



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: July 21, 2016

REPORT NO: HCR16-066

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of July 29, 2016

SUBJECT: Loan Recommendation for The Nook East Village

COUNCIL DISTRICT: 3

REQUESTED ACTION

Recommend that the Housing Authority of the City of San Diego approve a \$750,000 loan to fund the land acquisition and development of The Nook East Village, a 91-unit affordable housing development that includes eight affordable rental housing units for homeless Veterans and 83 affordable units for low-income individuals.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve a loan in an amount not to exceed \$750,000 to a to-be-formed Limited Partnership consisting of Trestle Development, LLC (Trestle) as the General Partner, National Housing Corporation (NHC) as Managing General Partner, and Glamor Investments, LLC as equity investor Limited Partner to finance the acquisition and development of The Nook East Village at 1492 K Street, San Diego, 92101.

The Housing Commission proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments;

- 2) Authorize the President and Chief Executive Officer (President & CEO) of the Housing Commission, or designee:
 - a. To execute all necessary documents and instruments to effectuate the transaction and implement the project, in a form approved by General Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement the approvals upon advice of General Counsel;
 - b. To adjust financing terms/conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes, not to exceed the maximum Housing Commission loan amount of \$750,000; and
 - c. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to

implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel.

SUMMARY

The Development

The Nook East Village (The Nook) development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission’s three-year Homelessness Action Plan (2014-17). The Nook received a funding award of \$750,000 through the Permanent Supportive Housing Notice of Funding Availability that was released by the Housing Commission on October 7, 2015, in the second year of HOUSING FIRST – SAN DIEGO.

HOUSING FIRST – SAN DIEGO includes awarding up to \$30 million over three years (up to \$10 million per year), along with up to 300 Federal rental housing vouchers per year, to create permanent supportive housing that will remain affordable for 55 years. The Housing Commission announced HOUSING FIRST – SAN DIEGO on November 12, 2014. HOUSING FIRST – SAN DIEGO will impact the lives of as many as 1,500 homeless San Diegans.

The Nook is a new construction affordable housing development located at the corner of 15th and K Streets in the East Village neighborhood of downtown San Diego (Attachment 1). The development will consist of 91 contemporary Single-Room Occupancy (SRO) units, including one manager’s unit, averaging about 250 square feet, each with its own private bathroom and kitchenette. The Nook will be targeted to individuals, including Veterans, service workers, and entry-level professionals.

The development will also provide housing opportunities for eight homeless Veterans in accordance with the “Housing First” model – to provide housing as quickly as possible, with supportive services as needed. The Housing Commission has awarded eight U.S. Department of Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) Vouchers to supplement tenant rental payments and subsidize the provision of services for these households.

The Housing Commission partners with the San Diego Healthcare System of the U.S. Department of Veterans Affairs (VA) to provide HUD-VASH vouchers. The VA provides clinical health and case management services to HUD-VASH voucher recipients. The local VA identifies Veterans who qualify for HUD-VASH vouchers. The Housing Commission confirms their eligibility and enrolls them in the HUD-VASH voucher program. The HUD-VASH program is similar to the Section 8 Housing Choice Voucher rental assistance program in which participants pay a portion of their rental costs.

The Nook site is composed of two parcels totaling 7,696 square feet (0.18 acres). Current site improvements include a vacant Single-Room Occupancy (SRO) hotel, formerly known as the Bell Hotel, which was damaged beyond repair in a fire. The building will be demolished before commencing construction. The second parcel is a vacant lot.

The proposed structure will be five stories tall, four stories of wood frame construction over a single-level concrete podium. The development will include seven vehicle parking spaces and 54 bike parking

spaces, which will be contained in an on-grade parking garage. An on-site car-sharing station will be provided by Enterprise Car Share for the exclusive use of building residents.

Additional project amenities will include a fully-appointed community room and gym. There will also be approximately 1,800 square feet of retail along K Street, directly across from the newly proposed Chargers' Football Stadium and Convention Center Annex. A development summary is included as Attachment 2.

Table 1 - Development Details

Address	1492 K Street
Council District	3
Community Plan Area	Downtown
Development Type	New Construction
Construction Type	Type IV over Type I Podium
Parking Type	Surface/Podium
Housing Type	Permanent Supportive Housing & Family Housing
Lot Size	0.18 Acres, 7,696 square feet
Units	91 (inclusive of one manager's unit)
Density	500 dwelling units per acre
Unit Mix	91 Single-Room Occupancy (SRO) Units (including one manager's unit)
Net Rentable Building Area	22,750 Living areas square feet
Common Area Space	<u>9,205</u> Community/Retail
Gross Building Area	31,955 Square Feet
Net Rentable Area	22,750 Square Feet
Developer	Trestle Development National Housing Corporation
Prevailing Wages	Not Subject to Prevailing Wages

Development Team

The development team will consist of a to-be-formed Limited Partnership composed of Trestle as the General Partner, National Housing Corporation (NHC) as the Managing General Partner, and Glamor Investments, LLC as the investor limited partner.

The project's development team will be led by David Allen of Trestle Development, LLC. Since Trestle was founded in 2013, the company has acquired four Low-Income Housing Tax Credit financed properties totaling 166 units and is nearing completion on a 71-unit, ground-up, micro apartment development in downtown Oakland, CA.

Prior to founding Trestle, Mr. Allen was a development director for Housing Development Partners (HDP), the nonprofit affiliate of the Housing Commission, where he managed all aspects of the development and entitlement process. Mr. Allen began his career in the affordable housing field in the Seattle office of Vitus Group, a national leader in affordable housing finance and development. Throughout his career, Mr. Allen has managed the financing and development of more than 1,500 units of affordable multifamily housing.

NHC is a 501(c)(3) that provides supportive services for low-income housing properties. NHC's mission is to improve the quality of life of their residents through coordinating community enrichment programs. Anticipated services available to tenants at The Nook include yoga and fitness classes, gardening education at SMART farms in East Village, and various other arts, education, and career advancement programs.

Equity will be provided by Glamor Investments, LLC which is wholly owned by Richard and Mary Ann Allgire. The Allgires are longtime San Diegans with a history of success in development, real estate, and construction. Glamor has been involved with successful apartment developments totaling more than 350 units, including Trestle's recent micro unit project in Oakland, CA. Richard and Mary Ann Allgire are also the owners of Allgire General Contractors, Inc., the builder of The Nook. Allgire has most recently worked with the Housing Commission and Housing Development Partners on the San Diego Square and Hotel Churchill rehabilitation projects.

The selected architect for the project, Joseph Wong Design Associates (JWDA), has been at the forefront of global architectural and interior design since it was founded in San Diego in 1977. For more than 30 years, JWDA has planned and designed major buildings throughout California and in most major cities in Asia. JWDA has designed numerous projects in downtown San Diego, including several affordable housing developments, such as the Housing Commission partnership developments Alpha Square (201 affordable studios in Downtown San Diego) and Atmosphere (202 affordable apartments currently under construction in Downtown San Diego).

Table 2 - Development Team Summary

Developer	Trestle Development & National Housing Corporation
Limited Partnership	Administrative General Partners: Trestle Development & GLAMAR Investments Managing General Partner: National Housing Corporation
General Contractor	Allgire General Contractors, Inc
Architect	Joseph Wong Design Associates
Service Provider	Department of Veterans Affairs (VA).
Property Management	Hyder and Company Property Management

Proposed Financing Structure

The Nook has an estimated total development cost of \$13,710,406. The developer proposes to finance the project through the use of a conventional loan, sponsor equity, and a Housing Commission loan.

The Housing Commission loan will be a 30-year amortized loan at 3 percent interest. The development programming at The Nook proposes to blend units affordable to residents with income up to 80 percent of Area Median Income with HUD-VASH Permanent Supportive Housing units that receive fair market rents. This structure allows for the developer to leverage conventional financing sources, which limits the amount of funding subsidy provided by the Housing Commission. In addition, the equity provided by the limited partnership allows for the Housing Commission to structure an amortized loan that will be fully repaid in 30 years.

Total development costs and sources and uses of funds are detailed in the pro forma attached to this report (Attachment 4) and summarized below.

