Combined Annual Federal Credit:		1,249,941 <--- \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	31,338,000	
Permanent Financing	17,107,000	
Funding Gap	14,231,000	1.15 Equity Pricing
Federal Tax Credit Factor **	1.14	99.0% LP Interest
Total Credits Necessary for Feasibility	12,499,780	
Annual Federal Credit Necessary for Feasibility	\$ 1,249,978	
Maximum Annual Federal Credits	\$ 1,249,941	
Equity Raised From Federal Credit	\$ 14,231,000	
Remaining Funding Gap	\$ -	

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PROJECT INCOME INFORMATION
Village Affordable

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent (Less Utilities)	(d) Total Monthly Rents (b x c)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Median Income	PBV Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
Low-Income Units									
Studio	-	\$ 703	-	-	\$ 703	50%	\$ -	\$ -	
Studio	-	\$ 844	-	-	\$ 844	60%	\$ -	\$ -	
1BR		\$ 451	-	27	\$ 478	30%	\$ -	\$ -	\$ -
1BR		\$ 610	-	27	\$ 637	40%	\$ -	\$ -	\$ -
1BR		\$ 690	-	27	\$ 717	45%	\$ -	\$ -	
1BR	1	\$ 769	769	27	\$ 796	50%	\$ -	\$ -	
1BR	14	\$ 929	13,009	27	\$ 956	60%	\$ -	\$ -	
2BR		\$ 541	-	32	\$ 573	30%	\$ -	\$ -	
2BR		\$ 733	-	32	\$ 765	40%	\$ -	\$ -	
2BR		\$ 828	-	32	\$ 860	45%	\$ -	\$ -	
2BR	1	\$ 924	924	32	\$ 956	50%	\$ -	\$ -	
2BR	38	\$ 1,115	42,363	32	\$ 1,147	60%	\$ -	\$ -	
3BR		\$ 624	-	39	\$ 663	30%	\$ -	\$ -	
3BR		\$ 845	-	39	\$ 884	40%	\$ -	\$ -	
3BR*	6	\$ 1,024	6,143	39	\$ 1,063	50%	\$ -	\$ -	
3BR*	4	\$ 1,236	4,943	39	\$ 1,275	60%	\$ -	\$ -	
3BR	14	\$ 1,287	18,016	39	\$ 1,326	60%	\$ -	\$ -	
Total # Units	78	Total	\$ 86,168				Total Tranche B:	\$ -	

Aggregate Monthly Rents for All Units:	\$ 86,168
Aggregate Annual Rents for All Units:	\$ 1,034,011

Managers' Units	
1BR Mgr	
2BR Mgr	1
3BR Mgr	-
Total # Units	1

Total Affordable Plus Manager Units: **79**

Annual Income from Laundry Facilities	\$ 9,480	10.00 per unit per month
Annual Income from Vending Machines	-	
Annual Interest Income	-	
Other Annual Income (Specify)	10,000	
Total Miscellaneous Income:	19,480	
Total Annual Potential Gross Income:	\$ 1,053,491	

Excess PBV Income: \$ -

Total Gross Annual Income \$ 1,053,491

Utility Allowances	SRO/STUDIO	1 BR	2 BR	3 BR	4 BR
Space Heating:	-				-
Water Heating:	-				-
Cooking:	-				-
Lighting:	-				-
Electricity:	-				-
Water:*	-				-
Total:	-	26.77	32.18	39.16	

(*) Indicates units subject to lower HUD-adjusted rents (applies to 40% of all units, but only affects 3BR's) PHA or California Energy Commission Providing Utility Allowances: **est. CUAC allowances**

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ANNUAL RESIDENTIAL OPERATING EXPENSES
Village Affordable

		Per Unit	
Administrative	Advertising:	500	6
	Legal:	1,200	15
	Accounting/Audit:	14,000	177
	Security:	3,000	38
	Other: Miscellaneous Admin	25,000	316
	Total Administrative:	43,700	553
Management	Total Management:	50,041	633
Utilities	Fuel:	-	-
	Gas:	4,000	51
	Electricity:	33,000	418
	Water/Sewer:	55,000	696
	Total Utilities:	92,000	1,165
Payroll / Payroll Taxes	On-site Manager(s):	45,000	570
	Maintenance Personnel:	38,000	481
	Other: Payroll Burden	27,000	342
	Total Payroll/Payroll Taxes:	110,000	1,392
	Total Insurance:	18,000	228
Maintenance	Painting:	2,000	25
	Repairs:	15,000	190
	Trash Removal:	20,000	253
	Exterminating:	4,000	51
	Grounds:	8,000	101
	Other: Fire Monitoring, Misc	6,000	76
	Other: Elevator	6,000	76
	Other: Cleaning/Interiors	5,000	63
	Total Maintenance:	66,000	835
Other Expenses	Other: SDHC Monitoring Fee	12,000	152
	Other: misc	2,000	25
	Other:		-
	Other:		-
	Other:	-	-
	Total Other:	14,000	177

