



SAN DIEGO  
HOUSING  
COMMISSION

# REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** October 27, 2020

**REPORT NO:** HAR20-040

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of November 17, 2020

**SUBJECT:** Preliminary Bond Authorization for Fourth Corner Apartments

**COUNCIL DISTRICT:** 9

## **REQUESTED ACTION**

Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt and taxable Multifamily Housing Revenue Bonds to facilitate the construction of a new affordable housing development at 4021, 4035, 4037 and 4061 Fairmount Ave. (Fourth Corner Apartments) in the City Heights neighborhood, which will consist of 74 units affordable for 55 years for low- and extremely low-income families and one unrestricted manager's unit.

## **STAFF RECOMMENDATION**

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

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the construction of a new affordable housing development at 4021, 4035, 4037 and 4061 Fairmount Ave. (Fourth Corner Apartments) in the City Heights neighborhood, which will consist of 74 units affordable for 55 years for low- and extremely low-income families and one unrestricted manager's unit:
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$27,000,000 in tax-exempt Multifamily Housing Revenue Bonds and up to \$5,800,000 in taxable bonds supporting the development of Fourth Corner Apartments by a limited partnership formed by Wakeland Housing and Development Corporation;
  - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$27,000,000 for Fourth Corner Apartments; and
  - c. Approve the financing team of Squire Patton & Boggs as Bond Counsel and Ross Financial as Financial Advisor; and
- 2) Authorize the San Diego Housing Commission (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

## **SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

Address	4021, 4035 4037, 4061 Fairmount Ave.
Council District	Council District 9
Community Plan Area	City Heights Area Planning Committee
Developers	Wakeland Housing & Development Corporation
Development Type	New Construction
Construction Type	Type IA and Type VA
Parking Type	67 spaces
Housing Type	Affordable Transit-Oriented Development, Family
Lot Size	23,766 square feet
Units	75
Density	137 units/acre
Unit Mix	55 two-bedroom, 20 three-bedroom
Gross Building Area	128,048 square feet
Net Rentable Area	74,343 square feet

### **The Development**

Fourth Corner Apartments is a 75-unit, transit-oriented, new construction, affordable housing development, located on a 23,766-square-foot lot incorporating 4021, 4035, 4037 and 4061 Fairmount Ave., San Diego, CA 92105. The development is a partnership between Wakeland Housing and Development Corporation, an experienced San Diego-based developer of affordable housing, and Price Philanthropies, a San Diego-based philanthropy focusing on improving the lives of City Heights residents. A vacant commercial building is on one of the subject lots (4061 Fairmount Ave.), which will be demolished as part of the development.

Once completed, Fourth Corner Apartments will be composed of 75 rental units in a single wood-frame structure, sitting atop a first-floor concrete and steel parking structure. Fourth Corner Apartments will continue The Price Charities' focus on larger units, with bedroom accommodations for the larger family sizes common in San Diego's center city. Fifty-five of the units will feature two bedrooms, and the remaining 20 will feature three bedrooms. Of the 75 units, 74 will remain affordable for 55 years to low- and extremely low-income families with income between 30 percent and 60 percent of San Diego Area Median Income (AMI). Construction types will include Type 1 concrete and steel on the first floor, supporting four stories of wood-frame construction.

The project site is located near the intersection of Fairmount and University Avenues in the heart of City Heights. Within a 10-minute walk are The Price Charities Building, a seven-story office complex, the County of San Diego Administration Building and multiple nonprofit and public agencies providing medical, dental, youth-oriented, public benefit supports and other services to households with low or

moderate income. Nearby amenities include multiple restaurants, grocery stores, pharmacy options, the La Maestra Community Health Clinic, Rosa Parks Elementary School, The City Heights Recreational Center, and the public library.

Because the development site is adjacent to or within a short walk of several major bus lines, including the San Diego Metropolitan Transit System's (MTS) Rapid I-15 express service, residents will be encouraged to incorporate mass transit as part of their transportation plans. Developers plan to include 67 parking spaces for its 75 apartment units.

#### Project Sustainability

Fourth Corner Apartments will be built as Green Point Rated with an anticipated Gold Rating standard and will comply with the CTCAC minimum energy efficiency construction standards for new construction. The project'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 the roof design is focused on optimizing square footage to allow maximum area to install the Solar Photovoltaic system. The designed Solar Photovoltaic system is intended to offset the house load, including all or part of domestic 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

The development team will be led by Wakeland Housing and Development Corporation, a nonprofit developer founded in San Diego in 1998. The project sponsor is Wakeland Price Fourth Corner LP, whose managing general partners is Wakeland Price Fourth Corner LLP, a subsidiary of Wakeland Housing and Development Corporation (Wakeland).

Wakeland currently has more than 5,600 units of affordable housing in its portfolio in 40 communities throughout California. The Housing Commission has worked with Wakeland on several successful projects. Recently completed projects include the 44-unit Beacon Apartments, 205-unit Atmosphere apartments, and the 132-unit scattered sites City Heights Ten rehabilitation project.

A Developer Disclosure Statements for Wakeland is provided as Attachment 3.

Wakeland plans to use Dess Partners as the architects and Sun Country Builders as the general contractor. Dess Partners is an architecture firm with a track record of completing multifamily residential, mixed-use, commercial, and historic infill developments in San Diego. Recent projects include Kalos Apartments and the 10<sup>th</sup> and B project. Founded in 1979, Sun Country Builders is an experienced, Carlsbad-based builder of multifamily housing. They are a frequent general contractor partner for affordable housing developers across Southern California and have extensive experience working with low-income housing tax credits and tax-exempt bond-financed developments.

Fourth Corner 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.

Other members of the development team, including the administrative general partner, the tax credit investor, any limited partners, and the construction lender, will be determined prior to final bond approval and the close of construction finance as required.

**Table 2 - Development Team Summary**

<b><u>ROLE</u></b>	<b><u>FIRM/CONTACT</u></b>
Developers	Wakeland Housing and Development Corporation
Owner/Borrower	Wakeland Price Fourth Corner LP
Managing General Partner	Wakeland Price Fourth Corner LLC
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Dess Partners Architecture
General Contractor	Sun Country Builders
Property Management	Con Am Management Corporation
Construction and Permanent Lender	TBD

**Financing Structure**

The Fourth Corner Apartments development has an estimated total development cost of \$40,519,820. Financing for the project will include Multifamily Housing Revenue Bonds, private bank debt, 4 percent federal low-income housing tax credits, a land contribution from Price Charities, and a \$14,250,000 contribution from Price Charities.

No Housing Commission loan proceeds will be provided to this development.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 4.

**Table 3 – Fourth Corner Apartments Estimated Sources and Uses of Financing**

<b>Financing Sources</b>	<b>Amounts</b>	<b>Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Permanent Loan	\$8,798,000	Land acquisition:	\$4,330,000	\$57,733
4% Tax Credit Equity	\$13,321,820	Construction costs \$25,594,764	\$26,927,388	
		Contingency + \$1,332,624		\$359,032
		Total construction \$26,927,388		
Price Charities Contribution	\$14,250,000	Financing costs	\$2,115,058	\$28,201
Price Charities Land Donation	\$4,150,000	Other soft costs	\$3,337,711	\$44,503

		City permits and impact fees	\$2,145,000	\$28,600
		Developer's fee	\$1,400,000	\$18,667
		Reserves	\$264,663	\$3,529
<b>Total Sources</b>	<b>\$40,519,820</b>	<b>Total Uses</b>	<b>\$40,519,820</b>	<b>\$540,264</b>

#### Developer Fee

The planned net cash developer fee shall be \$1,400,000 in compliance with CTCAC and CDLAC regulations.

