



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: October 21, 2020

REPORT NO: HAR20-039

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of October 27, 2020

SUBJECT: Preliminary Bond Authorization for Ulric Street Apartments II

COUNCIL DISTRICT: 7

REQUESTED ACTION

Take initial steps for the Housing Authority of the City of San Diego to issue up to \$23,852,443 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of the Ulric Street Apartments II, a 60-unit affordable rental housing development, to be located at 2601-2641 Ulric Street, San Diego, which will consist of 59 units that will remain affordable for 55 years for low- and very low-income seniors, including six units for seniors experiencing homelessness, plus one unrestricted manager's unit.

STAFF RECOMMENDATION

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

- 1) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of the Ulric Street Apartments II (Ulric II), a 60-unit affordable rental housing development, to be located at 2601-2641 Ulric Street, San Diego, which will consist of 59 units that will remain affordable for 55 years for low- and very low-income seniors, including six units for seniors experiencing homelessness, plus one unrestricted manager's unit:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$23,852,443 in Multifamily Housing Revenue Bonds for the acquisition and new construction of Ulric II by Linda Vista Housing Associates, L.P., a California limited partnership formed by Community Housing Works (CHW);
 - 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 Multifamily Housing Bonds in an amount up to \$23,852,443 for Ulric II. Issuance of the bonds will require Housing Authority approval at a later date; and
 - c. Approve a bond financing team of Quint and Thimmig as Bond Counsel, and CSG Advisors as Bond Financial Advisor.
- 2) Authorize the San Diego Housing Commission's (Housing Commission) President & CEO, or his designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel and

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

SUMMARY

A Development Summary is at Attachment 1.

Table 1 - Development Details

Address	2601-2641 Ulric Street, San Diego, 92111
Council District	7
Community Plan Area	Linda Vista Community Planning Area
Developer	Community Housing Works
Development Type	New construction
Construction Type	Type V (stucco with wood frame)
Parking Type	55 surface parking spaces
Housing Type	Multifamily (one three-story structure)
Lot Size	One parcel totaling 1.4 acres, 60,766 square feet
Units	60
Density	43 dwelling units per acre (60 units ÷ 1.4 acres)
Unit Mix	59 one-bedroom affordable units and one unrestricted two-bedroom manager's unit.
Gross Building Area	55,836 gross sq. ft.
Net Rentable Area	35,684 square feet
Project Based Vouchers	59 federal Project-Based Vouchers for low-income seniors

Background

In response to the Housing Commission's Fiscal Year (FY) 2020 Notice of Funding Availability (NOFA), Community Housing Works (CHW) submitted an application for a loan and a federal rental housing vouchers request for the Ulric II development. On April 16, 2020, the Housing Commission provided a preliminary recommended award for an up to \$4,075,000 residual receipts loan and 59 Project-Based Vouchers for seniors (age 62 and older) with low income.

The Development

Ulric II is a proposed 60-unit, three-story, new construction, affordable rental housing development. It will be located at 2601-2641 Ulric Street in San Diego's Linda Vista neighborhood (Attachment 2 – Site Map). The proposed development includes acquisition and demolition of 16 existing unrestricted rental units and new construction of 59 affordable one-bedroom rental units and one unrestricted two-bedroom manager's unit. The Ulric II apartments will be approximately 600-square-foot, one-bedroom units. Unit amenities will include: full kitchen and bathroom, Energy Star appliances (including dishwasher, refrigerator and range/oven), garbage disposal, balconies and internet access. Site amenities will include: a multipurpose community room, a laundry room, a management leasing office and outdoor gathering area. Security features will include security fencing, gated key-fob accessed entry, visitor's intercom communication and security cameras.

Housing First

The proposed development will provide six affordable, one-bedroom units for seniors experiencing homelessness. The development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission's homelessness action plan. This action plan is rooted in the national "Housing First"

model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City of San Diego (City) to participate in a Coordinated Entry System (CES) and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen individuals experiencing homelessness for the most appropriate housing options based on who is most in need. The developer and service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

Developer's Request

CHW proposes to construct 60 apartment units, with financing that would include a \$4,075,000 Housing Commission residual receipts loan, tax-exempt Multifamily Housing Revenue Bonds, 4 percent tax credits from the California Tax Credit Allocation Committee (CTCAC), and other third-party necessary financing as described in this report.

The Property

The property is located southwest of the intersection of Genesee Avenue and Linda Vista Road. The property is one parcel, on 1.4 acres, that is improved with 16 unrestricted existing apartments (four three-bedroom units in four buildings). These existing apartments were constructed approximately in 1941, and they now have deferred maintenance. The existing apartments have not been substantially upgraded since their original construction. CHW purchased the property in 2016. Adjacent to the east is the Linda Vista Community Park and the Linda Vista Recreation Center. Located to the west are single-family homes. To the north are multifamily rental housing and nearby Linda Vista Elementary School. Adjacent to the site is another CHW-owned parcel that is a planned 96-unit new construction development known as Ulric Street Apartments. Bus service is within approximately ¼ mile.

Appraisal and Sale Price

On November 15, 2019, Linda Vista Housing Associates, L.P. entered into a Purchase and Sale Agreement to purchase the property for \$2,650,000 from Community Housing Works Ulric Street Development L.P. (a CHW affiliate). On November 13, 2019, the property was appraised by Kinetic Valuation Group Inc. at \$5,100,000

Prevailing Wages

The development proposes to use 59 U.S. Department of Housing and Urban Development (HUD) Project-Based federal vouchers (PBVs), administered by the Housing Commission, which will require the development to pay federal Davis-Bacon prevailing wages. The proposed use of State Multifamily Housing Program (MHP) loan funds will require payment of state prevailing wages. The higher of the federal or state prevailing wages will apply.

Relocation

The Ulric II developer plans to demolish the existing 16 units and replace them with a 60-unit affordable multifamily housing development. CHW has engaged Autotemp, Inc., as the relocation consultant, to coordinate a relocation plan and to assist with the tenants' relocation. The consultant's June 2020

relocation plan states, "...16 of the current households will be permanently displaced for the development to occur, six of which signed an acknowledgment of their ineligibility prior to signing a lease and occupying a unit at the Ulric Street Apartments II." Relocation assistance will be provided to all 10 eligible to-be-permanently-displaced-existing households in accordance with, and as required by, the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970, by Section 104(d) of the Housing and Community Development Act, and by State of California relocation assistance law. Permanently relocated tenants are eligible to receive both a moving expense payment and a replacement housing payment in the form of a rental, or down-payment, formula-calculated assistance. The developer's pro forma budgets \$1,308,000 for relocation costs, including the consultant's fee. For the six households that signed an acknowledgment of their ineligibility prior to signing a lease and occupying a unit at the Ulric Street Apartments II, CHW is exploring multiple options to support these residents' relocation. First, their "Achieve Resident Services" department, in partnership with their relocation consultant, will link households to potential affordable housing opportunities and social services for which they may qualify. Second, CHW may offer a financial stipend to support the residents' move-out costs, including future rental deposits and other costs associated with moving.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment, including having communication features. The same units can satisfy both of these accessibility requirements. The completed development will be 100 percent accessible for visitors. The development will also include Universal Design features.

Project Sustainability

Ulric II will be built as Green Point Rated with an anticipated Gold Rating standard. Ulric II will comply with the CTCAC minimum energy efficiency construction standards for new construction. The development's features will include: Energy Star-rated efficient appliances, dual-glazed windows coated for limited solar heat gain, low-energy lighting, HVAC systems that utilize energy efficient heat pumps, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, and common area solar hot water. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

Development Team

CHW, a 501(c) (3) nonprofit, is the developer. The proposed borrower will be Linda Vista Housing Associates, L.P., which will include CHW Linda Vista LLC, as its General Partner, the nonprofit CHW as the sole member/manager, and a to-be-determined tax credit investor limited partner (Attachment 3 – Organization Chart). CHW was formed in 2002 by the merger of Community Housing of North County and San Diego Neighborhood Housing Services. CHW has won many national, state and regional awards for development excellence. They are a provider of multiple social services. CHW's mission is to revitalize neighborhoods through the creation of affordable housing with services for residents. CHW owns more than 3,670 apartments in 42 communities statewide, serving more than 9,000 families. CHW has developed a number of affordable housing developments utilizing Housing Commission loans, including the 75-unit North Park Seniors; 70-unit Mayberry Townhomes; 83-unit Kalos Apartments; 67-unit Alabama Manor; and 108-unit Las Serenas.

