



REPORT

DATE ISSUED: September 29, 2016

REPORT NO: HCR16-091

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of October 7, 2016

SUBJECT: Preliminary Bond Authorization for Casa Puleta Apartments

COUNCIL DISTRICT: 8

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 rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable housing rental development, located in the Southeastern San Diego 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) 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 Casa Puleta Apartments, a 54-unit multifamily affordable housing rental development, located in the Southeastern San Diego community, which will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$6,250,000 in Multifamily Housing Revenue Bonds for the redevelopment of Casa Puleta Apartments by a limited partnership formed by Willow Partners, LLC (Willow Partners);
 - 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 \$6,250,000 for Casa Puleta Apartments;
 - c. Approve the financing team of Quint & Thimmig as Bond Counsel and Public Financial Management (PFM) 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 \$6,250,000; and
- 2) Grant an exemption relating to Section 3.2 of the Housing Commission's Multifamily Housing Revenue Bond Program Policy P.O. 300.301, to authorize the use of the California Tax-Credit Allocation Committee's methodology for calculating rents for the affordable units; and

- 3) 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	1145 S. 45 th Street
Council District	8
Community Plan Area	Southeastern San Diego
Development Type	Rehabilitation
Construction Type	Type V
Parking Type	Surface & Tuck Under
Housing Type	Multifamily
Lot Size	Approximately 2.10 acres, 91,476 square feet
Units	54
Density	25.71 dwelling units per acre
Affordable Unit Mix	11 two-bedroom units, 26 three-bedroom units, 16 four-bedroom units and 1 three-bedroom manager's unit
Gross Building Area	59,351 square feet
Net Rentable Area	57,351 square feet

The Development

Casa Puleta is an existing 54-unit multifamily rental housing development located at 1145 S. 45th Street in the Southeastern San Diego Community Plan Area (Attachment 2 – Site Map). The development consists of 5 three-story Type V walk-up apartment buildings. Casa Puleta includes 11 two-bedroom units, 27 three-bedroom units, and 16 four-bedroom units. Current amenities include a leasing office, laundry facilities, a community center, and a residential services building.

Building Condition/Proposed Rehabilitation Work

Casa Puleta was constructed in 2002 and requires rehabilitation to address immediate and long-term capital needs. The developer is requesting the issuance of up to \$6,250,000 in Multifamily Housing Revenue Bonds to finance the rehabilitation of the property to extend its useful life and maintain its marketability. The scope of the proposed rehabilitation includes comprehensive improvements to all unit interiors. Unit interiors will be renovated with new countertops, Energy-Star appliances, new cabinets, fixtures, and flooring. In addition, air conditioning units and water heaters will be replaced. Exterior renovations include the installation of solar panels and the renovation of an existing clubhouse.

Project Sustainability

Casa Puleta will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over current conditions. Additional sustainability and water preservation features may be implemented in the final scope of work, pending the completion of a Physical Needs Assessment.

Development Team

During the 15-year tax credit compliance period, Casa Puleta will be owned by a California limited partnership (a single-asset limited partnership) that will include: an affiliate of Willow Partners as the Administrative General Partner, an affiliate of AOF/Pacific Affordable Housing Corporation (AOF) as the Managing General Partner and City Real Estate Advisors as the tax-credit investor limited partner. A statements for public disclosure for Willow Partners is included in Attachment 3.

Willow Partners, LLC is an affordable housing developer based in Westlake Village, California. Since 1997, the firm has developed 16 properties that provide 1,100 units to families and seniors across the state of California. Willow Partners is involved in all aspects of development, including site selection, entitlements, financing, construction oversight, and asset management. After the property has been rehabilitated, the firm will provide asset management, including oversight of on-site operations, property management compliance monitoring, and on-site resident services.

AOF/Pacific Affordable Housing Corp. was incorporated in 1997 as a nonprofit corporation organized under the laws of the State of California. It is a subordinate of The American Opportunity Foundation, Inc. ("AOF"), a Georgia nonprofit corporation, which is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. AOF has received a group exemption as a central organization whose subordinates are recognized as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. AOF/Pacific Affordable Housing Corp., which has no stockholders and is governed by a board of trustees, was organized to acquire, rehabilitate, sell, or operate affordable housing for moderate- to low-income, elderly, and/or mentally or physically challenged individuals or families. AOF/Golden State Community Development Corp., a Community Housing Development Organization, is a sister organization to AOF/Pacific.

Table 2 - Development Team Summary

ROLE	FIRM/CONTRACT
Owner	Casa Puleta Apartments, LP
Administrative General Partner	WP Casa Puleta, LLC
Managing General Partner	AOF Casa Puleta, LLC
Developer	Willow Partners, LLC
Architect	John Stewart Construction & Maintenance Services
Property Management	John Stewart Management
Land Owner/Seller	Sun America Housing Fund 1072, LP

Financing Structure

Casa Puleta has an estimated total development cost of \$10,472,475 and an estimated total per unit cost of \$193,935 per unit. It will be financed with a combination of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, income from operations, General Partner (GP) equity and a deferred developer fee.

There will be no Housing Commission loan on this rehabilitation 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 – Casa Puleta Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Tax-Exempt Permanent Loan	\$5,400,000	Acquisition Costs	\$6,233,000
General Partner Equity	\$296,904	Hard Costs	\$1,322,193
		Hard Cost Contingency	\$100,000
Refundable Good Faith Deposit	\$108,000	Soft Costs	\$797,250
4% Tax-Credit Equity	\$3,925,775	Financing Costs	\$735,228
Income from Operations	\$116,566	Reserves	\$26,000
Deferred Developer Fee	\$625,230	Developer Fee	\$1,258,804
Total Development Cost	\$10,472,475	Total Development Cost	\$10,472,475

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	$\$10,472,475 \div 54 \text{ units} =$	\$193,935
Land Cost Per Unit	$\$6,233,000 \div 54 \text{ units} =$	\$115,426
Gross Building Square Foot Hard Cost	$\$1,422,194 \div 59,351 \text{ sq. ft.} =$	\$24
Net Rentable Square Foot Hard Cost	$\$1,422,194 \div 57,351 \text{ sq. ft.} =$	\$25

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 and project size.

Table 5 – Comparable Developments

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq. Ft.
Subject Site – Casa Puleta	2016	V	54	\$10,472,475	\$193,945	\$0	\$24
Knox Glen	2012	V	54	\$10,193,542	\$188,769	\$48,491	\$31
Mayberry Townhomes	2015	V	70	\$16,088,677	\$229,838	\$12,965	\$40
Juniper Gardens	2013	V	40	\$12,260,064	\$306,502	\$71,103	\$66

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 November 2016 for a January 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 \$6,250,000. 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 \$6,250,000 bond allocation that will be sought from CDLAC is approximately 15 percent higher than the \$5,400,000 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, rehabilitation 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 Public Financial Management as Financial Advisor and Quint & Thimmig LLP 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
<ul style="list-style-type: none"> Housing Authority for preliminary consideration City Council IRS-required TEFRA hearing CDLAC bond application TCAC 4% tax-credit application CDLAC and TCAC allocation meetings Housing Commission proposed final bond authorization Housing Authority proposed final bond authorization Estimated bond issuance and escrow closing Estimated start of rehabilitation Estimated completion of rehabilitation 	<ul style="list-style-type: none"> October 25, 2016 October 25, 2016 November 18, 2016 November 18, 2016 January 2017 February 2017 February 2017 February 2017 February 2017 August 2017

Prevailing Wages

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

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Casa Puleta would restrict:

- Approximately 10 percent of its units to households with incomes at or below 30 percent of San Diego Area Median Income (AMI), currently \$25,500 per year for a family of four;
- Approximately 10 percent of the units to households at or below 40 percent AMI, currently \$34,000 per year for a family of four; and
- Approximately 50 percent of the units to households at or below 50 percent AMI, currently \$42,500 per year for a family of four; and
- Approximately 30 percent of the units to households at or below 60 percent AMI, currently \$51,000 per year for a family of four.