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The developer is proposing a \$2,840,281 preliminary developer fee associated with the residential portion of development, which complies with HAR17-011. The proposed fee is in conformance with the "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

#### Prevailing Wages

The proposed project is not subject to payment of state or federal prevailing wages.

#### Development Cost Key Performance Indicators

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

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$40,519,820 \div 75 \text{ units}$	\$540,264
Housing Commission Subsidy Per Unit	NA	\$0
Acquisition Cost Per Unit	$\$4,330,000 \div 75 \text{ units}$	\$57,733
Gross Building Square Foot Hard Cost	$\$26,927,388 \div 128,048 \text{ SF}$	\$210
Net Rentable Square Foot Hard Cost	$\$26,927,388 \div 74,343 \text{ SF}$	\$362

#### Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval.

Table 5 shows a comparison of the subject property and other developments of the same construction type.

**Table 5 – Comparable Development Projects**

<b>Development</b>	<b>Year</b>	<b>Construction Type</b>	<b>Unit</b>	<b>Prevailing Wage</b>	<b>Total Development Cost</b>	<b>Per Unit TDC</b>	<b>SDHC Subsidy</b>	<b>Gross Building Hard Cost per Square Foot</b>
Subject – Fourth Street Apartments	2020	V over I	75	No	\$40,519,820	\$540,264	\$0	\$210
East Block Family	2019	III	78	Yes	\$41,579,692	\$533,073	\$0	\$214
Keeler Court	2019	V	71	Yes	\$35,692,466	\$575,941	\$0	\$304
Ulric Street II	2020	V	60	Yes	\$32,004,521	\$533,409	\$67,9177	\$301

Factors having an upward effect on the residential cost per unit for Fourth Corner Apartments include higher construction costs tied to its infill location within a dense urban area, the relatively large size of the units (150 square feet larger than TCAC minimums), greater than average number of bedrooms per unit, and parking accommodations that exceed regulatory requirements to address community concerns. Despite these factors the gross building hard cost per square foot compares favorably with similar recent developments.

#### 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 application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in November 2020 for a January 2021 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$23,200,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego’s (City) ordinance on bond disclosure.

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

Staff recommends assigning Squire Patton Boggs as Bond Counsel and Ross Financial as 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 bond financing, Fourth Corner Apartments would restrict eight units to households with income at or below 30 percent of the San Diego Area Median Income (AMI), 15 units at or below 45 percent of AMI, 30 units at or below 50 percent of AMI, and the remaining 21 affordable units at or below 60 percent of AMI. The affordable units will be restricted for a 55-year term.

**Table 6 – Fourth Corner Apartments Affordability & Monthly Estimated Rent Table**

<b><u>Unit Type</u></b>	<b><u>AMI</u></b>	<b><u>Number of Units</u></b>	<b><u>Gross Rents</u></b>
2BR/2BA	30%	6	\$780
2BR/2BA	45%	11	\$1,170
2BR/2BA	50%	22	\$1,300
2BR/2BA	60%	15	\$1,560
3BR/2BA	30%	2	\$901
3BR/2BA	45%	4	\$1,351
3BR/2BA	50%	8	\$1,501
3BR/2BA	60%	6	\$1,802
Manager	NA	1	-
Total Units	-	75	-

### **Development Schedule**

The estimated development timeline is as follows.

<b>Milestone</b>	<b>Fourth Corner</b>
Housing Authority Preliminary Bond Authorization and City Council TEFRA Hearing	November 10, 2020
Planning Commission Hearing	January 2021
CTCAC/CDLAC application	January 2021
Start Construction	July 2021
Complete Construction	December 2022

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are not included in the Fiscal Year (FY) 2021 Housing Commission Budget. Approving this action will increase the FY 2021 total budget.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$82,000 (.0025 bond issuer fee x \$,000,000)

Funding uses approved by this action will be as follows:

Administration Costs - \$82,000

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 or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Council and Financial Advisor fees.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On August 3, 2020, the Fourth Corner Apartments project was presented before the City Height Area Planning Committee. The project was approved by 15 to 1 vote.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include Wakeland Housing and Development Corporation, Price Charities, and the residents of the City Heights communities. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 74 new affordable rental homes for families with low income.

### **ENVIRONMENTAL REVIEW**

This activity is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

Approved by,



*Colin Miller*

Colin Miller  
Vice President, Multifamily Housing Finance  
Real Estate Division

*Jeff Davis*

Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) Development Summary  
2) Site Map  
3) Developer Disclosure Statements  
4) Developer's Project Sources and Uses Pro forma  
5) Multifamily Housing Revenue Bond Program

You may review docket materials in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)

## **Development Summary – Fourth Corner Apartments**

**Table 1 – Development Details**

Address	4021, 4035 4037, 4061 Fairmount Ave
Council District	Council District 9
Community Plan Area	City Heights Area Planning Committee
Developers	Wakeland Housing and Development Corporation and Wakeland Price Fourth Corner LP
Development Type	New Construction
Construction Type	Type IA and Type VA
Parking Type	67 Spaces
Housing Type	Affordable Transit Oriented Development Family
Lot Size	23,766 square feet
Units	75
Density	137 units/acre
Unit Mix	55 two bedroom, 20 three bedroom
Gross Building Area	128,048 square feet
Net Rentable Area	74,343 square feet
Commercial/Retail Space	None
Project Based Housing Vouchers	None

**Table 2 - Development Team Summary**

ROLE	FIRM/CONTACT
Developers	Wakeland Housing and Development Corporation
Owner/Borrower	Wakeland Price Fourth Corner LP
Managing General Partner	Wakeland Price Fourth Corner LLC
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Dess Partners Architecture
General Contractor	Sun Country Builders
Property Management	Con Am Management Company
Construction and Permanent Lender	TBD

**Table 3 –Estimated Sources and Uses of Financing**

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$8,798,000	Property acquisition:	\$4,330,000	\$57,733

4% Tax Credit Equity	\$13,321,820	Construction costs \$25,594,764	\$26,927,388	
		Contingency + \$1,332,624		\$359,032
		Total construction \$26,927,388		
Price Charities Loan	\$14,250,000	Financing costs	\$2,115,058	\$28,201
Price Charities Land Donation	\$4,150,000	Other soft costs	\$3,337,711	\$44,503
		City permits and impact fees	\$2,145,000	\$28,600
		Developer's fee	\$1,400,000	\$18,667
		Reserves	\$264,663	\$3,529
<b>Total Sources</b>	<b>\$40,519,820</b>	<b>Total Uses</b>	<b>\$40,519,820</b>	\$540,264

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	\$40,519,820 ÷ 75 units	\$540,264
Housing Commission Subsidy Per Unit	NA	\$0
Acquisition Cost Per Unit	\$4,330,000 ÷ 75 units	\$57,733
Gross Building Square Foot Hard Cost	\$26,927,388 ÷ 128,048 square feet	\$210
Net Rentable Square Foot Hard Cost	\$26,927,388 ÷ 74,343 square feet	\$362