CHW is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed Ulric II project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	CHW
Owner/Borrower	Linda Vista Housing Associates, L.P.,
General Partner	CHW Linda Vista LLC
Tax Credit Investor Limited Partner	To be selected
Architect	Studio E Architects
General Contractor	Sun Country Builders
Prevailing Wage Monitoring	Amerinational Community Services, LLC
Relocation Consultant	Autotemp, Inc.
Property Management	ConAm Management Corporation
Tenant Services Provider	LifeSTEPS
Construction/Permanent Lender	To be selected

Property Management

Ulric II will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. ConAm is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments. ConAm manages 34 developments for CHW. CHW's Asset Management Department will oversee ConAm.

Tenant Services Provider

Life Skills Training and Educational Programs, Inc. (LifeSTEPS), is the largest provider of social and supportive services to residents of affordable housing in California. Formed in 1996, LifeSTEPS is a statewide organization serving more than 94,000 residents living in more than 33,700 units of family, senior and single-room occupancy (SRO), low-income and supportive housing. LifeSTEPS provides a comprehensive set of social and supportive services that include: case management services, aging-in-place services for seniors, financial literacy, health and wellness activities, crisis intervention, life skills education, food distribution programs, mental health referrals, and community activities.

FINANCING STRUCTURE

Ulric II has an estimated total development cost of \$32,004,521 (\$533,409/unit). Financing will include a combination of sources as described in Table 3. The developer's current pro forma is included as Attachment 4 and is summarized below.

Table 3 – Ulric II Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$7,255,000	Property acquisition	\$3,706,585	\$61,776
State Department of Housing & Community Development Multifamily Housing Program loan	10,172,280	Construction costs \$15,280,742 Contingency <u>+1,528,854</u> Total construction \$16,809,596	16,809,596	280,160
Housing Commission proposed loan	4,075,000	Financing costs	2,800,516	46,675
Accrued soft loan interest	153,793	Other soft costs	2,847,335	47,456
CHW General Partner contribution	100	Permits and fees	878,038	14,634
4 percent (CCTCAC) tax credit equity	9,016,243	Relocation costs	1,308,000	21,800
Deferred developer fee	1,192,865	Developer fee	3,192,865	53,214
Impact fee waiver	139,240	Reserves	461,586	7,693
Total Development Cost (TDC)	\$32,004,521	Total Development Cost	\$32,004,521	\$533,409

The Housing Commission’s proposed \$4,075,000 residual receipts loan will be funded from the City of San Diego’s Affordable Housing Fund (Inclusionary Housing Fee and Housing Impact Fee, also known as Linkage Fee), which the Housing Commission administers. The total amount of Housing Commission funding shall not exceed \$4,075,000. A final determination of Housing Commission funding sources will be made by the Housing Commission’s President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized at Attachment 5.

CHW proposes to finance the development with the use of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bond financing, a State Department of Housing and Community Development Multifamily Housing Program loan, and a Housing Commission proposed residual receipts loan. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission’s loan.

Developer Fee

\$3,192,865 – Gross Developer Fee
- 1,192,865 – Minus Deferred Developer Fee
\$2,000,000 – Net Cash Developer Fee (paid from development sources)

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR 17-011; Resolution No. HA- 1727). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposed developer fee, complies with the HAR17-011 “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development and make a funding recommendation. 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	$\$32,004,521 \div 60 \text{ units} =$	\$533,409
Housing Commission Subsidy Per Unit	$\$4,075,000 \div 60 \text{ units} =$	\$67,917
Land Cost Per Unit	$\$3,706,585 \div 60 \text{ units} =$	\$61,776
Gross Building Square Foot Hard Cost	$\$16,809,596 \div 55,836 \text{ sq. ft.} =$	\$301
Net Rentable Square Foot Hard Cost	$\$16,809,596 \div 36,684 \text{ sq. ft.} =$	\$471

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over previous years are listed in Table 5. These developments are similar in terms of new construction, target population and construction type and are provided as a comparison to Ulric II.

Table 5 - Comparable Development Projects

		Unit Mix Construction	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Ulric Street II	2020	59 one bedrooms + 1 manager	60	\$32,004,521 (with prevailing wage)	\$533,409	\$67,917	\$301
Keeler Court	2019	10 studios, 20 ones, 18 twos, 22 threes, + 1 manager	71	\$35,692,466 (with prevailing wage)	\$502,711	\$0	\$262
Jamboree	2019	52 ones, 9 twos, 3 threes + 1 manager	65	\$32,526,938 (with prev. wage)	\$500,414	\$64,615	\$279

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing 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 CDLAC application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution 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 application to CDLAC in January 2021 and to obtain a bond allocation at CDLAC's March 2021 meeting. If necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. However, the loan closing must occur within 18 months of the Housing Commission's proposed approval. The developer will be seeking a CDLAC

bond allocation of approximately \$23,852,443. 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's ordinance on bond disclosure. The bond amount that is ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, construction and permanent financing. Housing Commission staff will return later 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 6.

Staff recommends assigning Quint and Thimmig as Bond Counsel and CSG Advisors as Bond Financial Advisor 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 selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed loan, the Ulric II development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to the applicable tax credit and bonds regulatory agreements that will restrict affordability of 59 units for 55 years. The project's 59 units will be affordable to tenants with income levels ranging from 30 percent of San Diego Area Median Income (AMI) (\$27,750/year for a one-bedroom, two-person household) to 60 percent of AMI (\$55,440/year for a one-bedroom, two-person household). The development will include 59 one-bedroom affordable units and one unrestricted manager's unit.

Housing Commission staff has provided a preliminary recommendation of award for 59 federal Project-Based Vouchers for Ulric II. The preliminary recommendation for these vouchers is contingent upon completion of a subsidy layering review and execution of an Agreement to Enter into Housing Assistance Payment. The Housing Commission's Project-Based Voucher Waiting List will be used to select affordable housing tenants 53 of the vouchers. Six vouchers are for units for seniors who experienced homelessness and will be identified through the Coordinated Entry System. Under this vouchers program, the tenants' rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Ulric II's 59 voucher-assisted units.

Table 6 Ulric II Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
1-bedroom, 1 bath (500 sq. ft.)	30%	21	\$649
1-bedroom, 1 bath (593 sq. ft.)	60%	38	\$1,299
2-bedroom Managers Unit	-	1	--
Total Units		60	

The rent and occupancy restrictions required by the Housing Commission and by CTCAC will be applicable. The tax credit restricted units and/or the Housing Commission loan's restricted units may be

counted toward the same specific units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Fiscal Year (FY) 2021 Housing Commission Budget, except for the Bond Issuance Fees.

Estimated funding sources approved by this action will be as follows:

- Affordable Housing Fund - up to \$4,075,000
- Bond Issuance Fee - \$59,631 (\$23,852,443 bond amount x .0025)
- Total Funding Sources - up to \$4,134,631

Estimated funding uses approved by this action will be as follows:

- Loans - up to \$4,075,000
- Administrative Cost - up to \$59,631
- Total Funding Uses - up to \$4,134,631

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the 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, nor 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 the Housing Commission's Bond Counsel and Financial Advisor fees.

Development Schedule

Milestones	Estimated Dates
• Housing Authority Consideration • City Council IRS-required TEFRA hearing • CDLAC bond application • CTCAC tax credit application • CDLAC & CTCAC allocation meetings • Housing Commission final bond authorization • Housing Authority final bond authorization • Estimated bond issuance and escrow/loan closing • Estimated start of construction work • Estimated completion of construction work	• October 27, 2020 • October 27, 2020 • January 2021 • January 2021 • March 2021 • April 2021 • April 2021 • April 2021 • April 2021 • September 2022

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is located in the Linda Vista neighborhood. On July 27, 2020, the Ulric II project was presented to the Linda Vista Planning Group, and it received a unanimous approval.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CHW as the developer, the Housing Commission as a proposed lender, State Department of Housing and Community Development as a proposed lender, the Linda Vista neighborhood, and the tenant occupants. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the tenants, and create 59 affordable rental homes for seniors, including six for seniors who experienced homelessness.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statements are on file at the San Diego Housing Commission.