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

Table 6 – Casa Puleta Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents
2-bedroom	TCAC	30% AMI	6	\$573
2-bedroom	TCAC	40% AMI	5	\$765
3-bedroom	TCAC	40% AMI	1	\$884
3-bedroom	TCAC	50% AMI	25	\$1,105
4-bedroom	TCAC	50% AMI	2	\$1,232
4-bedroom	TCAC	60% AMI	14	\$1,479
3 Bedroom–Manager		n/a	1	-
Total			54	

Exemption to Section 3.2 of the Multifamily Housing Revenue Bond Program Policy P.O. 300.301

Affordable housing rent and income restrictions vary depending upon funding sources and program regulations. Section 3.2 of the Housing Commission's Multifamily Housing Revenue Bond Program Policy (P.O. 300.301) stipulates that household size is to be determined by adding one person to the unit's bedroom size; for example the rent for a three-bedroom unit would be based on household income for a four-person household (3 + 1). This policy differs from TCAC's methodology which is to multiply the bedroom count by 1.5 persons; for example, a three-bedroom unit under TCAC's program would permit a household size of 4.5 persons (1.5 x 3). This policy difference results in lower rents under the Housing Commission's bond policy for three- and four-bedroom units at the 50 percent and 60 percent AMI income levels. The developer has requested an exemption to the Housing Commission's policy in order to keep rents consistent with TCAC rents and maintain the feasibility of the project. The project in question has been in operation utilizing TCAC rents since 2002, and the developer has indicated that project cash flows would be impacted to the point of significant financial hardship under Housing Commission policy, thereby reducing the overall permanent loan amount and thus making the project infeasible.

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 - \$15,625

Funding uses approved by this action will be as follows:

Housing Commission Rental Housing Finance Program Administration Costs - \$15,625

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

Willow Partners will present the development as an informational item to the Southeastern San Diego Community Planning Group prior to final bond authorization.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Willow Partners, the Southeastern San Diego community and residents. Rehabilitation of the property is expected to have a positive impact on the community because it will provide the needed capital improvements to the property and preserve the affordability of Casa Puleta.

ENVIRONMENTAL REVIEW

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Casa Puleta is an

existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities. 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

Table 1 – Development Details

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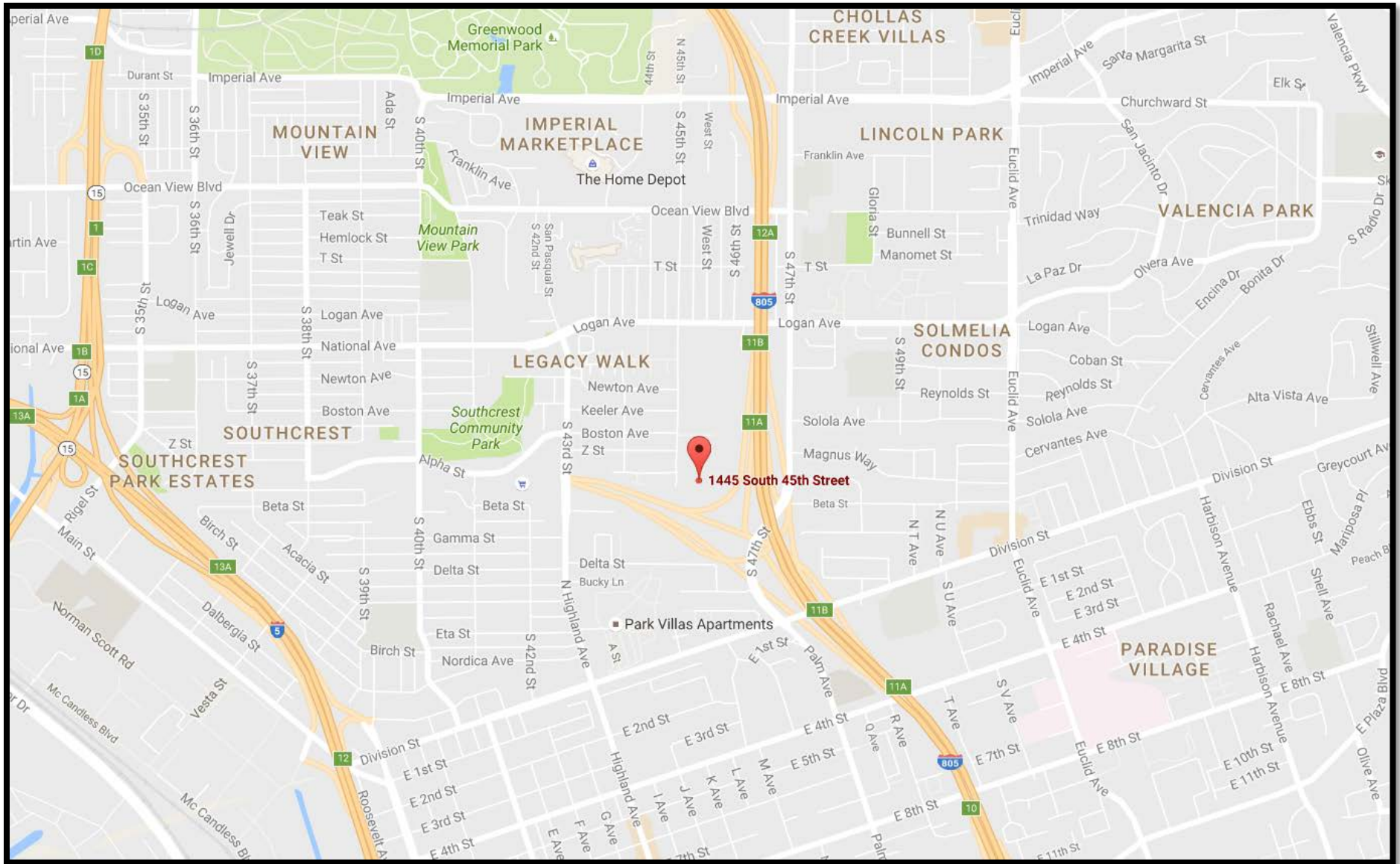
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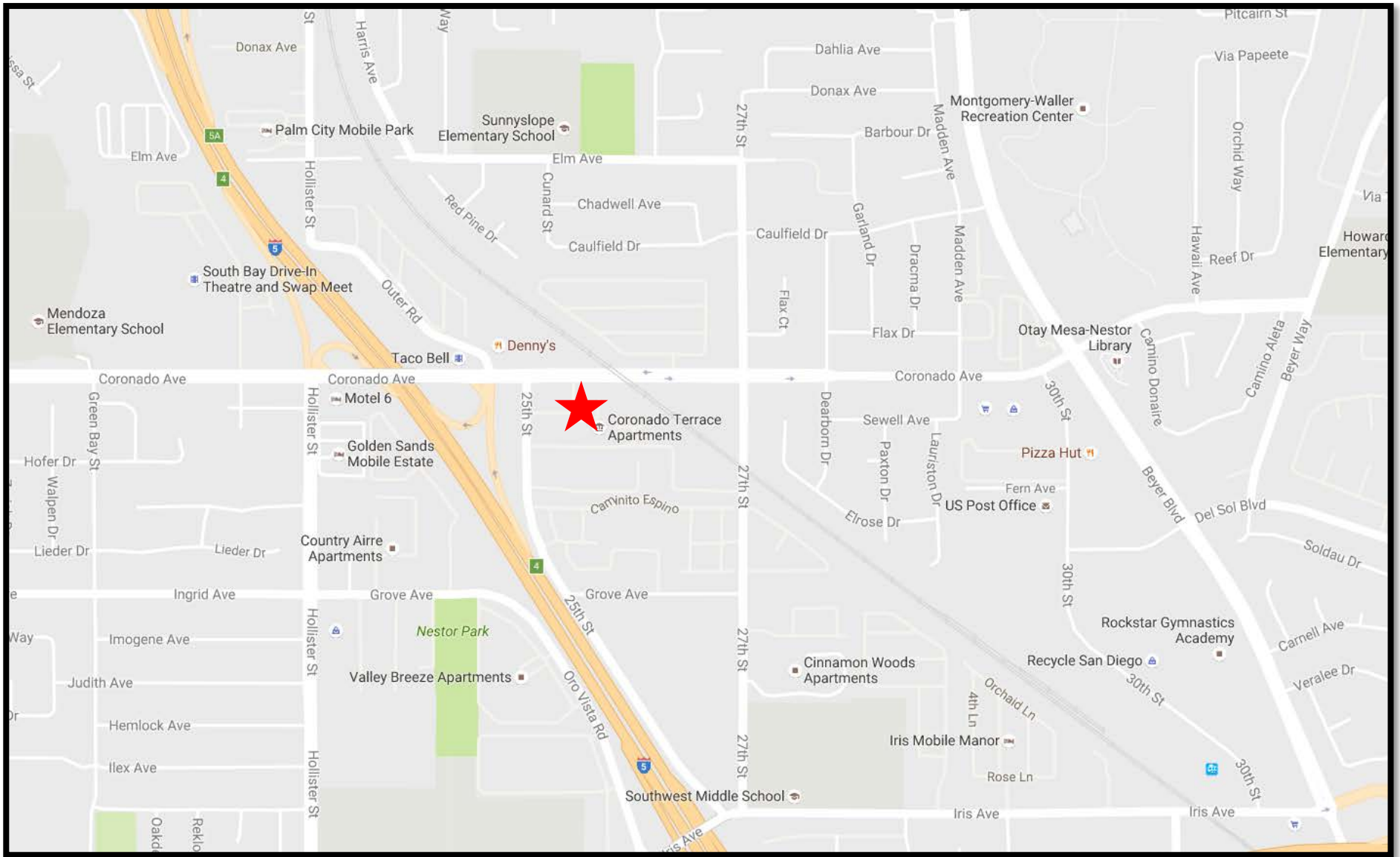
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Total			54	