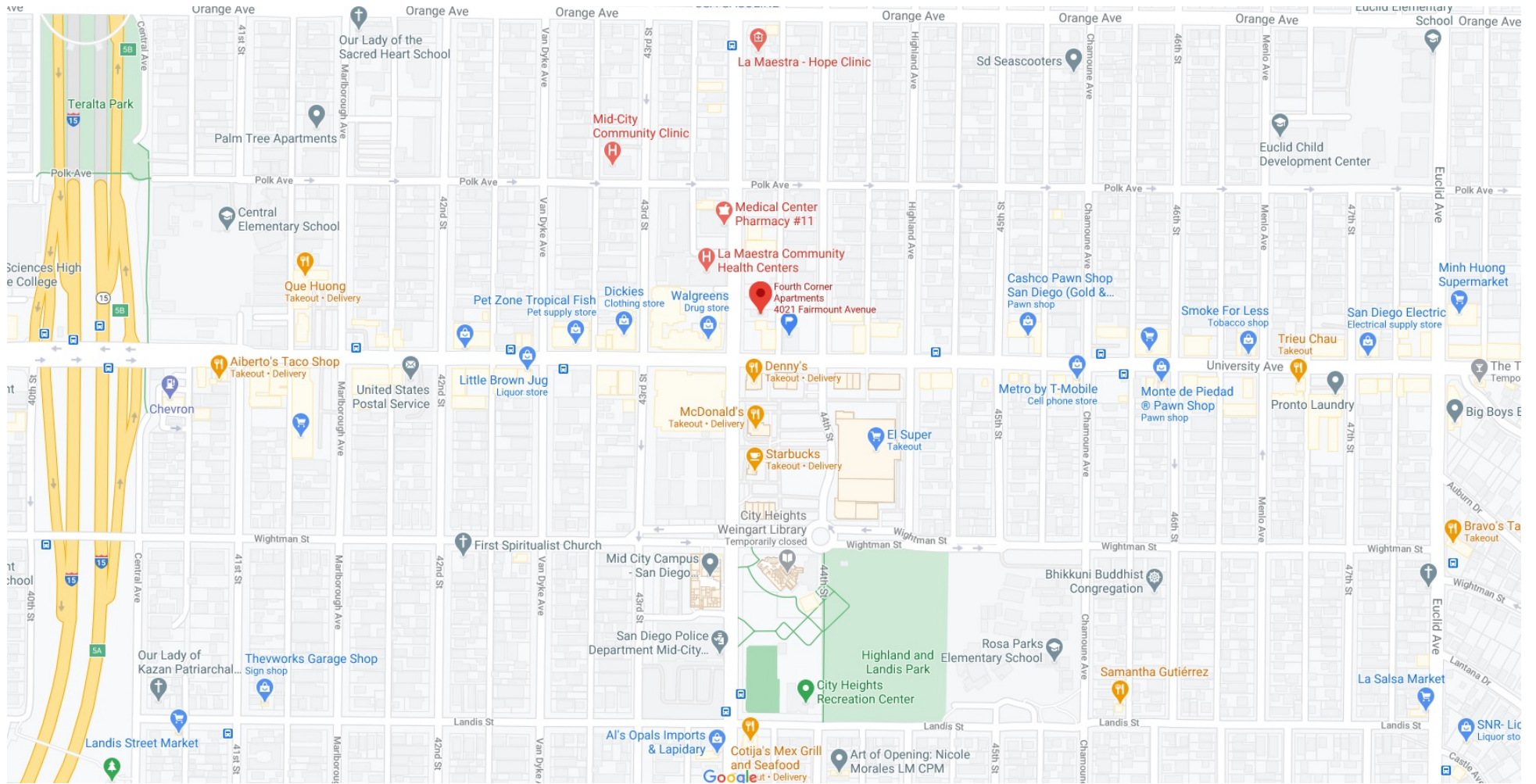
**Table 5 – Comparable New Construction Projects**

Development	Year	Construction Type	Unit	Prevailing Wage	Total Development Cost	Per Unit TDC	SDHC Subsidy per unit	Gross Building Hard Cost per Square Foot
Subject – Fourth Corner Apartments	2020	V over I	75	No	\$40,519,820	\$540,264	\$0	\$210
East Block Family	2019	III	78	Yes	\$41,579,692	\$533,073	\$0	\$214
Keeler Court	2019	V	71	Yes	\$35,692,466	\$575,941	\$0	\$304
Ulric Street II	2020	V	60	Yes	\$32,004,521	\$533,409	\$67,917	\$201

**Table 6 – Affordability & Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Number of Units</b>	<b>Gross Rents</b>
2BR/2BA	30%	6	\$780
2BR/2BA	45%	11	\$1,170
2BR/2BA	50%	22	\$1,300
2BR/2BA	60%	15	\$1,560
3BR/2BA	30%	2	\$901
3BR/2BA	45%	4	\$1,351
3BR/2BA	50%	8	\$1,501
3BR/2BA	60%	6	\$1,802
			\$40
Average Affordability	49%		-
Manager	NA	1	-
Total Units	-	75	-

## Attachment 2



**Developer Questionnaire**  
**Developer Capacity Review**  
**San Diego Housing Commission**

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<b>Developer:</b>	<b>Wakeland Housing and Development Corporation</b>
<b>Project:</b>	<b>Levant Senior Cottages</b>

**A. KEY DEVELOPER PERSONNEL** (excluding Consultants)

1. Provide names of the key staff responsible for:
  - Entitlements – ***Peter Armstrong***
  - Construction management- ***Peter Armstrong***
  - Lease-up – ***Rebecca Louie and Tricia Tasto Levien***
  - Property management – ***Rebecca Louie and Tricia Tasto Levien***
  - Asset management – ***Rebecca Louie and Michelle Rocha***
  
2. Indicate the length of time each key staff member has been with the firm and provide detailed professional resumes with the following details: ***Please see attached BIO's***
  - Number of years with company
    - Ken Sauder – 21 years
    - Rebecca Louie – 15 years
    - Joan Edelman – 15 years
    - Tricia Tasto Levien – 7 years
    - Peter Armstrong – 7 years
    - Michelle Rocha – 1.5 years
  
3. Provide the names of individual(s) authorized to negotiate, on behalf of the development entity/team and responsible for Project execution.
  - ***Ken Sauder***
  - ***Peter Armstrong***
  - ***Rebecca Louie***
  - ***Joan Edelman***

## **B. REFERENCES**

4. Provide three (3) public references:

***City of Chula Vista  
276 Fourth Avenue, Chula Vista, CA 91910  
Development Partner/Lender  
Leilani Hines, Housing Manager  
(619) 691-5623***

***County of San Diego  
5560 Overland Avenue, Suite 410, San Diego, CA 92123  
Development Partner/Lessor  
Maria Marmolejo, Senior Real Property Agent  
(858) 694-2293***

***City of Vista Redevelopment and Housing Department  
200 Civic Center Drive, Vista CA 92084  
Development Partner  
Sylvia Solis Daniels, Housing Manager  
(760) 639-6191***

## **C. DEVELOPER CAPACITY**

5. List projects currently in planning or development by the developer or principals of the development entity/team.

### ***UNDER CONSTRUCTION***

- ***The Grove, Vista, CA***
- ***The Ivy, San Diego, CA***
- ***Trinity, San Diego, Ca***

### ***PREDEVELOPMENT***

- ***Levant Senior Cottages, San Diego, CA***
- ***Cuatro at City Heights, San Diego CA***
- ***Anita, Chula Vista, CA***
- ***4<sup>th</sup> Corner/Union Bank, San Diego Ca***
- ***Entrada, Riverside, CA***

- *Mission Heritage, Riverside, CA*
- *Union Tower, National City, CA*
- *Amani, Los Angeles, CA*
- *Chesterfield, Los Angeles, CA*
- *Wilcox, Los Angeles, CA*
- *Quincy, Los Angeles, CA*

6. Has the Developer or (if any), the Parent Corporation or any Subsidiary or affiliated Corporation of the Developer's Officers or Principal Members, Shareholders or Investors been adjudged bankrupt, either voluntary or involuntary, within the past ten (10) years? If yes, provide: **NO**

- Date:
- Location:
- Name(s) the bankruptcy was filed under:

7. Has the Developer or (if any), the Parent Corporation or any Subsidiary or affiliated Corporation of the Developer's Officers or Principal Members, Shareholders or Investors been involved in litigation relating to a development project either voluntary or involuntary within the past three (3) years? If yes, provide: **Please see attached litigation summary.**

