

<b>REQUEST FOR HOUSING AUTHORITY ACTION</b> CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
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TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Housing Commission	DATE: 7/13/2017
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SUBJECT: Final Bond Authorization for Casa Puleta Apartments

PRIMARY CONTACT (NAME, PHONE): Ted Miyahara,619-578-7548	SECONDARY CONTACT (NAME, PHONE): ,
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**COMPLETE FOR ACCOUNTING PURPOSES**

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

**COST SUMMARY (IF APPLICABLE):** The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget. Please refer to staff report for further information.

**ROUTING AND APPROVALS**

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Liaison Office	ORIG DEPT.	Davis, Jeff	07/13/2017
	CFO		
	DEPUTY CHIEF	Graham, David	07/17/2017
	COO		
	CITY ATTORNEY	Slegers, Nathan	07/18/2017
	COUNCIL PRESIDENTS OFFICE	Demorest, Erin	07/19/2017

PREPARATION OF:     RESOLUTIONS     ORDINANCE(S)     AGREEMENT(S)     DEED(S)

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

- Authorize the issuance of up to \$5,400,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Casa Puleta Apartments LP's acquisition and rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable rental housing development, located at 1445 South 45th Street, San Diego, in the Southeastern San Diego neighborhood, which will remain affordable for 55 years; and

<p>2. Grant an exemption relating to Section 3.2 of the Housing Commission’s Multifamily Housing Revenue Bond Program Policy P.O. 300.301, to authorize the use of the California Tax-Credit Allocation Committee’s methodology for calculating rents for the affordable units.</p>	
<p>3. Determine that the Project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines section 15301 for Class 1 Existing Facilities and that no exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project.</p>	
<p><b>STAFF RECOMMENDATIONS:</b> Approve requested actions</p>	
<p><b>SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)</b></p>	
<p><b>COUNCIL DISTRICT(S):</b></p>	<p>9</p>
<p><b>COMMUNITY AREA(S):</b></p>	
<p><b>ENVIRONMENTAL IMPACT:</b></p>	<p>The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Casa Puleta is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.</p>
<p><b>CITY CLERK INSTRUCTIONS:</b></p>	<p>Please docket this item for the Regular Housing Authority meeting of August 1, 2017. There is a companion City Council item.</p>

**HOUSING AUTHORITY ACTION  
EXECUTIVE SUMMARY SHEET  
CITY OF SAN DIEGO**

DATE: 7/13/2017

ORIGINATING DEPARTMENT: Housing Commission

SUBJECT: Final Bond Authorization for Casa Puleta Apartments

COUNCIL DISTRICT(S): 9

CONTACT/PHONE NUMBER: Ted Miyahara/619-578-7548

**DESCRIPTIVE SUMMARY OF ITEM:**

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the acquisition and rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable rental housing development located at 1445 South 45th Street, San Diego, in the Southeastern San Diego neighborhood, which will remain affordable for 55 years.

**STAFF RECOMMENDATION:**

Approve requested actions

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S): N/A

**FISCAL CONSIDERATIONS:**

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget. Please refer to staff report for further information.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

Willow Partners, LLC, presented the development to the Southeastern San Diego Community Planning Group on July 10, 2017. The Community Planning Group had no objections to the project.

**KEY STAKEHOLDERS AND PROJECTED IMPACTS:**

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

Davis, Jeff

Originating Department

Graham, David

Deputy Chief/Chief Operating Officer



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

**DATE ISSUED:** July 20, 2017

**REPORT NO:** HAR17-021

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of August 1, 2017

**SUBJECT:** Final Bond Authorization for Casa Puleta Apartments

**COUNCIL DISTRICT:** 9

## **REQUESTED ACTION**

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the acquisition and rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable rental housing development located at 1445 South 45<sup>th</sup> Street, San Diego, in the Southeastern San Diego neighborhood, which will remain affordable for 55 years.

## **STAFF RECOMMENDATION**

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

1. Authorize the issuance of up to \$5,400,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Casa Puleta Apartments LP's acquisition and rehabilitation of Casa Puleta Apartments, a 54-unit multifamily affordable rental housing development, located at 1445 South 45<sup>th</sup> Street, San Diego, in the Southeastern San Diego neighborhood, which will remain affordable for 55 years; and
2. Grant an exemption relating to Section 3.2 of the Housing Commission's Multifamily Housing Revenue Bond Program Policy P.O. 300.301, to authorize the use of the California Tax-Credit Allocation Committee's methodology for calculating rents for the affordable units; and
3. Determine that the Project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines section 15301 for Class 1 Existing Facilities and that no exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project.

**SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

Address	1445 S. 45 <sup>th</sup> Street
Council District	9
Community Plan Area	Southeastern San Diego
Development Type	Rehabilitation
Construction Type	Type V
Parking Type	Surface & Tuck Under
Housing Type	Multifamily
Lot Size	Approximately 2.10 acres, 91,476 square feet
Units	54
Density	25.71 dwelling units per acre
Affordable Unit Mix	11 two-bedroom units, 26 three-bedroom units, 16 four-bedroom units and 1 three-bedroom manager’s unit
Gross Building Area	63,226 square feet
Net Rentable Area	61,226 square feet

**The Development**

Casa Puleta is an existing 54-unit multifamily rental housing development located at 1445 S. 45th Street in the Southeastern San Diego Community Plan Area (Attachment 2 – Site Map). The development consists of 5 three-story walk-up, wood frame apartment buildings. Casa Puleta includes 11 two-bedroom units, 27 three-bedroom units, and 16 four-bedroom units. Current amenities include a leasing office, laundry facilities, a community center, and a residential services building.

**Building Condition/Proposed Rehabilitation Work**

Casa Puleta was constructed in 2002 and requires rehabilitation to address immediate and long-term capital needs. The developer is requesting the issuance of up to \$5,400,000 in Multifamily Housing Revenue Bonds to finance the rehabilitation of the property to extend its useful life and maintain its marketability. The scope of the proposed rehabilitation includes improvements to all unit interiors. Unit interiors will be renovated with new countertops, Energy Star appliances, new cabinets, fixtures, and flooring. In addition, air conditioning units and water heaters will be replaced. Exterior renovations include the installation of solar panels and the renovation of an existing clubhouse.

**Project Sustainability**

Casa Puleta will comply with the California Tax Credit Allocation Committee’s (TCAC) minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions. Additional sustainability and water preservation features including solar panel installation, energy efficient water heaters and appliances, and hydro clean system to remove sewer sludge will be implemented as a part of the scope of work.

Development Team

During the 15-year tax credit compliance period, Casa Puleta will be owned by Casa Puleta Apartments Limited Partnership (a single-asset limited partnership) that will include: WP Casa Puleta, LLC, as the Administrative General Partner, AOF Casa Puleta, LLC, as the Managing General Partner and City Real Estate Advisors (CREA) as the tax-credit investor limited partner. Statements for public disclosure for Willow Partners, LLC, and AOF/Pacific Affordable Housing Corp. (“AOF”), which are the parent/controlling entities of the Administrative General Partner and the Managing General Partner, respectively, are included in Attachment 3.

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

AOF was incorporated in 1997 as a nonprofit corporation organized under the laws of the State of California. It is a subordinate of The American Opportunity Foundation, Inc., a Georgia nonprofit corporation that is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. AOF was organized to acquire, rehabilitate, sell, or operate affordable housing for moderate- to low-income, elderly, and/or mentally or physically challenged persons or families.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTRACT</b>
Owner	Casa Puleta Apartments, LP
Administrative General Partner	WP Casa Puleta, LLC
Managing General Partner	AOF Casa Puleta, LLC
Tax Credit Investor	CREA, LLC
Developer	Willow Partners, LLC
Architect	John Stewart Construction & Maintenance Services
General Contractor	The John Stewart Company
Property Management	John Stewart Management
Land Owner/Seller	Sun America Housing Fund 1072, LP
Tenant Services Provider	Willow Partners, LLC
Construction and Permanent Lender	CBRE Capital Markets, Inc.

Financing Structure

Casa Puleta has an estimated total development cost of \$10,797,804 and an estimated total per unit cost of \$199,959 per unit. It will be financed with a combination of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, income from operations, General Partner (GP) equity and a deferred developer fee.

There will be no Housing Commission loan on this rehabilitation project.

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

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

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>
Tax-Exempt Permanent Loan	\$5,400,000	Acquisition Costs	\$6,241,000
General Partner Equity	\$1,213,000	Hard Costs	\$1,612,324
		Hard Cost Contingency	\$134,608
4% Tax Credit Equity	\$3,139,824	Soft Costs	\$536,091
Income from Operations	\$116,133	Financing Costs	\$877,136
Deferred Developer Fee	\$820,847	Reserves	\$150,000
Other – Rate Lock	\$108,000	Developer Fee	\$1,246,645
<b>Total Development Cost</b>	<b>\$10,797,804</b>	<b>Total Development Cost</b>	<b>\$10,797,804</b>

Developer Fee

Willow Partners, LLC, is proposing to receive a \$1,246,645 developer fee, of which \$820,847 will be deferred. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

\$ 1,246,645 - gross developer fee  
 (820,847) - developer’s deferred developer fee; paid out of residual cash flow  
 425,798 - upfront net developer fee

Development Cost Key Performance Indicators

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

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$10,797,804 \div 54 \text{ units} =$	\$199,959
Land Cost Per Unit	$\$6,241,000 \div 54 \text{ units} =$	\$115,574
Gross Building Square Foot Hard Cost	$\$1,746,932 \div 63,226 \text{ sq. ft.} =$	\$28
Net Rentable Square Foot Hard Cost	$\$1,746,932 \div 61,226 \text{ sq. ft.} =$	\$29

Prevailing Wages

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

Project Comparison Chart

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

**Table 5 – Comparable Developments\***

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq. Ft.
Subject Site – Casa Puleta	2016	V	54	\$10,797,804	\$199,959	\$0	\$28
Knox Glen	2012	V	54	\$10,193,542	\$188,769	\$48,491	\$31
Mayberry Townhomes	2015	V	70	\$16,088,677	\$229,838	\$12,965	\$40
Juniper Gardens	2013	V	40	\$12,260,064	\$306,502	\$71,103	\$66

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make Federal 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (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 Tax Equity and Fiscal Responsibility Act (TEFRA) resolutions must be secured no later than 30 days after application submittal. These actions were previously completed for Casa Puleta on October 25, 2016.

On January 18, 2017, the California Tax Credit Allocation Committee (TCAC) approved an allocation of \$3,497,390 in 4 percent tax credits and on May 17, 2017, CDLAC approved an allocation of \$5,400,000 of tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The proposed financing structure will fully comply with the City of San Diego’s (City) ordinance on bond disclosure. The Bonds/note amount that will ultimately be set will be based upon development costs, revenues, and interest rates prevailing at the time of bond issuance.

The description of 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 financing are described in Attachment 5.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the Bonds/note, will be sold through a private placement, purchased directly by CBRE Capital Markets, Inc. (CBRE). CBRE is a “qualified institutional buyer” within the meaning of the U.S. securities laws. At closing, CBRE will sign an “Investor’s Letter” certifying, among other things, that it is buying the Bonds/note for its own account and not for public distribution. Because the Bonds/note is being sold through a private placement, and Official Statement will not be used. In addition, the Bonds/note will be neither subject to continuing disclosure requirements nor credit enhanced or rated.