ATTACHMENT 2 – SITE MAP



ATTACHMENT 2 – SITE MAP





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

1. Name of CONTRACTOR: Willow Partners, LLC
2. Address and Zip Code: 310 N. Westlake Blvd., Ste. 210, Westlake Village, CA 91362
3. Telephone Number: 805-379-8555
4. Name of Principal Contact for CONTRACTOR: Laura Slajchert
5. Federal Identification Number or Social Security Number of CONTRACTOR: 77-0462802
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.

X Other (explain) Limited liability company (documents attached)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

July 31, 1997

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: G. Davis Slajchert	Managing Member – 50%
Address: 310 N. Westlake Blvd., Ste. 210	
Westlake Village, CA 91362	
Name: Laura Slajchert	Managing Member – 50%
Address: 310 N. Westlake Blvd., Ste. 210	
Westlake Village, CA 91362	
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 change
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 change
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): None

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
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: None

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
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: NHPAHP Villa Paloma LP	Contractor is a member of the Administrative GP LLC of this limited partnership
Address: 310 N. Westlake Blvd., Ste. 210	
Westlake Village, CA 91362	
Name: NHPAHP Kimberly Park LP	Same as above
Address: same as above	
Name: NHPAHP Casa Puleta Apartments LP	Same as above
Address: same as above	
WP Kearney Palms I LP, WP Kearney Palms II LP, WP Kearney Palms III LP, WP Hacienda Heights Apartments LP, WP Plaza Apartments LP, WP Overland Court LP, WP Palmer Senior Apartments LP, WP Palmer Family Apartments LP	Same as above
Address is same as above	

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.

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:
- TE Bonds
 - 4% Tax Credits (LIHTC Investor Equity)
 - Deferred Developer Fee

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: Citibank

Address: 787 W. 5th Street

Los Angeles, CA 90071

Amount: \$ 1m+

By loans from affiliated or associated corporations or firms: NA

Name:

Address:

Amount: \$

b. 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 Private Bank	Jessie Hall
Address: 2425 E. Camelback Rd. #800	
Phoenix, AZ 85016 – (602) 667-8943	
Name: Bonneville Mortgage	Rob Hall
Address: 111 E. Broadway #200	
Salt Lake City, UT 84111 – (801)323-1080	
Name: Rabobank	Sev Jierian
Address: 45 E. River Park Place West	
Fresno, CA 93720 – (559) 430-3705	

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: Not Applicable

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

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: An unaffiliated contractor will be used.

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?

☐ 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: \$_____

General description of such work:

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		
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

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

Awarding Agency	Amount	Date Opened

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:

Please see attached resumes for Willow Partners and John Stewart Construction Services. Additionally, a detailed job cost estimate has been attached for the rehabilitation of the project.

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 X 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:

Resume is attached.

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

☐ Yes X 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:

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

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)]
- c. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- e. 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: None

Government Complaint	Entity	Making	Date	Resolution

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 X 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: None

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

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.

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 the SDHC.

Willow Partners, LLC (Contractor) has been the general partner of the partnership which owns the property for the past 14 years. Our experience with the management and residents, many of whom have lived at the property for over ten years is invaluable during the rehabilitation process which will occur. Willow Partners has been involved in the development, ownership and management of affordable housing since 1997. A loan commitment for the re-financing of the Casa Puleta Apartments has been secured as well as a commitment from an investor for the tax credit equity. Willow Partners is partnering with John Stewart Construction Services to oversee the third party general contractor through the completion of the rehabilitation of the property. John Stewart's resume is attached.