- Date:
- Place:
- General Description:
- Status:

#### **D. FINANCIAL STATEMENTS**

8. Provide the most recent two years of audited Financial Statements for each development entity/team. **See Attached 2018/2019 audited Financial Statements for Wakeland Housing and Development Corporation.**



**Price City Heights 4th Corner**  
**75 Units**  
**4% Tax Credits**

**Sources and Uses of Financing**

<b>Uses of Funding</b>	<b>Per Unit</b>	<b>Construction</b>	<b>Permanent</b>
Land Acquisition	\$ 57,733	\$ 4,330,000	\$ 4,330,000
Design & Engineering	17,867	1,340,000	1,340,000
Legal/Financial/Other Consultants	3,400	242,500	255,000
Permits & Fees	31,267	2,345,000	2,345,000
Direct Construction Costs	355,366	26,652,475	26,652,475
Financing Costs	33,063	2,073,112	2,479,721
Marketing/General & Administrative	3,000	225,000	225,000
Developer Fees	18,667	400,000	1,400,000
Construction Contingency (5%)	17,768	1,332,624	1,332,624
Indirect Cost Contingency (5%)	2,133	160,000	160,000
<b>Total Project Uses</b>	<b>\$ 540,264</b>	<b>\$ 39,100,711</b>	<b>\$ 40,519,820</b>
<b>Sources of Funding</b>	<b>Per Unit</b>	<b>Construction</b>	<b>Permanent</b>
4% Tax Credit Equity	\$ 177,624	\$ 1,998,273	\$ 13,321,820
Permanent Loan	117,307	-	8,798,000
Section 8 Increment Loan	-	-	-
Construction Loan	-	27,000,000	-
Price Land Donation	55,333	4,150,000	4,150,000
Price Contribution	190,000	5,952,438	14,250,000
<b>Total Project Sources</b>	<b>\$ 540,264</b>	<b>\$ 39,100,711</b>	<b>\$ 40,519,820</b>

**Price City Heights 4th Corner**  
**75 Units**  
**4% Tax Credits**

**Development Budget**

	Per Unit	Total
<b>Land Acquisition</b>		
Demolition and Site Cleanup	2,000	150,000
Land Acquisition	55,333	4,150,000
Escrow and Title	<u>400</u>	<u>30,000</u>
Total Land Acquisition	57,733	4,330,000
<b>Direct Construction Costs</b>		
Offsite Improvements	-	-
Onsite Improvements/Landscaping	14,103	1,057,711
Residential Construction/Parking	341,264	25,594,764
Furnishings	667	50,000
Contingency	<u>17,768</u>	<u>1,332,624</u>
Total Construction Costs	373,801	28,035,099
<b>Indirect Development Costs</b>		
Architecture and Engineering	17,867	1,340,000
Construction Admin and Security	2,560	192,000
Permits and Fees	28,600	2,145,000
Legal and Accounting	3,400	255,000
Taxes and Insurance	2,667	200,000
Developer Fee	18,667	1,400,000
Marketing/Market Study	1,107	83,000
Soft Cost Contingency	<u>2,133</u>	<u>160,000</u>
Total Indirect Development Costs	77,000	5,775,000
<b>Financing Costs</b>		
Loan Fees	6,879	515,906
Construction Loan Interest	20,348	1,526,077
Title/Recording/Escrow	200	15,000
TCAC and Syndication Fees	774	58,075
Operating Reserves	<u>3,529</u>	<u>264,663</u>
Total Financing Fees	31,730	2,379,721
<b>Total Development Cost</b>	<b>\$ 540,264</b>	<b>\$ 40,519,820</b>

**Price City Heights 4th Corner**  
**PROJECT CASH FLOW**  
**75 Family Units 4%**

	1	2	3	4	5	6	7	8
<b>RENTAL REVENUES</b>								
Gross Potential Rent (Affordable Units)	1,189,689	1,219,431	1,249,917	1,281,165	1,313,194	1,346,024	1,379,675	1,414,167
Laundry/Other	3,600	3,690	3,782	3,877	3,974	4,073	4,175	4,279
Vacancy Allowance	(59,664)	(61,156)	(62,685)	(64,252)	(65,858)	(67,505)	(69,193)	(70,922)
Net Rental Income	1,133,625	1,161,965	1,191,014	1,220,790	1,251,310	1,282,592	1,314,657	1,347,524
<b>OPERATING EXPENSES</b>								
Less: Operating Expenses	(495,258)	(512,087)	(529,502)	(547,525)	(566,179)	(585,481)	(605,460)	(626,130)
Less: Resident Services	(45,000)	(46,575)	(48,205)	(49,892)	(51,639)	(53,446)	(55,316)	(57,253)
Less: Replacement Reserves	(18,750)	(19,406)	(20,085)	(20,788)	(21,516)	(22,269)	(23,048)	(23,855)
<b>NET OPERATING INCOME</b>	574,618	583,898	593,222	602,585	611,977	621,396	630,833	640,287
Debt Service	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)
<b>CASH FLOW AFTER DEBT SERVICE</b>	74,972	84,252	93,576	102,939	112,331	121,750	131,187	140,641
General Partner Asset Management Fee	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)	(23,185)	(23,881)	(24,597)
Limited Partner Asset Management Fee	(7,500)	(7,725)	(7,957)	(8,195)	(8,441)	(8,695)	(8,955)	(9,224)
<b>CASH FLOW AVAILABLE FOR DISTRIBUTION</b>	<b>47,472</b>	<b>55,927</b>	<b>64,402</b>	<b>72,889</b>	<b>81,379</b>	<b>89,870</b>	<b>98,351</b>	<b>106,820</b>

**Price City Heights 4th Corner**  
**PROJECT CASH FLOW**  
**75 Family Units 4%**

	9	10	11	12	13	14	15
<b>RENTAL REVENUES</b>							
Gross Potential Rent (Affordable Units)	1,449,521	1,485,759	1,522,903	1,560,976	1,600,000	1,640,000	1,681,000
Laundry/Other	4,386	4,496	4,608	4,723	4,841	4,962	5,086
Vacancy Allowance	(72,695)	(74,513)	(76,376)	(78,285)	(80,242)	(82,248)	(84,304)
Net Rental Income	1,381,212	1,415,742	1,451,135	1,487,414	1,524,599	1,562,714	1,601,782
<b>OPERATING EXPENSES</b>							
Less: Operating Expenses	(647,519)	(669,657)	(692,562)	(716,267)	(740,801)	(766,193)	(792,473)
Less: Resident Services	(59,256)	(61,330)	(63,477)	(65,699)	(67,998)	(70,378)	(72,841)
Less: Replacement Reserves	(24,690)	(25,554)	(26,448)	(27,374)	(28,332)	(29,324)	(30,350)
<b>NET OPERATING INCOME</b>	649,747	659,200	668,648	678,074	687,468	696,819	706,118
Debt Service	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)
<b>CASH FLOW AFTER DEBT SERVICE</b>	150,101	159,555	169,002	178,429	187,823	197,173	206,473
General Partner Asset Management Fee	(25,335)	(26,095)	(26,878)	(27,685)	(28,515)	(29,371)	(30,252)
Limited Partner Asset Management Fee	(9,501)	(9,786)	(10,079)	(10,382)	(10,693)	(11,014)	(11,344)
<b>CASH FLOW AVAILABLE FOR DISTRIBUTION</b>	<b>115,265</b>	<b>123,673</b>	<b>132,045</b>	<b>140,362</b>	<b>148,614</b>	<b>156,788</b>	<b>164,876</b>