Under the private placement structure for this transaction, CBRE will make a loan to the Housing Authority pursuant to the terms of the Funding Loan Agreement among CBRE, the Housing Authority, and Zions Bank, a Division of ZB, National Association as Fiscal Agent. The Loan made by CBRE to the Housing Authority (Funding Loan) will be evidenced by the Bonds/note, which will obligate the Housing Authority to pay CBRE the amounts it receives from the Borrower, as described below. The Housing Authority and the

Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Bonds/note. The Housing Authority's obligation to make payments on the Bonds/note is limited to the amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds/note.

The transfer of the Bonds/note to any subsequent purchaser will comply with Housing Commission policy number PO300.301. Moreover, any subsequent Bonds/note holder would be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Bonds/note for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Bonds/note. The following documents will be executed on behalf of the Housing Authority with respect to the Bonds/note: Funding Loan Agreement, Borrower Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The Note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, CBRE will disburse Note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to CBRE. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment of Deed of Trust and other Loan Documents, which assigns the Housing Authority's rights and responsibilities as the issuer to CBRE, is signed by the Housing Authority for the benefit of CBRE. Rights and responsibilities that are assigned to CBRE include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by CBRE to protect its financial interests as the holder of the Note.

#### Financial Advisor's Report

Quint and Thimmig, LLP serves as bond counsel and Public Financial Management as financial advisor to the Housing Commission on this transaction. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the financial advisor's recommendation that the Housing Authority should proceed with the issuance of the bonds/note. The financial advisor's analysis and recommendation is included as Attachment 6.

#### TEFRA Hearing

A San Diego City Council TEFRA hearing for Casa Puleta was held on October 25, 2016 (Resolution Number R-310759). This resolution referenced the project at 1145 South 45<sup>th</sup> Street. The recommended actions include re-issuing a TEFRA with the corrected project site address, 1445 South 45<sup>th</sup> Street.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
<ul style="list-style-type: none"> <li>• Housing Authority proposed final bond authorization</li> <li>• Estimated bond issuance and escrow closing</li> <li>• Estimated start of rehabilitation</li> <li>• Estimated completion of rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• August 2017</li> <li>• August 2017</li> <li>• August 2017</li> <li>• February 2018</li> </ul>

**AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Casa Puleta would restrict:

- 6 of the units to 30 percent of San Diego Area Median Income (AMI), currently \$27,250 per year for a family of four;
- 6 of the units to 40 percent of AMI, currently \$36,350 per year for a family of four;
- 27 of the units to 50 percent of AMI, currently \$45,450 per year for a family of four; and
- 14 of the units to 60 percent of AMI, currently \$54,540 per year for a family of four.
- 1 of the units set aside as unrestricted manager units.

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

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

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents
2-bedroom	TCAC	30% AMI	6	\$614
2-bedroom	TCAC	40% AMI	5	\$819
3-bedroom	TCAC	40% AMI	1	\$945
3-bedroom	TCAC	50% AMI	25	\$1,181
4-bedroom	TCAC	50% AMI	2	\$1,318
4-bedroom	TCAC	60% AMI	14	\$1,582
3 bedroom Manager	N/A	N/A	1	\$ -
<b>Total</b>			<b>54</b>	

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

has been in operation utilizing TCAC rents since 2002, and the developer has indicated that project cash flows would be impacted to the point of significant financial hardship under Housing Commission policy, thereby reducing the overall permanent loan amount and thus making the project infeasible.

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget.

Funding sources approved by this action will be as follows:  
Bond Issuance Fees - \$13,500

Funding uses approved by this action will be as follows:  
Housing Commission Rental Housing Finance Program Administration Costs - \$13,500

The bonds will 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.

### **PREVIOUS COUNCIL AND COMMITTEE ACTIONS**

On October 7, 2016, the Housing Commission (HCR16-091) and on October 25, 2016, the Housing Authority (HAR16-035) approved preliminary steps to issue up to \$6,250,000 of tax-exempt multifamily housing financing. A San Diego City Council TEFRA hearing for Casa Puleta was held on October 25, 2016 (Resolution Number R-310759).

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

Willow Partners, LLC, presented the development to the Southeastern San Diego Community Planning Group on July 10, 2017. The Community Planning Group had no objections to the project.

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

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

### **ENVIRONMENTAL REVIEW**

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Casa Puleta is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

Respectfully submitted,

*Tina Kessler*

Tina Kessler  
Housing Programs Manager  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Executive Vice President & Chief Strategy Officer  
San Diego Housing Commission

Attachments: 1) Development Summary  
2) Site Map  
3) Developer Disclosure Statements  
4) Project Pro Forma  
5) Multifamily Housing Revenue Bond Program  
6) Financial Advisor's Analysis

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

## ATTACHMENT 1 – DEVELOPMENT SUMMARY

**Table 1 – Development Details**

Address	1445 S. 45 <sup>th</sup> Street
Council District	9
Community Plan Area	Southeastern San Diego
Development Type	Rehabilitation
Construction Type	Type V
Parking Type	Surface & Tuck Under
Housing Type	Multifamily
Lot Size	Approximately 2.10 acres, 91,476 square feet
Units	54
Density	25.71 dwelling units per acre
Affordable Unit Mix	11 two-bedroom units, 26 three-bedroom units, 16 four-bedroom units and 1 three-bedroom manager's unit
Gross Building Area	63,226 square feet
Net Rentable Area	51,226 square feet

**Table 2 - Development Team Summary**

ROLE	FIRM/CONTRACT
Owner	Casa Puleta Apartments, LP
Administrative General Partner	WP Casa Puleta, LLC
Managing General Partner	AOF Casa Puleta, LLC
Tax Credit Investor	CREA, LLC
Developer	Willow Partners, LLC
Architect	John Stewart Construction & Maintenance Services
General Contractor	The John Stewart Company
Property Management	John Stewart Management
Land Owner/Seller	Sun America Housing Fund 1072, LP
Tenant Services Provider	Willow Partners, LLC
Construction and Permanent Lender	CBRE Capital Markets, Inc.

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

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>
Tax-Exempt Permanent Loan	\$5,400,000	Acquisition Costs	\$6,241,000
General Partner Equity	\$1,213,000	Hard Costs	\$1,612,324
		Hard Cost Contingency	\$134,608
4% Tax Credit Equity	\$3,139,824	Soft Costs	\$536,091
Income from Operations	\$116,133	Financing Costs	\$877,136
Deferred Developer Fee	\$820,847	Reserves	\$150,000
Other – Rate Lock	\$108,000	Developer Fee	\$1,246,645
<b>Total Development Cost</b>	<b>\$10,797,804</b>	<b>Total Development Cost</b>	<b>\$10,797,804</b>

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	\$10,797,804 ÷ 54 units =	\$199,959
Land Cost Per Unit	\$6,241,000 ÷ 54 units =	\$115,574
Gross Building Square Foot Hard Cost	\$1,746,932 ÷ 63,226 sq. ft. =	\$28
Net Rentable Square Foot Hard Cost	\$1,746,932 ÷ 61,226 sq. ft. =	\$29

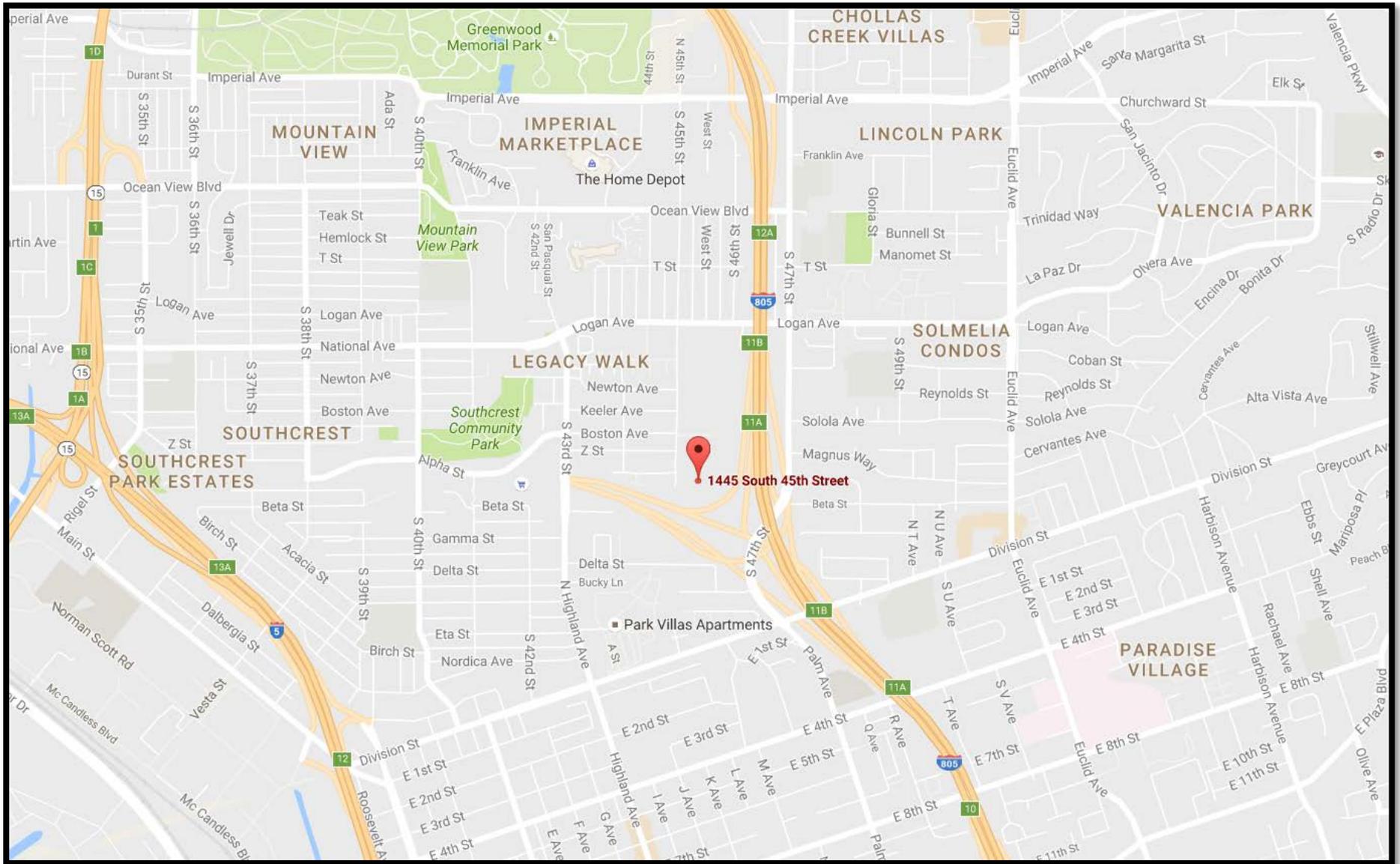
**Table 5 – Comparable Developments**

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq.Ft.
Subject Site – Casa Puleta	2016	V	54	\$10,797,804	\$199,959	\$0	\$28
Knox Glen	2012	V	54	\$10,193,542	\$188,769	\$48,491	\$31
Mayberry Townhomes	2015	V	70	\$16,088,677	\$229,838	\$12,965	\$40
Juniper Gardens	2013	V	40	\$12,260,064	\$306,502	\$71,103	\$66

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

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents
2-bedroom	TCAC	30% AMI	6	\$614
2-bedroom	TCAC	40% AMI	5	\$819
3-bedroom	TCAC	40% AMI	1	\$945
3-bedroom	TCAC	50% AMI	25	\$1,181
4-bedroom	TCAC	50% AMI	2	\$1,318
4-bedroom	TCAC	60% AMI	14	\$1,582
3 bedroom Manager	N/A	N/A	1	\$ -
<b>Total</b>			<b>54</b>	