Table 3 – Estimated Permanent Sources & Uses

Sources of Funding		Uses of Funding	
Equity	\$2,660,406	Land/Acquisition	\$3,500,000
Conventional Loan	\$10,300,000	Hard Costs	\$8,039,406
SDHC Loan	\$750,000	Soft Costs	\$867,500
		Financing Costs	\$428,500
		Interest During Construction	\$375,000
		Developer Fee	\$500,000
Estimated Total Development Cost	\$13,710,406	Estimated Total Uses	\$13,710,406

Table 4 - Funding Request

Housing Commission Total Subsidy	\$750,000
Housing Commission Subsidy Per Unit	\$8,242

Proposed Funding Sources

The proposed Housing Commission loan will be funded with up to \$750,000 in HUD HOME Investment Partnerships Program funds, granted to the City of San Diego and administered by the Housing Commission. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. Loan terms are provided as Attachment 5.

The Housing Commission loan is contingent upon the developer obtaining all necessary financing, including the approvals from HUD for the proposed HUD-VASH vouchers.

In response to the HOUSING FIRST – SAN DIEGO Notice of Funding Availability, the development was reviewed by a selection committee consisting of primarily Housing Commission staff and one representative from Funders Together to End Homelessness San Diego (Funders Together). Major philanthropists and grant makers formed Funders Together to invest in effective systems change with the goal of ending chronic homelessness throughout San Diego County. Funders Together is composed of private foundations and the United Way of San Diego County. The selection committee recommended capital funding and Federal Project-Based Housing Vouchers to provide rental assistance for the development.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, shown in Table 5, which were used to evaluate the proposed development and make a funding recommendation.

Table 5 – Key Performance Indicators

Development Cost Per Unit	$\$13,710,406 \div 91 \text{ units} =$	\$150,663
Housing Commission Subsidy Per Unit	$\$750,000 \div 91 \text{ units} =$	\$8,242
Land Cost Per Unit	$\$3,500,000 \div 91 \text{ units} =$	\$38,462
Gross Building Square Foot Hard Cost	$\$8,039,406 \div 31,955 \text{ sq. ft.} =$	\$251
Net Rentable Square Foot Hard Cost	$\$8,039,406 \div 22,750 \text{ sq. ft.} =$	\$353

The Housing Commission engaged RSMeans, a third-party cost consultant, to evaluate the development proposal and provide construction hard cost estimates. The report issued by the consultant validated the developer's cost estimate for the project.

Development Cost Factors

- Entitled Site – The project site was originally entitled as a motel and the development team obtained site control fully entitled.
- Unit Sizes – At 250 square feet; the units are smaller than most typical developments.
- Ownership structure – Efficiencies achieved by affiliation with General Contractor.

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable 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 impact fees, developer experience and capacity.. Table 6 shows a comparison of the subject property and other projects of similar construction type.

Table 6 – Comparable Development Projects

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq.Ft.
The Nook	2016	IV Over I	91	\$13,710,406	\$150,663	\$8,242	\$251
Cypress Apartments	2015	V Over I	63	\$20,420,000	\$324,127	\$54,762	\$299
Alpha Square	2014	V Over I	203	\$47,616,331	\$234,563	\$109,000	\$306

AFFORDABLE HOUSING IMPACT

Homeless Impact

The 2016 San Diego Regional Homeless Point-In-Time Count identified a total of 5,093 total homeless individuals in the city of San Diego, of which 2,745 are living without shelter on San Diego streets, in canyons, beaches, riverbeds, parks, or in vehicles. The HUD Office of Community Planning and Development's 2015 Annual Homeless Assessment Report to Congress estimated that San Diego County has the fifth largest homeless population in the nation.

As a condition of the Housing Commission loan commitment, The Nook will restrict 10 percent of its units at or below 65 percent of the Area Median Income for a 55-year term and the remaining 90 percent of the apartments will be restricted at or below 80 percent of the Area Median Income for a 30-year term, as shown in Table 7.

Table 7 - Proposed Rents

Unit Type	AMI	Number of Units	Gross Rent	Estimated Market Rents	Rent Savings Per Unit
SRO (VASH)	30%	8	\$426	\$1,250	\$824
SRO	65%	2	\$921	\$1,250	\$329
SRO	80%	40	\$1,050	\$1,250	\$200
SRO	80%	40	\$1,150	\$1,250	\$100
1-SRO Mgr	80%	1	-	-	-
Total		91			

A portion of the targeted tenant population is extremely low-income and does not typically have a stable source of income to pay rent. The Housing Commission has awarded the developer eight HUD-VASH Vouchers to supplement tenant rental payments and subsidize the provision of services for these households.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Fiscal Year 2017 (July 1, 2016 – June 30, 2017) Housing Authority Approved Budget. Approving this action will authorize the Housing Commission to expend an amount up to \$750,000.

Funding sources approved by this action will be as follows:

HUD HOME Investment Partnership Program Funds – \$750,000

Total Funding Sources - Up to \$750,000

Approving this action will further give the President & CEO, or designee, the authority to substitute the funding sources with other funding sources available, should the operational need arise or should such action be to the benefit of the Housing Commission and its mission.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

This project was presented to the Housing Commission's Real Estate Committee on Friday, July 1.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The project will be presented to the Downtown Community Planning Council on July 20, 2016.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Trestle, NHC, Glamor Investments, the Housing Commission, and the downtown community. Development of the property is expected to have a positive impact on the community because it will redevelop a currently damaged and vacant site into affordable rental units serving low-income individuals and homeless veterans.

ENVIRONMENTAL REVIEW

The action being taken at this time involves only consideration of a loan. This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of a loan and do not constitute approval of the development activity. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency.

Federal HOME Investment Partnerships Program (HOME) funds constitute a portion of the funding for the project. A final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA.

Respectfully submitted,

Ted Miyahara

Ted Miyahara
Director, Housing Finance
Real Estate Division

Approved by,

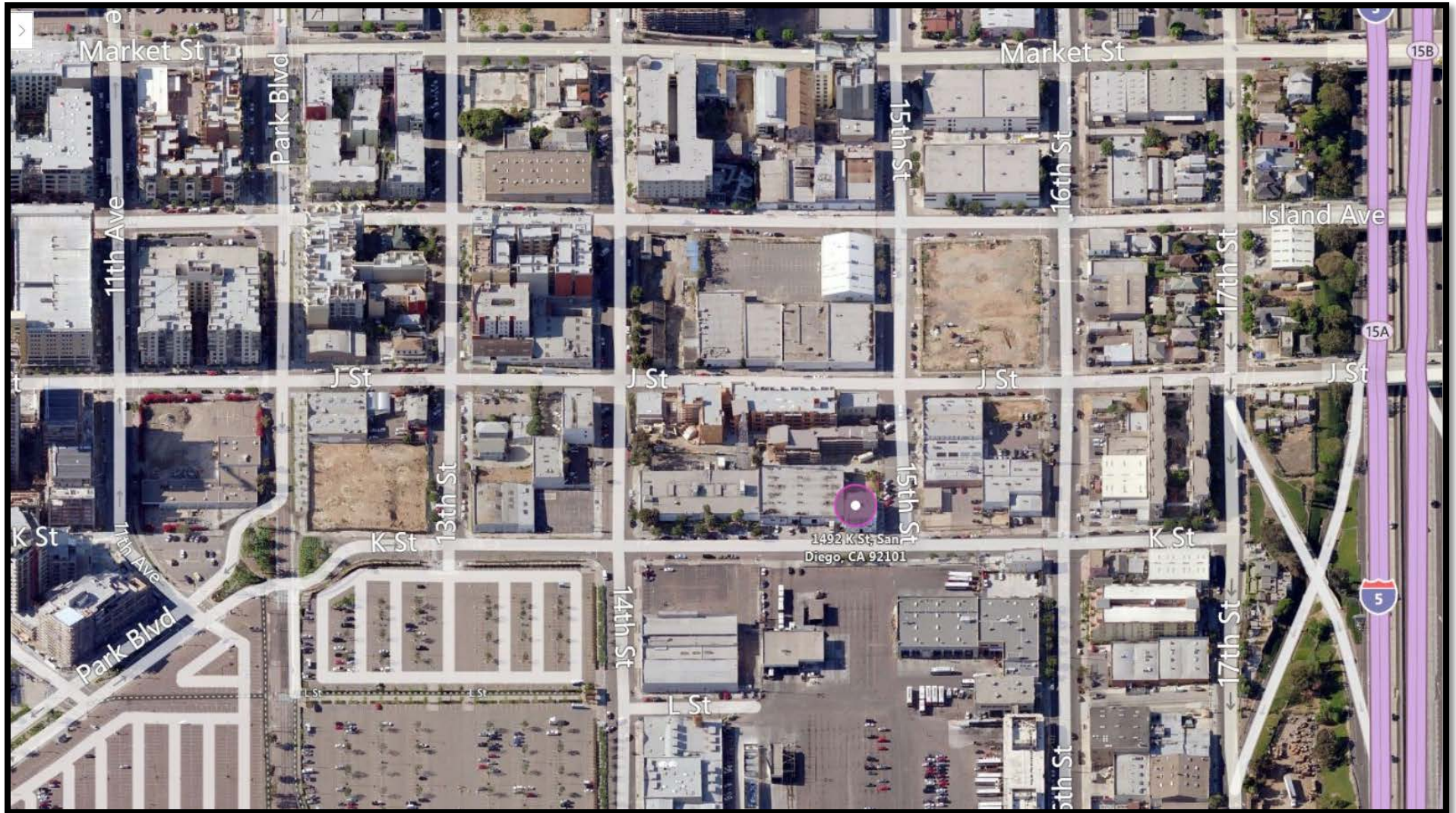
Deborah N. Ruane

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

Attachments: 1) Location Map
2) Development Summary
3) Developer Disclosure Statements
4) Developer's Pro forma
5) Term Sheet