FORECAST ASSUMPTIONS

DEVELOPMENT SCHEDULE

Units for Rent		74
Manager's Units		1
Total Number of Units		75
Density Per Acre	1.40 Acres	53.44
Construction Start		
Completion/Certificate of Occupancy		
Construction Period (Months)		
Start of Leasing		
Units Leased per Month		
Stabilized Occupancy		
Lease-Up Period (Months)		
Permanent Loan Takeout		
Total Months - Const Start to Takeout		

SOURCES AND USES OF FUNDS

	per unit	Construction	Permanent
USES:			
Land/Acquisition	\$57,733	\$4,330,000	\$4,330,000
Design & Engineering	\$17,867	1,340,000	1,340,000
Legal/Financial/Other Consultants	\$3,400	242,500	255,000
Permits & Fees	\$31,267	2,345,000	2,345,000
Bridge Loan Interest	\$0	0	0
Direct Building Construction	\$355,366	26,652,475	26,652,475
Financing Costs	\$33,063	2,073,112	2,479,721
Marketing/General & Administrative	\$3,000	225,000	225,000
Developer Fees	\$18,667	400,000	1,400,000
Hard Cost Contingency	\$17,768	1,332,624	1,332,624
Soft Cost Contingency	\$2,133	160,000	160,000
Total Project Uses	\$540,264	\$39,100,711	\$40,519,820

SOURCES:

Tax Credit Equity	177,624	\$1,998,273	\$13,321,819	\$1,400,000
Perm. Loan	117,307	0	8,798,000	
Solar TC/Rebates	0	0	0	
GP Capital Contribution	0	0	0	
Construction Loan	0	27,000,000	0	
Deferred Developer Fees	0	0	0	
Master Developer Offsite Donation	0	0	0	
Master Developer Land Donation	55,333	4,150,000	4,150,000	
Price Contribution	190,000	5,952,438	14,250,000	
Development Gap	0	0	0	

Total Project Sources	\$540,264	\$39,100,711	\$40,519,820
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Basis Reduction: 0.00%

RESIDENTIAL UNIT MIX/AFFORDABILITY ANALYSIS

	Mgrs. Units						Total Units	% of TC
	BR2/BA1	0BR/1BA	1BR/1BA	2BR/1BA	3BR/2BA	4BR/2BA		
Income	30.00%	0	0	6	2	0	8	10.8%
	45.00%	0	0	11	4	0	15	20.3%
	50.00%	0		22	8	0	30	40.5%
	60.00%	0		15	6	0	21	28.4%
	70.00%	0	0	0	0	0	0	
	* MGR	0	0	1	0	0	1	0.0%
49.66%								
Total Units	0	0	0	55	20	0	75	units
%	0.0%	0.0%	0.0%	74.3%	27.0%	0.0%		
Sq. Ft./Unit Flat	0	500	650	850	1,047	0		\$ psf
				0	0			
Total Resid Sq Ft	0	0	0	46,750	20,940	0	67,690	

DEBT FINANCING ASSUMPTIONS

CONSTRUCTION LOAN:		
Construction Loan Interest Rate		4.65%
Credit Loan Fee		1.00%
PERMANENT LOAN:		
Permanent Loan Rate		4.50%
Permanent Loan Constant		5.73%
Loan Points and Fees		1.00%
Debt Service Coverage Ratio		1.15
Loan Underwriting Term (Years)		35
Construction Loan to Value Ratio		80.26%
Capitalization Rate		4.00%
Project Value (NOI/Cap Rate)		14,365,443
Maximum Loan to Cost Ratio		100.00%
Cash Available for Debt Service (NOI)		574,618
Loan to Value Ratio (restricted)	NA	
Permanent Loan		8,798,000
Annual Payment		499,646
Actual DSC		1.150
OTHER DEBT/LOANS:		
	Redev't Loan	Other Loan
Interest Rate	3.00%	0.00%
Loan Points and Fees	0.000%	0.000%
Loan Term (Years)	55	0

TAX CREDIT FINANCING ASSUMPTIONS

Credit Year	2021
Federal Tax Credit Rate	3.07%
State Tax Credit Rate	0.00%
Difficult to Develop %	130.00%
Applicable Fraction	100.00%
Adjusted Eligible Basis	44,740,091
Annual Tax Credits	1,373,521
Investor Yield on 99% of Total Credit Allocation	97.00%
Gross Investor Contribution to Lower Tier	13,321,819
Deferred Pay-In on Tax Credit Equity	0

TCAC Credit Details  
Eligible Annual Credits Based on Costs  
Round 1 Max Credit Available

OTHER ASSUMPTIONS

Property Taxes:		
Tax Rate		1.25%
Existing Property Basis (per unit)		0
New Unit Basis (per unit)		
Ground Lease:		
Return on Ground Lease	0	0.00%
Inflation Indexes:		
Income Inflator		2.50%
Expense Inflator		3.50%
Real Estate Tax Inflator		2.00%

HUD INCOME GUIDELINES/UTIL ALLOWANCE/BASIS LIMITS

PARTNER ALLOCATIONS

	Operations	Sale
General Partner	0.01%	0.01%
Limited Partner A	99.990%	99.99%
Limited Partner B	0.00%	0.00%

RENTAL INCOME ANALYSIS:

Family Size	Unit Type	Number of Units	Monthly Rent	Utility Allowance	Net Monthly Rent	Net Annual Rent	Unit Sq. Ft.	Total Sq. Ft.	Rent/ Sq. Ft.
% of Median									
30.00%	2BR/1BA	6	780	59	721	51,912	0	0	\$0.00
30.00%	3BR/2BA	2	901	79	822	19,728	0	0	\$0.00
45.00%	1BR/1BA	0	974	0	974	0	0	0	\$0.00
45.00%	2BR/1BA	11	1,170	59	1,111	146,652	0	0	\$0.00
45.00%	3BR/2BA	4	1,351	79	1,272	61,056	0	0	\$0.00
50.00%	2BR/1BA	22	1,300	59	1,241	327,624	850	18,700	\$1.46
50.00%	3BR/2BA	8	1,501	79	1,422	136,512	1,047	8,376	\$1.36
60.00%	2BR/1BA	15	1,560	59	1,501	270,180	850	12,750	\$1.77
60.00%	3BR/2BA	6	1,802	79	1,723	124,056	1,047	6,282	\$1.65
Mgr.	2BR/1BA	1	0	0	0	0	850	850	\$0.00
TOTAL PROJECT		75			1,264	1,137,720	626	46,958	\$2.02

TC Units

94,810119,2191,430,628

Utility Allowances (SDHC):

	Studio	One	Two	Three
Heating (Gas)				
Cooking (Gas)				
Other Electric				
Gas Water Heating				
Total	\$0	\$0	\$59	\$79