Total Expenses

Total Annual Residential Operating Expenses:	393,741	
Total Number of Units in the Project:	79	
Total Annual Operating Expenses Per Unit:	4,984	\$ 4,800 TCAC min
Total 3-Month Operating Reserve:	231,000	
Total Annual Internet Expense (site amenity election):	-	
Total Annual Service Amenities Budget (from project expenses):	10,000	127 per unit
Total Annual Reserve for Replacement:	19,750	250 per unit
Total Annual Real Estate Taxes:	12,000	yes non-profit
Other: (specify)	-	
TOTAL:	435,491	5,512.54

Commercial Income

Total Annual Commercial/Non Residential Revenue:	-
Total Annual Commercial/Non Residential Expenses:	-
Total Annual Commercial/Non Residential Debt Service:	-
Total Annual Commercial/Non Residential Net Income:	-

CONFIDENTIAL

Borrower: TBD
Project Name: Village Affordable
Proforma Type: 79 Unit Family Affordable (2 sites, + 1 Manager Unit)
Location: Carmel Valley, San Diego

Maximum RDA Loan Amount \$3,100,000
 RDA LTC 9.89%

PROJECTED CONSTRUCTION LOAN: \$ 23,029,085
 LOAN-TO-VALUE: 73.49%
 Interest Rate Construction 2.20%

	Total Budget	50% Completion												Const. Compl	
		Loan Closing	75% Completion		50% Completion										
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Jan-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
CONSTRUCTION USES:															
Land Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Off-Site Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environmental Studies & Remediation	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Costs	18,658,000	0	0	466,450	932,900	932,900	1,865,800	1,865,800	2,798,700	2,798,700	1,399,350	1,399,350	932,900	932,900	932,900
Constr. Contingency @ 7.0%	1,306,000	0	0	32,650	65,300	65,300	130,600	130,600	195,900	195,900	97,950	97,950	65,300	65,300	65,300
Interest Reserve -- Bank	320,000	0	1,273	1,415	4,897	6,997	9,055	12,976	16,873	23,364	29,100	32,064	35,768	37,851	39,905
Interest Reserve-Series B Bond	160,000	0	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429	11,429
Series A-Interest prior to conversion	265,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Series B-Interest prior to conversion	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Loan Fee (constr & perm) + B bond int.	259,000	259,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Issuance	150,000	150,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
Appraisal	6,000	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Services	12,000	3,600	600	600	600	600	600	600	600	600	600	600	600	600	600
Legal Fees (Bank & Other)	105,000	84,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Arch. & Eng.	611,000	458,250	30,550	30,550	30,550	6,110	6,110	6,110	6,110	6,110	6,110	6,110	6,110	6,110	6,110
Taxes & Insurance	15,000	10,500	0	0	0	0	2,250	0	0	0	0	0	0	0	2,250
General Liability Insurance	40,000	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Gov't Impact & Permit Fees	4,154,000	2,907,800	0	1,246,200	0	0	0	0	0	0	0	0	0	0	0
Title & Recording	24,000	16,800	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Study/Marketing/FF&E	102,000	10,000	0	0	0	0	0	0	0	0	0	0	18,400	18,400	18,400
Security	438,000	0	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850
Developer Fee	3,956,000	1,186,800	0	0	0	0	0	0	395,600	0	0	395,600	0	0	0
TCAC Fees	81,000	81,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting/Reimbursables	20,000	4,000	0	0	0	0	0	2,000	0	0	0	0	0	0	0
Capitalized Reserves	231,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Cost Cont. @ 5.0%	340,000	0	0	51,000	51,000	51,000	51,000	34,000	34,000	17,000	17,000	17,000	17,000	17,000	0
TOTAL BUDGET	31,338,000														
Total Monthly Uses		5,207,750	76,701	1,873,144	1,129,526	1,107,185	2,109,693	2,096,365	3,492,061	3,085,952	1,594,389	1,992,952	1,120,357	1,105,439	1,124,744
Developer Fee Payment Percentages		40%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SOURCES:															
Series A Bond	8,857,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Master Dev. Cash Loan	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Master Dev. Improvement Loan	3,100,000	3,100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
AHG Deferred Developer Fee	750,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Equity Loan	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Series B Bond	1,600,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Credit Equity	14,231,000	1,423,100	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Payment Percentages		10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Monthly Sources	31,338,000	4,523,100	0	0	0	0	0	0	0	0	0	0	0	0	0
LOAN BALANCE:															
Cumulative Monthly Constr. Loan Balance		684,650	761,351	2,634,495	3,764,020	4,871,206	6,980,899	9,077,263	12,569,325	15,655,277	17,249,666	19,242,618	20,362,974	21,468,414	22,593,158