# ATTACHMENT 2 – SITE MAP





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

- 1. Name of CONTRACTOR: Willow Partners, LLC
- 2. Address and Zip Code: 310 N. Westlake Blvd., Ste. 210, Westlake Village, CA 91362
- 3. Telephone Number: 805-379-8555
- 4. Name of Principal Contact for CONTRACTOR: Laura Slajchert
- 5. Federal Identification Number or Social Security Number of CONTRACTOR: 77-0462802
- 6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

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

Check one:

- General Partnership (Attach statement of General Partnership)
- Limited Partnership (Attach Certificate of Limited Partnership)
- A business association or a joint venture known as: \_\_\_\_\_  
(Attach joint venture or business association agreement)
- A Federal, State or local government or instrumentality thereof.
- X Other (explain) Limited liability company (documents attached)

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

July 31, 1997

- 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
  - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: G. Davis Slajchert	Managing Member – 50%
Address: 310 N. Westlake Blvd., Ste. 210 Westlake Village, CA 91362	
Name: Laura Slajchert	Managing Member – 50%
Address: 310 N. Westlake Blvd., Ste. 210 Westlake Village, CA 91362	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. No change
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. No change
11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR): None

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above: None

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Relationship to CONTRACTOR
Name: NHPAHP Villa Paloma LP	Contractor is a member of the Administrative GP LLC of this limited partnership
Address: 310 N. Westlake Blvd., Ste. 210 Westlake Village, CA 91362	
Name: NHPAHP Kimberly Park LP	Same as above
Address: same as above	
Name: NHPAHP Casa Puleta Apartments LP	Same as above
Address: same as above	
WP Kearney Palms I LP, WP Kearney Palms II LP, WP Kearney Palms III LP, WP Hacienda Heights Apartments LP, WP Plaza Apartments LP, WP Overland Court LP, WP Palmer Senior Apartments LP, WP Palmer Family Apartments LP  Address is same as above	Same as above

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

Attached

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:
- TE Bonds
  - 4% Tax Credits (LIHTC Investor Equity)
  - Deferred Developer Fee

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

a. In banks/savings and loans:

Name: Citibank

Address: 787 W. 5<sup>th</sup> Street

Los Angeles, CA 90071

Amount: \$ 1m+

By loans from affiliated or associated corporations or firms: NA

Name:

Address:

Amount: \$

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

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

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

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

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

Yes                      X No

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

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

Yes                      X No

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

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

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

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

- a. Name and addresses of such contractor or builder: An unaffiliated contractor will be used.

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

Yes       No

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

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

General description of such work:

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

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

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

<b>Identification of Contract or Development</b>	<b>Location</b>	<b>Amount</b>	<b>Date to be Completed</b>

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

<b>Awarding Agency</b>	<b>Amount</b>	<b>Date Opened</b>

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

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

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

Yes                      X No

If yes, explain:

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

Resume is attached.

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

Yes                      X No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

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

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

Government Complaint	Entity	Making	Date	Resolution

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

Yes                      X No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked: None

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

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

None

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

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

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years: None

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

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

Yes                      X No

If yes, explain:

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

Yes                      X No

If yes, explain:

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

1. Name: Neal Arthur

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

Phone: 619-299-5112

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

2. Name: Lori Horn

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

Phone: 213-833-1830

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

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

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

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

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

## CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 19<sup>th</sup> day of September 20, 2016, at San Diego, California.

CONTRACTOR

By: \_\_\_\_\_

Signature

Managing Member

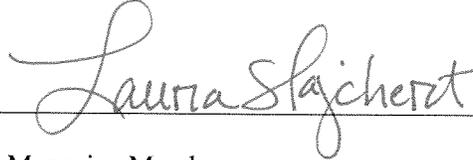
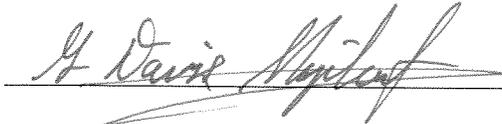
Title

**CERTIFICATION**

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

By: G. Davis Slajchert

By: Laura Slajchert



Title: Managing Member

Title: Managing Member

Dated: September 19, 2016

Dated: September 19, 2016

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

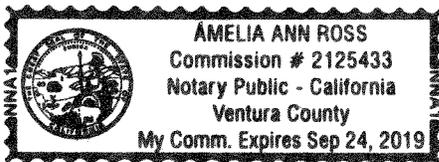
**JURAT**

State of California

County of VENTURA

Subscribed and sworn to (or affirmed) before me on this 19<sup>th</sup> day of SEPTEMBER, 2016

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



SEAL



Signature of Notary

# ATTACHMENT4



## PRO FORMA NET OPERATING INCOME

NHPAHP Mayberry  
54 Units / San Diego, CA

Bedrooms	Bathrooms	Square Feet	Units	Median Income %	RA Type	Gross Rent	Utility Allowance	Low Income Maximum	Low Income Asking	Low Income Advantage	Market Rent	Market Advantage	Rental Income Monthly	Rental Income Annual				
2	1.0	861	6	30%	No	613	(62)	551	551	0.0%	0	-	3,306	39,672				
2	1.0	861	5	40%	No	818	(62)	756	756	0.0%	0	-	3,780	45,360				
3	2.0	1,041	1	40%	No	945	(77)	868	868	0.0%	0	-	868	10,416				
3	2.0	1,041	25	50%	No	1,181	(77)	1,104	1,104	0.0%	0	-	27,600	331,200				
3	2.0	1,041	1	Common	No							-						
4	2.0	1,210	2	50%	No	1,318	(98)	1,220	1,220	0.0%	0	-	2,440	29,280				
4	2.0	1,210	14	60%	No	1,581	(98)	1,483	1,483	0.0%	0	-	20,762	249,144				
3.1	1.8	1,054	54	49%	0.0%	1,189	(80)	1,109	1,109	0.0%	0	-	58,756	705,072				
												Vacancy	7.00%	(4,113)	(49,355)			
<b>NET RENTAL INCOME</b>														54,643	655,717			
<b>OTHER INCOME</b>												<b>Units</b>	<b>Per Unit Monthly</b>	<b>Per Unit Annual</b>	<b>Vacancy</b>	<b>Monthly</b>	<b>Annual</b>	
<b>Other Income</b>												54	10.00	120	7.00%	(8)	502	6,026
<b>EFFECTIVE GROSS INCOME</b>													10.00		(8)	55,145	661,743	
<b>OPERATING EXPENSES</b>												<b>Per Unit</b>		<b>Total</b>				
<b>Property Management Fee - Per Unit (\$40.00)</b>												<b>Monthly</b>	<b>Annual</b>	<b>Monthly</b>	<b>Annual</b>			
<b>Property Management Fee - Per Unit (\$40.00)</b>												40.00	480	2,160	25,920			
<b>Property Taxes - Fixed</b>												2.48	30	134	1,608			
<b>Payroll - Variable</b>												129.14	1,550	6,974	83,685			
<b>Administrative and Leasing - Variable</b>												51.13	614	2,761	33,131			
<b>Repairs and Maintenance - Variable</b>												27.47	330	1,483	17,800			
<b>Grounds Maintenance - Variable</b>												72.50	870	3,915	46,980			
<b>Utilities - Fixed</b>												94.77	1,137	5,118	61,412			
<b>Insurance - Fixed</b>												21.99	264	1,188	14,251			
<b>Miscellaneous - Variable</b>												33.33	400	1,800	21,600			
<b>TOTAL OPERATING EXPENSES</b>												472.82	5,674	25,532	306,387			
<b>Replacement Reserves</b>												25.00	300	1,350	16,200			
<b>NET OPERATING INCOME</b>														29,613	339,156			
<b>HARD DEBT SERVICE</b>														24,924	\$ 299,090			
<b>NET CASH FLOW</b>														3,339	40,066			
<b>HARD DEBT SERVICE COVERAGE RATIO</b>																		
<b>Pro Forma</b>															1.13			
<b>Stabilization</b>															1.15			
<b>End of Compliance</b>															1.32			

The attached financial forecast model (the "Model") is the property of City Real Estate Advisors, Inc. ("CREA"), and is being provided for the user's private use only. Use of the Model or any of its underlying computations without prior, written consent of CREA is expressly prohibited.



**SOURCE AND USE OF FUNDS**  
 NHPAHP Mayberry  
 54 Units / San Diego, CA

**SOURCES OF FUNDS**

	<b>TOTAL</b>	<b>PER UNIT</b>	
		<b>\$</b>	<b>%</b>
<b>EQUITY</b>			
Federal Low Income Tax Credits @ 90.00%	3,101,558	57,436	28.7%
Federal Energy Tax Credits @ 90.00%	38,066	705	0.4%
Special Limited Partner Contribution	100	2	0.0%
Managing Partner Contribution	100	2	0.0%
<b>EQUITY</b>	<b>3,139,824</b>	<b>58,145</b>	<b>29.1%</b>
<b>OTHER CONTRIBUTIONS</b>			
Refundable Rate Lock	108,000	2,000	1.0%
<b>OTHER CONTRIBUTIONS</b>	<b>108,000</b>	<b>2,000</b>	<b>1.0%</b>
<b>HARD PERMANENT FINANCING</b>			
Freddie Mac TEL @ 4.31%	5,400,000	100,000	50.0%
<b>HARD PERMANENT FINANCING</b>	<b>5,400,000</b>	<b>100,000</b>	<b>50.0%</b>
<b>SOFT PERMANENT FINANCING</b>			
Seller Note @ 5.00%	1,213,000	22,463	11.2%
<b>SOFT PERMANENT FINANCING</b>	<b>1,213,000</b>	<b>22,463</b>	<b>11.2%</b>
<b>CASH FLOW FROM OPERATIONS - 50.0%</b>	<b>116,133</b>	<b>2,151</b>	<b>1.1%</b>
<b>DEFERRED DEVELOPMENT FEES - 65.8%</b>	<b>820,847</b>	<b>15,201</b>	<b>7.6%</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>10,797,804</b>	<b>199,959</b>	<b>100.0%</b>