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 – SITE MAP



ATTACHMENT 2 – DEVELOPMENT SUMMARY

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Total		91			



**SAN DIEGO
HOUSING
COMMISSION**

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

1. Name of CONTRACTOR: Trestle Development, LLC
2. Address and ZIP Code: 8749 Alpine Ave., La Mesa, CA 91941
3. Telephone Number: 509-280-5469
4. Name of Principal Contact for CONTRACTOR: David Allen
5. Federal Identification Number or Social Security Number of CONTRACTOR: 46-3897681
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:
October 10, 2013
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 percent 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 percent.(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: David Allen	President/CEO 100%
Address: 8749 Alpine Ave, La Mesa, CA 91941	
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 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent 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	
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: Same as 8	
Address:	
Name:	
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 any 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: N/A	
Address:	
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. See Attached.
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:
The majority of the equity funds will be provided by Glamor Investments, LLC which is wholly owned by Richard and Mary Anne Allgire (See Allgire Disclosure Statement)
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: See Glamor Investments, LLC financial statements.
- a. In banks/savings and loans:
Name:
Address:
Amount: \$

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

Name:

Address:

Amount: \$

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

Description	Market Value (\$)	Mortgages or Liens (\$)

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

Name and Address	Contact Name
Name: Citi Bank	Mike Hemmens
Address: 325 E Hillcrest Dr. Suite 160	805-557-0933
Thousand Oaks, CA 91360	
Name: Opus Bank	Jowanna Cannon
Address: 19900 MacArthur Blvd., 12 th Floor	949-224-8841
Irvine, CA 92612	
Name: Enterprise Community Investments	Chris Walvoord
Address: 1001 SW 5 th Ave, Suite 300	503-553-5658
Portland, OR 97204	

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.

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.

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	Date of Completion	Amount of Bond	Action on Bond
N/A	Contractor uses 3 rd party general contractor			

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:	
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? See Allgire disclosure statement.

☐ Yes ☒ No

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

- 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:

Multi-Family Apartments, both ground up and renovation (mostly affordable housing projects).

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	See Allgire Disclosure Statement	
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
See Allgire Disclosure Statement			

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

Awarding Agency	Amount	Date Opened
See Allgire Disclosure Statement		

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:

See Attached Bio of David Allen/Trestle Development, LLC.

23. Does any member of the governing body of 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 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:

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:

David Allen's professional bio and experience list are attached.

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:

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: Geoff Shelton with BB&T John Burnham Insurance Services. 750 B Street, San Diego, CA 92101. 619-525-2883.

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

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 SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which 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
None			

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,

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)
None					

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 SDHC.

None

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 SDHC.

Contractor has unique experience in developing and operating small unit developments. Trestle Development, LLC is among the first to develop purpose built micro apartments in the State of California and has extensive experience in low income housing finance and structuring.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to 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
07/2015	San Diego Housing Commission	Completed Consulting Contract	\$30,000

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:

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:

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

1. Name: Rick Allgire, Allgire General Contractors
Address: 3278 Grey Hawk Ct. Carlsbad, CA 92010
Phone: 760-431-2999
Project Name and Description: Nook Oakland, Mason Hotel, Knox Glen.
2. Name: Len Brannen: Shelter Resources, Inc.
Address: 2223 112th Avenue NE, Suite 102
Phone: 425-454-8205
Project Name and Description: Norris Place, Fairhaven Manor, Lexy Manor, Madrona Manor.
3. Name: Charlie Pick: Basis Architecture and Consulting
Address: 2130 4th Street, Suite B, San Rafael, CA 94901
Phone: 415-457-6035

Project Name and Description: Norris Place, Fairhaven Manor, Lexy Manor, Madrona Manor, Knox Glen.

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.

Trestle relies on a number of expert outside consultants who are the leaders in their respective fields including Gary Downs of Downs Pham Kuei for transaction structuring, Novogradac and Company CPAs, Tatum Consulting and Management, Joseph Wong Design Associates, and Allgire General Contractors.

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

Name	Experience
Zaheen Chowdhury, Project Manager	8 years in affordable housing finance and development

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 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 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 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 12 day of May, 20 16, at San Diego, California.

CONTRACTOR

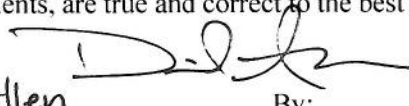
By: 

Signature

President, Trestle Development, LLC
Title

CERTIFICATION

The CONTRACTOR, David Allen / TRESTLE DEVELOPMENT, LLC, 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: David Allen  By: _____

Title: President Title: _____

Dated: 5/12/2016 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

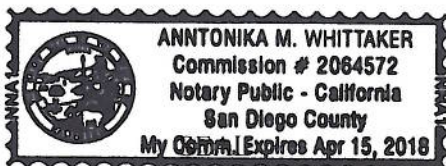
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 12th day of May, 20 16

by David R Allen 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

201328410112

LLC-1

Articles of Organization
of a Limited Liability Company (LLC)

To form a limited liability company in California, you can fill out this form, and submit for filing along with:

- A \$70 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form or document.

Important! LLCs in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

LLCs may not provide "professional services," as defined by California Corporations Code sections 13401(a) and 13401.3.

Note: Before submitting the completed form, you should consult with a private attorney for advice about your specific business needs.

FILED DU
Secretary of State
State of California W
OCT 10 2013

IPC

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

LLC Name

① Trestle Development, LLC

Proposed LLC Name

The name must end with: "LLC," "L.L.C.," "Limited Liability Company," "Limited Liability Co.," "Ltd. Liability Co." or "Ltd. Liability Company;" and may not include: "bank," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp.," "insurer," or "insurance company." For general entity name requirements and restrictions, go to www.sos.ca.gov/business/be/name-availability.htm.

Purpose

② The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the Beverly-Killea Limited Liability Company Act.

LLC Addresses

③ a. 425 W. Beech St #414 San Diego CA 92101
Initial Street Address of LLC City (no abbreviations) State Zip

b. Initial Mailing Address of LLC, if different from 3a City (no abbreviations) State Zip

Service of Process (List a California resident or an active 1505 corporation in California that agrees to be your initial agent to accept service of process in case your LLC is sued. You may list any adult who lives in California. You may not list an LLC as the agent. Do not list an address if the agent is a 1505 corporation.)

④ a. David Allen
Agent's Name

b. 425 W. Beech St #414 San Diego CA 92101
Agent's Street Address (if agent is not a corporation) City (no abbreviations) State Zip

Management (Check only one.)

⑤ The LLC will be managed by:

☒ One Manager ☐ More Than One Manager ☐ All Limited Liability Company Member(s)

This form must be signed by each organizer. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are made part of these articles of organization.