Borrower: TBD
Project Name: Village Affordable
Proforma Type: 79 Unit Family Affordable (2 sites,+ 1 Manager Unit)
Location: Carmel Valley, San Diego

Maximum RDA Loan Amount \$3,100,000
RDA LTC 9.89%

PROJECTED CONSTRUCTION LOAN: \$ 23,029,085
LOAN-TO-VALUE: 73.49%
Interest Rate Construction 2.20%

	Total Budget	Final	100%	90 day		Conversion	Final Dev		TOTAL		
		Pmnt	Occupancy	stabilization	to Perm	Fee Pmnt					
		15	16	17	18	19	20	21			
		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19			
CONSTRUCTION USES:											
Land Acquisition	0	0	0	0	0	0	0	0	0	NA	-
Off-Site Improvements	0	0	0	0	0	0	0	0	0	NA	-
Environmental Studies & Remediation	5,000	0	0	0	0	0	0	0	5,000	100%	-
Direct Costs	18,658,000	1,399,350	0	0	0	0	0	0	18,658,000	100%	-
Constr. Contingency @ 7.0%	1,306,000	97,950	0	0	0	0	0	0	1,306,000	100%	-
Interest Reserve -- Bank	320,000	0	0	0	0	0	0	0	251,536	79%	68,464
Interest Reserve-Series B Bond	160,000	0	0	0	0	0	0	0	148,571	93%	11,429
Series A-Interest prior to conversion	265,000	41,996	42,446	42,588	42,697	42,806	0	0	212,534	80%	52,466
Series B-Interest prior to conversion	80,000	16,000	16,000	16,000	16,000	16,000	0	0	80,000	100%	-
Bank Loan Fee (constr & perm) + B bond int.	259,000	0	0	0	0	0	0	0	259,000	100%	-
Cost of Issuance	150,000	0	0	0	0	0	0	0	150,000	100%	-
Appraisal	6,000	0	0	0	0	0	0	0	6,000	100%	-
Construction Services	12,000	600	0	0	0	0	0	0	12,000	100%	-
Legal Fees (Bank & Other)	105,000	0	0	0	0	21,000	0	0	105,000	100%	-
Arch. & Eng.	611,000	0	0	0	0	0	0	0	611,000	100%	-
Taxes & Insurance	15,000	0	0	0	0	0	0	0	15,000	100%	-
General Liability Insurance	40,000	0	0	0	0	0	0	0	40,000	100%	-
Gov't Impact & Permit Fees	4,154,000	0	0	0	0	0	0	0	4,154,000	100%	-
Title & Recording	24,000	0	0	0	0	7,200	0	0	24,000	100%	-
Market Study/Marketing/FF&E	102,000	18,400	18,400	0	0	0	0	0	102,000	100%	-
Security	438,000	10,950	0	0	0	0	0	0	438,000	100%	-
Developer Fee	3,956,000	791,200	0	0	0	791,200	0	395,600	3,956,000	100%	-
TCAC Fees	81,000	0	0	0	0	0	0	0	81,000	100%	-
Accounting/Reimbursables	20,000	0	0	0	0	14,000	0	0	20,000	100%	-
Capitalized Reserves	231,000	0	0	0	0	231,000	0	0	231,000	100%	-
Soft Cost Cont. @ 5.0%	340,000	0	0	0	0	0	0	0	340,000	100%	-
TOTAL BUDGET	31,338,000										
Total Monthly Uses		2,376,446	76,846	58,588	58,697	1,123,206	0	395,600	31,205,641		132,359
Developer Fee Payment Percentages		10%	0%	45%	0%	0%	0%	5%	100%		
SOURCES:											
Series A Bond	8,857,000	0	0	0	0	8,857,000	0	0	8,857,000	100%	-
Master Dev. Cash Loan	800,000	0	0	0	0	800,000	0	0	800,000	100%	-
Master Dev. Improvement Loan	3,100,000	0	0	0	0	0	0	0	3,100,000	100%	-
AHG Deferred Developer Fee	750,000	0	0	0	0	750,000	0	0	750,000	100%	-
GP Equity Loan	2,000,000	0	0	0	0	2,000,000	0	0	2,000,000	100%	-
Series B Bond	1,600,000	0	0	0	0	1,600,000	0	0	1,600,000	100%	-
Tax Credit Equity	14,231,000	2,134,650	0	0	0	10,388,630	0	284,620	14,231,000	100%	-
0	0	0	0	0	0	0	0	0	0	NA	-
Equity Payment Percentages		15%	0%		0%	73%	0%	2%	100%		
Total Monthly Sources	31,338,000	2,134,650	0	0	0	24,395,630	0	284,620	31,338,001		0
LOAN BALANCE:											
Cumulative Monthly Constr. Loan Balance		22,834,954	22,911,799	22,970,387	23,029,085	(243,339)	(243,339)	(132,359)			