**USES OF FUNDS**

		<b>INELIGIBLE COSTS</b>	<b>NEW/REHAB</b>	<b>ACQUISITION</b>	<b>ELIGIBLE BASIS HISTORIC</b>	<b>STATE</b>	<b>TOTAL</b>	<b>PER UNIT</b>	
								<b>\$</b>	<b>%</b>
<b>LAND</b>									
Land Acquisition	Other	600,000	-	-	-	-	600,000	11,111	5.6%
<b>LAND</b>		<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>11,111</b>	<b>5.6%</b>
<b>ACQUISITION</b>									
Improvements	Depreciated	-	-	5,633,000	-	-	5,633,000	104,315	52.2%
Brokerage	Other	8,000	-	-	-	-	8,000	148	0.1%
<b>ACQUISITION COSTS</b>		<b>8,000</b>	<b>-</b>	<b>5,633,000</b>	<b>-</b>	<b>-</b>	<b>5,641,000</b>	<b>104,463</b>	<b>52.2%</b>
<b>REHABILITATION</b>									
Hard Costs	Depreciated	-	991,361	-	-	-	991,361	18,359	9.2%
Permits and Fees	Depreciated	-	50,000	-	-	-	50,000	926	0.5%
Relocation	Expensed	100,000	-	-	-	-	100,000	1,852	0.9%
Site Work	Depreciated	-	62,909	-	-	-	62,909	1,165	0.6%
Solar Panels	Depreciated	-	141,000	-	-	-	141,000	2,611	1.3%
Personal Property	Depreciated	-	62,909	-	-	-	62,909	1,165	0.6%
<b>REHABILITATION</b>		<b>100,000</b>	<b>1,308,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,408,179</b>	<b>26,077</b>	<b>13.0%</b>
<b>CONTRACTOR</b>									
General Conditions	Depreciated	-	86,287	-	-	-	86,287	1,598	0.8%
Overhead	Depreciated	-	34,515	-	-	-	34,515	639	0.3%
Profit	Depreciated	-	83,343	-	-	-	83,343	1,543	0.8%
<b>CONTRACTOR</b>		<b>-</b>	<b>204,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,145</b>	<b>3,780</b>	<b>1.9%</b>
<b>ARCHITECT &amp; ENGINEERING</b>									
Architectural Fees	Depreciated	-	73,025	-	-	-	73,025	1,352	0.7%
Design	Depreciated	-	34,475	-	-	-	34,475	638	0.3%
Engineering	Depreciated	-	90,000	-	-	-	90,000	1,667	0.8%
<b>ARCHITECT &amp; ENGINEERING</b>		<b>-</b>	<b>197,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,500</b>	<b>3,657</b>	<b>1.8%</b>
<b>LEGAL AND ACCOUNTING</b>									
Accounting	Depreciated	-	25,000	-	-	-	25,000	463	0.2%
Legal	Depreciated	-	160,000	-	-	-	160,000	2,963	1.5%
<b>LEGAL AND ACCOUNTING</b>		<b>-</b>	<b>185,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,000</b>	<b>3,426</b>	<b>1.7%</b>
<b>THIRD PARTY COSTS</b>									
Construction Inspection	Depreciated	-	15,000	-	-	-	15,000	278	0.1%
Environmental	Depreciated	-	18,591	-	-	-	18,591	344	0.2%
Market Study	Depreciated	-	20,000	-	-	-	20,000	370	0.2%
Other Soft Costs	Depreciated	-	25,000	-	-	-	25,000	463	0.2%
Other	Depreciated	-	50,000	-	-	-	50,000	926	0.5%
<b>THIRD PARTY</b>		<b>-</b>	<b>128,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,591</b>	<b>2,381</b>	<b>1.2%</b>
<b>TAX CREDITS</b>									
Application Fee	Amortized	27,610	-	-	-	-	27,610	511	0.3%
CREA Reimbursement	Other	45,000	-	-	-	-	45,000	833	0.4%
<b>TAX CREDITS</b>		<b>72,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,610</b>	<b>1,345</b>	<b>0.7%</b>
<b>INTERIM LOAN COSTS</b>									
Origination Fees	Depreciated	-	54,000	-	-	-	54,000	1,000	0.5%
Legal	Depreciated	-	17,000	-	-	-	17,000	315	0.2%
Title and Recording	Depreciated	-	45,000	-	-	-	45,000	833	0.4%
Property Taxes	Depreciated	-	2,000	-	-	-	2,000	37	0.0%
FM ARM Fees	Depreciated	-	208,726	-	-	-	208,726	3,865	1.9%
CDLAC Fees	Depreciated	-	28,890	-	-	-	28,890	535	0.3%
Other	Depreciated	-	39,825	-	-	-	39,825	738	0.4%
Refundable Rate Lock Fee	Other	108,000	-	-	-	-	108,000	2,000	1.0%
<b>INTERIM LOAN COSTS</b>		<b>108,000</b>	<b>395,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,441</b>	<b>9,323</b>	<b>4.7%</b>
<b>INTERIM INTEREST (Calculated)</b>									
ELIGIBLE	Depreciated	-	72,534	-	-	-	72,534	1,343	0.7%
INELIGIBLE	Expensed	158,051	-	-	-	-	158,051	2,927	1.5%
<b>INTERIM INTEREST (Calculated)</b>		<b>158,051</b>	<b>72,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,585</b>	<b>4,270</b>	<b>2.1%</b>
<b>PERMANENT LOAN COSTS</b>									
Origination Fees	Amortized	54,000	-	-	-	-	54,000	1,000	0.5%
Miscellaneous	Amortized	6,500	-	-	-	-	6,500	120	0.1%
Legal	Amortized	10,000	-	-	-	-	10,000	185	0.1%
<b>PERMANENT LOAN COSTS</b>		<b>70,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,500</b>	<b>1,306</b>	<b>0.7%</b>
<b>RESERVES</b>									
Operating Deficit	Other	150,000	-	-	-	-	150,000	2,778	1.4%
<b>RESERVES</b>		<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>2,778</b>	<b>1.4%</b>
<b>CONTINGENCY</b>									
Eligible Hard Cost	Depreciated	-	134,608	-	-	-	134,608	2,493	1.2%
Eligible Soft Cost	Depreciated	-	25,000	-	-	-	25,000	463	0.2%
<b>CONTINGENCY</b>		<b>-</b>	<b>159,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,608</b>	<b>2,956</b>	<b>1.5%</b>
<b>DEVELOPER COSTS</b>									
Eligible Acquisition Fee	Depreciated	-	-	125,000	-	-	125,000	2,315	1.2%
Eligible Developer Fee	Depreciated	-	1,121,645	-	-	-	1,121,645	20,771	10.4%
<b>DEVELOPER COSTS</b>		<b>-</b>	<b>1,121,645</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>1,246,645</b>	<b>23,086</b>	<b>11.5%</b>
<b>TOTAL USES OF FUNDS</b>		<b>1,267,161</b>	<b>3,772,643</b>	<b>5,758,000</b>	<b>-</b>	<b>-</b>	<b>10,797,804</b>	<b>199,959</b>	<b>100.0%</b>

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**NET OPERATING INCOME**

NHPAHP Mayberry  
54 Units / San Diego, CA

	Leased Period Year	46.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>GROSS RENTAL INCOME</b>		330,775	705,072	719,173	733,557	748,228	763,193	778,456	794,026	809,906	826,104	842,626	859,479	876,668	894,202	912,086	930,328	948,934	967,913	987,271	1,007,016
Less Vacancy	7.00%	(23,154)	(49,355)	(50,342)	(51,349)	(52,376)	(53,423)	(54,492)	(55,582)	(56,693)	(57,827)	(58,984)	(60,164)	(61,367)	(62,594)	(63,846)	(65,123)	(66,425)	(67,754)	(69,109)	(70,491)
<b>Net Rental Income</b>		307,620	655,717	668,831	682,208	695,852	709,769	723,965	738,444	753,213	768,277	783,642	799,315	815,302	831,608	848,240	865,205	882,509	900,159	918,162	936,525
<b>OTHER INCOME</b>																					
Other Income	2.00%	3,040	6,480	6,610	6,742	6,877	7,014	7,154	7,298	7,443	7,592	7,744	7,899	8,057	8,218	8,383	8,550	8,721	8,896	9,074	9,255
Less Vacancy	7.00%	(213)	(454)	(463)	(472)	(481)	(491)	(501)	(511)	(521)	(531)	(542)	(553)	(564)	(575)	(587)	(599)	(610)	(623)	(635)	(648)
<b>Net Other Income</b>		2,827	6,026	6,147	6,270	6,395	6,523	6,654	6,787	6,922	7,061	7,202	7,346	7,493	7,643	7,796	7,952	8,111	8,273	8,438	8,607
<b>Effective Gross Income</b>		310,448	661,743	674,978	688,478	702,247	716,292	730,618	745,231	760,135	775,338	790,845	806,661	822,795	839,251	856,036	873,156	890,619	908,432	926,600	945,132
<b>OPERATING EXPENSES</b>																					
Property Management Fees - Per Ur	3.00%	12,160	25,920	26,698	27,499	28,323	29,173	30,048	30,950	31,878	32,835	33,820	34,834	35,879	36,956	38,064	39,206	40,383	41,594	42,842	44,127
Property Taxes - Fixed	3.00%	804	1,608	1,656	1,706	1,757	1,810	1,864	1,920	1,978	2,037	2,098	2,161	2,226	2,293	2,361	2,432	2,505	2,580	2,658	2,738
Payroll - Variable	3.00%	41,843	83,685	86,196	88,781	91,445	94,188	97,014	99,924	102,922	106,010	109,190	112,466	115,840	119,315	122,894	126,581	130,379	134,290	138,319	142,468
Administrative and Leasing - Variat	3.00%	16,566	33,131	34,125	35,149	36,203	37,289	38,408	39,560	40,747	41,969	43,228	44,525	45,861	47,237	48,654	50,114	51,617	53,166	54,760	56,403
Repairs and Maintenance - Variable	3.00%	8,900	17,800	18,334	18,884	19,451	20,034	20,635	21,254	21,892	22,549	23,225	23,922	24,639	25,379	26,140	26,924	27,732	28,564	29,421	30,303
Grounds Maintenance - Variable	3.00%	23,490	46,980	48,389	49,841	51,336	52,876	54,463	56,097	57,779	59,513	61,298	63,137	65,031	66,982	68,992	71,061	73,193	75,389	77,651	79,980
Utilities - Fixed	3.00%	30,706	61,412	63,254	65,152	67,107	69,120	71,193	73,329	75,529	77,795	80,129	82,533	85,009	87,559	90,186	92,891	95,678	98,548	101,505	104,550
Insurance - Fixed	3.00%	7,126	14,251	14,679	15,119	15,572	16,040	16,521	17,016	17,527	18,053	18,594	19,152	19,727	20,319	20,928	21,556	22,203	22,869	23,555	24,261
Miscellaneous - Variable	0.00%	10,800	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
<b>Total Operating Expenses</b>		152,394	306,387	314,931	323,731	332,794	342,130	351,746	361,651	371,852	382,360	393,182	404,330	415,812	427,638	439,819	452,366	465,289	478,600	492,310	506,431
<b>NET OPERATING INCOME - NO RESERVES</b>		158,054	355,356	360,048	364,747	369,453	374,162	378,872	383,580	388,283	392,978	397,662	402,332	406,983	411,612	416,216	420,790	425,331	429,832	434,291	438,702
<b>REPLACEMENT RESERVES - \$300</b>		-	(8,100)	(16,686)	(17,187)	(17,702)	(18,233)	(18,780)	(19,344)	(19,924)	(20,522)	(21,137)	(21,771)	(22,425)	(23,097)	(23,790)	(24,504)	(25,239)	(25,996)	(26,776)	(27,579)
<b>NET OPERATING INCOME - RESERVES</b>		158,054	347,256	343,362	347,561	351,751	355,929	360,092	364,236	368,359	372,456	376,525	380,560	384,558	388,515	392,426	396,286	400,091	403,836	407,515	411,122

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**CASH FLOW**  
NHPAHP Mayberry  
54 Units / San Diego, CA