ENVIRONMENTAL REVIEW

On August 8, 2019, the City of San Diego conducted a review of this project and determined the project can be submitted ministerially and does not require a CEQA review because it is not a project per CEQA. Federal funds constitute a portion of the funding for the project. A final reservation of the Federal Project Based Vouchers occurred upon satisfactory completion of the environmental review and receipt by the City of San Diego of an Authorization to Release Grant Funds from the U.S. Department of Housing and Urban Development on July 7, 2020 and July 8, 2020, under 24 CFR Part 58 of the National Environmental Policy Act (NEPA).

Respectfully submitted,



J.P. Correia
Senior Real Estate Project Manager
Real Estate Division

Approved by,



Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments: 1. Development Summary
2. Site Map
3. Organization Chart
4. Developer's Project Pro Forma
5. Proposed Loan Terms
6. Multifamily Housing Revenue Bond Program

Docket materials are available in the "Governance & Legislative Affairs section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 - Development Details

Address	2601 Ulric Street, San Diego, 92111
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Community Plan Area	Linda Vista Community Planning Area
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Lot Size	One parcel totaling 1.4 acres, 60,984 square feet
Units	60
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Unit Mix	59 one-bedroom affordable units and one unrestricted manager's two-bedroom unit.
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Developer	CHW
Owner/Borrower	Linda Vista Housing Associates, L.P.,
Managing General Partner	CHW Linda Vista LLC
Tax Credit Investor Limited Partner	To be selected
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Relocation Consultant	Autotemp Inc.
Property Management	ConAm Management Corporation
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Table 4 - Key Performance Indicators

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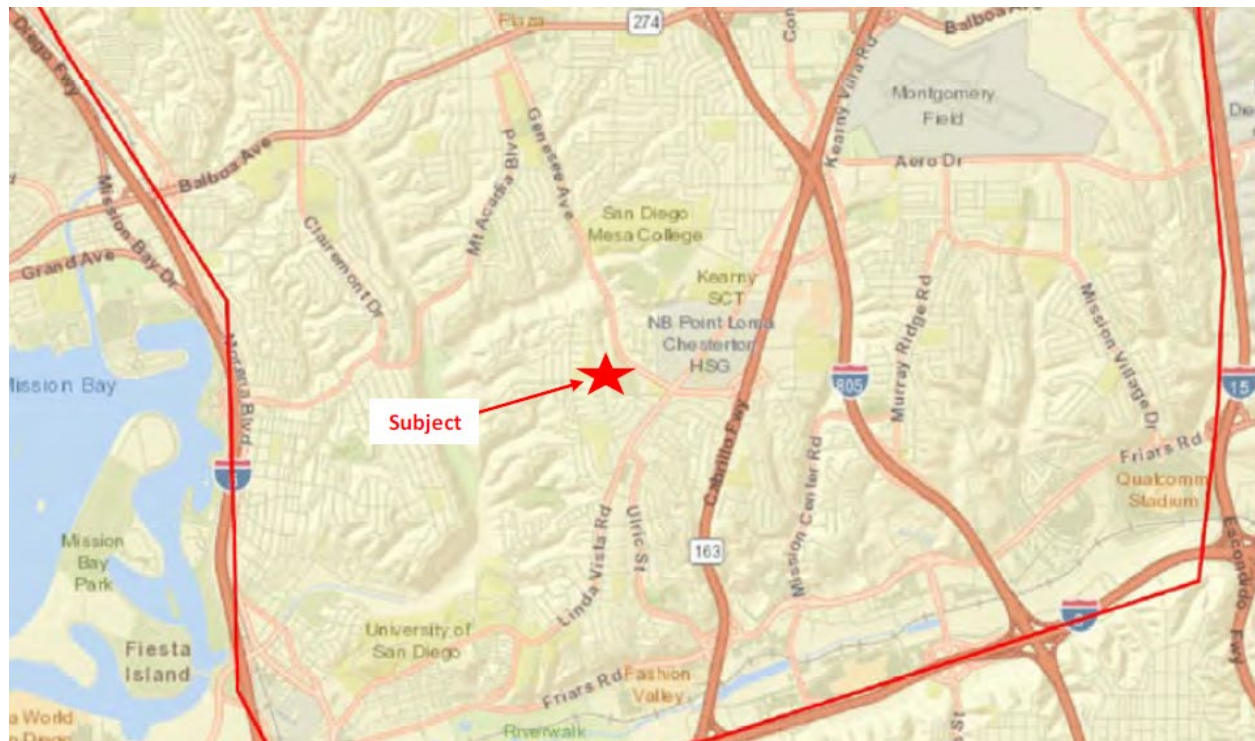
Table 5 - Comparable Development Projects

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Keeler Court	2019	10 studios, 20 ones, 18 twos, 22 threes, + 1 manager	71	\$35,692,466 (with prevailing wage)	\$502,711	\$0	\$262
Fairmount Family	2017	32 ones, 23 twos, 24 threes, + 1 manager	80	\$29,828,500 (no prev. wage)	\$372,856	\$118,356	\$212
North Park Seniors	2016	7 studios, 65 ones, 3 twos, + 1 manager	76	\$24,818,921 (no prev. wage)	\$326,565	\$92,105	\$216
Mesa Verde	2016	3 studios, 24 ones, 36 twos, 26 threes, + 1 manager	90	\$22,963,066 (no prev. wage)	\$441,597	\$60,000	\$225

Table 6 Ulric II Affordability and Monthly Estimated Rent Table

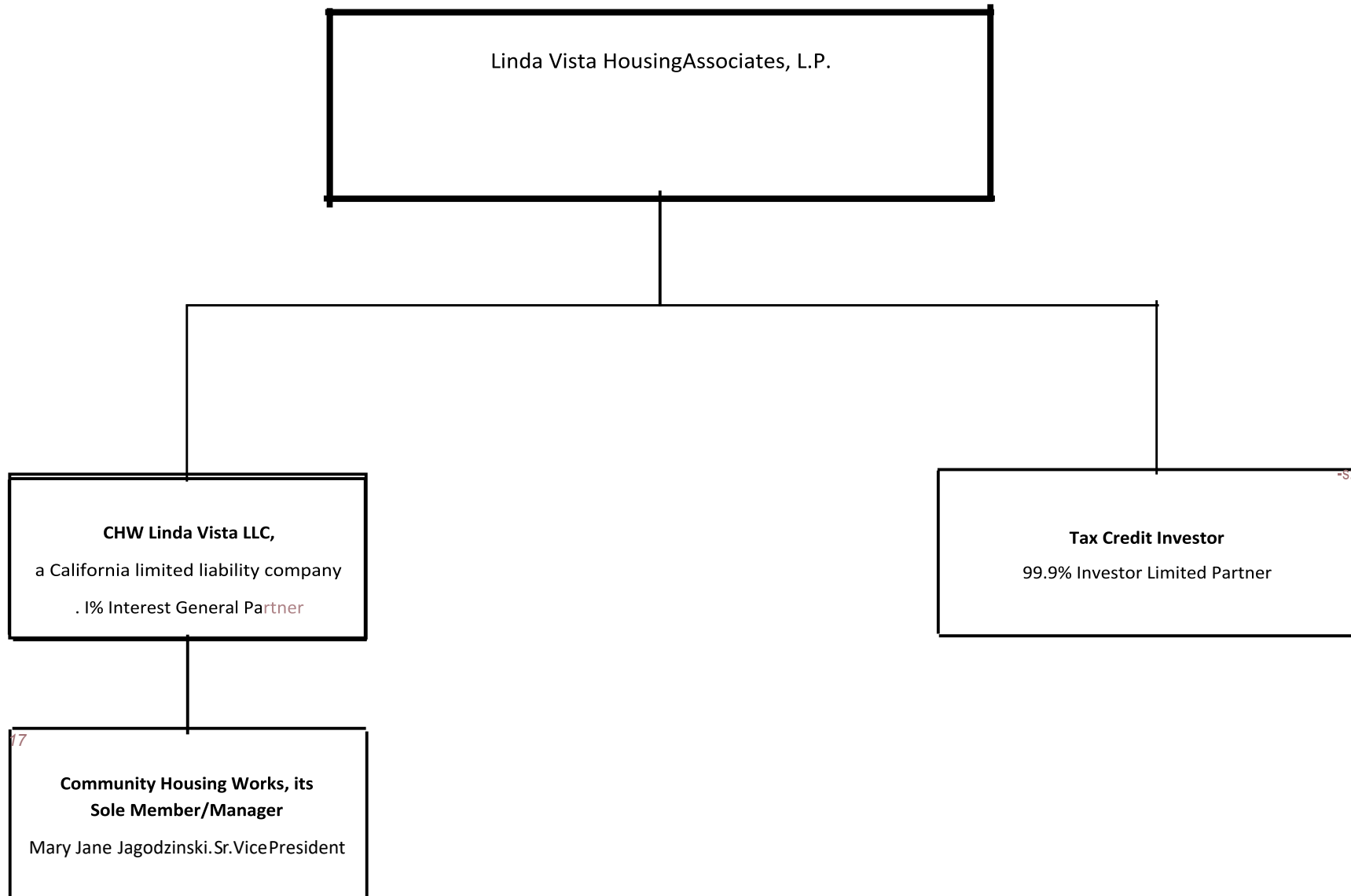
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1-bedroom, 1 bath (500 sq. ft.)	30%	21	\$649
1-bedroom, 1 bath (593 sq. ft.)	60%	38	\$1,299
2-bedroom Managers Unit	-	1	--
Total Units		60	

