



HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: July 9, 2021

HCR21-077

SUBJECT: Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Merge 56 Affordable Apartments

COUNCIL DISTRICT(S): 5 & 6

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Take the initial steps to issue up to \$16,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the construction of a new 47-unit affordable housing development that will be part of a larger, to-be-developed master-planned community at Carmel Mountain Road and south of Ted Williams Parkway/State Route 56 in the Torrey Highlands subarea community plan, which will consist of 47 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income, including one restricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Merge 56 Affordable is a proposed 47-unit new construction affordable rental housing development that will be located within a larger Merge 56 master planned community which will have offices, retail, and 242 single-family homes.
- The affordable units will remain affordable for households with income from 30 percent to 60 percent of San Diego's Area Median Income.
- The developer is the for-profit Rise Urban Partners, a Delaware L.L.C., which will be managed by Trestle Development L.L.C./David Allen and Rob Morgan. Trestle Development has developed two new construction projects utilizing Housing Commission funds and bonds.
- The total development cost is estimated at \$29,249,078 (\$622,321 per unit).
- No Housing Commission loan proceeds will be provided to this development.
- A number of extenuating factors affect the per-unit cost of this development, including: nationwide inflationary price increases for lumber and materials, cost constraints of obtaining necessary materials due to limitations of available trucking/transportation personnel, large three- and four-bedroom units make up one third of the development's units, and an estimated \$5,288,766 (\$112,527/unit) for City of San Diego's (City) required permits and fees.
- Staff recommends that the Housing Commission:
 - Issue a bond inducement resolution for up to \$16,000,000 of tax-exempt bonds.
 - Hold an IRS-required Tax Equity and Fiscal Responsibility Act hearing.
 - Authorize a bond allocation application to the California Debt Limit Allocation Committee.
 - Approve Kutak Rock as Bond Counsel and CSG Advisors as Bond Financial Advisor.



REPORT

DATE ISSUED: July 1, 2021

REPORT NO: HCR21-077

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of July 9, 2021

SUBJECT: Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing for Merge 56 Affordable Apartments

COUNCIL DISTRICT: 5 & 6

REQUESTED ACTION

Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings are scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on July 9, 2021, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that these hearings not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.

Take the initial steps to issue up to \$16,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the construction of a new 47-unit affordable housing development that will be part of a larger, to-be-developed master-planned community at Carmel Mountain Road and south of Ted Williams Parkway/State Route 56 in the Torrey Highlands subarea community plan, which will consist of 47 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income, including one restricted manager's unit.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions, as described in this report.

- 1) Approve the following steps to issue up to \$16,000,000 in Housing Authority of the City of San Diego (Housing Authority) tax-exempt Multifamily Housing Revenue Bonds to facilitate a to-be-formed California limited partnership's (formed by Rise Urban Partners a Delaware LLC) development of the Merge 56 Affordable Apartments (Merge 56 Affordable), which will be part of a larger, to-be-developed Merge 56 master-planned community at Carmel Mountain Road and south of Ted Williams Parkway/State Route 56 in the Torrey Highlands subarea community plan, which will consist of 47 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI), including one restricted manager's unit:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$16,000,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the development of Merge 56 Affordable by a limited partnership to be formed by Rise Urban Partners LLC;

- b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$16,000,000 for Merge 56 Affordable; and
 - c. Approve the financing team of Kutak Rock as the Bond Counsel and CSG Advisors as the Financial Advisor.
- 2) Authorize the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.
- 3) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$16,000,000 to facilitate the development of Merge 56 Affordable.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	Carmel Mountain Road and south of State Route 56
Council District	Council District 5 & 6
Community Plan Area	Torrey Highlands Subarea Community Plan
Developer	Rise Urban Partners LLC
Development Type	Acquisition and New Construction
Construction Type	Type V, 4-story building
Parking Type	67 parking spaces (in a surface lot and in a shared garage)
Transit Information	There is no nearby bus service. The new Mid-Coast Trolley extension (to University Towne Center [UTC]) may be available in late 2021. That UTC new trolley stop will be approximately 15 miles from the Merge 56 site.
Housing Type	Affordable Family
Lot Size	.99 Acres
Units	47
Density	47.47 units/acre (47 units ÷ .99 acres)
Unit Mix	8 one-bedroom, 24 two-bedroom, 11 three-bedroom, and 4 four-bedroom units
Gross Building Area	56,256 square feet
Net Rentable Area	41,257 square feet

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The Development

Merge 56 Affordable is a proposed 47-unit, new construction, family housing development located in the Torrey Highlands subarea of the North City Future Urbanizing Area. The vacant site is at Carmel Mountain Road and south of Ted Williams Parkway/State Route 56. A site map is at Attachment 2. The Merge 56 master development will have approximately 485,000 square feet of office space, 40,000 square feet of retail, a combination of 242 (single-family lots, townhomes and flats) market-rate homes, and the 47 units of Merge 56 Affordable multifamily housing. The proposed Merge 56 Affordable will satisfy the master-planned community's affordable housing Master Affordable Housing Agreement requirement. The project is currently in the rough grading stage. Main streets, sidewalks and utilities are in the process of being installed. Currently, no public transit service exists near the site.