Leased Period Year	46.9% 1 2017	100.0% 2 2018	100.0% 3 2019	100.0% 4 2020	100.0% 5 2021	100.0% 6 2022	100.0% 7 2023	100.0% 8 2024	100.0% 9 2025	100.0% 10 2026	100.0% 11 2027	100.0% 12 2028	100.0% 13 2029	100.0% 14 2030	100.0% 15 2031	100.0% 16 2032	100.0% 17 2033	100.0% 18 2034	100.0% 19 2035	100.0% 20 2036	
<b>CASH FLOW</b>																					
Net Operating Income	158,054	355,356	360,048	364,747	369,453	374,162	378,872	383,580	388,283	392,978	397,662	402,332	406,983	411,612	416,216	420,790	425,331	429,832	434,291	438,702	
<b>HARD DEBT SERVICE</b>																					
Freddie Mac TEL	-	(124,621)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	
<b>TOTAL HARD DEBT SERVICE</b>	-	(124,621)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	(299,090)	
Replacement Reserves	-	(8,100)	(16,686)	(17,187)	(17,702)	(18,233)	(18,780)	(19,344)	(19,924)	(20,522)	(21,137)	(21,771)	(22,425)	(23,097)	(23,790)	(24,504)	(25,239)	(25,996)	(26,776)	(27,579)	
<b>CASH FLOW TO DEVELOPMENT COSTS</b>	50.0%	(79,027)	(37,106)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>AFTER DEBT SERVICE AND RESERVES</b>																					
CREA Asset Management Fee	5,400	(2,700)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	
Operating Deficit Reserve Release	150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Incentive Leasing Fee	50.0%	(39,514)	(30,922)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>DISTRIBUTIBLE CASH FLOW</b>																					
Deferred Development Fee Payments (3% interest)	1,083,652	36,814	149,208	38,871	43,070	47,260	51,438	55,601	59,746	63,869	67,966	72,035	76,070	119,881	124,435	128,147	131,808	101,001	104,746	108,425	
		(27,610)	(111,906)	(29,154)	(32,303)	(35,445)	(38,574)	(41,701)	(44,810)	(47,902)	(50,975)	(54,026)	(57,052)	(89,911)	(93,326)	(96,110)	(98,856)	(75,751)	(58,348)	-	
<b>AFTER DEFERRED DEVELOPMENT FEES</b>		9,203	37,302	9,718	10,768	11,815	12,865	13,900	14,937	15,967	16,992	18,009	19,017	29,970	31,109	32,037	32,952	25,250	46,398	108,425	
<b>SOFT DEBT SERVICE</b>																					
Seller Note		(4,602)	(18,651)	(4,859)	(5,384)	(5,910)	(6,430)	(6,950)	(7,468)	(7,984)	(8,496)	(9,004)	(9,509)	(14,985)	(15,554)	(16,018)	(16,476)	(12,625)	(23,252)	(54,212)	
<b>TOTAL SOFT DEBT SERVICE</b>		(4,602)	(18,651)	(4,859)	(5,384)	(5,910)	(6,430)	(6,950)	(7,468)	(7,984)	(8,496)	(9,004)	(9,509)	(14,985)	(15,554)	(16,018)	(16,476)	(12,625)	(23,252)	(54,212)	
<b>LEASE UP RESERVE TO OPERATING DEFICITS</b>																					
<b>AVAILABLE FOR FEES</b>		4,602	18,651	4,859	5,384	5,905	6,435	6,950	7,468	7,984	8,496	9,004	9,509	14,985	15,554	16,018	16,476	12,625	23,145	54,212	
Partnership Management Fee	9,720	(4,602)	(10,270)	(4,859)	(5,381)	(5,913)	(6,430)	(6,950)	(7,468)	(7,984)	(8,496)	(9,004)	(9,509)	(14,985)	(15,554)	(16,018)	(16,476)	(12,619)	(23,473)	(2,769)	
<b>AVAILABLE FOR DISTRIBUTIONS</b>		-	8,381	-	3	(8)	5	-	-	-	-	-	-	-	-	-	-	6	(327)	51,443	
<b>FEES/TO GENERAL PARTNER</b>	49.00%	-	4,107	-	1	(8)	2	-	-	-	-	-	-	-	-	-	-	6	(327)	51,443	
Incentive Management Fee	12.00%	-	(4,107)	(1)	-	(2)	-	-	-	-	-	-	-	-	-	-	(3)	-	(224)	(51,321)	
General Partner Distributions		-	-	1	(1)	10	(2)	-	-	-	-	-	-	-	-	3	(6)	551	(122)	-	
<b>TO LIMITED PARTNER</b>																					
Investment Member Distributions	51.00%	-	(4,274)	-	(1)	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>REMAINING CASH FLOW</b>																					
<b>DEBT SERVICE COVERAGE RATIO</b>		-	-	1.15	1.16	1.18	1.19	1.20	1.22	1.23	1.25	1.26	1.27	1.29	1.30	1.31	1.32	1.34	1.35	1.36	1.37
				1.15	1.16	1.18	1.19	1.20	1.22	1.23	1.25	1.26	1.27	1.29	1.30	1.31	1.32				
<b>CREA SLP, LLC - 26.8%</b>																					
CREA Asset Management Fee	83,700	2,700	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	-	-	-	
<b>GENERAL PARTNER(S) - 71.8%</b>																					
Lease Up Incentive Fee	70,435	39,514	30,922	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Partnership Management Fee	149,893	4,602	10,270	4,859	5,381	5,913	6,430	6,950	7,468	7,984	8,496	9,004	9,509	14,985	15,554	16,018	16,476	12,619	23,473	2,769	
Incentive Management Fee	4,111	-	4,107	1	-	2	-	-	-	-	-	-	-	-	-	-	3	-	224	51,321	56,016
General Partner Distributions	(6)	-	-	(1)	1	(10)	2	-	-	-	-	-	-	-	-	(3)	6	(551)	122	-	
<b>TOTALS</b>	<b>224,434</b>	<b>44,115</b>	<b>45,298</b>	<b>4,859</b>	<b>5,382</b>	<b>5,905</b>	<b>6,432</b>	<b>6,950</b>	<b>7,468</b>	<b>7,984</b>	<b>8,496</b>	<b>9,004</b>	<b>9,509</b>	<b>14,985</b>	<b>15,554</b>	<b>16,018</b>	<b>16,476</b>	<b>12,625</b>	<b>23,145</b>	<b>54,212</b>	<b>56,016</b>
<b>LIMITED PARTNER - 1.4%</b>																					
Investment Member Distributions	4,281	-	4,274	-	1	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTALS</b>	<b>4,281</b>	<b>-</b>	<b>4,274</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**TAXABLE INCOME (LOSS)**

NHPAHP Mayberry  
54 Units / San Diego, CA

	Leased Period Year	46.9% 1 2017	100.0% 2 2018	100.0% 3 2019	100.0% 4 2020	100.0% 5 2021	100.0% 6 2022	100.0% 7 2023	100.0% 8 2024	100.0% 9 2025	100.0% 10 2026	100.0% 11 2027	100.0% 12 2028	100.0% 13 2029	100.0% 14 2030	100.0% 15 2031	100.0% 16 2032	100.0% 17 2033	100.0% 18 2034	100.0% 19 2035	100.0% 20 2036	
<b>TAXABLE INCOME</b>																						
Net Operating Income		158,054	355,356	360,048	364,747	369,453	374,162	378,872	383,580	388,283	392,978	397,662	402,332	406,983	411,612	416,216	420,790	425,331	429,832	434,291	438,702	
Operating Deficit Interest		-	750	754	758	761	765	769	773	777	781	784	788	792	797	801	805	809	813	817	821	
Replacement Reserve Interest		-	41	165	336	514	698	134	326	525	733	948	162	385	616	857	1,107	188	446	715	994	
<b>TOTAL TAXABLE INCOME</b>		158,054	356,147	360,966	365,841	370,728	375,626	379,775	384,678	389,585	394,491	399,395	403,282	408,160	412,826	417,471	422,096	425,519	430,279	435,006	439,695	
<b>PERMANENT INTEREST EXPENSE</b>																						
Freddie Mac TEL		-	(116,071)	(229,942)	(226,902)	(223,729)	(220,415)	(216,957)	(213,346)	(209,577)	(205,641)	(201,533)	(197,245)	(192,767)	(188,093)	(183,213)	(178,119)	(172,801)	(167,249)	(161,453)	(155,403)	
Seller Note		(28,453)	(62,123)	(64,363)	(67,348)	(70,457)	(73,696)	(77,071)	(80,590)	(84,259)	(88,087)	(92,081)	(96,250)	(100,502)	(104,878)	(109,361)	(114,045)	(118,960)	(124,256)	(129,218)	(132,977)	
<b>TOTAL PERMANENT INTEREST EXPENSE</b>		(28,453)	(178,193)	(294,305)	(294,250)	(294,186)	(294,112)	(294,028)	(293,936)	(293,836)	(293,728)	(293,614)	(293,494)	(293,350)	(292,971)	(292,574)	(292,165)	(291,761)	(291,505)	(290,671)	(288,380)	
<b>DEFERRED DEVELOPER FEE INTEREST</b>		(12,313)	(24,166)	(21,534)	(21,306)	(20,975)	(20,536)	(19,999)	(19,343)	(18,574)	(17,672)	(16,659)	(15,493)	(14,186)	(11,852)	(9,344)	(6,678)	(3,866)	(1,699)	-	-	
<b>CONSTRUCTION PERIOD INTEREST-CALCULATED</b>		(42,758)	(115,293)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>DEPRECIATION</b>																						
Personal Property	Life	-	(21,931)	(35,090)	(21,054)	(12,632)	(12,632)	(6,316)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Site Work	15.0	-	(1,887)	(3,586)	(3,227)	(2,906)	(2,616)	(2,352)	(2,227)	(2,227)	(2,231)	(2,227)	(2,231)	(2,227)	(2,231)	(2,227)	(2,231)	(2,227)	(2,231)	(2,227)	(2,231)	
Real Property	35.0	(77,986)	(269,450)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	(273,762)	
Replacement Reserves	300	-	-	-	-	(15,136)	(24,217)	(14,530)	(8,718)	(8,718)	(24,567)	(32,332)	(19,399)	(11,640)	(11,640)	(29,386)	(37,706)	(22,623)	(13,574)	(13,574)		
Bonus Depreciation		-	(98,267)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL DEPRECIATION</b>		(77,986)	(391,535)	(312,438)	(298,044)	(289,301)	(304,146)	(306,647)	(290,520)	(284,708)	(284,711)	(300,556)	(308,325)	(295,389)	(287,633)	(287,629)	(305,379)	(312,582)	(296,386)	(287,336)	(287,336)	
<b>AMORTIZATION</b>	Years	-	(4,191)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(6,541)	(2,350)	-	-	
<b>TOTAL NON CASH DEDUCTIONS</b>		(77,986)	(395,726)	(318,979)	(304,584)	(295,842)	(310,687)	(313,188)	(297,060)	(291,248)	(291,252)	(307,097)	(314,866)	(301,929)	(294,173)	(294,170)	(311,920)	(314,932)	(296,386)	(287,336)	(287,336)	
<b>EXPENSED ITEMS</b>		(41,667)	(58,333)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>FEES</b>	Cumulative																					
CREA Administration - \$5,400	Yes	(2,700)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	(5,400)	-	-	-	
Partnership Management Fee - \$9,720	Yes	(4,860)	(10,012)	(10,312)	(10,621)	(10,940)	(11,268)	(11,606)	(11,954)	(12,313)	(12,682)	(13,063)	(13,455)	(13,858)	(14,274)	(14,702)	(15,143)	-	-	-	-	
Incentive Management Fee - 12.00% (EGI)		-	(4,107)	-	(1)	-	(2)	-	-	-	-	-	-	-	-	-	-	(6)	-	(51,443)	(56,016)	
Incentive Leasing Fee	50.00%	-	(39,514)	(30,922)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL FEES</b>		(7,560)	(59,032)	(46,634)	(16,023)	(16,340)	(16,671)	(17,006)	(17,354)	(17,713)	(18,082)	(18,463)	(18,855)	(19,250)	(19,674)	(20,102)	(20,543)	(6)	-	(51,443)	(56,016)	
<b>TAXABLE INCOME (LOSS)</b>		(52,683)	(474,597)	(320,485)	(270,322)	(256,615)	(266,379)	(264,447)	(243,015)	(231,786)	(226,243)	(236,437)	(239,426)	(220,563)	(205,844)	(198,719)	(209,210)	(185,046)	(159,312)	(194,446)	(192,037)	
<b>TAXABLE INCOME (LOSS) ALLOCATIONS</b>																						
San Diego Coalition for Affordable Housing GI	0.010%	(5)	(47)	(32)	(37)	(26)	(27)	(26)	(24)	(23)	(23)	(24)	(24)	(177,950)	(207,879)	(198,385)	(205,741)	(199,789)	(159,532)	(194,334)	(198,428)	
CREA SLP, LLC	0.001%	(1)	(5)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
California Fund	99.989%	(52,677)	(474,544)	(320,451)	(270,280)	(256,584)	(266,352)	(264,413)	(242,985)	(231,739)	(226,205)	(236,370)	(239,343)	(220,533)	(205,817)	(198,692)	(209,183)	(184,978)	(159,286)	(194,166)	(197,541)	