Organizer - Sign here

David Allen

Print your name here

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 944228
Sacramento, CA 94244-2280

Drop-Off
Secretary of State
1500 11th Street., 3rd Floor
Sacramento, CA 95814

NOOK EAST VILLAGE - 80%AMI**PROJECT SUMMARY****PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS****GENERAL INFORMATION**

DRAFT DATE	6/29/16
PROJECT NAME	NOOK EAST VILLAGE - 80%AMI
ADDRESS	1492 K ST
MSA/COUNTY	SAN DIEGO
AREA MEDIAN INCOME	NA
LAST AMGI INCREASE	NA
SPONSOR	TRESTLE
CONSTRUCTION TYPE	WOODFRAME 5 STORY
PROJECT TYPE	80% AMI MICROHOUSING
YEAR BUILT	2017
SITE ACREAGE	0.18
FAR/ZONING	CCPD - 3.5 FAR
TOTAL UNITS/ACRE	91 (approximately 518 units/acre)

SITE YIELD ESTIMATE

SITE SF	7,620
SITE EFFICIENCY	1
BUILDING FLOOR PLATE	6,991
NUMBER OF FLOORS	5
GROSS BUILDING AREA	34,955
COMMON AREA EFFICIENCY	65%
TARGET NET RENTABLE	22,750
<i>Actual NRSF</i>	24,600

OFFICE/RETAIL

0%	1,850
100%	22,750

RESIDENTIAL

ACQUISITION PRICE **\$3,500,000** 459.32 psf

UNIT TYPE	NUMBER OF UNITS	UNIT AREA (SF)	TOTAL AREA (SF)	AVERAGE RENT	RENT PER SF	MONTHLY INCOME
80% AMI	81	250	20,250	\$1,100	\$4.40	\$89,100
65% AMI	2	250	500	\$921	\$3.68	\$1,842
VASH	8	250	2,000	\$1,130	\$4.52	\$9,040

ANNUAL BUDGET

CATEGORY	2015 (BASE YEAR)		2018 (STABILIZED)	
	TOTAL	PER UNIT	TOTAL	PER UNIT
GROSS RESIDENTIAL INCOME	\$1,200,384	\$13,191.03	\$1,239,445	\$13,620.27
LOSS TO LEASE	\$0	\$0	\$0	\$0
VACANCY & RENT ADJUSTMENTS	\$60,019	\$660	\$61,972	\$681
EFFECTIVE GROSS RESIDENTIAL INCOME	\$1,140,365	\$12,531	\$1,177,473	\$12,939
OTHER INCOME	\$29,484	\$324	\$31,280	\$344
NET RESIDENTIAL INCOME	\$1,169,849	\$12,855	\$1,208,752	\$13,283
COMMERCIAL INCOME	\$49,950	\$549	\$52,992	\$582
COMMERCIAL VACANCY	\$2,498	\$27	\$2,650	\$29
NET COMMERCIAL INCOME	\$47,453	\$521	\$50,342	\$553
TOTAL GROSS INCOME	\$1,217,301	\$13,377	\$1,259,094	\$13,836
OPERATING EXPENSES	\$337,028	\$3,704	\$357,387	\$3,927
	27.69%		28.38%	
NET OPERATING INCOME	\$880,273	\$9,673	\$901,708	\$9,909

SOURCES AND USES

	TOTAL	PER UNIT	PER NFSF	% OF TOTAL
SOURCES				
EQUITY	\$2,660,406	\$29,235	\$108.15	19.4%
DEBT - CONSTRUCTION LOAN	\$10,300,000	\$113,187	\$418.70	75.1%
N/A	\$750,000	\$8,242	\$30.49	5.5%
TOTAL SOURCES	\$13,710,406	\$150,664	\$557.33	100%
USES				
LAND & BUILDINGS	\$3,500,000	38,462	\$142.28	25.5%
CONSTRUCTION COSTS	\$8,039,406	88,345	\$326.81	58.6%
PERMITS & FEES	\$100,000	1,099	\$4.07	0.7%
ARCHITECTURE & ENGINEERING	\$222,500	2,445	\$9.04	1.6%
TECHNICAL STUDIES	\$10,000	110	\$0.41	0.1%
OTHER SOFT COSTS	\$535,000	5,879	\$21.75	3.9%
RESERVES	\$0	-	\$0.00	0.0%
FINANCING COSTS	\$428,500	4,709	\$17.42	3.1%
INTEREST DURING CONSTRUCTION	\$375,000	4,121	\$15.24	2.7%
DEVELOPMENT MANAGEMENT FEE	\$500,000	5,495	\$20.33	3.6%
TOTAL USES	\$13,710,406	\$150,664	\$557.33	100.0%

1 PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS

SITE YIELD ESTIMATE

SITE SF		7,620
SITE EFFICIENCY		85%
BUILDING FLOOR PLATE		6,991
NUMBER OF FLOORS		5.00
GROSS BUILDING AREA		34,955
COMMON AREA EFFICIENCY		65%
TARGET NET RENTABLE		22,750
	<i>Actual NRSF</i>	24,600
OFFICE/RETAIL		8%
RESIDENTIAL		92%
		1,850
		22,750
ACQUISITION PRICE		\$3,500,000
		459.32

M1: 435 13th

M2: 434 13th

ANNUAL INCOME:	\$1,200,384
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UNIT TYPE	CURRENT RENTS	POST REHAB RENTS	MARKET RENTS
STUDIO	\$0.00	\$0.00	\$1,150.00
ONE BEDROOM	\$0.00	\$0.00	\$0.00
TWO BEDROOM	\$0.00	\$0.00	\$0.00
THREE BEDROOM	\$0.00	\$0.00	\$0.00
FOUR BEDROOM	\$0.00	\$0.00	\$0.00

	START MONTH	RENT GROWTH	RES. VACANCY	COMM. VACANCY
YEAR 1	10/1/15	3.00%	5.00%	5.00%
YEAR 2	1/1/16	3.00%	5.00%	5.00%
YEAR 3	1/1/17	3.00%	5.00%	5.00%
YEAR 4	1/1/18	3.00%	5.00%	5.00%
YEAR 5	1/1/19	3.00%	5.00%	5.00%

67	UTILITY ALLOWANCE	0	1	2	3	4
68	HEATING (G)	\$0	\$0	\$0	\$0	\$0
69	HEATING (E)	\$0	\$0	\$0	\$0	\$0
70	COOKING (G)	\$0	\$0	\$0	\$0	\$0
71	COOKING (E)	\$0	\$0	\$0	\$0	\$0
72	WATER (G)	\$0	\$0	\$0	\$0	\$0
73	WATER (E)	\$0	\$0	\$0	\$0	\$0
74	OTHER (E)	\$0	\$0	\$0	\$0	\$0
75	TOTAL	\$0	\$0	\$0	\$0	\$0

OPERATING EXPENSES

			CURRENT BUDGET		
CATEGORY	INPUT	DRIVER	TOTAL	PER UNIT	TRENDING
ADMINISTRATIVE			Trending Starts ---> 10/1/15		
ACCOUNTING	\$2,400	Total	\$2,400	\$26	3.00%
ADVERTISING	\$50	Per Unit	\$4,550	\$50	3.00%
OFFICE SUPPLIES	\$1,500	Total	\$1,500	\$16	3.00%
TELEPHONE	\$6,500	Total	\$6,500	\$71	3.00%
LEGAL	\$5,000	Total	\$5,000	\$55	3.00%
CONSULTANTS	\$2,400	Total	\$2,400	\$26	3.00%
MISC ADMIN	\$1,500	Total	\$1,500	\$16	3.00%
TOTAL ADMINISTRATIVE			\$23,850	\$262	
MANAGEMENT FEE					
	4.00%	Per Unit	\$48,692	\$535	3.00%
PAYROLL AND BENEFITS					
MANAGER SALARY	\$32,000	Total	\$32,000	\$352	3.00%
MAINTENANCE SALARY	\$15,000	Total	\$15,000	\$165	3.00%
LEASING SALARY	\$0	Total	\$0	\$0	3.00%
PAYROLL TAXES	10.00%	of payroll	\$4,700	\$52	3.00%
WORKER'S COMP	8.00%	of payroll	\$3,760	\$41	3.00%
EMPLOYEE BENEFITS	\$4,000	Total	\$4,000	\$44	3.00%
TOTAL PAYROLL AND BENEFITS			\$59,460	\$653	
UTILITIES					
INTERNET	\$0	Total	\$0	\$0	3.00%
GAS	\$150	Per Unit	\$13,650	\$150	3.00%
ELECTRICITY	\$450	Per Unit	\$40,950	\$450	3.00%
WATER	\$125	Per Unit	\$11,375	\$125	3.00%
SEWER	\$125	Per Unit	\$11,375	\$125	3.00%
GARBAGE	\$100	Per Unit	\$9,100	\$100	3.00%
TOTAL UTILITIES			\$86,450	\$950	
OPERATING & MAINTENANCE					
REPAIR - CONTRACT	\$150	Per Unit	\$13,650	\$150	3.00%
REPAIR - SUPPLIES	\$100	Per Unit	\$9,100	\$100	3.00%
JANITORIAL	\$150	Per Unit	\$13,650	\$150	3.00%
TURNOVER	\$100	Per Unit	\$9,100	\$100	3.00%
ELEVATOR	\$7,500	Total	\$7,500	\$82	3.00%
LANDSCAPING	\$0	Total	\$0	\$0	3.00%
PEST CONTROL	\$2,400	Total	\$2,400	\$26	3.00%
SECURITY	\$0	Total	\$0	\$0	3.00%
MISC O&M	\$2,500	Total	\$2,500	\$27	3.00%
TOTAL OPERATING AND MAINTENANCE			\$57,900	\$636	
TAXES AND INSURANCE					
REAL ESTATE TAXES	\$162,525	Total	\$162,525	\$1,786	2.00%
TAX EXEMPTION	95%	of RE TAX	(\$154,399)	-\$1,697	2.00%
INSURANCE	\$200	Per Unit	\$18,200	\$200	3.00%
MISC T&I	\$2,500	Total	\$2,500	\$27	3.00%
TOTAL TAXES AND INSURANCE			\$28,826	\$317	
REPLACEMENT RESERVE					
	\$200	Per Unit	\$18,200	\$200	3.00%
OTHER (SDHC COMPLIANCE M					
	\$150	Per Unit	\$13,650	\$150	3.00%
TOTAL EXPENSES			\$337,028	\$3,704	