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: None

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

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 X 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 X No

If yes, explain:

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

1. Name: Neal Arthur

Address: 2205 Congress Street, Ste. 220, San Diego, CA 92110

Phone: 619-299-5112

Project Name and Description: Casa Puleta Apartments, Plaza City Apartments

2. Name: Lori Horn

Address: 888 S. Figueroa Street, Ste. 700, Los Angeles, CA 90017

Phone: 213-833-1830

Project Name and Description: Villa Paloma Apts., Kimberly Park Apts., Casa Puleta Apartments, Plaza Apartments

3. Name: Barry Weber
 Address: 5120 Shoreham Place #150, San Diego, CA 92112
 Phone: 858-623-4942
 Project Name and Description: Plaza Apartments

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.
Please see attached resume.

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

Name	Experience
Dan Levine John Stewart Construction & Maintenance Services 1388 Sutter Street, 11 th FL San Francisco, CA 94109	Please see attached resume/brochure

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 19th day of September 20, 2016, at San Diego, California.

CONTRACTOR

By: _____

Signature

Managing Member

Title

CERTIFICATION

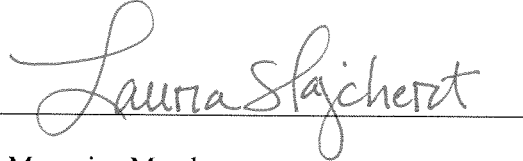
The CONTRACTOR, Willow Partners, LLC, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge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

By: G. Davis Slajchert

By: Laura Slajchert



Title: Managing Member



Title: Managing Member

Dated: September 19, 2016

Dated: September 19, 2016

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.

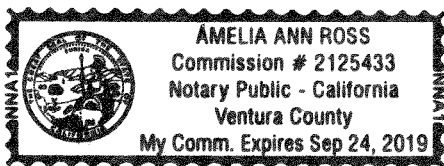
JURAT

State of California

County of VENTURA

Subscribed and sworn to (or affirmed) before me on this 19TH day of SEPTEMBER, 2016

by G. DAVIS SLAJCHERT AND LAURA SLAJCHERT personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



SEAL



Signature of Notary

SUMMARY

Property Name	Casa Puleta Apartments		
File Name	S:\HFShare\BONDS\Project Files\Casa Puleta\Inducement Application\[Casa Puleta Apartments_TE Bond Restructure SDHC.xls]Draw Schedule		
Revised	09/27/16		
Location			
Address	1443 45th Street		
City	San Diego		
State	CA		
Zip Code	92113		
MSA	San Diego MSA		
Partnership Name	Casa Puleta Apartments LP		
Developer Name	Willow Partners, LLC		
General Partner Name	WP Casa Puleta LLC		
Property Manager	John Stewart Management Company		
Equity Benchmarks			
Closing		March 15, 2017	
Construction Completion		September 15, 2017	
SO		October 15, 2017	
8609s		February 28, 2018	
Incentive Management Fee to GP		90.00%	
Asset Management Fee to LP	\$	5,000.00	
Total Number of Units		54	
Total Number of Buildings		5	
Rentable Square Feet		68,559	
Commercial Square Feet		-	
Total Square Feet		68,559	
Type of Construction		New Construction	
Development Type		Family	
Set-Aside		40/60	
Depreciation Term		27.5	
Type of Financing		Tax Exempt Bonds	
Developer's Summary:			
Purchase Price		6,233,000	
Construction		1,322,194	
Developer & Other Fees		2,917,282	
Total Costs		10,472,475	
Deferred Developer Fee		625,230	
Interest on Deferred Developer Fee?		Yes	
Interest Rate on Deferreed Developer Fee		3.00%	
Developer Fees Payable		-	
Equity Investor's Summary:			
Reservation Date		Projected January 2017	
Tax Credit Rate Lock Date			
LIHTC Reservation Amount (Projected)		-	
Total LIHTC (100%)		3,925,775	
Price per LIHTC	\$	1.100	
Investor Ownership Percentage		0.00%	
Total Investment		-	
Financing Summary:			
Construction Loan		5,400,000	
Permanent Loan		5,400,000	
General Partner Equity		296,904	

Casa Puleta Apartments

PARTNERSHIP CLOSING / REHAB
SOURCES AND USES

SOURCES

Freddie Mac TEL	5,400,000
General Partner Equity	296,904
Refundable Good Faith Deposit	108,000
Federal LIHTC Equity	3,925,775
Cash Flow From Operations	116,566
Deferred Developer Fee	625,230
TOTAL SOURCES	<u>\$ 10,472,475</u>

USES

Acquisition Costs	6,233,000
Construction Costs	1,322,194
Architectural/Survey/Engineering.	97,250
Capitalized Interest, Taxes and Legal	629,728
Cost of Issuance and Permanent Financing	105,500
Construction Contingency	100,000
Soft Cost Contingency	25,000
Reserves	26,000
Other Costs	675,000
Developer Fees	1,258,804
TOTAL USES	<u>\$ 10,472,475</u>