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**TAX CREDIT AND EQUITY CALCULATION**  
**NHPAHP Mayberry**  
**54 Units / San Diego, CA**

	<u>NEW / REHAB LOW INCOME</u>	<u>ACQUISITION LOW INCOME</u>	<u>FEDERAL ENERGY</u>
Eligible Development Costs	2,650,998	5,633,000	42,300
<b>Plus:</b>			
Eligible Permanent Interest	1,980		
Eligible Acquisition Fees		125,000	
Eligible Development Fees	1,121,645		
<b>Less:</b>			
Energy/Historic Credits	(21,150)		
Federal Funds/Rebates	-		
Personal Property			
Site Work			
<b>Eligible Basis</b>	<u>3,753,473</u>	<u>5,758,000</u>	<u>42,300</u>
<b>Basis Boost</b>	<u>130%</u>	<u>100%</u>	<u>100%</u>
<b>Total Eligible Basis</b>	4,879,515	5,758,000	42,300
<b>Applicable Fraction (53/53)</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Qualified Basis</b>	4,879,515	5,758,000	42,300
<b>Applicable %</b>	<u>3.24%</u>	<u>3.24%</u>	<u>100.00%</u>
<b>Calculated Annual Tax Credits</b>	158,096	186,559	42,300
<b>Annual Tax Credit Reservation</b>	-	-	
<b>Limit to Reservation - No</b>	158,096	186,559	
<b>Number of Years Available</b>	<u>10</u>	<u>10</u>	<u>1</u>
<b>Total Tax Credits</b>	1,580,963	1,865,592	42,300
<b>Investment Member %</b>	<u>99.989%</u>	<u>99.989%</u>	<u>99.989%</u>
<b>Fund Tax Credit Allocation</b>	1,580,789	1,865,387	42,295
<b>Tax Credit Price</b>	90.000%	90.000%	90.000%
<b>Tax Credit Equity</b>	<u>1,422,710</u>	<u>1,678,848</u>	<u>38,066</u>
<b>QUALIFIED BASIS CUSHION</b>	\$00 (0.0%)	\$00 (0.0%)	

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## LEASE UP AND TAX CREDIT DELIVERY SCHEDULE

NHPAHP Mayberry  
54 Units / San Diego, CA

### KEY DATES

Admission	July 1, 2017
Rehabilitation Start	July 1, 2017
Rehabilitation Completion	January 1, 2018
Stabilization/Conversion	May 1, 2018
Receipt of Form 8609's	October 1, 2018

### CAPITAL CONTRIBUTIONS & DEVELOPMENT FEES PAYOUT

Installment	Date	Capital Contribution Pay-In Schedule				Cash Development Fee	
		Condition	%	Amount	Cumulative	Amount	%
First	July 1, 2017	Admission	35.0%	\$ 1,098,868	35.0%	\$ 50,000	11.7%
Second	October 1, 2017	50% Complete	20.0%	627,925	55.0%	-	0.0%
Third	January 1, 2018	75% Complete	20.0%	627,925	75.0%	-	0.0%
Fourth	April 1, 2018	Completion	10.0%	313,962	85.0%	100,000	23.5%
Fifth	July 1, 2018	Stabilization	11.8%	370,944	96.8%	175,798	41.3%
Sixth	October 1, 2018	8609 Receipt	3.2%	100,000	100.0%	100,000	23.5%
<b>Totals</b>			<b>100.0%</b>	<b>\$ 3,139,624</b>	<b>100.0%</b>	<b>\$ 425,798</b>	<b>100.0%</b>

### LEASE UP & CREDIT DELIVERY

PHYSICAL LEASE UP - 5 BUILDINGS - 54 UNITS				
MONTH	2017		2018	
January	0	0.0%	0	100.0%
February	0	0.0%	0	100.0%
March	0	0.0%	0	100.0%
April	0	0.0%	0	100.0%
May	0	0.0%	0	100.0%
June	0	0.0%	0	100.0%
July	50	92.6%	0	100.0%
August	0	92.6%	0	100.0%
September	0	92.6%	0	100.0%
October	0	92.6%	0	100.0%
November	0	92.6%	0	100.0%
December	4	100.0%	0	100.0%
<b>Totals</b>	<b>54</b>	<b>100.0%</b>	<b>54</b>	<b>100.0%</b>

TAX CREDIT LEASE UP - 53 UNITS				
MONTH	2018		2019	
January	53	100.0%	0	100.0%
February	0	100.0%	0	100.0%
March	0	100.0%	0	100.0%
April	0	100.0%	0	100.0%
May	0	100.0%	0	100.0%
June	0	100.0%	0	100.0%
July	0	100.0%	0	100.0%
August	0	100.0%	0	100.0%
September	0	100.0%	0	100.0%
October	0	100.0%	0	100.0%
November	0	100.0%	0	100.0%
December	0	100.0%	0	100.0%
<b>Totals</b>	<b>53</b>	<b>100.0%</b>	<b>53</b>	<b>100.0%</b>

Tax Credit Pricing				
Low Income		Historic		Energy
Federal	State	Federal	Federal	State
90.00%	0.00%	0.00%	90.00%	0.00%

TAX CREDITS @ 99.9890%			
YEAR	FEDERAL	HISTORIC	ENERGY
2017	-	-	-
2018	344,621	-	42,296
2019	344,621	-	-
2020	344,621	-	-
2021	344,621	-	-
2022	344,621	-	-
2023	344,621	-	-
2024	344,621	-	-
2025	344,621	-	-
2026	344,621	-	-
2027	344,621	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
<b>Totals</b>	<b>3,446,210</b>	<b>-</b>	<b>42,296</b>

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**FLOW OF FUNDS**  
NHPAHP Mayberry  
Units / San Diego, CA

	Period TOTAL	Admission 7/1/2017	1 8/1/2017	2 9/1/2017	3 10/1/2017	4 11/1/2017	5 12/1/2017	6 1/1/2018	7 2/1/2018	8 3/1/2018	9 4/1/2018
<b>DEVELOPMENT COSTS (EXCL. DEV FEES)</b>											
LAND	600,000	600,000	-	-	-	-	-	-	-	-	-
ACQUISITION COSTS	5,641,000	5,641,000	-	-	-	-	-	-	-	-	-
REHABILITATION	1,408,179	-	163,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182
CONTRACTOR	204,145	-	25,518	25,518	25,518	25,518	25,518	25,518	25,518	25,518	-
ARCHITECT & ENGINEERING	197,500	163,025	4,309	4,309	4,309	4,309	4,309	4,309	4,309	4,309	-
LEGAL AND ACCOUNTING	185,000	160,000	-	-	-	-	-	-	-	25,000	-
THIRD PARTY	128,591	113,591	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	-
TAX CREDITS	72,610	72,610	-	-	-	-	-	-	-	-	-
INTERIM LOAN COSTS	503,441	486,441	17,000	-	-	-	-	-	-	-	-
INTERIM INTEREST (CALCULATED)	230,585	-	19,215	19,215	19,215	19,215	19,215	19,215	19,215	19,215	19,215
PERMANENT LOAN COSTS	70,500	70,500	-	-	-	-	-	-	-	-	-
RESERVES	150,000	-	-	-	-	-	-	-	-	-	-
CONTINGENCY	159,608	-	-	-	-	-	-	-	-	31,922	31,922
<b>DEVELOPMENT COSTS (EXCL. DEV FEES)</b>	<b>9,551,159</b>	<b>7,307,167</b>	<b>231,100</b>	<b>164,100</b>	<b>164,100</b>	<b>164,100</b>	<b>164,100</b>	<b>164,100</b>	<b>189,100</b>	<b>196,021</b>	<b>164,319</b>
<b>DEVELOPMENT SOURCES (EXCL. DEV FEES)</b>	<b>TOTAL</b>	<b>7/1/2017</b>	<b>8/1/2017</b>	<b>9/1/2017</b>	<b>10/1/2017</b>	<b>11/1/2017</b>	<b>12/1/2017</b>	<b>1/1/2018</b>	<b>2/1/2018</b>	<b>3/1/2018</b>	<b>4/1/2018</b>
CASH FLOW FROM OPERATIONS - 50%	116,133	-	-	-	-	-	79,027	-	-	-	-
OTHER	108,000	108,000	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING	6,613,000	1,213,000	-	-	-	-	-	-	-	-	-
EQUITY (EXCL. DEV FEES)	2,714,026	1,049,068	-	-	627,925	-	-	627,925	-	-	213,962
INTERIM FUNDING	5,350,000	5,350,000	-	-	-	-	-	-	-	-	-
INTERIM REPAYMENT	(5,350,000)	-	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT SOURCES (EXCL. DEV FEES)</b>	<b>9,551,159</b>	<b>7,720,068</b>	<b>231,100</b>	<b>164,100</b>	<b>645,627</b>	<b>164,100</b>	<b>164,100</b>	<b>792,024</b>	<b>189,100</b>	<b>196,021</b>	<b>378,281</b>
<b>EQUITY FOR DEV FEE (Investment Member)</b>	<b>425,798</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>DEVELOPMENT FEES PAID</b>	<b>425,798</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>MONTHLY NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>412,901</b>	<b>-</b>	<b>-</b>	<b>481,528</b>	<b>-</b>	<b>-</b>	<b>627,925</b>	<b>-</b>	<b>-</b>	<b>213,962</b>
<b>CUMULATIVE NET SURPLUS (SHORTFALL)</b>	<b>-</b>	<b>412,901</b>	<b>181,802</b>	<b>17,702</b>	<b>481,528</b>	<b>317,428</b>	<b>232,356</b>	<b>696,181</b>	<b>507,082</b>	<b>311,060</b>	<b>360,704</b>
<b>Total Development Fees</b>	<b>1,246,645</b>										
<b>Development Fees Paid</b>	<b>425,798</b>										
<b>DEFERRED DEVELOPMENT FEE</b>	<b>820,847</b>										