STABILIZED BUDGET		1/1/18
TOTAL	PER UNIT	
\$2,546	\$28	
\$4,827	\$53	
\$1,591	\$17	
\$6,896	\$76	
\$5,305	\$58	
\$2,546	\$28	
\$1,591	\$17	
\$25,302	\$278	
\$51,657	\$568	
\$33,949	\$373	
\$15,914	\$175	
\$0	\$0	
\$4,986	\$55	
\$3,989	\$44	
\$4,244	\$47	
\$63,081	\$693	
\$0	\$0	
\$14,481	\$159	
\$43,444	\$477	
\$12,068	\$133	
\$12,068	\$133	
\$9,654	\$106	
\$91,715	\$1,008	
\$14,481	\$159	
\$9,654	\$106	
\$14,481	\$159	
\$9,654	\$106	
\$7,957	\$87	
\$0	\$0	
\$2,546	\$28	
\$0	\$0	
\$2,652	\$29	
\$61,426	\$675	
\$169,091	\$1,858	
-\$160,636	-\$1,765	
\$19,308	\$212	
\$2,652	\$29	
\$30,415	\$334	
\$19,308	\$212	
\$14,481	\$159	
\$357,387	\$3,927	

NOOK EAST VILLAGE - 80%AMI

PROJECT SCHEDULE

EXPENSE SCHEDULE		LEASE-UP SCHEDULE	
Month	PERCENT OF	EXPENSES	LEASED PERCENT
Jan-16	0%	\$0	0%
Feb-16	0%	\$0	0%
Mar-16	0%	\$0	0%
Apr-16	0%	\$0	0%
May-16	0%	\$0	0%
Jun-16	0%	\$0	0%
Jul-16	0%	\$0	0%
Aug-16	0%	\$0	0%
Sep-16	0%	\$0	0%
Oct-16	0%	\$0	0%
Nov-16	0%	\$0	0%
Dec-16	0%	\$0	0%
TOTAL:		\$0	TOTAL:
Jan-17	0%	\$0	0%
Feb-17	0%	\$0	0%
Mar-17	0%	\$0	0%
Apr-17	0%	\$0	0%
May-17	0%	\$0	0%
Jun-17	0%	\$0	0%
Jul-17	0%	\$0	0%
Aug-17	0%	\$0	0%
Sep-17	0%	\$0	0%
Oct-17	0%	\$0	0%
Nov-17	0%	\$0	0%
Dec-17	0%	\$0	0%
TOTAL:		\$0	TOTAL:
Jan-18	60%	\$18,405	18
Feb-18	70%	\$21,473	36
Mar-18	80%	\$24,541	54
Apr-18	90%	\$27,608	72
May-18	100%	\$30,676	90
Jun-18	100%	\$30,676	90
Jul-18	100%	\$30,676	90
Aug-18	100%	\$30,676	90
Sep-18	100%	\$30,676	90
Oct-18	100%	\$30,676	90
Nov-18	100%	\$30,676	90
Dec-18	100%	\$30,676	90
TOTAL:		\$337,433	TOTAL:

FINANCING ASSUMPTIONS

LENDER	LOAN 1	LOAN 2	LOAN 2
	CONST.	PERM	SDHC
LOAN AMOUNT	\$10,300,000	11,150,000	750,000
INDEX	0.160%	4.750%	3.000%
SPREAD	3.500%	0.000%	0.000%
FLOOR SPREAD	0.590%	0.000%	0.000%
TRUSTEE FEE	0.000%	0.000%	0.000%
OTHER FEES	0.000%	0.000%	0.000%
ALL-IN RATE	4.250%	4.750%	3.000%
AMORTIZATION	-	30	30
TERM	24	30	30
MONTHLY PAYMENT	\$0	\$58,164	\$3,189
ANNUAL PAYMENT	\$0	\$697,964	\$38,264
FIRST PAYMENT DATE	Jul-17	Jan-18	Jan-18

DSCR TEST

	CONST	PERM
NOI	\$880,273	\$901,708
DCSR	1.20	1.25
AMORTIZATION	30.00	30.00
UNDERWRITING RATE	5.00%	4.75%
PAYMENT (INCLUDING SDHC)	\$695,296.39	\$721,366
MAX LOAN (DSCR)	\$10,793,411	\$11,523,849

LTV TEST

	CONST	PERM
NOI	\$880,273	\$901,708
CAP RATE	5.25%	5.25%
VALUE	16,767,105	17,175,386
LTV CONSTRAINT	75.00%	75.00%
MAX LOAN (LTV)	\$12,575,329	\$12,881,539

LTC TEST

TOTAL COST	\$13,710,406
LTC CONSTRAINT	75.00%
MAX LOAN (LTC)	\$10,282,805

MAX LOAN

	\$10,282,805	\$11,523,849
	75.13%	
EQUITY REQUIREMENT	3,410,406	
LESS SDHC	750000	
ADJUSTED EQUITY	2,660,406	

@Stabilization: \$ 1,744,140

ANNUAL BUDGET

CATEGORY	CURRENT BUDGET		Y2		Y2		Y3	
	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT
GROSS POTENTIAL INCOME	\$1,200,384	\$13,191	\$1,239,445	\$13,620	\$1,276,628	\$14,029	\$1,314,927	\$14,450
VACANCY	\$60,019	\$660	\$61,972	\$681	\$63,831	\$701	\$65,746	\$722
LOSS TO LEASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE GROSS RESIDENTIAL INCOME	\$1,140,365	\$12,531	\$1,177,473	\$12,939	\$1,212,797	\$13,327	\$1,249,181	\$13,727
OTHER INCOME	\$29,484	\$324	\$31,280	\$344	\$32,218	\$354	\$33,185	\$365
NET RESIDENTIAL INCOME	\$1,169,849	\$12,855	\$1,208,752	\$13,283	\$1,245,015	\$13,681	\$1,282,365	\$14,092
COMMERCIAL RENT	\$49,950	\$549	\$52,992	\$582	\$54,582	\$600	\$56,219	\$618
COMMERCIAL VACANCY	\$2,498	\$27	\$2,650	\$29	\$2,729	\$30	\$2,811	\$31
NET COMMERCIAL INCOME	\$47,453	\$521	\$50,342	\$553	\$51,853	\$570	\$53,408	\$587
TOTAL GROSS INCOME	\$1,217,301	\$13,377	\$1,259,094	\$13,836	\$1,296,867	\$14,251	\$1,335,773	\$14,679
OPERATING EXPENSES	\$337,028	\$3,704	\$357,387	\$3,927	\$368,108	\$4,045	\$379,152	\$4,167
	27.69%							
NET OPERATING INCOME	\$880,273	\$9,673	\$901,708	\$9,909	\$928,759	\$10,206	\$956,622	\$10,512
DEBT SERVICE			\$736,229	\$8,090	\$736,229	\$8,090	\$736,229	\$8,090
NET PARTNERSHIP CASH FLOW	\$880,273	\$9,673	\$165,479	\$1,818	\$192,530	\$2,116	\$220,393	\$2,422