Casa Puleta Apartments
Development Budget

DEPRECIABLE BASIS

		Total Project Cost	Residential	27.5 YEAR	15 YEAR MACRS	5 YEAR MACRS	AMORTIZED	EXPENSED	NON-DEPRECIABLE	LIHTC
Acquisition										
	Land Cost or Value	\$ 600,000	600,000	-					600,000	-
	Legal / Broker Fees	\$ -	-	-					-	-
	Demolition / Relocation	\$ -		-					-	-
	Off-Site Improvements	\$ -		-					-	-
	Existing Improvements Value	\$ 5,633,000	5,633,000	5,633,000					5,633,000	5,633,000
	Total Acquisition Costs	\$ 6,233,000	6,233,000	5,633,000	-	-	-	-	6,233,000	5,633,000
Rehabilitation										
	Site Work	\$ -		-	-					-
	Structure	\$ 1,166,641	1,166,641	1,049,977	58,332	58,332				1,166,641
	General Requirements	\$ 25,000	25,000	25,000						25,000
	Contractor Overhead	\$ 35,000	35,000	35,000						35,000
	Contractor Profit	\$ 95,552	95,552	95,552						95,552
	Total New Const. Costs	\$ 1,322,194	1,322,194	1,205,529	58,332	58,332	-	-	-	1,322,194
Architectural Fees										
	Design	\$ 61,250	61,250	61,250						61,250
	Supervision	\$ 36,000	36,000	36,000						36,000
	Total Architectural Costs	\$ 97,250	97,250	97,250	-	-	-	-	-	97,250
Total Survey and Engineering		\$ -	-	-						-
Construction Interest and Fees										
	Construction Loan Interest	\$ 140,177	140,177	77,097				63,079		140,177
	Origination Fees	\$ 54,000	54,000	54,000						54,000
	Lender Legal / Third Party Fees	\$ 17,000	17,000	17,000						17,000
	Construction Monitoring	\$ 15,000	15,000	15,000						15,000
	FM ARM Fees	\$ 316,726	316,726	316,726						316,726
	Taxes	\$ 2,000	2,000	2,000						2,000
	Bond Costs	\$ 39,825	39,825	39,825						39,825
	Title and Recording	\$ 45,000	45,000	45,000						45,000
	Total Const. Interest and Fees	\$ 629,728	629,728	566,648	-	-	-	63,079	-	629,728
Cost of Issuance and Permanent Financing										
	Loan Fees	\$ 54,000	54,000	-			54,000			-
	Application Fee	\$ 5,000	5,000	-			5,000			-
	Appraisal / Environmental	\$ 1,500	1,500	-			1,500			-
	Legal	\$ 25,000	25,000	-			25,000			-
	Total Permanent Financing Costs	\$ 85,500	85,500	-	-	-	85,500	-	-	-
Legal, Accounting & Other Fees										
	Owners Legal	\$ 160,000	160,000	160,000						160,000
	Bridge Loan Interest	\$ 115,000	115,000	-					115,000	115,000
	Legal - Syndication	\$ 45,000	45,000	-					45,000	-
	Accounting	\$ 10,000	10,000	10,000						10,000
	Total Legal & Accounting Costs	\$ 330,000	330,000	170,000	-	-	-	-	160,000	285,000
Reserves										
	Capitalized Reserve	\$ -		-					-	-
	Rent Reserve	\$ 26,000	26,000	-					26,000	-
	Tax and Insurance Reserve	\$ -		-					-	-
	Total Reserve Costs	\$ 26,000	26,000	-	-	-	-	-	26,000	-
Total Appraisal and Market Study Costs		\$ 20,000	20,000	20,000						20,000
Contingencies										
	Hard Cost Contingency	\$ 100,000	100,000	100,000						100,000
	Soft Cost Contingency	\$ 25,000	25,000	25,000						25,000
	Total Contingency Costs	\$ 125,000	125,000	125,000	-	-	-	-	-	125,000
Other										
	Tax Credit Application Fees	\$ 60,000	60,000	-			60,000			-
	Building Permit / Impact Fees	\$ 10,000	10,000	10,000				-		10,000
	City Planning Fees	\$ 10,000	10,000	10,000						10,000
	Miscellaneous Fees	\$ 20,000	20,000	20,000						20,000
	Environmental	\$ -		-						-

	Total Project Cost	Residential	27.5 YEAR	15 YEAR MACRS	5 YEAR MACRS	AMORTIZED	EXPENSED	NON-DEPRECIABLE	LIHTC
Furnishings	\$ 50,000	50,000	50,000						50,000
Relocation	\$ 180,000	180,000	-				180,000		180,000
Brokerage & Consulting Fees	\$ -	-	-				-		-
Construction Management	\$ -	-	-		-				-
other	\$ -	-	-						-
Cost Cert	\$ 15,000	15,000	15,000						15,000
Total Other Costs	\$ 345,000	345,000	105,000	-	-	60,000	180,000	-	285,000
Sub-Total Residential Costs	\$ 9,213,671	9,213,671	7,922,428	58,332	58,332	145,500	243,079	6,419,000	8,397,171

Developer Costs

Developer Overhead/Profit	\$ 1,258,804	1,258,804	1,258,804						1,258,804
Consultant/Processing Agent Fees	\$ -		-						-
Project Administration	\$ -		-						-
Other (specify)	\$ -		-						-
Total Developer Fees	\$ 1,258,804	1,258,804	1,258,804	-	-	-	-	-	1,258,804
Total Project Costs	\$ 10,472,475	10,472,475	9,181,232	58,332	58,332	145,500	243,079	6,419,000	9,655,975
Total Project Costs Per Developer		10,472,475							9,655,975

Casa Puleta Apartments
Construction Draw Schedule

		100.00%	Closing					
			5.00%	15.00%	20.00%	15.00%	15.00%	15.00%
		Total Cost	Mar-17 Closing Draw	Apr-17 Draw 1	May-17 Draw 2	Jun-17 Draw 3	Jul-17 Draw 4	Aug-17 Draw 5
Acquisition								
Land Cost or Value		600,000	600,000					
Legal / Broker Fees		-	-					
Demolition / Relocation		-						
Off-Site Improvements		-						
Existing Improvements Value		5,633,000	5,633,000					
Total Acquisition Costs		6,233,000	6,233,000	-	-	-	-	-
Rehabilitation								
Site Work		-	-	-	-	-	-	-
Structures		-	-	-	-	-	-	-
General Requirements		-	-	-	-	-	-	-
Contractor Overhead		-	-	-	-	-	-	-
Contractor Profit		-	-	-	-	-	-	-
Total Rehabilitation Costs		-	-	-	-	-	-	-
Rehabilitation								
Site Work		-		-	-	-	-	-
Structure		1,166,641	2,100	123,456	185,356	185,356	120,856	174,439
General Requirements		25,000		3,571	3,571	3,571	3,571	3,571
Contractor Overhead		35,000		5,000	5,000	5,000	5,000	5,000
Contractor Profit		95,552		13,650	13,650	13,650	13,650	13,650
Total New Const. Costs		1,322,194	2,100	145,678	207,578	207,578	143,078	196,661
Architectural Fees								
Design		61,250	61,250					
Supervision		36,000	4,500	4,500	4,500	4,500	4,500	4,500
Total Architectural Costs		97,250	65,750	4,500	4,500	4,500	4,500	4,500
Total Survey and Engineering		-						
Construction Interest and Fees								
Construction Loan Interest		140,177	-	20,025	20,025	20,025	20,025	20,025
Origination Fees		54,000	54,000	-	-	-	-	-
Lender Legal / Third Party Fees		17,000	17,000		-	-	-	-
Construction Monitoring		15,000	15,000	-	-	-	-	-
FM ARM Fees		316,726	316,726	-	-	-	-	-
Taxes		2,000	2,000	-				
Bond Costs		39,825		39,825				
Title and Recording		45,000	45,000		-	-	-	-
Total Const. Interest and Fees		629,728	449,726	59,850	20,025	20,025	20,025	20,025
Cost of Issuance and Permanent Financing								
Loan Fees		54,000	54,000	-	-	-	-	-
Application Fee		5,000	5,000	-	-	-	-	-
Appraisal / Environmental		1,500	1,500	-	-	-	-	-
Legal		25,000	25,000	-	-	-	-	-
Total Permanent Financing Costs		85,500	85,500	-	-	-	-	-
Legal, Accounting & Other Fees								
Owners Legal		160,000	160,000	-	-	-	-	-
Bridge Loan Interest		115,000	115,000	-	-	-	-	-
Legal - Syndication		45,000	45,000					
Accounting		10,000	10,000		-	-	-	-
Total Legal & Accounting Costs		330,000	330,000	-	-	-	-	-
Reserves								
Capitalized Reserve		-	-	-	-	-	-	-
Rent Reserve		26,000						
Tax and Insurance Reserve		-	-	-	-	-	-	-
Total Reserve Costs		26,000	-	-	-	-	-	-