Price City Heights 4th Corner											
PROJECT CASH FLOW											
				YEAR	1	2	3	4	5	6	7
RENTAL REVENUES:				2.5%/ann. increase							
Gross Potential Rent (Affordable Units)					1,189,689	1,219,431	1,249,917	1,281,165	1,313,194	1,346,024	1,379,675
Laundry/Other				\$4.00	3,600	3,690	3,782	3,877	3,974	4,073	4,175
Reimbursement of Operating Reserve					0	0	0	0	0	0	0
Vacancy Allowance				5.00%	(59,664)	(61,156)	(62,685)	(64,252)	(65,858)	(67,505)	(69,193)
Net Rental Income					1,133,625	1,161,965	1,191,014	1,220,790	1,251,310	1,282,592	1,314,657
Reimbursement of Operationg Reserve								0			
PROPERTY OPERATING COSTS:				3.5%/ann. increase							
Administrative Expenses:											
Office Supplies & Equipment				\$1,000 /mo.	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Payroll Services				\$200 /mo.	2,400	2,484	2,571	2,661	2,754	2,850	2,950
Van Services				\$0 /mo.	0	0	0	0	0	0	0
Telephone/Answering Service/Internet				\$450 /mo.	5,400	5,589	5,785	5,987	6,197	6,414	6,638
Auto Expense				\$200 /mo.	2,400	2,484	2,571	2,661	2,754	2,850	2,950
Training & Travel				\$400 /mo.	4,800	4,968	5,142	5,322	5,508	5,701	5,901
Misc. Administrative Expense				\$1,000 /mo.	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Resident Services				\$0 /mo	45,000	46,575	48,205	49,892	51,639	53,446	55,316
Expense Plug Number				\$0 /unit	0	0	0	0	0	0	0
Bond Issuer Fee				0.125%	10,998	10,998	10,998	10,998	10,998	10,998	10,998
Marketing Expense:											
Advertising					0	0	0	0	0	0	0
Professional Fees:											
Property Management Fees				3.95% \$ 55.00 u/mo	47,000	48,645	50,348	52,110	53,934	55,822	57,776
Accounting				\$0 /mo.	0	0	0	0	0	0	0
Legal Fees				\$300 /mo.	3,600	3,726	3,856	3,991	4,131	4,276	4,426
Auditing Expense				\$750 /mo.	9,000	9,315	9,641	9,978	10,327	10,688	11,062
Utilities:											
Electricity (common areas)				assumes pv \$1,000.00 /mo	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Gas (community center and laundry)				\$1,000.00 /mo	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Water and Sewer				\$70.00 /u/mo	63,000	65,205	67,487	69,849	72,294	74,824	77,443
Payroll/Payroll Taxes:											
Salaries-Manager				\$3,500 /mo.	42,000	43,470	44,991	46,566	48,196	49,883	51,629
Salaries-Assistant Manager				\$0 /mo.	0	0	0	0	0	0	0
Salaries-Administrative				\$0 /mo.	0	0	0	0	0	0	0
Salaries-Maintenance Supervisor				PT \$3,500 /mo.	42,000	43,470	44,991	46,566	48,196	49,883	51,629
Salaries-Maintenance Personnel				\$2,000 /mo.	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Employee Apartments				\$0 /mo.	0	0	0	0	0	0	0
Payroll Taxes				15.000%	14,400	14,904	15,426	15,966	16,524	17,103	17,702
Workers Compensation				12.000%	11,520	11,923	12,340	12,772	13,219	13,682	14,161
Health Insurance/Other Benefits				\$0 /mo.	0	0	0	0	0	0	0
Contract Services:											
Exterminating				\$8 /unit/mo	8,000	8,280	8,570	8,870	9,180	9,501	9,834
Trash Removal				\$25.00 /u/mo	22,000	22,770	23,567	24,392	25,246	26,130	27,045
Elevator (3) Maintenance				\$2,000 /mo.	24,000	24,840	25,709	26,609	27,540	28,504	29,502
Building/Grounds Maintenance				\$1,000.00 mo	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Janitorial				\$5.00 /u/mo	5,000	5,175	5,356	5,543	5,737	5,938	6,146
Repair				\$500.00 /mo	6,000	6,210	6,427	6,652	6,885	7,126	7,375
HVAC Filters				\$5 u/mo.	4,500	4,658	4,821	4,990	5,165	5,346	5,533
Cleaning & Decorating:					0						
Painting Supplies				\$10.00 /u/mo	9,000	9,315	9,641	9,978	10,327	10,688	11,062
Grounds Supplies				\$1,000.00 /mo	12,000	12,420	12,855	13,305	13,771	14,253	14,752
Repairs & Maintenance:											
Repairs & Maintenance General				\$3,500.00 /mo	42,000	43,470	44,991	46,566	48,196	49,883	51,629
PHR Assessments											
				\$0 /unit	0	0	0	0	0	0	0
				\$0 /u.	0	0	0	0	0	0	0
TOTAL VARIABLE COSTS				\$6,774 /unit	508,018	525,414	543,418	562,053	581,343	601,306	621,970
Taxes & Insurance:											
Real Property Tax Assessment				\$107 /unit	8,000	8,160	8,323	8,489	8,659	8,832	9,009
HOA Fee				\$0 u/mo.	0	0	0	0	0	0	0
Misc Taxes/Licenses/Permits				\$20 /mo.	240	248	257	266	275	285	295
Insurance				\$325 /unit	24,000	24,840	25,709	26,609	27,540	28,504	29,502
Fidelity Bond Insurance				\$0 /mo.	0	0	0	0	0	0	0
Ground Lease Payment					0	0	0	0	0	0	0
TOTAL FIXED COSTS				TCAC Expenses	32,240	33,248	34,289	35,364	36,474	37,621	38,806
Operating Reserve				487,258 2.00%	0	0	0	0	0	0	0
TOTAL OPERATING COSTS				6,497 \$7,203 /unit	540,258	558,662	577,707	597,417	617,817	638,927	660,776
NET OPERATING INCOME:				4,420	593,368	603,304	613,307	623,373	633,493	643,665	653,881
CASH FLOW FROM OPERATIONS:											
Net Operating Income					593,368	603,304	613,307	623,373	633,493	643,665	653,881
MHP Debt Service				0.42%	0	0	0	0	0	0	0
Replacement Reserve				\$250 per unit	18,750	19,406	20,085	20,788	21,516	22,269	23,048
Solar Inverter Reserve				\$0 per mo.	0	0	0	0	0	0	0
CASH FLOW AVAILABLE FOR DEBT SERVICE					574,618	583,898	593,222	602,585	611,977	621,396	630,833
Debt Service - First Trust Deed				8,798,000 1.15	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)
Cash Flow After Debt Service					74,972	84,252	93,576	102,939	112,331	121,750	131,187
General Partner Asset Mgt Fee				3.00%	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)	(23,185)	(23,881)
Limited Partner Asset Mgmt. Fee				3.00%	(7,500)	(7,725)	(7,957)	(8,195)	(8,441)	(8,695)	(8,955)
Other					0	0	0	0	0	0	0
Other				100.00%	0	0	0	0	0	0	0
CASH FLOW AVAILABLE FOR to Pay developer Fee					47,472	55,927	64,402	72,889	81,379	89,870	98,351
Remaining Cash Flow					0	0	0	0	0	0	0
Dev. Fee Repay Analysis											
Beginning Principal Amount					0	0	0	0	0	0	0
Current Year Interest				3.00%	0	0	0	0	0	0	0
Current Year Payment from Cash Flow					0	0	0	0	0	0	0
Ending Balance					0	0	0	0	0	0	0