SOURCES & USES

	TOTAL	TOTAL	PER NFSF	% OF TOTAL
SOURCES				
EQUITY	\$2,660,406	\$29,235	\$108.15	19.4%
DEBT - CONSTRUCTION LOAN	\$10,300,000	\$113,187	\$418.70	75.1%
SDHC - SUBORDINATE LOAN	\$750,000	\$8,242	\$30.49	5.5%
TOTAL SOURCES	\$13,710,406	\$150,664	\$557.33	100%
USES				
LAND	\$3,500,000	38,462	\$142.28	25.5%
CONSTRUCTION COSTS	\$8,039,406	88,345	\$326.81	58.6%
PERMITS & FEES	\$100,000	1,099	\$4.07	0.7%
ARCHITECTURE & ENGINEERING	\$222,500	2,445	\$9.04	1.6%
TECHNICAL STUDIES	\$10,000	110	\$0.41	0.1%
OTHER SOFT COSTS	\$535,000	5,879	\$21.75	3.9%
RESERVES	\$0	-	\$0.00	0.0%
FINANCING COSTS	\$428,500	4,709	\$17.42	3.1%
INTEREST DURING CONSTRUCTION	\$375,000	4,121	\$15.24	2.7%
DEVELOPMENT MANAGEMENT FEE	\$500,000	5,495	\$20.33	3.6%
TOTAL USES	\$13,710,406	\$150,664	\$557.33	100.0%

NOOK EAST VILLAGE - 80%AMI

DEVELOPMENT COSTS

Draft Date: 6/30/16

ACQUISITION & CLOSING COSTS

LAND
RESIDENTIAL BUILDINGS
OTHER (SPECIFY)
TOTAL ACQUISITION & CLOSING COSTS

Unit Cost	Cost Driver	Total	Per Unit	PER NFSF	% of Total
100%	of Acq Price	\$3,500,000	\$38,462	\$142.28	25.5%
\$0	Fixed (calc)	\$0	\$0	\$0.00	0.0%
\$0	Total	\$0	\$0	\$0.00	0.0%
		\$3,500,000	\$38,462	\$142.28	25.5%

CONSTRUCTION COSTS

DEMO CREDIT
SITE CONSTRUCTION
CONCRETE
MASONRY
METALS
WOOD & PLASTICS
THERMAL & MOISTURE PROTECTION
DOORS & WINDOWS
FINISHES
SPECIALTIES
EQUIPMENT
FURNISHINGS
SPECIAL CONSTRUCTION (JOINT TRENCH)
CONVEYING SYSTEMS
MECHANICAL
JOINT TRENCH ALLOWANCE
ALLGIRE MARCH 2016 ESTIMATE
CONTRACTOR'S CONTINGENCY
GENERAL CONDITIONS
COST INFLATION
GENERAL LIABILITY INSURANCE
CONTRACTOR'S FEE
OWNER TI ALLOWANCE
OWNER CONTINGENCY
TOTAL CONSTRUCTION COSTS

-\$32,000	total	-\$32,000	-\$352	-\$1.30	-0.2%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$6,459,911	total	\$6,459,911	\$70,988	\$262.60	47.1%
1.50%	of hard costs	\$96,419	\$1,060	\$3.92	0.7%
\$612,971	total	\$612,971	\$6,736	\$24.92	4.5%
0.00%	of hard costs	\$0	\$0	\$0.00	0.0%
0.75%	of hard costs	\$53,530	\$588	\$2.18	0.4%
4.00%	of hard costs	\$287,633	\$3,161	\$11.69	2.1%
\$35,000	total	\$35,000	\$385	\$1.42	0.3%
7.00%	of hard costs	\$525,942	\$5,780	\$21.38	3.8%
		\$8,039,406	\$88,345	\$326.81	58.6%

PERMITS & FEES

PERMIT FEES
WATER SEWER FEES
DEVELOPMENT IMPACT FEES (RTCIP)
CIVIC SAN DIEGO ENTITLEMENT FEES
TRAFFIC CONTROL
SPECIAL INSPECTIONS
TOTAL PERMITS & FEES

\$25,000	total	\$25,000	\$275	\$1.02	0.2%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$50,000	total	\$50,000	\$549	\$2.03	0.4%
\$0	total	\$0	\$0	\$0.00	0.0%
\$25,000	total	\$25,000	\$275	\$1.02	0.2%
		\$100,000	\$1,099	\$4.07	0.7%

ARCHITECTURE & ENGINEERING

ARCHITECTURE
STRUCTURAL ENGINEERING
MEP ENGINEERING
CIVIL ENGINEERING
UTILITY DESIGN
ALTA SURVEY
GEOTECHNICAL OBSERVATION
LANDSCAPE ARCHITECTURE
LEED CERTIFICATION
INTERIOR DESIGN/BRANDING
ROOF TIE OFF (OSHA)
TOTAL ARCHITECTURE & ENGINEERING*

\$50,000	total	\$50,000	\$549	\$2.03	0.4%
\$15,000	total	\$15,000	\$165	\$0.61	0.1%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$10,000	total	\$10,000	\$110	\$0.41	0.1%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$5,000	total	\$5,000	\$55	\$0.20	0.0%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$2,500	total	\$2,500	\$27	\$0.10	0.0%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$30,000	total	\$30,000	\$330	\$1.22	0.2%
\$30,000	total	\$30,000	\$330	\$1.22	0.2%
		\$222,500	\$2,445	\$9.04	1.6%

*All architectural design fees included in price of land

TECHNICAL STUDIES

APPRAISAL
MARKET STUDY
PHASE I & PHASE II
PHYSICAL NEEDS ASSESSMENT
RELOCATION STUDY
LAND VALUE APPRAISAL
OTHER (SPECIFY)
TOTAL TECHNICAL STUDIES

\$7,500	total	\$7,500	\$82	\$0.30	0.1%
\$0	total	\$0	\$0	\$0.00	0.0%
\$2,500	total	\$2,500	\$27	\$0.10	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
		\$10,000	\$110	\$0.41	0.1%

OTHER SOFT COSTS

LEGAL - TRANSACTIONAL
LEGAL - LAND USE
INSURANCE (BUILDER'S RISK & GL)
REAL ESTATE TAXES
CONSTRUCTION MANAGEMENT
INTERIOR DESIGN
TITLE/ESCROW/RECORDING
MARKETING & LEASE-UP
JOB SITE SECURITY
UNIT & COMMON AREA FURNISHINGS
SOFT COST CONTINGENCY
TOTAL OTHER SOFT COSTS

\$25,000	total	\$25,000	\$275	\$1.02	0.2%
\$0	total	\$0	\$0	\$0.00	0.0%
\$60,000	total	\$60,000	\$659	\$2.44	0.4%
\$150,000	total	\$150,000	\$1,648	\$6.10	1.1%
\$0	total	\$0	\$0	\$0.00	0.0%
\$0	total	\$0	\$0	\$0.00	0.0%
\$15,000	total	\$15,000	\$165	\$0.61	0.1%
\$30,000	total	\$30,000	\$330	\$1.22	0.2%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$135,000	total	\$135,000	\$1,484	\$5.49	1.0%
\$100,000	total	\$100,000	\$1,099	\$4.07	0.7%
		\$535,000	\$5,879	\$21.75	3.9%

NOOK EAST VILLAGE - 80%AMI

DEVELOPMENT COSTS

Draft Date: 6/30/16

FINANCING COSTS

CONSTRUCTION ORIGATION LOAN FEE
 CONSTRUCTION LENDER LEGAL
 CONSTRUCTION LENDER INSPECTION FEES
 CONSTRUCTION LENDER EXIT FEE
 PERMANENT LOAN ORIGATION FEE
 LENDER TECHNICAL STUDIES
 CONSTRUCTION LENDER PROCESSING FEE
 MORTGAGE BROKER FEE (CONST)
 MORTGAGE BROKER FEE (PERM)
 PERM LENDER FEES (OTHER)
 SDHC UNDERWRITING FEE
 SDHC LEGAL FEE
 SDHC CONSTRUCTION REVIEW FEE
TOTAL FINANCING COSTS

INTEREST DURING CONSTRUCTION

DEVELOPER/GA FEE

G&A FEE

TOTAL G&A FEE

GRAND TOTAL DEVELOPMENT COSTS

Unit Cost	Cost Driver	Total	Per Unit	PER NFSF	% of Total
1.00%	of loan amount	\$103,000	\$1,132	\$4.19	0.8%
\$15,000	of loan amount	\$15,000	\$165	\$0.61	0.1%
\$15,000	total	\$15,000	\$165	\$0.61	0.1%
0.00%	of loan amount	\$0	\$0	\$0.00	0.0%
0.50%	of loan amount	\$55,750	\$613	\$2.27	0.4%
\$20,000	total	\$20,000	\$220	\$0.81	0.1%
\$5,000	total	\$5,000	\$55	\$0.20	0.0%
0.50%	of loan amount	\$51,500	\$566	\$2.09	0.4%
0.50%	of loan amount	\$55,750	\$613	\$2.27	0.4%
\$15,000	total	\$15,000	\$165	\$0.61	0.1%
\$60,000	total	\$60,000	\$659	\$2.44	0.4%
\$25,000	total	\$25,000	\$275	\$1.02	0.2%
\$7,500	total	\$7,500	\$82	\$0.30	0.1%
		\$428,500	\$4,709	\$17.42	3.1%
\$375,000	Fixed (calc)	\$375,000	\$4,121	\$15.24	2.7%
\$500,000	total	\$500,000	\$5,495	\$20.33	3.6%
		\$500,000	\$5,495	\$20.33	3.6%
		\$13,710,406	\$150,664	\$557.33	100%