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	Period	10	11	12	13	14	15
VELOPMENT COSTS (EXCL. DEV FEES)	TOTAL	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018
LAND	600,000	-	-	-	-	-	-
ACQUISITION COSTS	5,641,000	-	-	-	-	-	-
REHABILITATION	1,408,179	113,182	113,182	113,182	-	-	-
CONTRACTOR	204,145	-	-	-	-	-	-
ARCHITECT & ENGINEERING	197,500	-	-	-	-	-	-
LEGAL AND ACCOUNTING	185,000	-	-	-	-	-	-
THIRD PARTY	128,591	-	-	-	-	-	-
TAX CREDITS	72,610	-	-	-	-	-	-
INTERIM LOAN COSTS	503,441	-	-	-	-	-	-
INTERIM INTEREST (CALCULATED)	230,585	19,215	19,215	19,215	-	-	-
PERMANENT LOAN COSTS	70,500	-	-	-	-	-	-
RESERVES	150,000	-	-	150,000	-	-	-
CONTINGENCY	159,608	31,922	31,922	31,922	-	-	-
<b>VELOPMENT COSTS (EXCL. DEV FEES)</b>	<b>9,551,159</b>	<b>164,319</b>	<b>164,319</b>	<b>314,319</b>	-	-	-
<b>VELOPMENT SOURCES (EXCL. DEV FEES)</b>	<b>TOTAL</b>	<b>5/1/2018</b>	<b>6/1/2018</b>	<b>7/1/2018</b>	<b>8/1/2018</b>	<b>9/1/2018</b>	<b>10/1/2018</b>
CASH FLOW FROM OPERATIONS - 50%	116,133	37,106	-	-	-	-	-
OTHER	108,000	-	-	-	-	-	-
PERMANENT FINANCING	6,613,000	-	-	5,400,000	-	-	-
EQUITY (EXCL. DEV FEES)	2,714,026	-	-	195,146	-	-	-
INTERIM FUNDING	5,350,000	-	-	-	-	-	-
INTERIM REPAYMENT	(5,350,000)	-	-	(5,350,000)	-	-	-
<b>VELOPMENT SOURCES (EXCL. DEV FEES)</b>	<b>9,551,159</b>	<b>164,319</b>	<b>164,319</b>	<b>314,319</b>	-	-	-
<b>DUITY FOR DEV FEE (Investment Member)</b>	<b>425,798</b>	-	-	<b>175,798</b>	-	-	<b>100,000</b>
<b>VELOPMENT FEES PAID</b>	<b>425,798</b>	-	-	<b>175,798</b>	-	-	<b>100,000</b>
<b>MONTHLY NET SURPLUS (DEFICIT)</b>	-	-	-	(0)	-	-	-
<b>CUMULATIVE NET SURPLUS (SHORTFALL)</b>	-	233,492	69,173	(0)	(0)	(0)	(0)
<b>Total Development Fees</b>	<b>1,246,645</b>						
<b>Development Fees Paid</b>	<b>425,798</b>						
<b>DEFERRED DEVELOPMENT FEE</b>	<b>820,847</b>						

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**CAPITAL ACCOUNTS AND MINIMUM GAIN ANALYSIS**  
 NHPAHP Mayberry  
 54 Units / San Diego, CA

Leased Year	46.9% 2017	100.0% 2018	100.0% 2019	100.0% 2020	100.0% 2021	100.0% 2022	100.0% 2023	100.0% 2024	100.0% 2025	100.0% 2026	100.0% 2027	100.0% 2028	100.0% 2029	100.0% 2030	100.0% 2031	100.0% 2032	100.0% 2033	100.0% 2034	100.0% 2035	100.0% 2036	
<b>Investment Member - 99.989%</b>	99.989%	99.989%	99.985%	99.992%	99.990%	99.987%	99.988%	99.980%	99.984%	99.971%	99.966%	99.965%	99.965%	20.865%	0.245%	-3.238%	0.000%	0.000%	0.000%	0.000%	
Beginning Capital Account	-	1,674,116	2,586,982	2,266,548	1,996,260	1,739,755	1,473,485	1,209,038	966,656	736,323	511,043	277,271	39,943	(3,456)	(2,598)	(214)	10,197	(14,761)	16,023	15,619	
Capital Contributions	1,726,793	1,412,831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Credits	-	(21,148)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxable Income (Loss)	(52,677)	(474,544)	(320,451)	(270,280)	(256,584)	(266,352)	(264,413)	(242,985)	(231,739)	(226,205)	(236,370)	(239,343)	(42,553)	2,097	(273)	(3,423)	14,761	-	-	6,379	
Cash Distributions	-	(4,274)	-	(1)	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Ending Capital Account</b>	<b>1,674,116</b>	<b>2,586,981</b>	<b>2,266,531</b>	<b>1,996,267</b>	<b>1,739,676</b>	<b>1,473,400</b>	<b>1,209,072</b>	<b>966,053</b>	<b>734,917</b>	<b>510,117</b>	<b>274,673</b>	<b>37,928</b>	<b>(2,610)</b>	<b>(1,359)</b>	<b>(2,871)</b>	<b>(3,637)</b>	<b>24,958</b>	<b>(14,761)</b>	<b>16,023</b>	<b>21,998</b>	
<b>Investment Member-State - 0.000%</b>	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	
Beginning Capital Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxable Income (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Ending Capital Account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>General Partner(s) - 0.010%</b>	0.010%	0.010%	0.014%	0.007%	0.009%	0.012%	0.011%	0.019%	0.015%	0.028%	0.033%	0.034%	79.134%	99.755%	99.754%	103.237%	100.000%	100.000%	100.000%	100.000%	
Beginning Capital Account	-	95	44	(6)	14	(51)	(112)	(140)	(554)	(2,200)	(1,464)	(3,058)	(2,310)	(176,799)	(381,413)	(580,833)	(799,710)	(960,443)	(1,151,425)	(1,345,876)	
Capital Contributions	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Credits	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxable Income (Loss)	(5)	(47)	(32)	(37)	(26)	(27)	(26)	(24)	(23)	(23)	(24)	(24)	(177,950)	(207,879)	(198,385)	(205,741)	(199,789)	(159,532)	(194,334)		
Cash Distributions	-	-	1	(1)	10	(2)	(2)	-	-	-	-	-	-	-	3	(6)	(6)	551	(122)	-	
<b>Ending Capital Account</b>	<b>95</b>	<b>45</b>	<b>13</b>	<b>(44)</b>	<b>(2)</b>	<b>(80)</b>	<b>(139)</b>	<b>(165)</b>	<b>(577)</b>	<b>(2,223)</b>	<b>(1,488)</b>	<b>(3,082)</b>	<b>(180,260)</b>	<b>(384,677)</b>	<b>(579,798)</b>	<b>(786,571)</b>	<b>(999,506)</b>	<b>(1,119,424)</b>	<b>(1,345,882)</b>	<b>(1,544,304)</b>	
<b>Special Limited Partner - 0.001%</b>	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	
Beginning Capital Account	-	99	95	91	89	86	83	81	78	76	74	71	69	67	65	63	61	59	57	55	
Capital Contributions	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Credits	-	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxable Income (Loss)	(1)	(5)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
Cash Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Ending Capital Account</b>	<b>99</b>	<b>95</b>	<b>91</b>	<b>89</b>	<b>86</b>	<b>83</b>	<b>81</b>	<b>78</b>	<b>76</b>	<b>74</b>	<b>71</b>	<b>69</b>	<b>67</b>	<b>65</b>	<b>63</b>	<b>61</b>	<b>59</b>	<b>57</b>	<b>55</b>	<b>53</b>	
<b>Capital Accounts</b>	1,843,126	1,711,416	2,587,120	2,266,635	1,996,311	1,739,760	1,473,403	1,209,014	965,967	734,416	507,969	273,257	34,915	(182,803)	(385,972)	(582,606)	(790,148)	(974,489)	(1,134,128)	(1,329,803)	(1,522,253)
Unpaid Capital Contributions	1,412,831	1,412,831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Plus Outstanding Debt	6,613,000	6,638,831	6,673,752	6,664,108	6,653,882	6,643,070	6,631,662	6,619,649	6,607,027	6,593,789	6,579,931	6,565,450	6,550,346	6,529,620	6,507,946	6,485,411	6,462,010	6,442,049	6,411,432	6,348,801	6,282,075
Plus Accrued Fees	-	258	-	5,453	10,691	15,731	20,541	25,217	29,703	34,033	38,219	42,278	45,452	46,105	44,635	43,038	42,357	28,547	2,996	-	-
Plus Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Plus Other Contributions	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	
Plus Deferred Development Fees	820,847	805,550	717,810	710,191	699,192	684,687	666,490	644,941	619,297	589,796	555,753	517,877	474,817	397,074	313,522	224,629	130,382	56,966	-	-	
<b>Total Capital and Debt</b>	<b>10,797,804</b>	<b>10,676,886</b>	<b>10,086,683</b>	<b>9,754,387</b>	<b>9,468,073</b>	<b>9,191,248</b>	<b>8,900,095</b>	<b>8,606,822</b>	<b>8,329,994</b>	<b>8,060,033</b>	<b>7,789,872</b>	<b>7,506,862</b>	<b>7,213,530</b>	<b>6,897,996</b>	<b>6,588,131</b>	<b>6,278,472</b>	<b>5,952,601</b>	<b>5,661,074</b>	<b>5,388,300</b>	<b>5,126,998</b>	<b>4,867,822</b>
<b>Assets</b>	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000	
Land	9,530,643	9,454,637	9,041,951	8,729,513	8,431,470	8,142,169	7,913,701	7,607,054	7,316,534	7,031,826	6,747,115	6,547,597	6,239,272	5,943,883	5,656,250	5,368,621	5,181,072	4,868,491	4,572,105	4,284,769	3,997,432
Depreciable Assets	-	-	8141	24,991	42,514	60,730	3,983	22,897	42,566	63,016	84,270	5,318	27,251	50,060	73,774	98,421	6,202	31,629	58,071	85,562	114,135
Replacement Reserves	150,000	150,000	150,570	151,504	152,261	153,023	153,788	154,557	155,329	156,106	156,887	157,671	158,459	119,439	79,626	39,813	-	-	-	-	-
Amortized Assets	98,110	98,110	93,919	87,379	80,838	74,297	67,757	61,216	54,675	48,135	41,594	35,053	28,513	21,972	15,431	8,891	2,350	(0)	(0)	(0)	
Expensed Assets	258,051	213,139	30,922	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other Assets (Syndication Costs)	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	
<b>Total Assets</b>	<b>10,797,804</b>	<b>10,676,886</b>	<b>10,086,683</b>	<b>9,754,387</b>	<b>9,468,073</b>	<b>9,191,218</b>	<b>8,900,228</b>	<b>8,606,723</b>	<b>8,330,105</b>	<b>8,060,083</b>	<b>7,790,866</b>	<b>7,506,639</b>	<b>7,214,495</b>	<b>6,896,354</b>	<b>6,586,081</b>	<b>6,276,746</b>	<b>5,950,624</b>	<b>5,661,120</b>	<b>5,391,176</b>	<b>5,131,331</b>	<b>4,872,567</b>
<b>Total Collateral Assets</b>	<b>10,286,643</b>	<b>10,212,637</b>	<b>9,658,092</b>	<b>9,362,505</b>	<b>9,081,984</b>	<b>8,810,898</b>	<b>8,525,684</b>	<b>8,237,951</b>	<b>7,967,100</b>	<b>7,702,842</b>	<b>7,439,385</b>	<b>7,160,915</b>	<b>6,874,523</b>	<b>6,601,944</b>	<b>6,338,024</b>	<b>6,075,042</b>	<b>5,795,274</b>	<b>5,508,120</b>	<b>5,238,176</b>	<b>4,978,331</b>	<b>4,719,567</b>
<b>First Mortgage (Freddie Mac TEL)</b>	5,400,000	5,391,450	5,322,301	5,250,113	5,174,751	5,096,077	5,013,943	4,928,199	4,838,685	4,745,236	4,647,679	4,545,833	4,439,510	4,328,513	4,212,636	4,091,665	3,965,376	3,833,535	3,695,898	3,552,211	
Partnership Nonrecourse	5,400,000	5,391,450	5,322,301	5,250,113	5,174,751	5,096,077	5,013,943	4,928,199	4,838,685	4,745,236	4,647,679	4,545,833	4,439,510	4,328,513	4,212,636	4,091,665	3,965,376	3,833,535	3,695,898	3,552,211	
<b>Minimum Gain</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Second Mortgage (Seller Note)</b>	1,238,831	1,282,303	1,341,807	1,403,772	1,468,319	1,535,585	1,605,707	1,678,828	1,755,104	1,834,695	1,917,771	2,004,513	2,090,110	2,179,433	2,272,775	2,370,346	2,476,680	2,577,683	2,652,678	2,729,628	
Recourse	1,238,831	1,282,303	1,341,807	1,403,772	1,468,319	1,535,585	1,605,707	1,678,828	1,755,104	1,834,695	1,917,771	2,004,513	2,090,110	2,095,111	1,862,406	1,703,609	1,542,743	1,404,641	1,282,432	1,167,357	
<b>Minimum Gain</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Deferred Development Fee</b>	805,550	717,810	710,191	699,192	684,6																