15-YEAR CASH FLOW PROJECTION

Village Affordable

	Inflation Factor	Year 1 <u>2018</u>	Year 2 <u>2019</u>	Year 3 <u>2020</u>	Year 4 <u>2021</u>	Year 5 <u>2022</u>
Rental Income	2.5%	1,034,011	1,059,861	1,086,358	1,113,517	1,141,355
PBV Income	2.0%	0	0	0	0	0
Other	2.5%	19,480	19,967	20,466	20,978	21,502
TOTAL GROSS POTENTIAL REVENUE		1,053,491	1,079,828	1,106,824	1,134,495	1,162,857
Vacancy @	5.0%	52,675	53,991	55,341	56,725	58,143
TOTAL NET RENTAL INCOME		1,000,817	1,025,837	1,051,483	1,077,770	1,104,714
Advertising	3.5%	500	518	536	554	574
Legal	3.5%	1,200	1,242	1,285	1,330	1,377
Accounting	3.5%	14,000	14,490	14,997	15,522	16,065
Security	3.5%	3,000	3,105	3,214	3,326	3,443
Other Admin	3.5%	25,000	25,875	26,781	27,718	28,688
Management Fee	2.5%	50,041	51,292	52,574	53,888	55,236
Gas	3.5%	4,000	4,140	4,285	4,435	4,590
Electricity	3.5%	33,000	34,155	35,350	36,588	37,868
Water & Sewer	3.5%	55,000	56,925	58,917	60,979	63,114
On-Site Manager	3.5%	45,000	46,575	48,205	49,892	51,639
Maintenance Personnel	3.5%	38,000	39,330	40,707	42,131	43,606
Other Payroll	3.5%	27,000	27,945	28,923	29,935	30,983
Insurance	3.5%	18,000	18,630	19,282	19,957	20,655
Painting	3.5%	2,000	2,070	2,142	2,217	2,295
Repairs	3.5%	15,000	15,525	16,068	16,631	17,213
Trash Removal	3.5%	20,000	20,700	21,425	22,174	22,950
Exterminating	3.5%	4,000	4,140	4,285	4,435	4,590
Grounds	3.5%	8,000	8,280	8,570	8,870	9,180
Fire Monitoring/Elevator	3.5%	12,000	12,420	12,855	13,305	13,770
Other:	3.5%	14,000	14,490	14,997	15,522	16,065
Service Amenities Budget	3.5%	10,000	10,350	10,712	11,087	11,475
Other: (specify)	3.5%	0	0	0	0	0
Real Estate Taxes	2.0%	12,000	12,240	12,485	12,734	12,989
Replacement Reserve	0.0%	19,750	19,750	19,750	19,750	19,750
TOTAL EXPENSES		430,491	444,186	458,345	472,983	488,116
NET OPERATING RENTAL INCOME		570,326	581,651	593,138	604,787	616,598
DEBT SERVICE - Tranche A		486,668	486,668	486,668	486,668	486,668
Tranche B		0	0	0	0	0
Debt Coverage Ratio		1.17	1.20	1.22	1.24	1.27
FORECASTED CASH AVAILABLE		83,658	94,983	106,470	118,119	129,930
Other contribution	0.0%	-	-	-	-	-
Partnership Management Fee	2.5%	15,000	15,375	15,759	16,153	16,557
Asset Management Fee	2.5%	7,500	7,688	7,880	8,077	8,279
Cash Available for Distribution		61,158	71,920	82,831	93,889	105,094
cash flow for deferred fee	40.00%	24,463	28,768	33,132	37,556	42,038
Deferred Developer Fee	750,000	24,463	28,768	33,132	37,556	42,038
	3.00%	21,766	21,556	21,209	20,718	20,079
balance		747,303	740,091	728,168	711,330	689,371
CASH FLOW FOR DISTRIBUTION		36,695	43,152	49,698	56,333	63,057
B Bond payments	1,600,000	36,695	43,152	49,698	56,333	63,057
		2.29%	2.70%	3.11%	3.52%	3.94%