NOOK EAST VILLAGE - 80%AMI

ANNUAL CASH FLOW

	1	2	3	4	5	6	7	8	9	10
INCOME:										
GROSS POTENTIAL INCOME	\$1,200,384	\$1,236,396	\$1,273,487	\$1,311,692	\$1,351,043	\$1,391,574	\$1,433,321	\$1,476,321	\$1,520,611	\$1,566,229
VACANCY/RENT ADJUSTMENTS										
VACANCY	\$60,019	\$61,820	\$63,674	\$65,585	\$67,552	\$69,579	\$71,666	\$73,816	\$76,031	\$78,311
LOSS TO LEASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL VACANCIES/RENT ADJUSTMENT:	\$60,019	\$61,820	\$63,674	\$65,585	\$67,552	\$69,579	\$71,666	\$73,816	\$76,031	\$78,311
OTHER INCOME	\$29,887	\$30,784	\$31,707	\$32,659	\$33,638	\$34,648	\$35,687	\$36,758	\$37,860	\$38,996
RESIDENTIAL INCOME	\$1,170,252	\$1,205,360	\$1,241,520	\$1,278,766	\$1,317,129	\$1,356,643	\$1,397,342	\$1,439,262	\$1,482,440	\$1,526,913
COMMERCIAL INCOME										
COMMERCIAL RENT	\$50,633	\$52,152	\$53,717	\$55,328	\$56,988	\$58,698	\$60,459	\$62,272	\$64,141	\$66,065
COMMERCIAL VACANCY	\$2,532	\$2,608	\$2,686	\$2,766	\$2,849	\$2,935	\$3,023	\$3,114	\$3,207	\$3,303
TOTAL COMMERCIAL INCOME	\$48,101	\$49,545	\$51,031	\$52,562	\$54,139	\$55,763	\$57,436	\$59,159	\$60,934	\$62,762
EFFECTIVE GROSS INCOME	\$1,218,354	\$1,254,904	\$1,292,551	\$1,331,328	\$1,371,268	\$1,412,406	\$1,454,778	\$1,498,421	\$1,543,374	\$1,589,675
EXPENSES:										
ADMINISTRATIVE										
ACCOUNTING	\$2,433	\$2,506	\$2,581	\$2,658	\$2,738	\$2,820	\$2,905	\$2,992	\$3,082	\$3,174
ADVERTISING	\$4,612	\$4,751	\$4,893	\$5,040	\$5,191	\$5,347	\$5,507	\$5,672	\$5,843	\$6,018
OFFICE SUPPLIES	\$1,521	\$1,566	\$1,613	\$1,662	\$1,711	\$1,763	\$1,816	\$1,870	\$1,926	\$1,984
TELEPHONE	\$6,589	\$6,787	\$6,990	\$7,200	\$7,416	\$7,638	\$7,867	\$8,104	\$8,347	\$8,597
LEGAL	\$5,068	\$5,220	\$5,377	\$5,538	\$5,705	\$5,876	\$6,052	\$6,233	\$6,420	\$6,613
CONSULTANTS	\$2,433	\$2,506	\$2,581	\$2,658	\$2,738	\$2,820	\$2,905	\$2,992	\$3,082	\$3,174
MISC ADMIN	\$1,521	\$1,566	\$1,613	\$1,662	\$1,711	\$1,763	\$1,816	\$1,870	\$1,926	\$1,984
TOTAL ADMINISTRATIVE	\$24,176	\$24,901	\$25,649	\$26,418	\$27,211	\$28,027	\$28,868	\$29,734	\$30,626	\$31,544
MANAGEMENT FEE	\$49,358	\$50,839	\$52,364	\$53,935	\$55,553	\$57,219	\$58,936	\$60,704	\$62,525	\$64,401
PAYROLL AND BENEFITS										
MANAGER SALARY	\$32,438	\$33,411	\$34,413	\$35,445	\$36,509	\$37,604	\$38,732	\$39,894	\$41,091	\$42,324
MAINTENANCE SALARY	\$15,205	\$15,661	\$16,131	\$16,615	\$17,114	\$17,627	\$18,156	\$18,700	\$19,261	\$19,839
LEASING SALARY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PAYROLL TAXES	\$4,764	\$4,907	\$5,054	\$5,206	\$5,362	\$5,523	\$5,689	\$5,859	\$6,035	\$6,216
WORKER'S COMP	\$3,811	\$3,926	\$4,044	\$4,165	\$4,290	\$4,418	\$4,551	\$4,688	\$4,828	\$4,973
EMPLOYEE BENEFITS	\$4,055	\$4,176	\$4,302	\$4,431	\$4,564	\$4,701	\$4,842	\$4,987	\$5,136	\$5,290
TOTAL PAYROLL AND BENEFITS	\$60,273	\$62,081	\$63,944	\$65,862	\$67,838	\$69,873	\$71,969	\$74,128	\$76,352	\$78,643
UTILITIES										
INTERNET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GAS	\$13,837	\$14,252	\$14,679	\$15,120	\$15,573	\$16,041	\$16,522	\$17,017	\$17,528	\$18,054
ELECTRICITY	\$41,510	\$42,755	\$44,038	\$45,359	\$46,720	\$48,122	\$49,565	\$51,052	\$52,584	\$54,161
WATER	\$11,531	\$11,876	\$12,233	\$12,600	\$12,978	\$13,367	\$13,768	\$14,181	\$14,607	\$15,045
SEWER	\$11,531	\$11,876	\$12,233	\$12,600	\$12,978	\$13,367	\$13,768	\$14,181	\$14,607	\$15,045
GARBAGE	\$9,224	\$9,501	\$9,786	\$10,080	\$10,382	\$10,694	\$11,014	\$11,345	\$11,685	\$12,036
TOTAL UTILITIES	\$87,632	\$90,261	\$92,969	\$95,758	\$98,631	\$101,590	\$104,638	\$107,777	\$111,010	\$114,340

OPERATING & MAINTENANCE										
REPAIR - CONTRACT	\$13,837	\$14,252	\$14,679	\$15,120	\$15,573	\$16,041	\$16,522	\$17,017	\$17,528	\$18,054
REPAIR - SUPPLIES	\$9,224	\$9,501	\$9,786	\$10,080	\$10,382	\$10,694	\$11,014	\$11,345	\$11,685	\$12,036
JANITORIAL	\$13,837	\$14,252	\$14,679	\$15,120	\$15,573	\$16,041	\$16,522	\$17,017	\$17,528	\$18,054
TURNOVER	\$9,224	\$9,501	\$9,786	\$10,080	\$10,382	\$10,694	\$11,014	\$11,345	\$11,685	\$12,036
ELEVATOR	\$7,603	\$7,831	\$8,066	\$8,308	\$8,557	\$8,813	\$9,078	\$9,350	\$9,631	\$9,920
LANDSCAPING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PEST CONTROL	\$2,433	\$2,506	\$2,581	\$2,658	\$2,738	\$2,820	\$2,905	\$2,992	\$3,082	\$3,174
SECURITY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MISC O&M	\$2,534	\$2,610	\$2,689	\$2,769	\$2,852	\$2,938	\$3,026	\$3,117	\$3,210	\$3,307
TOTAL OPERATING AND MAINTENANCE	\$58,692	\$60,453	\$62,266	\$64,134	\$66,058	\$68,040	\$70,081	\$72,184	\$74,349	\$76,580
TAXES AND INSURANCE										
REAL ESTATE TAXES	\$164,009	\$167,290	\$170,635	\$174,048	\$177,529	\$181,080	\$184,701	\$188,395	\$192,163	\$196,007
TAX EXEMPTION	-\$155,809	-\$158,925	-\$162,104	-\$165,346	-\$168,653	-\$172,026	-\$175,466	-\$178,976	-\$182,555	-\$186,206
INSURANCE	\$18,449	\$19,002	\$19,572	\$20,160	\$20,764	\$21,387	\$22,029	\$22,690	\$23,371	\$24,072
MISC T&I	\$2,534	\$2,610	\$2,689	\$2,769	\$2,852	\$2,938	\$3,026	\$3,117	\$3,210	\$3,307
TOTAL TAXES AND INSURANCE	\$29,184	\$29,977	\$30,793	\$31,631	\$32,493	\$33,379	\$34,290	\$35,226	\$36,189	\$37,179
REPLACEMENT RESERVE	\$18,200	\$18,746	\$19,308	\$19,888	\$20,484	\$21,099	\$21,732	\$22,384	\$23,055	\$23,747
OTHER (SDHC COMPLIANCE MONITORII	\$13,650	\$14,060	\$14,481	\$14,916	\$15,363	\$15,824	\$16,299	\$16,788	\$17,291	\$17,810
TOTAL EXPENSES	\$341,165	\$351,318	\$361,774	\$372,542	\$383,631	\$395,051	\$406,812	\$418,924	\$431,398	\$444,244
NET OPERATING INCOME	\$877,188	\$903,586	\$930,777	\$958,786	\$987,636	\$1,017,354	\$1,047,965	\$1,079,497	\$1,111,976	\$1,145,431
DEBT SERVICE: PERM	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964	\$697,964
CASH FLOW AFTER PERM	\$179,224	\$205,622	\$232,813	\$260,822	\$289,672	\$319,390	\$350,001	\$381,533	\$414,012	\$447,467
SDHC INTEREST PAYMENT	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264	\$38,264
NET PARTNERSHIP CASHFLOW	\$140,960	\$167,357	\$194,549	\$222,557	\$251,408	\$281,126	\$311,737	\$343,268	\$375,747	\$409,203
DSCR (ON PERM)	1.26	1.29	1.33	1.37	1.42	1.46	1.50	1.55	1.59	1.64

PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

Nook
1492 K Street ("Property")
July 14, 2016

The San Diego Housing Commission ("Housing Commission") is pleased to submit this non-binding commitment terms summary. This commitment terms summary is not a binding contract. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan ("Housing Commission Loan") to a limited partnership of which Trestle Development, or an affiliate thereof ("Trestle") and GLAMAR Investments, LLC, or an affiliate thereof are co-general partners ("Borrower") with respect to the Property. Closing must occur within six (6) months of Housing Authority of the City of San Diego approval of the Housing Commission Loan, unless an extension is granted by the President & CEO of the Housing Commission in his sole discretion. In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided the Housing Commission Loan is approved by the Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission Loan. In addition, Exhibit A includes the Borrower's proforma which models financial projections of the Project.

1. **Maximum Loan Amount** – Not to exceed \$750,000. To be used for the acquisition, construction and permanent financing of a 90 unit (plus 1 managers' unit) affordable housing project ("Project") located at 1492 K Street (the "Property"). The Housing Commission Loan will be secured by a declaration of covenants, conditions and restrictions and a deed of trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission declaration of covenants, conditions and restrictions and deed of trust shall be subordinated to the deed of trust and security instruments securing the construction and permanent loan.
2. **Loan** – 3% amortized
3. **Term** – 30 years beginning on permanent financing conversion date.
4. **Payments** – Annual payments will be payable beginning on December 31st in the calendar year in which conversion to permanent financing has taken place.
5. **Affordability** – At closing the Borrower and Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions restricting the rent and occupancy of the affordable units to be recorded against the Project. Such Declaration of Covenants, Conditions, and Restrictions shall be a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions. The affordability shall be as follows:

Unit Type	AMI	PSH Units	Affordable Units	Total Units	Term of Restrictions
SRO	30%	8	-	8	55 Years
SRO	65%	-	2	2	55 Years
SRO	80%	-	80	80	30 Years
SRO - Manager	80%	-	1	1	30 Years
Total		8	83	91	

The project will be subject to two (2) low and six (6) high HOME units. HOME units shall be floating.

6. **Funding Sources** –The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds, including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. Borrower should be familiar with the HOME program rules and regulations, Federal Davis- Bacon law and Section 3.
7. **Prevailing Wages** - It is not anticipated that the Project will be subject to Federal Davis-Bacon prevailing wage rates based upon the proposed funding sources committed by the Housing Commission.
8. **Sources of Funding** –

Sources of Funding	
Conventional Loan	\$10,300,000
Borrower Equity	2,660,406
Housing Commission	750,000
Estimated Total Development Cost	\$13,710,406

9. **Debt Service Coverage Ratio** - Prior to closing, subject to lender underwriting criteria and requirements, the Housing Commission Loan amount will be adjusted (with a commensurate adjustment to the permanent loan amount) to an amount necessary for the permanent loan and Housing Commission hard debt service to achieve a projected debt service coverage ratio that is between 1.15 and 1.20. If at closing the project exceeds a 1.20 debt service coverage ratio, then, the Housing Commission Loan will be reduced (and the permanent loan amount will be increased to achieve the required 1.20 debt service coverage ratio). In no event however, will the Housing Commission subsidy exceed \$750,000.
10. **Financing Gap** - The Borrower will cover any financing gap with its equity, its developer fee and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld.
11. **Developer Fee** – The maximum developer fee that may be collected is capped at \$500,000. The Borrower's proforma does not currently model any deferred developer fee.
12. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
13. **Competitively Bid Project** – The construction contract shall be competitively bid to at least three qualified general contractors or three qualified subcontractors for each major trade involved in the construction of the project. Borrower will submit the competitive bids to the Housing Commission for review and approval prior to closing.
14. **General Contractor Requirements** – General requirements, profit and overhead of the general contractor shall be limited to 15%.
15. **Contingency** - 5% of the Housing Commission loan amount will be withheld as contingency and will be paid upon conversion to permanent financing. This contingency amount will be reduced by any project cost savings.

16. **Replacement Reserve** – The annual replacement reserve beginning in the first year of operations will be \$18,200 (\$200 per unit per year) Deposits shall not escalate more than 3% per year.
17. **Loan Disbursement Schedule** – Upon submittal and approval of eligible costs, and subject to construction lender approval, the Housing Commission Loan will be disbursed as follows: up to fifty percent (50%) at escrow closing, up to twenty-five percent (25%) at fifty percent (50%) construction completion, up to twenty percent (20%) upon issuance of a Certificate of Occupancy, and up to five percent (5%) upon construction loan payoff. The President and Chief Executive Officer is authorized to modify the Housing Commission loan disbursement schedule in his sole reasonable discretion.
18. **SDHC Monitoring Fees** – Upon lease up activities requiring Housing Commission Compliance Monitoring Department review and approvals, Borrower will pay annual monitoring fee in accordance with the then-existing Housing Commission fee schedules.
19. **SDHC Legal Fees** – Borrower will pay Housing Commission legal fees of \$25,000 at escrow closing.
20. **Cost Recovery Fee** – Borrower to pay Housing Commission cost recovery fee of \$60,000 at escrow closing.
21. **Capitalized Asset Management Fee** – Borrower to pay Housing Commission 15-year capitalized asset management fee of \$15,000 at escrow closing.
22. **Closing Costs** – Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an ALTA lenders policies for the Housing Commission Loan, with endorsements acceptable to the Housing Commission, insuring the Housing Commission Loan lien priority as referenced in this letter.
23. **Additional Conditions** – The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.
24. **Insurance** – Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake insurance (to the extent the Project has a PLM of 20 or greater), in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insured for General Liability Insurance and Property Insurance and the San Diego Housing Commission shall be endorsed as a loss payee of the Property Insurance.
25. **Cure Rights** – The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
26. **Management Plan**
 - a. Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial

and periodic approval by the Housing Commission, in its reasonable discretion and subject to lender approval.

- b. **Approval of Management** – The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the project.
- c. **Marketing Plan** – To ensure compliance with HOME regulations and with federal fair housing requirements prior to occupancy the borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Grant Development and Compliance Division.

27. **ALTA Lender's Policy** - The Borrower shall acquire, at its sole cost and expense, ALTA Lender's Policies for the loan with endorsements acceptable to the Housing Commission insuring the Housing Commission's lien position.

28. **Environmental Requirements** – Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this project.

29. **Third-Party Construction Cost Review**- The San Diego Housing Commission has the right to engage a third-party cost review. The Borrower will reimburse the Housing Commission at closing for all cost review expenses. Third-party construction cost review is estimated at \$7,500.

ACKNOWLEDGED AND AGREED TO BY:


Trestle Development

By: 

Print Name: David Allen

Its: Manager

GLAMAR Investments, LLC

By: 

Print Name: RICHARD W. ALLIGIER

Its: MEMBER