Construction Completion		SO					8609s			
15.00%										
Sep-17 Draw 6	Oct-17 Draw 7	Nov-17 Draw 8	Dec-17 Draw 9	Jan-18 Draw 10	Feb-18 Draw 11	Mar-18 Draw 12	Total Drawn	Variance	Total Cost	
							600,000	-	600,000	
							-	-	-	
							-	-	-	
							-	-	-	
							5,633,000	-	5,633,000	
-	-	-	-	-	-	-	6,233,000	-	6,233,000	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
186,189	188,889	-	-	-	-	-	1,166,641	-	1,166,641	
3,571	3,571	-	-	-	-	-	25,000	-	25,000	
5,000	5,000	-	-	-	-	-	35,000	-	35,000	
13,650	13,650	-	-	-	-	-	95,552	-	95,552	
208,411	211,111	-	-	-	-	-	1,322,194	-	1,322,194	
4,500	4,500	-	-	-	-	-	61,250	-	61,250	
4,500	4,500	-	-	-	-	-	36,000	-	36,000	
4,500	4,500	-	-	-	-	-	97,250	-	97,250	
							-	-	-	
20,025	20,025	-	-	-	-	-	140,177	-	140,177	
-	-	-	-	-	-	-	54,000	-	54,000	
-	-	-	-	-	-	-	17,000	-	17,000	
-	-	-	-	-	-	-	15,000	-	15,000	
-	-	-	-	-	-	-	316,726	-	316,726	
-	-	-	-	-	-	-	2,000	-	2,000	
-	-	-	-	-	-	-	39,825	-	39,825	
-	-	-	-	-	-	-	45,000	-	45,000	
20,025	20,025	-	-	-	-	-	629,728	-	629,728	
-	-	-	-	-	-	-	54,000	-	54,000	
-	-	-	-	-	-	-	5,000	-	5,000	
-	-	-	-	-	-	-	1,500	-	1,500	
-	-	-	-	-	-	-	25,000	-	25,000	
-	-	-	-	-	-	-	85,500	-	85,500	
-	-	-	-	-	-	-	160,000	-	160,000	
-	-	-	-	-	-	-	115,000	-	115,000	
-	-	-	-	-	-	-	45,000	-	45,000	
-	-	-	-	-	-	-	10,000	-	10,000	
-	-	-	-	-	-	-	330,000	-	330,000	
-	-	-	-	-	-	-	-	-	-	
26,000	-	-	-	-	-	-	26,000	-	26,000	
-	-	-	-	-	-	-	-	-	-	
26,000	-	-	-	-	-	-	26,000	-	26,000	

Total Appraisal and Market Study Costs		20,000	20,000	-	-	-	-	-
<i>Contingencies</i>								
Hard Cost Contingency		100,000	12,500	12,500	12,500	12,500	12,500	12,500
Soft Cost Contingency		25,000	3,125	3,125	3,125	3,125	3,125	3,125
Total Contingency Costs		125,000	15,625	15,625	15,625	15,625	15,625	15,625
<i>Other</i>								
Tax Credit Application Fees		60,000	60,000	-	-	-	-	-
Building Permit / Impact Fees		10,000	10,000	-	-	-	-	-
City Planning Fees		10,000	10,000	-	-	-	-	-
Miscellaneous Fees		20,000	20,000	-	-	-	-	-
Environmental		-	-	-	-	-	-	-
Furnishings		50,000						50,000
Relocation		180,000	180,000	-	-	-	-	-
Brokerage & Consulting Fees		-	-	-	-	-	-	-
Construction Management		-	-	-	-	-	-	-
other		-	-	-	-	-	-	-
Cost Cert		15,000						-
Total Other Costs		345,000	280,000	-	-	-	-	50,000
Sub-Total Residential Costs		9,213,671	7,481,701	225,653	247,728	247,728	183,228	286,811
<i>Developer Costs</i>								
Developer Overhead/Profit		1,258,804	-	-	-	-	-	-
Consultant/Processing Agent Fees		-	-	-	-	-	-	-
Project Administration		-	-	-	-	-	-	-
Other (specify)		-	-	-	-	-	-	-
Total Developer Fees		1,258,804	-	-	-	-	-	-
Total Project Costs		10,472,475	7,481,701	225,653	247,728	247,728	183,228	286,811
Paydown of Construction to Perm		5,400,000	(64)	0	0	0	0	0
Total Current Draw		15,872,475	7,481,637	225,653	247,728	247,728	183,228	286,811
Total Drawn to Date			7,481,637	225,653	247,728	247,728	183,228	286,811
Sources of Funds			-	OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN
Freddie Mac TEL		5,400,000	5,400,000	-			-	-
Refundable Rate Lock Deposit		108,000	108,000					
LP Equity		3,925,775	1,676,733	225,653	247,728	247,728	183,228	286,811
GP Loan		296,904	296,904					
Cash Flow From Operations		116,566	-					
Deferred Developer Fee		625,230	-					
			-					
			-	-	-	-	-	-
				-	-	-	-	-
Total Sources		10,472,475	7,481,637	225,653	247,728	247,728	183,228	286,811
Over / Under		0	64	(0)	(0)	(0)	(0)	(0)
Cumulative Const Loan		-	5,400,064	5,400,064	5,400,064	5,400,064	5,400,064	5,400,064
Construction Loan Interest @	4.45%	-	-	20,025	20,025	20,025	20,025	20,025
			-	-	-	-		

-	-	-	-	-	-	-	20,000	-	20,000
25,000						-	100,000	-	100,000
3,125	3,125					-	25,000	-	25,000
28,125	3,125	-	-	-	-	-	125,000	-	125,000
-	-	-	-	-	-	-	60,000	-	60,000
-	-	-	-	-	-	-	10,000	-	10,000
-	-	-	-	-	-	-	10,000	-	10,000
-	-	-	-	-	-	-	20,000	-	20,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	50,000	-	50,000
-	-	-	-	-	-	-	180,000	-	180,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
15,000		-	-	-	-	-	15,000	-	15,000
15,000	-	-	-	-	-	-	345,000	-	345,000
302,061	238,761	-	-	-	-	-	9,213,671	-	9,213,671
300,000		-	-	-	333,637	619,045	1,252,682	6,122	1,258,804
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
300,000	-	-	-	-	333,637	619,045	1,252,682	6,122	1,258,804
602,061	238,761	-	-	-	333,637	619,045	10,466,353	6,122	10,472,475
0	(0)	-	-	-	-	-	(64)	5,400,064	5,400,000
602,061	238,761	-	-	-	333,637	619,045	10,466,289	5,406,186	15,872,475
602,061	238,761	-	-	-	333,637	619,045		5,406,186	15,872,475
OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN	OVERDRAWN			
		-		-	-	-	0	5,400,000	5,400,000
602,061	122,195				333,637		3,925,774	1	3,925,775
	116,566				-		296,904	-	296,904
-	-				-	625,230	116,566	-	116,566
							625,230	-	625,230
-		-	-	-	-		-	-	-
-	-	-	-	-	-		-	-	-
602,061	238,761	-	-	-	333,637	625,230	4,964,474	5,400,001	10,364,475
(0)	0	-	-	-	-	(6,185)			
5,400,064	5,400,064	5,400,064	5,400,064	5,400,064	5,400,064	-			
20,025	20,025	-	-	-	-	-			140,177