15-YEAR CASH FLOW PROJECTION

Village Affordable

	Inflation Factor	Year 6 2023	Year 7 2024	Year 8 2025	Year 9 2026	Year 10 2027
Rental Income	2.5%	1,169,889	1,199,136	1,229,114	1,259,842	1,291,338
PBV Income	2.0%	0	0	0	0	0
Other	2.5%	22,040	22,591	23,156	23,734	24,328
TOTAL GROSS POTENTIAL REVENUE		1,191,928	1,221,727	1,252,270	1,283,577	1,315,666
Vacancy @	5.0%	59,596	61,086	62,613	64,179	65,783
TOTAL NET RENTAL INCOME		1,132,332	1,160,640	1,189,656	1,219,398	1,249,883
Advertising	3.5%	594	615	636	658	681
Legal	3.5%	1,425	1,475	1,527	1,580	1,635
Accounting	3.5%	16,628	17,210	17,812	18,435	19,081
Security	3.5%	3,563	3,688	3,817	3,950	4,089
Other Admin	3.5%	29,692	30,731	31,807	32,920	34,072
Management Fee	2.5%	56,617	58,032	59,483	60,970	62,494
Gas	3.5%	4,751	4,917	5,089	5,267	5,452
Electricity	3.5%	39,194	40,565	41,985	43,455	44,976
Water & Sewer	3.5%	65,323	67,609	69,975	72,424	74,959
On-Site Manager	3.5%	53,446	55,316	57,253	59,256	61,330
Maintenance Personnel	3.5%	45,132	46,712	48,347	50,039	51,790
Other Payroll	3.5%	32,068	33,190	34,352	35,554	36,798
Insurance	3.5%	21,378	22,127	22,901	23,703	24,532
Painting	3.5%	2,375	2,459	2,545	2,634	2,726
Repairs	3.5%	17,815	18,439	19,084	19,752	20,443
Trash Removal	3.5%	23,754	24,585	25,446	26,336	27,258
Exterminating	3.5%	4,751	4,917	5,089	5,267	5,452
Grounds	3.5%	9,501	9,834	10,178	10,534	10,903
Fire Monitoring/Elevator	3.5%	14,252	14,751	15,267	15,802	16,355
Other:	3.5%	16,628	17,210	17,812	18,435	19,081
Service Amenities Budget	3.5%	11,877	12,293	12,723	13,168	13,629
Other: (specify)	3.5%	0	0	0	0	0
Real Estate Taxes	2.0%	13,249	13,514	13,784	14,060	14,341
Replacement Reserve	0.0%	19,750	19,750	19,750	19,750	19,750
TOTAL EXPENSES		503,762	519,937	536,661	553,951	571,828
NET OPERATING RENTAL INCOME		628,570	640,703	652,996	665,447	678,055
DEBT SERVICE - Tranche A		486,668	486,668	486,668	486,668	486,668
Tranche B		0	0	0	0	0
Debt Coverage Ratio		1.29	1.32	1.34	1.37	1.39
FORECASTED CASH AVAILABLE		141,902	154,035	166,327	178,779	191,387
Other contribution	0.0%	-	-	-	-	-
Partnership Management Fee	2.5%	16,971	17,395	17,830	18,276	18,733
Asset Management Fee	2.5%	8,486	8,698	8,915	9,138	9,366
Cash Available for Distribution		116,446	127,942	139,582	151,365	163,288
cash flow for deferred fee	40.00%	46,578	51,177	55,833	60,546	65,315
Deferred Developer Fee	750,000	46,578	51,177	55,833	60,546	65,315
	3.00%	19,284	18,327	17,202	15,902	14,419
balance		662,077	629,227	590,596	545,952	495,056
CASH FLOW FOR DISTRIBUTION		69,867	76,765	83,749	90,819	97,973
B Bond payments	1,600,000	69,867	76,765	83,749	90,819	97,973
		4.37%	4.80%	5.23%	5.68%	6.12%