ATTACHMENT 2 – SITE MAP



ATTACHMENT 3 – ORGANIZATION CHART

Linda Vista Housing Associates, L.P. Organization Chart



ATTACHMENT 4 – DEVELOPER’S PROJECT PRO FORMA

Ulric II

Prepared For:	Community HousingWorks
Prepared By:	California Housing Partnership Corporation
Version:	Feasibility v5.2 MHP
Revised:	7/20/2020
Filename:	Ulric II - Feasibility v5.2 MHP.xlsx

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SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS			
Conventional Perm Loan - A Tranche	7,255,000	4.350%		30.0	<i>Total Permanent Debt: 7,255,000</i>			
SDHC	4,075,000	3.000%	1.854%	55.0	<i>Term - 30 (yrs.)</i>	<i>Index - 10Y T - 1.300% floor rate</i>	<i>Spread - 280 bps</i>	<i>U/W Cushion - 25 bps</i>
Accrued Deferred Interest - SDHC	153,793						<i>Per Unit:</i>	<i>67,917</i>
MHP	10,172,280	3.000%	1.903%	55.0			<i>Per Unit:</i>	<i>169,538</i>
Impact Fee Waiver	139,240							
Deferred Developer Fee	1,192,865							
Capital Contributions					<i>Capitalized Developer Fee</i>	<i>2,000,000</i>		
General Partner (Developer Fee)	0				<i>Aggregate Equity Pricing:</i>	<i>0.920</i>		
GP Capital	100				<i>Total LP capital includes release of bond collateral funded during construction</i>			
Limited Partners	9,016,243				<i>Synd Costs</i>	<i>221,700</i>		
TOTAL SOURCES	32,004,521							
Surplus/(Shortfall)	0							

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK		OTHER ASSUMPTIONS	
Base Rate	4.100%	5.380%	LIHTC Equity (Federal+State)	9,016,243	Current AFR:	1.90%
Cushion	0.250%	0.000%	Historic Tax Credit	0	AFR Month:	1/1/17
MIP	0.000%	0.000%	Investment Tax Credit (Solar PV)	0	AFR Cushion:	0.00%
GNMA/Servicing	0.000%	0.000%	Subtotal LP Equity	9,016,243	Total U/W AFR:	1.90%
Issuer	0.000%	0.000%				
Trustee	0.000%	0.000%				
Rating	0.000%	0.000%	CA Certificated Credit Sale	0		
Remarketing	0.000%	0.000%	Total Investor Equity	9,016,243		
Rebate Analyst	0.000%	0.000%				
Total	4.350%	5.380%				

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS			
Tax-Exempt Construction Loan	23,852,443	4.000%	24				
Taxable Construction Loan	0	4.000%	24				
SDHC	3,667,500	3.000%	24				
Accrued Deferred Interest - SDHC	153,793						<i>assume 100% AOB</i>
Impact Fee Waiver	139,240						
Costs Deferred Until Conversion	2,096,955						
Deferred Developer Fee	1,192,865						
Capital Contributions							
General Partner (Developer Fee)	0						
GP Capital	100						
Limited Partners*	901,624						
TOTAL SOURCES	32,004,521						
Surplus/(Shortfall)	(0)						
Sources Less Deferred To Conversion:	29,907,566						

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: LIBOR	Restricted NOI 579,713	50% Test (see Page 7): 84.67%
Current Index: 1.00%	OAR 5.00%	Issuer Inducement: TBD
Spread: 2.00%	FMV per NOI 11,594,268	CDLAC Alloc: 0.00 TBD
Base Interest Rate (not including cushi 3.00%	Credit Value 0.92 9,016,243	Percent of CDLAC Allocation Use 0.00%
Cushion - Total 1.00%	Perm-Only Soft Debt 10,579,780	Const-only portion: 16,597,443
Interest Rate (All-In) 4.00%	Total Value 31,190,291	
	LTV: 85.00%	CDLAC Limit 32,676,500
	Max. Const. Loan Amount 26,511,747	
	Commitment Amount TBD	

Developer Fee Calculation

Version: Feasibility v5.2 MHP

MAXIMUM DEVELOPER FEE CALCULATION

	CONST.	ACQ.	TOTAL
Fee per Base TCAC Formula	3,192,865	0	3,192,865
Percent of Total	100.00%	0.00%	100.00%
Max. Allowable Fee per TCAC (prorated)	3,192,865	0	3,192,865
Less: Development Consulting	0		0
Net Allowable	3,192,865	0	3,192,865
Less: Owner Reduction	0	0	0
Net Allowable	3,192,865	0	3,192,865
Maximum Base Developer Fee per TCAC			3,192,865
Maximum Developer Fee per HCD			N/A
Maximum Developer Fee per Local			N/A
Maximum Developer Fee per Owner			N/A
Maximum Developer Fee at Max Cash Fee			
Most Restrictive Maximum Developer Fee:			3,192,865
Maximum Cash Fee per TCAC (Lesser of Calc. or Reservation Amount)			2,500,000
Maximum Cash Fee per HCD			3,176,548
Maximum Cash Fee per Local			2,000,000
Maximum Cash Fee per Owner			N/A
Most Restrictive Maximum Cash Fee:			2,000,000

9% CASH DEVELOPER FEE CALCULATION

Project Type:	New Construction	New Construction Cost Factor Calc	
TCAC Base Cash Fee:	2,200,000	% of TBL:	68.03%
Adjusted Max Cash Fee:	2,903,374	Cost Factor (2-TBL)	131.97%
		Base * Cost Factor:	2,903,374

ACTUAL DEVELOPER FEE PAYMENT SCHEDULE

	Amount	% of Cash Fee	% of Total Fee
Construction Close	403,567	20.18%	12.64%
Interim Milestone 1	-	0.00%	0.00%
Interim Milestone 2	-	0.00%	0.00%
Interim Milestone 3	-	0.00%	0.00%
Completion	80,713	4.04%	2.53%
Conversion	1,415,719	70.79%	44.34%
Final LP Pay-in 1	100,000	5.00%	3.13%
Final LP Pay-in 2	-	0.00%	0.00%
Total: Cash Fee	2,000,000		
Plus: Deferred Developer Fee	1,192,865		37.36%
Plus: GP Capital	0		0.00%
Total Developer Fee	3,192,865		

Unit Mix & Rental Income

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AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median)	49.32%
9% TCAC INCOME TARGETING POINTS:	50.00
RENT LIMITS AS OF YEAR:	2020

UTILITY ALLOWANCES	0BR	1BR	2BR	3BR	4BR	5BR
Ulric II	-	62	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-

RESIDENTIAL INCOME

LIHTC - Tier 1Ulric II										Section 8 SUBSIDIZED					
TCAC30% AMI% of Units: 35.59%															
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent		# of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	21	500	29.96%	649	587	587	12,327	147,924		21	1,389	802	16,842	202,104	350,028
TOTAL	21						12,327	147,924		21			16,842	202,104	350,028