The .99-acre vacant site of the development is on Carmel Mountain Road and directly south of the Carmel Mountain Ranch bridge across Ted Williams Parkway/State Route 56. Merge 56 Affordable's proposed unit amenities will include: air conditioning, refrigerator, oven, dishwasher, disposal, blinds, computer access, and cable television pre-wiring. Site amenities will include: a children's play area, a bicycle and walking trail, a community room, a services room, laundry facilities and a leasing office. Merge 56 Affordable will be a four-story, wood-frame building with exterior stucco and a concrete slab-on-grade foundation. The 47-unit affordable development will consist of one-, two-, three- and four-bedroom units, along with associated common areas, parking and landscape improvements.

Developer's Request

The developer is requesting Housing Commission approval of preliminary steps to apply for Housing Authority tax-exempt Multifamily Housing Revenue Bonds. No Housing Commission loan funds are requested.

Prevailing Wages

Prevailing wages are not applicable to Merge 56 Affordable.

Relocation

The subject property is vacant. No relocation is necessary.

Accessibility

Merge 56 Affordable will comply with California Tax Credit Allocation Committee (CTCAC) requirements for wheelchair accessibility in 15 percent of the units, with 10 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The completed development will be 100 percent accessible for visitors.

Project Sustainability

Merge 56 Affordable will be constructed in conformance with CTCAC minimum energy efficiency standards. The development's features will include Energy Star-rated efficient appliances and a solar component for the common area's electrical load. Water efficiency and conservation has been incorporated into the development's design, including low-flow fixtures and drought-resistant landscaping.

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Development Team

During the tax credit compliance period, Merge 56 Affordable will be owned by a to-be-formed California limited partnership (a single-asset limited partnership) consisting of: Rise Urban Partners LLC as the General Partner, which will be managed by Trestle Development LLC and Rob Morgan., a to-be-selected Administrative General Partner, and a to-be-selected tax credit limited partner (Attachment 3 – Organization Chart).

The developer, Rise Urban Partners LLC (Rise), is a joint venture of Trestle Development LLC construction development (currently in construction) that received Housing Commission tax-exempt bond funding. Trestle Development completed The Nook apartments, a 91-unit new development that received a Housing Commission loan. Trestle and Rob Morgan report that they have developed more than 500 housing units in the last seven years.

Supportive Services

The development's tenant supportive services provider is yet to be selected.

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	Rise Urban Partners LLC
Owner/Borrower	To-be-formed California limited partnership
Managing General Partner	Pacific Affordable Housing Corporation
Tax Credit Investor Limited Partner	Redstone Equity Partners
Architect	Safdie Rabines Architects, San Diego
General Contractor	C.W. Driver Construction, San Diego
Property Management	Hyder and Company
Construction and Permanent Lender	To be selected
Tenant Services Provider	To be selected

FINANCING STRUCTURE

Merge 56 Affordable has an estimated total development cost of \$29,249,078 (\$622,321/unit).

The development will be funded with tax-exempt Bonds, 4 percent low income housing tax credits, a master developer's subordinate gap loan, a general partner's contribution, and a deferred developer's fee. No Housing Commission loan proceeds will be provided to this development.

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

Table 3 – The Merge 56 Apartments Estimated Sources and Uses of Financing

Financing Sources	Amount	Financing Uses	Amount	Per Unit
Bond financed permanent loan	\$6,140,000	Land acquisition and closing costs	\$ 2,000,001	\$42,553
Seller gap loan	5,393,461	Construction cost	14,305,200	304,366

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Seabreeze L.L.C. master developer's infrastructure work	2,000,000	Financing costs	1,651,302	35,134
General Partner contribution	2,189,871	Soft costs	1,993,938	42,424
Accrued interest on gap loan soft debt	245,746	Permits and fees	5,288,766	112,527
NOI post-construction to permanent conversion	100,000	Reserves	370,000	7,872
Deferred developer's fee	650,000	Developer's fee	3,639,871	77,444
Four percent tax credit equity	12,530,000			
Total Sources	\$29,249,078	Total Uses	\$29,249,078	\$622,321

Developer Fee

\$3,639,871 - gross developer fee

- 2,189,871 - minus General Partner contribution

- 650,000 - minus deferred developer's fee

\$ 800,000 - net cash developer's fee

The planned net cash developer fee shall be \$800,000 in compliance with CTCAC and CDLAC regulations. On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The proposed developer's fee complies with the HAR 17-011 "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. 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	$\$29,249,078 \div 47 \text{ units} =$	\$622,321
Housing Commission Subsidy Per Unit	--	\$0
Acquisition Cost Per Unit	$\$2,000,001 \div 47 \text{ units} =$	\$42,553
Gross Building Square Foot Hard Cost	$\$14,305,200 \div 56,256 \text{ sq. ft.} =$	\$254
Net Rentable Square Foot Hard Cost	$\$14,305,200 \div 41,257 \text{ sq. ft.} =$	\$347

Project Comparison Chart

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

amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other developments of the same construction type.