Price City Heights 4th Corner PROJECT CASH FLOW									
		8	9	10	11	12	13	14	15
<b>RENTAL REVENUES:</b>	2.5%/ann. increase								
Gross Potential Rent (Affordable Units)		1,414,167	1,449,521	1,485,759	1,522,903	1,560,976	1,600,000	1,640,000	1,681,000
Laundry/Other		4,279	4,386	4,496	4,608	4,723	4,841	4,962	5,086
Reimbursement of Operating Reserve									
Vacancy Allowance		(70,922)	(72,695)	(74,513)	(76,376)	(78,285)	(80,242)	(82,248)	(84,304)
<b>Net Rental Income</b>		1,347,524	1,381,212	1,415,742	1,451,135	1,487,414	1,524,599	1,562,714	1,601,782
<b>Reimbursement of Operationg Reserve</b>									
<b>PROPERTY OPERATING COSTS:</b>	3.5%/ann. increase								
<b>Administrative Expenses:</b>									
Office Supplies & Equipment		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Payroll Services		3,053	3,160	3,271	3,385	3,503	3,626	3,753	3,884
Van Services		0	0	0	0	0	0	0	0
Telephone/Answering Service/Internet		6,870	7,110	7,359	7,617	7,884	8,160	8,446	8,742
Auto Expense		3,053	3,160	3,271	3,385	3,503	3,626	3,753	3,884
Training & Travel		6,108	6,322	6,543	6,772	7,009	7,254	7,508	7,771
Misc. Administrative Expense		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Resident Services		57,253	59,256	61,330	63,477	65,699	67,998	70,378	72,841
Expense Plug Number		0	0	0	0	0	0	0	0
Bond Issuer Fee		10,998	10,998	10,998	10,998	10,998	10,998	10,998	10,998
<b>Marketing Expense:</b>									
Advertising		0	0	0	0	0	0	0	0
<b>Professional Fees:</b>									
Property Management Fees	3.95%	59,798	61,891	64,057	66,299	68,619	71,021	73,507	76,080
Accounting		0	0	0	0	0	0	0	0
Legal Fees		4,581	4,741	4,907	5,079	5,257	5,441	5,631	5,828
Auditing Expense		11,449	11,850	12,265	12,694	13,138	13,598	14,074	14,567
<b>Utilities:</b>									
Electricity (common areas)	assumes pv	15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Gas (community center and laundry)		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Water and Sewer		80,154	82,959	85,863	88,868	91,978	95,197	98,529	101,978
<b>Payroll/Payroll Taxes:</b>									
Salaries-Manager		53,436	55,306	57,242	59,245	61,319	63,465	65,686	67,985
Salaries-Assistant Manager		0	0	0	0	0	0	0	0
Salaries-Administrative		0	0	0	0	0	0	0	0
Salaries-Maintenance Supervisor	PT	53,436	55,306	57,242	59,245	61,319	63,465	65,686	67,985
Salaries-Maintenance Personnel		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Employee Apartments		0	0	0	0	0	0	0	0
Payroll Taxes		18,321	18,962	19,626	20,313	21,024	21,759	22,521	23,309
Workers Compensation		14,657	15,170	15,701	16,251	16,820	17,409	18,018	18,649
Health Insurance/Other Benefits		0	0	0	0	0	0	0	0
<b>Contract Services:</b>									
Exterminating		10,178	10,534	10,903	11,285	11,680	12,089	12,512	12,950
Trash Removal		27,992	28,972	29,986	31,036	32,122	33,246	34,410	35,614
Elevator (3) Maintenance		30,535	31,604	32,710	33,855	35,040	36,266	37,535	38,849
Building/Grounds Maintenance		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
Janitorial		6,361	6,584	6,814	7,052	7,299	7,554	7,818	8,092
Repair		7,633	7,900	8,177	8,463	8,759	9,066	9,383	9,711
HVAC Filters		5,727	5,927	6,134	6,349	6,571	6,801	7,039	7,285
<b>Cleaning &amp; Decorating:</b>									
Painting Supplies		11,449	11,850	12,265	12,694	13,138	13,598	14,074	14,567
Grounds Supplies		15,268	15,802	16,355	16,927	17,519	18,132	18,767	19,424
<b>Repairs &amp; Maintenance:</b>									
Repairs & Maintenance General		53,436	55,306	57,242	59,245	61,319	63,465	65,686	67,985
<b>PHR Assessments</b>									
		0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0
<b>TOTAL VARIABLE COSTS</b>		643,353	665,482	688,391	712,095	736,630	762,026	788,313	815,522
<b>Taxes &amp; Insurance:</b>									
Real Property Tax Assessment		9,189	9,373	9,560	9,751	9,946	10,145	10,348	10,555
HOA Fee		0	0	0	0	0	0	0	0
Misc Taxes/Licenses/Permits		305	316	327	338	350	362	375	388
Insurance		30,535	31,604	32,710	33,855	35,040	36,266	37,535	38,849
Fidelity Bond Insurance		0	0	0	0	0	0	0	0
<b>Ground Lease Payment</b>		0	0	0	0	0	0	0	0
<b>TOTAL FIXED COSTS</b>	TCAC Expenses	40,029	41,293	42,597	43,944	45,336	46,773	48,258	49,792
Operating Reserve	487,258	0	0	0					
<b>TOTAL OPERATING COSTS</b>	6,497	683,382	706,775	730,988	756,039	781,966	808,799	836,571	865,314
<b>NET OPERATING INCOME:</b>	4,420	664,142	674,437	684,754	695,096	705,448	715,800	726,143	736,468
<b>CASH FLOW FROM OPERATIONS:</b>									
Net Operating Income		664,142	674,437	684,754	695,096	705,448	715,800	726,143	736,468
MHP Debt Service		0	0	0	0	0	0		
Replacement Reserve		23,855	24,690	25,554	26,448	27,374	28,332	29,324	30,350
Solar Inverter Reserve		0	0	0	0	0	0	0	0
<b>CASH FLOW AVAILABLE FOR DEBT SERVICE</b>		640,287	649,747	659,200	668,648	678,074	687,468	696,819	706,118
Debt Service - First Trust Deed		(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)	(499,646)
Cash Flow After Debt Service		140,641	150,101	159,555	169,002	178,429	187,823	197,173	206,473
General Partner Asset Mgt Fee		(24,597)	(25,335)	(26,095)	(26,878)	(27,685)	(28,515)	(29,371)	(30,252)
Limited Partner Asset Mgmt. Fee		(9,224)	(9,501)	(9,786)	(10,079)	(10,382)	(10,693)	(11,014)	(11,344)
Other		0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0
<b>CASH FLOW AVAILABLE FOR to Pay developer Fee</b>		106,820	115,265	123,673	132,045	140,362	148,614	156,788	164,876
Remaining Cash Flow		0	0	0	0	0	0	0	0
<b>Dev. Fee Repay Analysis</b>									
Beginning Principal Amount		0	0	0	0	0	0	0	0
Current Year Interest		0	0	0	0	0	0	0	0
Current Year Payment from Cash Flow		0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0



**Price City Heights 4th Corner**

**CTCAC BASIS CALCULATIONS**

<u>Unit Size</u>	2018 SD County 9%		208.89% **	
	<u># of Units</u>	<u>TCAC Basis Limits w/o Features</u>	<u>Basis x # of Units</u>	<u>TCAC Basis Limits w/ Features</u>
BR2/BA1	0	330,400	0	690,179
0BR/1BA	0	237,558	0	496,239
1BR/1BA	0	273,902	0	572,159
2BR/1BA	55	330,400	18,172,000	690,179
3BR/2BA	20	422,912	8,458,240	883,429
4BR/2BA	0	0	0	0
			Impact Fees	
Totals	<u>75</u>		<u>26,630,240</u>	<u>60,361,436</u>
Net Project Basis				<u>34,415,455</u>
Requested Eligible Basis				34,415,455
Less :Credit Reduction				0.00% 0
			Total Eligible Basis	<u>34,415,455</u>