LIHTC - Tier 2Ulric II										Section 80					
TCAC60% AMI% of Units: 64.41%															
Type	Number	Unit Floor Area	Rent TCAC	Monthly	Regulatory	Actual Net	Monthly Net		Rent	Subsidized	Subsidy	Subsidy	Monthly	Annual	Annual
1BR	38	500	59.97%	1,299	1,237	1,237	47,006	564,072		38	1,389	152	5,776	69,312	633,384
TOTAL	38						47,006	564,072		38			5,776	69,312	633,384

Staff Units - Site 1Ulric II									
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	
2BR	1	800	0.00%	0	0	0	0	0	
TOTAL	1						0	0	

TOTAL RESIDENTIAL INCOME														
	Number	Total Monthly Net Rent	Total Annual Net Rent	Monthly Section 8 Income	Annual Section 8 Income	Monthly NA Income	Annual NA Income	Monthly Test C Income	Annual Test C Income	Monthly Test D Income	Annual Test D Income	Grand Total Income	Total Floor Area	
LIHTC	59	59,333	711,996	22,618	271,416	0	0	0	0	0	0	983,412	29,500	
Staff Units	1	0	0	0	0	0	0	0	0	0	0	0	800	
TOTAL	60	59,333	711,996	22,618	271,416	0	0	0	0	0	0	983,412	30,300	

MISCELLANEOUS INCOME			
	Per Unit Per Month	Monthly Total	Annual Total
Laundry / Vending	8.00	480	5,760
Other	0.00	0	0
Parking	0.00	0	0
TOTAL	8.00	480	5,760

SUBSIDIZED UNIT MIX SUMMARY							
Unit Type	Units With	Units With	Units With	Units	Units	Total	
0BR	0	0	0	0	0	0	0
1BR	59	0	0	0	0	59	
2BR	0	0	0	0	1	1	
3BR	0	0	0	0	0	0	
4BR	0	0	0	0	0	0	
5BR	0	0	0	0	0	0	
TOTAL	59	0	0	0	1	60	

SCATTERED SITE UNIT MIX SUMMARY															
LIHTC						Non-LIHTC						STAFF UNITS			
Unit Type	Ulric II	0	0	0	0	Ulric II	0	0	0	0	0	Ulric II	0	0	0
0BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1BR	59	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2BR	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
3BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	59	0	0	0	0	0	0	0	0	0	0	1	0	0	0

TOTAL ALL TYPES					
Unit Type	Ulric II	0	0	0	0
0BR	0	0	0	0	0
1BR	59	0	0	0	0
2BR	1	0	0	0	0
3BR	0	0	0	0	0
4BR	0	0	0	0	0
5BR	0	0	0	0	0
TOTAL	60	0	0	0	0

Calculation of Tax Credits

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	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	0	24,478,632	24,478,632	0	0	0
Less:						
50% Energy Investment Tax Credit (Res. Portion)	0	0	0	0	0	0
Historic Tax Credit (Res. Portion)		0	0		0	0
Non-Eligible Federal Financing	0	0	0	0	0	0
Non-Eligible Grants	0	0	0	0	0	0
Soft Loan Basis Deduction	0	0	0	0	0	0
Voluntary Reduction for Tie-Breaker	0		0	0	0	0
ELIGIBLE BASIS	0	24,478,632	24,478,632	0	0	0
Threshold Basis Limit			35,982,930			
TBL: Exclude GP Cap/DDF for 4%/State			0			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	0	24,478,632	24,478,632	0	0	0
HIGH COST ADJUSTMENT (Y or N) Y DDA 2019	100.0%	130.0%		100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	0	31,822,222	31,822,222	0	0	0
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	0	31,822,222	31,822,222	0	0	0
CREDIT RATE (TCAC UNDERWRITING) State - Total Federal Annual/Yr 1-3 State Year 4 - State	3.08%	3.08%		13.00% 3.08% 3.76%	13.00% 3.08% 3.76%	
MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate) Credit Rates Potential Credit Credit Rate Locked? YES Sep-19	3.08% 0	3.08% 980,124	980,124			
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING Federal Annual/Yr 1State Yr 2 State Yr 3 State Yr 4 State Total	0	980,124	980,124	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0
MAXIMUM ALLOWABLE CREDITS (Lesser of above) Federal Annual/Total State	0	980,124	980,124			0
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			9,801,244			0

Base Year Income & Expense

Version: Feasibility v5.2 MHP

INCOME		
Scheduled Gross Income - Residential		711,996
Total Gross Subsidy Income - Section 8		271,416
Misc. Income		5,760
Vacancy Loss - Residential	5.0%	(35,888)
Vacancy Loss - Section 8	5.0%	(13,571)
EFFECTIVE GROSS INCOME		939,713
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	0	
Legal	1,500	
Accounting/Audit	9,875	
Security	0	
Other: Misc. Admin	7,920	
Total Administrative		19,295
Management Fee		39,600
Utilities		
Gas	4,500	
Electricity	12,050	
Water/Sewer	33,930	
Total Utilities		50,480
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	50,975	
Maintenance Payroll	43,000	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	23,490	
Total Payroll/Payroll Taxes		117,465
Insurance		25,000
Maintenance		
Painting	3,120	
Repairs	4,440	
Trash Removal	6,600	
Exterminating	3,600	
Grounds	6,000	
Elevator	6,000	
Supplies	400	
Total Maintenance		30,160
Resident Services		
Resident Services	45,000	
Total Resident Services		45,000
Replacement Reserve		30,000
Real Estate Taxes		3,000
TOTAL EXPENSES - RESIDENTIAL		360,000
Per Unit Per Annum (incl. Reserves)	6,000	
Per Unit Per Annum (w/o taxes/res/svc))	4,700	
TCAC Minimum (w/o taxes/res/svc)	4,700	
NET AVAILABLE INCOME		579,713
Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor)	1.15	(60,632)
Less: Local Compliance Fee (County)		0
Less: Local Compliance Fee (SDHC)		(9,145)
ADJUSTED NET AVAILABLE INCOME: TOTAL		509,936
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		252,091
Debt Service Coverage Ratio		1.15
AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY)		219,210
AVAILABLE FOR DEBT SERVICE (OP SUBSIDY OVERHANG)		224,213
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		66,513