15-YEAR CASH FLOW PROJECTION

Village Affordable

	Inflation Factor	Year 11 <u>2028</u>	Year 12 <u>2029</u>	Year 13 <u>2030</u>	Year 14 <u>2031</u>	Year 15 <u>2032</u>
Rental Income	2.5%	1,323,622	1,356,712	1,390,630	1,425,396	1,461,031
PBV Income	2.0%	0	0	0	0	0
Other	2.5%	24,936	25,559	26,198	26,853	27,525
TOTAL GROSS POTENTIAL REVENUE		1,348,558	1,382,272	1,416,828	1,452,249	1,488,555
Vacancy @	5.0%	67,428	69,114	70,841	72,612	74,428
TOTAL NET RENTAL INCOME		1,281,130	1,313,158	1,345,987	1,379,637	1,414,128
Advertising	3.5%	705	730	756	782	809
Legal	3.5%	1,693	1,752	1,813	1,877	1,942
Accounting	3.5%	19,748	20,440	21,155	21,895	22,662
Security	3.5%	4,232	4,380	4,533	4,692	4,856
Other Admin	3.5%	35,265	36,499	37,777	39,099	40,467
Management Fee	2.5%	64,056	65,658	67,299	68,982	70,706
Gas	3.5%	5,642	5,840	6,044	6,256	6,475
Electricity	3.5%	46,550	48,179	49,865	51,611	53,417
Water & Sewer	3.5%	77,583	80,298	83,109	86,018	89,028
On-Site Manager	3.5%	63,477	65,699	67,998	70,378	72,841
Maintenance Personnel	3.5%	53,603	55,479	57,421	59,430	61,510
Other Payroll	3.5%	38,086	39,419	40,799	42,227	43,705
Insurance	3.5%	25,391	26,279	27,199	28,151	29,137
Painting	3.5%	2,821	2,920	3,022	3,128	3,237
Repairs	3.5%	21,159	21,900	22,666	23,459	24,280
Trash Removal	3.5%	28,212	29,199	30,221	31,279	32,374
Exterminating	3.5%	5,642	5,840	6,044	6,256	6,475
Grounds	3.5%	11,285	11,680	12,089	12,512	12,950
Fire Monitoring/Elevator	3.5%	16,927	17,520	18,133	18,767	19,424
Other:	3.5%	19,748	20,440	21,155	21,895	22,662
Service Amenities Budget	3.5%	14,106	14,600	15,111	15,640	16,187
Other: (specify)	3.5%	0	0	0	0	0
Real Estate Taxes	2.0%	14,628	14,920	15,219	15,523	15,834
Replacement Reserve	0.0%	19,750	19,750	19,750	19,750	19,750
TOTAL EXPENSES		590,310	609,420	629,178	649,607	670,729
NET OPERATING RENTAL INCOME		690,820	703,738	716,809	730,030	743,399
DEBT SERVICE - Tranche A		486,668	486,668	486,668	486,668	486,668
Tranche B		0	0	0	0	0
Debt Coverage Ratio		1.42	1.45	1.47	1.50	1.53
FORECASTED CASH AVAILABLE		204,152	217,070	230,141	243,362	256,731
Other contribution	0.0%	-	-	-	-	-
Partnership Management Fee	2.5%	19,201	19,681	20,173	20,678	21,195
Asset Management Fee	2.5%	9,601	9,841	10,087	10,339	10,597
Cash Available for Distribution		175,350	187,548	199,881	212,345	224,939
cash flow for deferred fee	40.00%	70,140	75,019	79,952	84,938	89,975
Deferred Developer Fee	750,000	70,140	75,019	79,952	84,938	89,975
	3.00%	12,747	10,879	8,807	6,523	4,020
balance		437,664	373,524	302,379	223,964	138,008
CASH FLOW FOR DISTRIBUTION		105,210	112,529	119,929	127,407	134,963
B Bond payments	1,600,000	105,210	112,529	119,929	127,407	134,963
		6.58%	7.03%	7.50%	7.96%	8.44%

ATTACHMENT 5
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 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 faith, credit or taxing power nor of the Housing Authority’s faith or credit. 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. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

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 the 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, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

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

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

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on 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.