Casa Puleta Apartments
2016 Rents (effective June 1, 2016)

County/MSA: San Diego MSA

UNIT SIZE	AMI%	# OF UNITS	TCAC GROSS		UA	TCAC NET		Rental Income	
			RENT			RENT	Monthly	Annual	
2 BDRM	30%	6	573		(57)	516	3,096	37,152	
2 BDRM	40%	5	765		(57)	708	3,540	42,480	
3 BDRM	40%	1	884		(71)	813	813	9,756	
3 BDRM	50%	25	1,105		(71)	1,034	25,850	310,200	
4 BDRM	50%	2	1,232		(86)	1,146	2,292	27,504	
4 BDRM	60%	14	1,479		(86)	1,393	19,502	234,024	
MANAGER	Common	1	884		(86)	798	798	9,576	
		54					55,891	670,692	

Casa Puleta Apartments
Expenses

Reserve Escalation:	3.00%	
Revenue Escalation:	2.00%	
Expense Escalation:	3.00%	
Taxes Escalation:	3.00%	
Vacancy Loss:	3.00%	
Replacement Reserve:	\$ 300.00	per unit
Refinancing Reserve:	\$ -	per unit

	<u>Projection of Operations</u>	<u>% of Gross Potential Rent</u>	<u>Income/Expenses Per Unit</u>
Income			
Total Gross Potential Rent:	\$ 670,692	100%	\$ 12,420
			\$ -
Vacancy Loss:	\$ (20,301)	-3%	\$ (376)
Concessions:	\$ -	0%	\$ -
Uncollected Rent:	\$ -	0%	\$ -
Net Rental Revenue:	\$ 650,391	97%	\$ 12,044
Other Income:			
Other:	\$ 6,000	1%	\$ 111
Other:	\$ -	0%	\$ -
Miscellaneous		0%	\$ -
Total Income:	\$ 656,391	98%	\$ 12,155
Operating Expenses:			
Payroll:	\$ 84,660	13%	\$ 1,568
Manager and Leasing	\$ 36,478	5%	\$ 676
Leasing Comm/Bonus	\$ -	0%	\$ -
Maintenance Staff	\$ 17,784	3%	\$ 329
Payroll Taxes & Benefits	\$ 18,614	3%	\$ 345
Manager's Unit	\$ 11,784	2%	\$ 218
Management Fees:	\$ 25,920	4%	\$ 480
Administrative and Leasing:	\$ 35,631	5%	\$ 660
Audit/Accounting Fees	\$ 8,500	1%	\$ 157
Legal & Professional	\$ 4,500	1%	\$ 83
Supplies/Copier/Postage	\$ 6,800	1%	\$ 126
Phone/Answering Service	\$ 5,424	1%	\$ 100
Advertising	\$ 1,620	0%	\$ 30
Promotions/Resident Functions	\$ 1,200	0%	\$ 22
Miscellaneous	\$ 7,587		\$ 141
Repairs and Maintenance:	\$ 19,568	3%	\$ 362
In house R&M	\$ 10,968	2%	\$ 203
HVAC & Plumbing	\$ 5,000	1%	\$ 93
Maintenance Supplies	\$ 2,400	0%	\$ 44
Turnover Expense	\$ 1,200	0%	\$ 22
Contract Services:	\$ 32,360	5%	\$ 599
Landscaping	\$ 16,960	3%	\$ 314
Pest Control	\$ 3,600	1%	\$ 67
Security Contract	\$ 8,200	1%	\$ 152
Fire & Safety Systems	\$ 3,600	1%	\$ 67
Utilities:	\$ 63,300	9%	\$ 1,172
Electricity	\$ -	0%	\$ -
Gas	\$ 1,140	0%	\$ 21
Water	\$ 23,160	3%	\$ 429
Sewer	\$ 18,300	3%	\$ 339
Garbage Collection	\$ 20,700	3%	\$ 383
Taxes:	\$ 1,608	0%	\$ 30
Real Property	\$ -	0%	\$ -
CA Annual Tax	\$ 1,608	0%	\$ 30
Insurance:	\$ 17,447	3%	\$ 323
Replacement Reserves	\$ 16,200	2%	\$ 300
Non-Profit Fee	\$ 10,000	1%	\$ 185
Total Operating Expenses:	\$ 306,694	46%	\$ 5,680
Net Operating Income:	\$ 349,697	52%	\$ 6,476
Debt Service:	1.15 \$ 304,667	45%	\$ 5,642
Net Cash Flow:	\$ 45,030	7%	\$ 834

Freddie Mac	\$ 100,000	Per Unit	\$ 5,400,000	
Interest Rate:			4.45%	
Amortization:			35	Term
Annual Debt Service:			\$ 304,667	15 years

Casa Puleta Apartments
Lease-Up Schedule
54 Units

Initial Occupancy: Units
Monthly Lease-Up: Units

Year	2016	Units Rented	Percentage Rented	Acquisition Credits	Rehabilitation Credits	New Construction Credits	Buildings Placed in Service	Tax Credits
Month	January	-	0%	-	-	-	-	-
	February	-	0%	-	-	-	-	-
	March	-	0%	-	-	-	-	-
	April	-	0%	-	-	-	-	-
	May	-	0%	-	-	-	-	-
	June	-	0%	-	-	-	-	-
	July	-	0%	-	-	-	-	-
	August	-	0%	-	-	-	-	-
	September	-	0%	-	-	-	-	-
	October	-	0%	-	-	-	-	-
	November	-	0%	-	-	-	-	-
	December	-	0%	-	-	-	7	-
Total		-	0%	-	-	-	7	-
Weighted Average		-	0%					
Months in Service					8.33%			
Total Number of Buildings					7			
Average Number of Units per Building					8			

Year	2017	Units Rented	Percentage Rented	Acquisition Credits	Rehabilitation Credits	New Construction Credits	Buildings Placed in Service	Tax Credits
Month	January	54	100%	-	-	-	7	-
	February	54	100%	-	-	-	7	-
	March	54	100%	-	-	-	7	-
	April	54	100%	-	-	-	7	-
	May	54	100%	-	-	-	7	-
	June	54	100%	-	-	-	7	-
	July	54	100%	-	-	-	7	-
	August	54	100%	-	-	-	7	-
	September	54	100%	-	-	-	7	-
	October	54	100%	-	-	-	7	-
	November	54	100%	-	-	-	7	-
	December	54	100%	-	-	-	7	-
Total		54	100%	-	-	-	7	-
		54	100%					
Months in Service					100.00%			

Year	2018	Units Rented	Percentage Rented	Acquisition Credits	Rehabilitation Credits	New Construction Credits	Buildings Placed in Service	Tax Credits
Month	January	54	100%	-	-	-	7	-
	February	54	100%	-	-	-	7	-
	March	54	100%	-	-	-	7	-
	April	54	100%	-	-	-	7	-
	May	54	100%	-	-	-	7	-
	June	54	100%	-	-	-	7	-
	July	54	100%	-	-	-	7	-
	August	54	100%	-	-	-	7	-
	September	54	100%	-	-	-	7	-
	October	54	100%	-	-	-	7	-
	November	54	100%	-	-	-	7	-
	December	54	100%	-	-	-	7	-
Total		54	100%	-	-	-	7	-
		54	100%					
Months in Service					100.00%			