15-Year Cash Flow

Version: Feasibility v5.2 MHP

Assumptions																				
Rent Increase - Residential Tenant Rent	2.50%	Rent Increase - Section 8	2.50%	Pem Loan - % Debt Svc Yr 1	0.0%															
Rent Increase - Commercial Rents	2.00%	Rent Increase - NA	2.00%	Pem Loan - % Debt Svc Yr 2	0.0%															
Expenses Increase:	3.50%	Rent Increase - Test C	2.00%	Pem Loan - % Debt Svc Yr 3	100.0%															
Reserve Increase:	0.00%	Rent Increase - Test D	2.00%	Pem Loan - % Debt Svc Yr 4	100.0%															
				Pem Loan - % Debt Svc Yr 5	100.0%															
Credit Period Year:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
GROSS POTENTIAL INCOME - RESIDENTIAL		56,366	677,735	731,240	749,521	768,259	787,466	807,152	827,331	848,015	869,215	890,945	913,219	936,049	959,451	983,437	1,008,023	1,033,223	1,059,054	1,085,530
Incremental Income: Section 8		21,487	258,356	278,752	285,721	292,864	300,185	307,690	315,382	323,267	331,349	339,632	348,123	356,826	365,747	374,890	384,263	393,869	403,716	413,809
Misc. Income		456	5,483	5,916	6,064	6,215	6,371	6,530	6,693	6,860	7,032	7,208	7,388	7,573	7,762	7,956	8,155	8,359	8,568	8,782
Vacancy Loss - Residential		5.0%	(2,841)	(34,161)	(36,858)	(37,779)	(38,724)	(39,692)	(40,684)	(41,701)	(42,744)	(43,812)	(44,908)	(46,030)	(47,181)	(48,361)	(49,570)	(50,809)	(52,079)	(53,381)
Vacancy Loss - Section 8		5.0%	(1,074)	(12,918)	(13,938)	(14,286)	(14,643)	(15,009)	(15,385)	(15,769)	(16,163)	(16,567)	(16,982)	(17,406)	(17,841)	(18,287)	(18,745)	(19,213)	(19,693)	(20,186)
GROSS EFFECTIVE INCOME		74,394	894,495	965,113	989,240	1,013,971	1,039,321	1,065,304	1,091,936	1,119,235	1,147,216	1,175,896	1,205,293	1,235,426	1,266,311	1,297,969	1,330,418	1,363,679	1,397,771	1,432,715
Operating Expenses w/ Standard Inflator		3.5%	26,125	314,369	342,496	354,484	366,891	379,732	393,022	406,778	421,015	435,751	451,002	466,787	483,125	500,034	517,536	535,649	554,397	573,801
TOTAL EXPENSES		26,125	314,369	342,496	354,484	366,891	379,732	393,022	406,778	421,015	435,751	451,002	466,787	483,125	500,034	517,536	535,649	554,397	573,801	593,884
Total Expenses - Residential		3.5%	26,125	314,369	342,496	354,484	366,891	379,732	393,022	406,778	421,015	435,751	451,002	466,787	483,125	500,034	517,536	535,649	554,397	573,801
NET OPERATING INCOME		48,269	580,126	622,616	634,757	647,081	659,589	672,281	685,158	698,219	711,465	724,894	738,506	752,301	766,277	780,434	794,769	809,282	823,970	838,831
REPLACEMENT RESERVE		30,000	2,375	28,500	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Mandatory Annual HCD Payment		0.42%	0	0	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724
Mandatory Annual SDHC Payment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Compliance Fee (County)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Compliance Fee (SDHC)		9,145	724	8,688	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145
NET REMAINING INCOME		45,170	542,938	530,748	542,888	555,212	567,720	580,413	593,289	606,351	619,596	633,025	646,637	660,432	674,408	688,565	702,900	717,413	732,101	746,962
PERM LOAN - TRANCHE A		Conventional Perm Loan - A Tranche																		
Principal Balance (Ending)		7,255,000	0	0	7,134,820	7,009,307	6,878,224	6,741,324	6,598,348	6,449,028	6,293,081	6,130,213	5,960,118	5,782,474	5,596,947	5,403,186	5,200,827	4,989,487	4,768,769	4,538,256
Annual Issuer Fee		10,000	0.000%	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Series A Bond P&I		433,395	0	0	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395
Interest Payment			0	0	313,215	307,882	302,312	296,495	290,419	284,074	277,448	270,527	263,300	255,751	247,868	239,634	231,036	222,055	212,677	202,882
Principal Payment			0	0	120,180	125,513	131,083	136,900	142,876	149,321	155,947	162,868	170,095	177,644	185,527	193,761	202,359	211,340	220,718	230,513
TOTAL SERIES A DEBT SERVICE			0	0	443,394,947	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395
NET CASH FLOW		45,170	542,938	87,353	99,493	111,817	124,325	137,018	149,894	162,956	176,201	189,630	203,242	217,037	231,013	245,170	259,505	274,018	288,706	303,568
OPERATING RESERVE DRAW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Net Cash Flow		0	0	675,461	99,493	111,817	124,325	137,018	149,894	162,956	176,201	189,630	203,242	217,037	231,013	245,170	259,505	274,018	288,706	303,568
Debt Service Coverage Ratio (All Debt)			NA	NA	1.20	1.22	1.25	1.28	1.31	1.34	1.37	1.40	1.43	1.46	1.49	1.52	1.55	1.59	1.62	1.65
<u>TCAC NET CASH FLOW TESTS:</u>																				
Percent Gross Revenue		57.68%	57.66%	8.60%	9.55%	10.48%	11.36%	12.22%	13.04%	13.83%	14.59%	15.32%	16.02%	16.69%	17.33%	17.94%	18.53%	19.09%		
25% Debt Service Test		NA	NA	0.20	22.44%	25.22%	28.04%	30.90%	33.81%	36.75%	39.74%	42.77%	45.84%	48.95%	52.10%	55.29%	58.53%	61.80%		
Alternative:																				
Year 15 Test - Greater of: (a) 2% Gross Income OR (b) lesser of \$25,000 or \$500/unit																27,326				
DISTRIBUTION OF CASH FLOW																				
LP AMF 1	Annual Amt:	5,000	0	0	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
	Inflator:	3.00%																		
	Annual Amt:	0	0	0	670,461	94,343	106,513	118,862	131,390	71,297	0	0	0	0	0	0	0	0	0	0
DDF	Interest Rate:	0.00%																		
	Annual Amt:	20,000	0	0	0	0	0	0	0	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252	31,159	
	Inflator:	3.00%																		
GP PMF 2																				
<u>Residual Receipts Loans</u>		Total %	50.00%																	
County IHTF		0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC		28.60%	0	0	0	0	0	0	7,096	19,035	20,801	22,590	24,401	26,234	28,088	29,964	31,861	33,779	35,718	37,676
MHP		71.40%	0	0	0	0	0	0	17,712	47,517	51,926	56,390	60,911	65,486	70,116	74,799	79,535	84,322	89,161	94,049
General Partner		90.00%	0	0	0	0	0	0	22,327	59,897	65,454	71,082	76,780	82,548	88,383	94,287	100,256	106,292	112,391	118,552
Limited Partner		10.00%	0	0	0	0	0	0	2,481	6,655	7,273	7,898	8,531	9,172	9,820	10,476	11,140	11,810	12,488	13,172

Ulric II

15-Year Cash Flow

Assumptions Rent Increase: Residential Tenant Rent Rent Increase: Commercial Rents Expenses Increase: Reserve Increase:																
	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
GROSS POTENTIAL INCOME - RESIDENTIAL	1,112,669	1,140,485	1,168,997	1,198,222	1,228,178	1,258,882	1,290,354	1,322,613	1,355,679	1,389,571	1,424,310	1,459,918	1,496,416	1,533,826	1,572,172	1,611,476
Incremental Income: Section 8	424,154	434,758	445,627	456,768	468,187	479,891	491,889	504,186	516,791	529,710	542,953	556,527	570,440	584,701	599,319	614,302
Misc. Income	9,001	9,226	9,457	9,694	9,936	10,184	10,439	10,700	10,967	11,242	11,523	11,811	12,106	12,409	12,719	13,037
Vacancy Loss - Residential	(56,083)	(57,486)	(58,923)	(60,396)	(61,906)	(63,453)	(65,040)	(66,666)	(68,332)	(70,041)	(71,792)	(73,586)	(75,426)	(77,312)	(79,245)	(81,226)
Vacancy Loss - Section 8	(21,208)	(21,738)	(22,281)	(22,838)	(23,409)	(23,995)	(24,594)	(25,209)	(25,840)	(26,486)	(27,148)	(27,826)	(28,522)	(29,235)	(29,966)	(30,715)
GROSS EFFECTIVE INCOME	1,468,533	1,505,246	1,542,877	1,581,449	1,620,986	1,661,510	1,703,048	1,745,624	1,789,265	1,833,996	1,879,846	1,926,842	1,975,014	2,024,389	2,074,999	2,126,874
Operating Expenses w/ Standard Inflator	614,670	636,183	658,450	681,495	705,348	730,035	755,586	782,032	809,403	837,732	867,053	897,399	928,808	961,317	994,963	1,029,786
TOTAL EXPENSES	<u>614,670</u>	<u>636,183</u>	<u>658,450</u>	<u>681,495</u>	<u>705,348</u>	<u>730,035</u>	<u>755,586</u>	<u>782,032</u>	<u>809,403</u>	<u>837,732</u>	<u>867,053</u>	<u>897,399</u>	<u>928,808</u>	<u>961,317</u>	<u>994,963</u>	<u>1,029,786</u>
Total Expenses - Residential	614,670	636,183	658,450	681,495	705,348	730,035	755,586	782,032	809,403	837,732	867,053	897,399	928,808	961,317	994,963	1,029,786
NET OPERATING INCOME	853,863	869,063	884,428	899,954	915,638	931,475	947,462	963,592	979,862	996,264	1,012,794	1,029,443	1,046,205	1,063,072	1,080,036	1,097,087
REPLACEMENT RESERVE	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Mandatory Annual HCD Payment	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724	52,724
Mandatory Annual SDHC Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Compliance Fee (County)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Compliance Fee (SDHC)	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>	<u>9,145</u>
NET REMAINING INCOME	761,994	777,194	792,559	808,085	823,769	839,607	855,593	871,724	887,993	904,396	920,925	937,574	954,337	971,204	988,167	1,005,218
PERM LOAN - TRANCHE A																
Principal Balance (Ending)	4,046,086	3,783,501	3,509,264	3,222,857	2,923,739	2,611,347	2,285,092	1,944,359	1,588,504	1,216,857	828,718	423,354	0	0	0	0
Annual Issuer Fee	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Series A Bond P&I	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	433,395	0	0
Interest Payment	181,968	170,810	159,158	146,988	134,277	121,003	107,140	92,661	77,540	61,748	45,255	28,031	10,041	0	0	0
Principal Payment	<u>251,427</u>	<u>262,584</u>	<u>274,237</u>	<u>286,407</u>	<u>299,118</u>	<u>312,392</u>	<u>326,255</u>	<u>340,734</u>	<u>355,855</u>	<u>371,647</u>	<u>388,140</u>	<u>405,364</u>	<u>423,354</u>	0	0	0
TOTAL SERIES A DEBT SERVICE	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	443,395	0	0
NET CASH FLOW	318,599	333,799	349,164	364,690	380,374	396,212	412,198	428,329	444,598	461,001	477,530	494,179	510,942	527,816	544,832	561,999
OPERATING RESERVE DRAW																
Remaining Net Cash Flow	318,599	333,799	349,164	364,690	380,374	396,212	412,198	428,329	444,598	461,001	477,530	494,179	510,942	527,816	544,832	561,999
Debt Service Coverage Ratio (All Debt)	1.72	1.75	1.79	1.82	1.86	1.89	1.93	1.97	2.00	2.04	2.08	2.11	2.15	NA	NA	NA
TOCAC NET CASH FLOW TESTS: Percent Gross Revenue 25% Debt Service Test Alternative: Year 15 Test - Greater of: (a) 2% Gross In																
DISTRIBUTION OF CASH FLOW																
LP AMF 1	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106	11,440	11,783	12,136	12,500	12,875
DDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP PMF 2	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	44,426	45,759	47,131	48,545	50,002	51,502
Residual Receipts Loans																
County IHTE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC	39,653	41,650	43,665	45,697	47,746	49,812	51,892	53,987	56,096	58,217	60,350	62,493	64,644	66,801	68,964	71,133
MHP	98,986	103,969	108,999	114,072	119,187	124,343	129,537	134,767	140,031	145,326	150,649	155,998	161,369	166,761	172,174	177,606
General Partner	124,775	131,057	137,397	143,792	150,240	156,739	163,286	169,879	176,514	183,189	189,899	196,642	203,412	210,214	217,049	223,916
Limited Partner	13,864	14,562	15,266	15,977	16,693	17,415	18,143	18,875	19,613	20,354	21,100	21,849	22,601	23,356	24,114	24,875