**ATTACHMENT 5**  
**HOUSING COMMISSION MULTIFAMILY**  
**HOUSING REVENUE BOND PROGRAM**  
**SUMMARY**

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

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

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

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

**Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

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

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

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

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



**The PFM Group**

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**ATTACHMENT 6**

July 13, 2017

Tina Kessler  
San Diego Housing Commission  
1122 Broadway, Suite 300  
San Diego, CA 92101

RE: Actions related to the proposed issuance of up to \$5.4 million Housing Authority of the City of San Diego Multifamily Housing (Casa Puleta Apartments) Revenue Note, 2017 Series D

Dear Ms. Kessler:

You have asked Public Financial Management, Inc. (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the tax-exempt multifamily housing note (the “Note”) in connection with the Casa Puleta Apartments (the “Project”) by Willow Partners (the “Borrower” and the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Note.

**DESCRIPTION OF THE PROJECT**

Casa Puleta Apartments is a 54-unit multifamily project located at 1443 S. 45<sup>th</sup> Street. Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Note. The proposed development pro-forma indicates that there are approximately \$10,797,804 in total development costs (\$199,959 per unit).

**THE BORROWER/DEVELOPER**

Willow Partners has developed and financed over 725 affordable housing units in California and obtained over \$100 million in Low-Income Tax Credits for such developments.



## THE FINANCING

An aggregate amount not exceeding \$5,400,000 of the Housing Authority's Note will initially be issued to support the financing of the Project. CBRE Capital Markets ("the Lender") will serve as the note purchaser and City Real Estate Advisers (CREA) will serve as equity investor. Tax credits and tax exempt allocation were allocated to the project by California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC) at their respective meetings on May 17<sup>th</sup>. The transaction is scheduled to close in mid-August.

The Note will bear a fixed interest rate locked at closing not to exceed 4.31% and will have a term of 35 years. The Note will be purchased by the Lender through a permanent loan, which will be repaid by the Borrower. The Developer has secured a commitment from CBRE Capital Markets to purchase the Note.

In addition to the Note, the Project will be financed by other Permanent Sources. Table 1 below lays out the Project's estimated total Sources and Uses of \$10,797,804.

Table 1 Sources and Uses of Funds	
<b>Sources:</b>	
Freddie Mac TEL	5,400,000
Seller Note (GP Equity)	1,213,000
Refundable Good Faith Deposit	108,000
Federal LIHTC Equity	3,139,824
Cash Flow From Operations	116,133
Deferred Developer Fee	820,847
<b>Total Sources</b>	<b>\$ 10,797,804</b>
<b>Uses:</b>	
Acquisition Costs	6,241,000
Construction Costs	1,408,179
Architectural/Survey/Engineering.	197,500
Capitalized Interest, Taxes and Legal	806,636
Cost of Issuance and Permanent Financing	70,500
Construction Contingency	134,608
Soft Cost Contingency	25,000
Reserves	150,000
Other Costs	517,736
Developer Fees	1,246,645
<b>Total Uses</b>	<b>\$ 10,797,804</b>

The particular type of tax-exempt debt to be issued by the Housing Authority is known as a "Government Lender Note." Freddie Mac will loan the Housing Authority the funds needed to finance the project. The Housing Authority will simultaneously lend the Developer the proceeds of the loan to finance the project.



This structure is known as a “back to back tax-exempt loan structure.” The Housing Authority is acting as a conduit in this structure. Therefore, its obligation to repay its loan is limited to the loan it makes to the Developer. This structure does not create any unusual economic or legal risk for the Authority.

It should also be noted that Freddie Mac is a “qualified institutional buyer” as defined by U.S. securities laws. This, and other protections, ensure that the loan is solely for the Bank’s account and will not be traded. This is a protection both to the Authority and to the public.

### ACHIEVING PUBLIC PURPOSE

Through the proposed note issuance, the Project will provide housing for low and very low income households. The Project proposes to restrict 6 of the units for households earning no greater than 30% of Area Median Income (“AMI”), restrict 6 of the units for households earning no greater than 40% of AMI, restrict 27 of the units for households earning no greater than 50% of AMI, and restrict 14 units for households earning no greater than 60% AMI. TCAC’s affordability requirements restrict all the units to a maximum of 60% AMI and the project must comply with these requirements. The affordability term of the project is 55 years. Maximum note rents for the Project are summarized in Table 2 below.

**TABLE 2**  
RENT COMPARISON

Unit Type	AMI	Units	Restricted Rents	Estimated Market Rents	Savings
2 BDRM	30%	6	551	1,800	1,249
2 BDRM	40%	5	756	1,800	1,044
3 BDRM	40%	1	868	2,050	1,182
3 BDRM	50%	25	1,104	2,050	946
4 BDRM	50%	2	1,220	2,300	1,080
4 BDRM	60%	14	1,483	2,300	817
MANAGER	Common	1			0
<b>Total</b>		<b>54</b>			<b>\$51,144</b>
<b>Total Annual Savings for All Units</b>					<b>\$613,728</b>

### MEETING DEBT SERVICE AFTER THE FINANCING

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there would be approximately \$347,256 of net operating income (net of reserves) available for debt service in the first full year of stabilization (2018). This amount would provide debt service coverage of 1.16 times. By the fifth year, assuming a 2.0% annual increase in gross income and a 3.0% annual increase in operating expenses, debt service coverage would increase to 1.19 times.



**Table 3**  
**Estimated Cash Flow**

Year:	2018	2019	2020	2021	2022
Rental Income	\$705,072	\$719,173	\$733,557	\$748,228	\$763,193
Plus: Other Income	6,480	6,610	6,742	6,877	7,014
Less: Vacancy @ 7%	(49,809)	(50,805)	(51,821)	(52,857)	(53,914)
Effective Gross Income	\$661,743	\$674,978	\$688,478	\$702,247	\$716,292
Less: Operating Expenses	(268,928)	(276,996)	(285,306)	(293,865)	(302,681)
Less: Taxes and Insurance	(15,859)	(16,335)	(16,825)	(17,330)	(17,849)
Less: Reserves @ \$300 per Unit	(8,100)	(16,686)	(17,187)	(17,702)	(18,233)
Less: Miscellaneous @ \$400 per Unit (No Growth)	(21,600)	(21,600)	(21,600)	(21,600)	(21,600)
Net Operating Income	\$347,256	\$343,362	\$347,561	\$351,751	\$355,929
Permanent Loan Debt Service (Full Year)	(\$299,090)	(\$299,090)	(\$299,090)	(\$299,090)	(\$299,090)
Debt Service Coverage <sup>1</sup>	1.16	1.15	1.16	1.18	1.19

<sup>1</sup>Calculated by dividing net operating income by total debt service.

## CONCLUSION

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and is not required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 53 affordable units, with 6 units affordable at 30% of AMI, 6 units affordable at 40% of AMI, 27 units affordable at 50% of AMI, and 14 units affordable at 60% of AMI for a period of 55 years.
- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the note purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Note will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Note.



If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,  
**Public Financial Management, Inc.**

A handwritten signature in blue ink, appearing to read "Robert T. Gamble".

Robert T. Gamble  
Managing Director

# Quint & Thimmig LLP

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July 26, 2017

VIA EMAIL

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From: Paul J. Thimmig, Quint & Thimmig LLP, Bond Counsel

Re: Casa Puleta Apartments Financing

Dear Nathan, Ted, Joe and Tina:

If the Housing Authority of the City of San Diego (the "Governmental Lender") adopts a resolution authorizing the issuance of the Housing Authority of the City of San Diego Multifamily Note (Casa Puleta Apartments), 2017 Series D (the "Note"), it is expected that the Note will be issued on or about August 10, 2017.

The primary legal documents in connection with the issuance of the Note that are referenced in the Funding Loan Agreement of the Governmental Lender authorizing the issuance of the Note (the "Funding Loan Agreement") currently contain a number of blanks that are related to various amounts to be deposited on the date of issuance of the Note and other matters. The following table sets forth a summary of the blanks in the primary legal documents for the Note referenced in the Funding Loan Agreement, and describes when, and by whom, the information will be provided in order to fill in the blanks. Capitalized terms used below have the meanings given to them in the related document.

<u>Document</u>	<u>Location of Blank</u>	<u>When Completed</u>	<u>Responsible Party</u>
<b>Funding Loan Agreement</b>	<u>Section 1.01 – Definitions</u>		
	• Borrower Equity Deposit	Prior to Closing	Funding Lender and Borrower
	• Costs of Issuance Deposit	Prior to Closing	Funding Lender and Borrower
	• Resolution No.	Following August 1st	Bond Counsel

<b>Document</b>	<b>Location of Blank</b>	<b>When Completed</b>	<b>Responsible Party</b>
	<u>Section 2.11(b) – Project Loan Fund</u>		
	<ul style="list-style-type: none"> <li>Note Proceeds Remitted to Fiscal Agent by Title Company</li> </ul>	Prior to Closing	Funding Lender, Borrower and Title Company
	<u>Exhibit A – Form of Note – Schedule 1</u>		
	<ul style="list-style-type: none"> <li>Funding Loan Amortization Schedule</li> <li>Exhibits B, C, D and E</li> </ul>	Prior to Closing  When needed for purpose of Funding Loan Agreement	Funding Lender  Funding Lender, Borrower and Servicer, as applicable
<b>Project Loan Agreement</b>	<u>Section 3.03 – Initial Deposits</u> Funding Loan proceeds to Title Company, Borrower Equity Account Deposit and Initial Debt Service Deposit	Prior to Closing	Borrower, Equity Investor and Funding Lender
<b>Regulatory Agreement and Declaration of Restrictive Covenants</b>	<u>Cover Page</u> <ul style="list-style-type: none"> <li>Principal amount of Funding Loan</li> </ul>	Prior to Closing	Funding Lender and Borrower
<b>Assignment of Security Interest</b>	<u>First Paragraph</u> <ul style="list-style-type: none"> <li>Identity of Governmental Lender and Fiscal Agent, type of entity and office location for Borrower, date of Deed of Trust</li> </ul>	Prior to Closing	Funding Lender
	<u>Exhibit A – Legal Description of Site</u> <ul style="list-style-type: none"> <li>Legal description of property</li> </ul>	Prior to Closing	Title Company

PJT:cra

cc: *(via email only)*  
 Seiji Ogawa  
 Scott Marshall