Casa Puleta Apartments
Tax Credit Analysis

	NEW/REHAB LOW INCOME	ACQUISITION LOW INCOME	FEDERAL ENERGY
Eligible Development Costs	4,022,975	5,633,000	\$ 141,000
Eligible Basis	4,022,975	5,633,000	
Basis Boost	130%	100%	
Total Eligible Basis	5,229,868	5,633,000	141,000
Applicable Fraction	100%	100%	100%
Qualified Basis	5,229,868	5,633,000	141,000
Applicable %	3.25%	3.25%	30%
Calculated Annual Tax Credits	169,971	183,073	42,300
Annual Tax Credit Reservation	169,971	183,073	42,300
Number of Years Available	10	10	1
Total Tax Credits	1,699,707	1,830,725	42,300
Investment Member %	99.989%	99.989%	99.989%
Tax Credit Price	\$ 1.10	\$ 1.10	\$ 1.00
Tax Credit Equity	\$ 1,869,678	\$ 2,013,798	\$ 42,300
Total Equity	\$ 3,925,775		

Casa Puleta Apartments

Stabilized Year

0%100%

Proforma Operations

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income																
Total Gross Potential Rent:		-	670,692	684,106	697,788	711,744	725,979	740,498	755,308	770,414	785,823	801,539	817,570	833,921	850,600	867,612
Vacancy Loss		-	(20,301)	(20,707)	(21,121)	(21,543)	(21,974)	(22,414)	(22,862)	(23,319)	(23,786)	(24,261)	(24,747)	(25,241)	(25,746)	(26,261)
Concessions:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uncollected Rent:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Rental Revenue:		-	650,391	663,399	676,667	690,200	704,004	718,084	732,446	747,095	762,037	777,278	792,823	808,680	824,853	841,350
Other Income:																
Other:		-	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	7,460	7,609	7,762
Other:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income:		-	656,391	669,519	682,909	696,568	710,499	724,709	739,203	753,987	769,067	784,448	800,137	816,140	832,463	849,112
Operating Expenses:																
Payroll:		-	84,660	87,200	89,816	92,510	95,286	98,144	101,088	104,121	107,245	110,462	113,776	117,189	120,705	124,326
Management Fees:	3.86%	-	25,367	25,875	26,392	26,920	27,458	28,008	28,568	29,139	29,722	30,316	30,923	31,541	32,172	32,815
Administrative and Leasing:		-	35,631	36,700	37,801	38,935	40,103	41,306	42,545	43,822	45,136	46,490	47,885	49,322	50,801	52,325
Repairs and Maintenance:		-	19,568	20,155	20,760	21,382	22,024	22,685	23,365	24,066	24,788	25,532	26,298	27,087	27,899	28,736
Contract Services:		-	32,360	33,331	34,331	35,361	36,421	37,514	38,640	39,799	40,993	42,222	43,489	44,794	46,138	47,522
Utilities:		-	63,300	65,199	67,155	69,170	71,245	73,382	75,584	77,851	80,187	82,592	85,070	87,622	90,251	92,958
Taxes:		-	1,608	1,656	1,706	1,757	1,810	1,864	1,920	1,978	2,037	2,098	2,161	2,226	2,293	2,361
Insurance:		-	17,447	17,970	18,510	19,065	19,637	20,226	20,833	21,458	22,101	22,764	23,447	24,151	24,875	25,622
Replacement Reserves		-	16,200	16,686	17,187	17,702	18,233	18,780	19,344	19,924	20,522	21,137	21,771	22,425	23,097	23,790
Non-Profit Fee		-	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685
Total Operating Expenses:		-	306,141	315,072	324,265	333,729	343,472	353,502	363,827	374,456	385,398	396,663	408,259	420,198	432,488	445,141
Net Operating Income:		-	350,250	354,447	358,644	362,838	367,027	371,207	375,377	379,532	383,669	387,786	391,878	395,942	399,974	403,971
Debt Service:																
Freddie Mac		-	177,722	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667	304,667
Annual SDHC Issuance Fee		-	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
SDHC Annual Compliance Mon. Fee		-	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow After Must Pay Debt Service		-	150,928	28,180	32,377	36,571	40,760	44,940	49,110	53,265	57,402	61,519	65,611	69,675	73,707	77,704
DCR			1.76	1.16	1.18	1.19	1.20	1.22	1.23	1.25	1.26	1.27	1.29	1.30	1.31	1.33
Distribution of Cash Flow Prior to Breakeven		-	-													
Distributable Cash Flow		-	150,928	28,180	32,377	36,571	40,760	44,940	49,110	53,265	57,402	61,519	65,611	69,675	73,707	77,704
Asset Man. Fee LP			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
\$	5,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow After Asset Management Fee		-	145,928	23,180	27,377	31,571	35,760	39,940	44,110	48,265	52,402	56,519	60,611	64,675	68,707	72,704
Partnership Man. Fee MGP			-	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720	9,720
\$	9,720 per unit		-													
Cash Flow After Partnership Management Fee		-	145,928	13,460	17,657	21,851	26,040	30,220	34,390	38,545	42,682	46,799	50,891	54,955	58,987	62,984
Deferred Dev. Fee		-	-	12,114	17,657	21,851	26,040	30,220	34,390	38,545	42,682	46,799	50,891	54,955	58,987	62,984
Balance of Def. Dev. Fee		-	-	613,116	595,459	573,607	547,567	517,347	482,957	444,412	401,730	354,932	304,041	249,086	190,098	127,114
Interest on Deferred Developer Fee	3.00%	-	-	18,030	17,334	16,553	15,646	14,614	13,457	12,176	10,771	9,244	7,594	5,824	3,933	1,924
Remaining Developer Fee		-	-	619,032	595,135	568,308	537,173	501,740	462,024	418,044	369,820	317,377	260,744	199,954	135,044	66,055
Cash Flow after Deferred Developer Fee		-	145,928	1,346	-	-	-	-	-	-	-	-	-	-	-	-
Incentive Management Fee to GP	90.00%	-	131,335	1,211	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to General Partner	0.01%	-	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Limited Partner / Investor	99.99%	-	14,591	135	-	-	-	-	-	-	-	-	-	-	-	-
Assumed Interest Rate on Reserves			1.50%													
Reserve Account																
Beginning Reserve Balance		-	16,200	32,400	48,600	64,800	81,000	97,200	113,400	129,600	145,800	162,000	178,200	194,400	210,600	226,800
Use of Reserve Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining Reserve Balance		-	16,200	32,400	48,600	64,800	81,000	97,200	113,400	129,600	145,800	162,000	178,200	194,400	210,600	226,800
Interest on Remaining Reserve Balance		-	243	486	729	972	1,215	1,458	1,701	1,944	2,187	2,430	2,673	2,916	3,159	3,402
Ending Reserve Balance		-	16,443	32,886	49,329	65,772	82,215	98,658	115,101	131,544	147,987	164,430	180,873	197,316	213,759	230,202

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.