San Diego Housing Commission

ATTACHMENT 5 - LOAN TERMS

PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

Ulric Street Apartments II
2601-2641, San Diego 92111
October 7, 2020

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment term summary. The commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners and potentially also by the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under Linda Vista Housing Associates L.P., a California limited partnership (“Borrower”) for Ulric Street Apartments II (“Project”) with respect to the proposed new construction and permanent financing of a 60-unit development (with 59 affordable units and one unrestricted manager’s unit) located at 2601-2641 Ulric Street, San Diego, CA. Closing must occur within eighteen (18) months of San Diego Housing Commission Board of Commissioners approval of the Housing Commission loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) 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 that the Housing Commission loan is approved by the San Diego Housing Commission Board of Commissioners and, if necessary, 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 pro forma which models financial Projections of the Project.

The terms of the Housing Commission’s proposed financing will be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$4,075,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate** - 3 percent simple interest.
3. **Loan Terms** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Terms** - Annual payments on the loan shall equal the 50% percent of the project’s residual cash. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50% percent of the Project’s residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:
 - (i) The year 1 “Limited Partnership Fees” shall be capped at \$25,000 per year. “Limited Partnership Fees” shall be defined to include any and all partnership-related fees including but not limited to: investor partnership fees, asset management fees, other limited partnership fees, and general partner fees. Limited Partnership Fee increases after year 1 will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue.
 - (ii) Eligible deferred developer fee, and
 - (iii) Repayment of eligible development deficit and operating deficit loans.



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5. **Affordability** -

a. Restricted units must remain affordable for 55 years. At closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.

b. The affordability shall be as follows:

Unit Type	AMI	Number of Units
1 Bedroom, 1 bath	30%	21
1 Bedroom, 1 bath	60%	38
2 Bedroom Manager's unit	-	1
Total		60

6. **Alternate Funding**: If the Borrower does not secure 4 percent tax credits in the California Tax Credit Allocation Committee (CTCAC), estimated for January meeting round in 2021, then Borrower shall make application for 4% tax credits in the next available CTCAC funding round. Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community Development, along with tax-exempt bonds, and 4% tax credits. Housing Commission legal counsel will determine if subsequent approvals for alternative funding structures are required by the Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.

7. **Appraised Value** - The purchase price of land and improvements shall not exceed the \$5,100,000 appraised value as shown in the Kinetic Valuation Group's November 13, 2019 appraisal report. Notwithstanding the foregoing, the purchase price may exceed such amount, provided one hundred percent (100%) of any net sales proceeds over the appraised value of \$5,100,000 resulting from a subsequent sale to the Borrower shall be structured as a Seller Carryback Loan, payable from the Borrower's share of residual receipts. Borrower will submit an updated appraisal report with an effective date that is no more than 90 days before the closing.

8. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission loan with endorsements, as acceptable to the Housing Commission's legal counsel.

9. **Construction Costs Third-Party Review** - Prior to loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.

10. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder. Alternatively, and at the Housing Commission's discretion, the selected construction contractor shall competitively bid at least three qualified subcontractors for each trade and shall be awarded to the lowest qualified and responsive bidder.

a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.

b. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission



San Diego Housing Commission

- c. shall have a minimum of two weeks for its review of the proposed Construction agreement. Subcontractors – the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the Project. Those bids will be reviewed and approved by the Borrower. The Borrower and the General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
 - d. Change orders at, or in excess of \$50,000, shall have the Housing Commission's prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed explanation of why the change order work is necessary, why the issue was not included in the scope of work, and why the change order is not being charged against the General Contractor's contingency.
 - e. Agreement Changes - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.
 - f. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.
11. **Tax Credit Equity** – Borrower will provide the letter of intent with equity pricing from the low income housing tax credit (LIHTC) investor within 90 days of closing.
12. **First Mortgage** – Borrower will provide the term sheet from the first mortgage provider that was used at the time of the application as well as an update within 90 days of closing.
13. **Cost Certification** - The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval prior to final issuance of such tax credit cost certification.
14. **Cost Savings and/or Additional Proceeds at Escrow Closing** - In the event that the Borrower obtains funds in excess of those shown as sources in the Exhibit A Proforma, then upon construction loan closing, the excess funds shall be used as follows:
- a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
 - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 15 below.
 - c. Other Public Lenders – If the Project financing includes other public lenders who may require cost savings showing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.
15. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing** - In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:
- a. First, to pay for development cost overruns reasonably approved by the Housing Commission.



San Diego Housing Commission

- b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- c. Third, payment towards the Borrower's deferred developer fee. A deferred developer's fee is currently modeled in the pro forma (Attachment A).
- d. Fourth, cost savings shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) shall be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.
- e. Excess funds will be applied first to pay down the accrued interest and the remaining amount shall pay down the principal of the Housing Commission loan.

16. **Developer Fee-**

- a. Maximum Cash Developer Fee \$2,000,000 paid from Development Sources with the excess Developer fee calculated per CTCAC and Housing Commission guidelines/requirements.
- b. Additional developer fee provisions:
 - i. If for any reason the Borrower does not collect the entire developer fee from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$2,000,000 shall be given priority over Housing Commission residual receipts payments.
 - ii. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally; because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

17. **Due Diligence-** The borrower, at borrower's expense, shall provide the following: a current appraisal, an environmental review, a relocation plan for tenants in the existing buildings that will be demolished prior to the commencement of construction of the project, a lead paint and asbestos report, and prevailing wage consultant/monitor.

18. **Environmental Requirements** - Currently HOME funds are not planned for this project. Notwithstanding any provision of this Letter, the parties agree and acknowledge that if HOME funds are later used for this Project, then 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). If HOME funds constitute a portion of the funding for the Project, and 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.

19. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:



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- a) Underwriting Fee - a flat underwriting fee in the amount of **\$60,000** will be charged for each project as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of a proposed project and is to be paid at close of escrow.
 - b) Legal Fee - the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000** and are to be paid at the close of escrow. City Attorney's legal costs are estimated at **\$2,500** and are paid at close of escrow.
 - c) Compliance Monitoring Fee - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring fees are as follows: \$150 X 59 (project units to be affordably monitored) = **\$8,850** per year. Such fees are subject to change. Additional training and assistance is currently at \$100 per hour.
 - d) Asset Management Fee - the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
 - e) Third-Party Construction Review - the Housing Commission requires a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.
 - f) Bond Financing Fees - the borrower is responsible for the payment of all costs under the bond financing including:
 - 1. The Housing Commission's .0025 bond amount issuer fee (25 bps) at closing and paid annually until conversion to permanent financing; and
 - 2. The Housing Commission's annual bond administrative fee after conversion to permanent financing shall be the greater of \$10,000 or 12.5 basis points bonds of the initial amount of outstanding bonds upon conversion to permanent financing. Such fee is to be paid on the annual anniversary date of initial bond issuance.
 - g) TEFRA Notice/Advertising Costs - at close of escrow the borrower shall reimburse the Housing Commission for all costs of Tax Equity and Fiscal Responsibility Act required public meeting notice advertising.
20. **Fees for Asset Management** (amounts not to exceed)-
- a. As detailed in paragraph 4 (above) the year one "Limited Partnership Fees" shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. Limited Partnership Fees include asset management fees related to the investor and general partners' management of the Project.
 - b. Unpaid partnership fees shall not accrue. The Housing Commission will require the Borrower's Limited Partnership Agreement to explicitly state this requirement.
 - c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or his designee.
21. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, 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. No additional Housing Commission funds beyond this Letter of Intent's \$4,075,000 will be provided for the Project in any Housing Commission's future Notices of Funds Available.



San Diego Housing Commission

22. **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 programs rules and regulations, federal Davis Bacon law, State of California relocation law, and federal Section 3.

23. **HOME Investment Partnerships (HOME) Funds** - Currently there are no HOME funds planned for this project.

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, 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 private insurance. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

25. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$4,075,000**) will be disbursed as follows:

- Up to 75 percent (**\$3,056,250**) at escrow closing.
 - Up to 15 percent (**\$611,250**) to be distributed at 50 percent construction completion,
 - Up to 5 percent (**\$203,750**) to be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
 - Up to 5 percent (**\$203,750**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission loan disbursement schedule in their sole reasonable discretion.
 - b. A portion of the HOME program funds must be withheld until final inspection approval, issuance of a Certificate of Occupancy, and all unconditional lien releases are forwarded to the Housing Commission.
 - c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

26. **Payments** – Annual hard payments will not be required. Annual residual receipts payments at 50 percent of cash flow is required.

- a. Starting at the end of the first year after Project completion the Housing Commission will split its share of residual cash flow with Housing Commission approved public lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1, in the year immediately following the calendar year in which construction is completed.
- b. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid.
- c. Funds will be applied first to pay down the accrued interest and the remaining amount shall pay down the principal of the Housing Commission loan.



San Diego Housing Commission

27. Management of the Development -

- a. Management Plan - 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.
- b. Approval of Management Fee -The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. 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.
- d. Manager's Unit - Experienced on-site management is required. There shall be one manager's unit.
- e. Marketing Plan - 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 Program and Compliance Division.

28. **Maximum Resident Service Expenses and Case Management** - For the calculation of Housing Commission's residual receipts the attached proforma's operating expense budget models maximum allowable resident supportive services expenses at shall be \$61,000 per year (with a 3 percent annual escalator) as shown in the attached proforma. The Borrower will provide a detailed breakout of these costs on an annual basis. Increasing this amount will require prior Housing Commission approval.

29. **Annual Budget Submittal** - three months prior to the end of each calendar year, the Borrower shall submit an annual budget for Housing Commission review and prior approval.

30. **Permanent Supportive Housing** - The project will have Project Based Vouchers (PBV) from the Housing Commission.

31. **Prevailing Wage** - It is anticipated that the Project will be subject to Federal Davis Bacon prevailing wage rates based upon the proposed use of PBV.

32. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.

33. **Reserves:** Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.

- a. Replacement Reserve -The attached proforma models an annual replacement reserve at \$30,000 (\$500 per unit per year).
- b. Operating Reserve - The attached proforma models a six-month capitalized operating reserve at \$431,586 at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's loan.
- c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve funds and/or from the Project's replacement reserve funds.

34. **Section 3** - of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.



San Diego Housing Commission

35. **Security** - The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R) 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's CC&R and Deed of Trust shall be subordinated to:

- a) The deed of trust and security instruments securing the construction and permanent loan.
- b) Lien position - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
- c) 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.

36. **Tenant Service Delivery Plan** – Borrower shall submit a draft tenant service delivery plan 90 days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service delivery plan shall be subject to the approval shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to Project lease up.

37. **Title (ALTA Lender's Policy)** -The Borrower shall acquire, at its sole cost and expense, ALTA Lender's Policies for the Commission Loan with endorsements acceptable to the Housing Commission.

38. **Relocation** – The Borrower shall submit and/or supplement a relocation plan that complies with all applicable laws and regulations which must be accompanied by a legal opinion, subject to the Housing Commission's General Counsel's satisfaction, stating that the proposed plan complies with any and all applicable laws and regulations.

39. **Miscellaneous 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.

40. **Purchase Option** – The developer has received additional points in the Notice Of Funding Availability application for committing to provide the Housing Commission with the option to purchase the property at the end of the 15-year tax-credit compliance period.

41. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

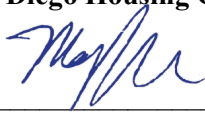
If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by **Monday October 5, 2020**, so that this letter of intent may be attached to the Housing Commission Board report.

ACKNOWLEDGED AND AGREED TO BY:

[Developer's Name] Linda Vista Housing Associates, L.P. (Community HousingWorks)



San Diego Housing Commission

By: 

Print Name: Mary Jane Jagodzinski Senior Vice President

Date: 10/8/2020

Attachment: Developer's Pro forma Dated 7/20/2020

F: Ulric Loan Terms.doc

ATTACHMENT 6

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 and 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 of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AML 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: Members of the City Council may 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.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE
CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE ULRIC STREET APARTMENTS II AND
AUTHORIZING RELATED ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, construction and equipping of multifamily affordable housing and for the provision of capital improvements in connection with and determined necessary to the multifamily affordable housing; and

WHEREAS, Community HousingWorks has requested that the Authority issue and sell multifamily housing revenue bonds (Bonds) pursuant to the Act for the purpose of making a loan to Linda Vista Housing Associates, L.P., a California limited partnership (Borrower), to be used by the Borrower to finance the acquisition and construction of a multifamily affordable housing development to be located at 2601-2641 Ulric Street, in San Diego, California, as more fully identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in connection with the Project within the period from the date sixty (60) days prior to the date of adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in a principal amount not to exceed \$23,852,443, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority hereby determines that it is necessary and desirable to provide financing to the Borrower for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in a principal amount not to exceed \$23,852,443, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issue of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from proceeds of the Bonds and amounts paid by the Borrower. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for the purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, construction and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$23,852,443 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Approval of Bond Counsel and Financial Advisor. The financing team of Quint & Thimmig LLP as bond counsel and CSG Advisors Incorporated as financial advisor, is approved for the Project.

Section 5. Authority of President & Chief Executive Officer of Housing Commission. The President & Chief Executive Officer of the Housing Commission, or designee, is hereby authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
10/13/2020
Or. Dept.: Housing Commission
Doc. No.: 2501930
Companion to R-2021-170

EXHIBIT A

DESCRIPTION OF PROJECT

Name: Ulric Street Apartments II

Location: 2601-2641 Ulric Street, San Diego, California

Number of Units: 60

Approximate Bond Amount: \$23,852,443



The City of San Diego
Item Approvals

Item Subject: Preliminary Bond Authorization for Ulric Street Apartments II

Contributing Department	Approval Date
DOCKET OFFICE	10/06/2020

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	10/06/2020
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	10/06/2020
CITY ATTORNEY	MIDDAUGH, MARGUERITE	10/13/2020