Price City Heights 4th Corner	RUN DATE: 09/23/20
ELIGIBLE BASIS CALCULATION	

DEVELOPMENT COSTS	TOTAL	PER UNIT	NON-DEPRECIABLE	98.62% DEPRECIABLE BASIS		1.38% NON-RESDNT AMORTIZED	EXPENSED
				RESIDENTIAL	NON-RESDNT		
<b><u>Land Costs</u></b>							
Land Cost	4,180,000	55,733	4,180,000	0	0	0	0
Easement Purchases & Legal	0	0	0	0	0	0	0
Broker Fees		0	0	0	0	0	0
<b>Total Land Costs</b>	<b>4,180,000</b>	<b>55,733</b>	<b>4,180,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Acquisition Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b><u>New Construction</u></b>							
Site Work	1,207,711	16,103	150,000	1,057,711	0	0	0
Structures	21,758,000	290,107	0	21,458,328	299,672	0	0
Contractor Overhead + Gen Conditions	2,328,134	31,042	0	2,296,069	32,065	0	0
Contractor Profit	1,508,631	20,115	0	1,487,852	20,778	0	0
<b>Total New Construction Costs</b>	<b>26,802,475</b>	<b>357,366</b>	<b>150,000</b>	<b>26,299,960</b>	<b>352,515</b>	<b>0</b>	<b>0</b>
<b><u>Architectural Fees</u></b>							
Design	700,000	9,333	0	690,359	9,641	0	0
Supervision	40,000	533	0	39,449	551	0	0
<b>Total Architectural Costs</b>	<b>740,000</b>	<b>9,867</b>	<b>0</b>	<b>729,808</b>	<b>10,192</b>	<b>0</b>	<b>0</b>
<b>Total Survey &amp; Engineering Costs</b>	<b>500,000</b>	<b>6,667</b>		<b>493,114</b>	<b>6,886</b>	<b>0</b>	<b>0</b>
<b><u>Construction Interest and Fees</u></b>							
Construction Loan Interest	1,526,077	20,348	0	899,030	12,555	0	614,492
Constr Loan Origination Fee	270,000	3,600	0	266,281	3,719	0	0
Bond Premium	50,000	667	0	49,311	689	0	0
Property Taxes & Organizational fees	50,000	667		49,311	689	0	
Construction Period Insurance	150,000	2,000	0	147,934	2,066	0	0
Title & Recording	15,000	200	0	14,793	207	0	0
<b>Total Construction Interest &amp; Fees</b>	<b>2,061,077</b>	<b>27,481</b>	<b>0</b>	<b>1,426,661</b>	<b>19,924</b>	<b>0</b>	<b>614,492</b>
<b><u>Permanent Financing</u></b>							
Permanent Loan Legal/Origination Fee	122,980	1,640	0	0	0	122,980	0
Perm. Loan Conversion	23,626	315	0	0	0	23,626	0
City Financial Advisor	0	0	0			0	
Bond Issuer Fee	0			0		0	
Trustee Fee	0	0	0	0	0	0	0
<b>Total Permanent Financing Costs</b>	<b>146,606</b>	<b>1,955</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>146,606</b>	<b>0</b>
<b><u>Legal Fees</u></b>							
Legal Costs (Const Loan+ Project Related)	105,000	1,400	0	103,554	1,446	0	0
Other (Tax Credits)	40,000	533		0	0	0	40,000
<b>Total Attorney Costs</b>	<b>145,000</b>	<b>1,933</b>	<b>0</b>	<b>103,554</b>	<b>1,446</b>	<b>0</b>	<b>40,000</b>
<b>Constr lender due diligence + inspections</b>	<b>34,300</b>	<b>457</b>	<b>0</b>	<b>33,828</b>	<b>472</b>	<b>0</b>	<b>0</b>
<b><u>Reserves</u></b>							
Operating Reserves	264,663	3,529	264,663	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Total Reserve Costs</b>	<b>264,663</b>	<b>3,529</b>	<b>264,663</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Construction Contingency Costs</b>	<b>1,332,624</b>	<b>17,768</b>	<b>0</b>	<b>1,314,270</b>	<b>18,354</b>	<b>0</b>	<b>0</b>

**Other**

TCAC App./Reserv./Monitoring Fees	46,075	614	0	0	0		46,075
CDLAC/CDIAC Fees	12,000	160				12,000	
Environmental Audit/Toxic Remediation	100,000	1,333	0	98,623	1,377	0	0
Local Permit Fees	2,145,000	28,600	0	2,115,457	29,543	0	0
Marketing+ Market Study	83,000	1,107	0	8,000	0	0	75,000
Impound Taxes/Insurance	0	0	0	0	0	0	0
Furnishings	50,000	667	0	49,311	689	0	0
Relocation	0	0	0	0	0	0	0
Security	42,000	560		41,422	578		
Soft Cost Contingency	160,000	2,133	0	157,796	2,204	0	0
Legal - Bond Counsel	55,000	733	0	0	0	55,000	0
Legal - Bond Issuer	5,000	67	0	0	0	5,000	0
<b>Total Other Costs</b>	<b>2,698,075</b>	<b>35,974</b>	<b>0</b>	<b>2,470,609</b>	<b>34,391</b>	<b>72,000</b>	<b>121,075</b>

<b>Sub-Total Residential Costs</b>	<b>38,904,820</b>	<b>518,731</b>	<b>4,594,663</b>	<b>32,871,803</b>	<b>444,181</b>	<b>218,606</b>	<b>775,567</b>
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**Developer Costs**

Developer Overhead/Profit	1,400,000	18,667	0	1,380,718	19,282	0	0
Construction Manager	150,000	2,000	0	147,934	2,066	0	0
Accounting & Audit	15,000	200	0	15,000	0	0	
Syndicator	50,000	667	50,000	0	0	0	0
<b>Total Developer Costs</b>	<b>1,615,000</b>	<b>21,533</b>	<b>50,000</b>	<b>1,543,652</b>	<b>21,348</b>	<b>0</b>	<b>0</b>

<b>Total Project Costs</b>	<b>40,519,820</b>	<b>540,264</b>	<b>4,644,663</b>	<b>34,415,455</b>	<b>465,529</b>	<b>218,606</b>	<b>775,567</b>
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Price City Heights 4th Corner	RUN DATE:	09/23/20
TAX CREDIT CALCULATIONS		

	Federal Tax Credits	State Tax Credits	Total
Preliminary Eligible Basis	34,415,455	0	
Deductions from Eligible Basis:			
Grant Proceeds Used to Finance Costs in Eligible Basis	0	0	
Federal Loans Used to Finance Costs in 9% Eligible Basis	0	0	
Non-Qualified Non-Recourse Financing	0	0	
Non-Qualifying Portion of Higher Quality Units	0	0	
Historic Credit (Residential Portion Only)	0	0	
Total Deductions from Eligible Basis	0	0	35,344,672
Total Eligible Basis	34,415,455	0	1,085,081
High Cost Area Adjustment	130.00%	100.00%	1,084,973
Total Adjusted Eligible Basis	44,740,091	0	10,849,729
Applicable Fraction	100.00%	100.00%	10,524,237
Total Qualified Basis	44,740,091	0	
Tax Credit %	3.07%	0.00%	
Total Annual Tax Credits	1,373,521	0	
LP Share of Credits	99.990%	99.99%	
Credits Available to Equity Provider	1,373,383	0	
Credit Period	10	1	
Total Credit Allocation	13,733,834	0	13,733,834
Investor Yield	0.970000	0.970000	9,409,370
Gross Investor Contribution	13,321,819	0	13,321,819
Less Lower Tier Syndication Expenses:			
Legal - Syndication	0	0	0
Syndication Consulting	0	0	0
Syndication Accounting	0	0	0
Total Syndication Expenses	0	0	0
Total Investor Contribution	13,321,819	0	13,321,819
% Investor Contribution	97.00%	0.00%	97.00%

## **HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

### **Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet



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

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

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

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

bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.



The City of San Diego  
**Item Approvals**

**Item Subject:** Preliminary Bond Authorization for Fourth Corner Apartments.

<b>Contributing Department</b>	<b>Approval Date</b>
DOCKET OFFICE	10/28/2020

<b>Approving Authority</b>	<b>Approver</b>	<b>Approval Date</b>
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	10/27/2020
CITY ATTORNEY	MIDDAUGH, MARGUERITE	10/29/2020
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	10/30/2020