Table 5 – Comparable Development Projects

Development	Year	Unit Mix	Units	Prevailing Wage	Total Development Cost	Per Unit TDC	SDHC Subsidy	Gross Building Hard Cost per Square Foot
Subject – Merge 56 Affordable	2021	7 -1BR, 24-2BR, 11- 3BR, 4-4BR, and 1 mgr. unit.	47	No	\$29,249,078	\$622,321	\$0	\$254
Hilltop Family Housing,	2020	14 Studios, 23 1BR, 36 2BR, 20 3BR, 18 4BR & 2 mgr. units	113	Yes	\$54,305,415	\$480,579	\$73,451	\$279
East Block Family	2019	33 2BR, 44 3BR & 1 mgr. unit	78	No	\$40,562,897	\$520,037	\$0	\$355
Keeler Court	2019	10 Studios, 20 1BR, 18 2 BR, 22 3 BR & 1 mgr. unit	71	Yes	\$35,692,466	\$502,711	\$0	\$262
Ulric Street I	2019	12 Studios, 21 1BR, 33 2BR, 29 3BR & 1 mgr. unit	96	Yes	\$46,427,114	\$483,616	\$72,917	\$264

Merge 56 Affordable's total development cost per unit is higher than is usually proposed for affordable multifamily developments due to a number of extenuating factors including: nationwide inflationary price increases for lumber and materials, cost constraints of obtaining necessary materials due to limitations of available trucking/transportation personnel, large three- and four-bedroom units make up one third of the development's units, and an estimated \$5,288,766 (\$112,527/unit) for City of San Diego's (City) required permits and fees. These fees include the applicable City Facilities Benefit Assessment (FBA), which provides funds for public facilities in the community plan area, and the City Development Impact Fee (DIF), which is collected to mitigate the public facilities impacts of new development. These FBA and DIF fees vary depending upon the applicable community planning area. Merge 56 Affordable is located within the Torrey Highland's community plan area. The FBA fees for the Torrey Highlands community are among the highest in the City. The Merge 56 Torrey Highlands area's FBA is \$65,642 per unit higher than the FBA for the nearby Rancho Penasquitos community area.

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission. Housing Commission bond inducement resolutions must be obtained prior to application submittal, and Housing Commission TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC on September 9, 2021, for a December 8, 2021, bond allocation meeting (dates are subject to change at CDLAC's discretion). However, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the proposed development.

The developer will be seeking a CDLAC bond allocation of approximately \$16,000,000 in tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The developer proposes that the bonds will be used to provide construction and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Kutak Rock as the Bond Counsel and CSG Advisors as the Financial Advisor to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of Bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Merge 56 Affordable would restrict 47 units to households with income levels ranging from 30 percent of AMI (\$29,100/year for a one-bedroom, two-person household) to 60 percent of AMI (\$78,540/year for a four-bedroom, five-person household). Merge 56 Affordable will be restricted by CDLAC, CTCAC, and tax-exempt bonds regulatory agreements. The affordable units will be restricted for a 55-year term.

Table 6 – Merge 56 Apartments Affordability & Monthly Estimated Rent Table

<u>Unit Type</u>	<u>AMI</u>	<u>Number of Units</u>	<u>Gross Rents</u>
One-bedroom units	30%	1	\$682
One-bedroom units	50%	1	\$1,136
One-bedroom units	60%	5	\$1,364
Subtotal one-bedroom units	--	7	--
Two-bedroom units	30%	2	\$818
Two-bedroom units	50%	2	\$1,363
Two-bedroom units	60%	2	\$1,636
Subtotal two-bedroom units	--	24	--
Three-bedroom units	30%	1	\$945
Three-bedroom units	50%	1	\$1,575
Three-bedroom units	60%	9	\$1,890

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Subtotal three-bedroom units	--	11	--
Four-bedroom units	30%	1	\$1,054
Four-bedroom units	50%	1	\$1,757
Four-bedroom units	60%	2	\$2,109
Subtotal four-bedroom units	--	4	--
Subtotal residential units	--	46	--
Manager's one-bedroom unit	60%	1	--
Total Units	--	47	--

FISCAL CONSIDERATIONS

The funding sources and uses approved by this proposed action are included in the Fiscal Year (FY) 2022 Housing Commission Budget.

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

- Bond Issuance Fees - \$40,000 ($\$16,000,000 \text{ tax-exempt bond amount} \times .0025 = \$40,000$)

Funding uses approved by this action will be as follows:

- Administration Costs - \$40,000

Housing Commission approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority 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.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
CDLAC bond application & CTCAC tax credit application	September 9, 2021
CDLAC allocation meeting & CTCAC allocation meeting	December 8, 2021
Housing Commission final bond authorization	February 2022
Housing Authority final bond authorization	February 2022
Estimated bond issuance and escrow/loan closing	February 2022
Estimated start of construction work	March 2022
Estimated completion of construction work	August 2023

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COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On May 3, 2017, the Merge 56 master-planned development was presented to the Rancho Penasquitos Planning Board, which oversees the Torrey Highlands subarea. The Merge 56 master plan received a 16-0 approval. The project was also approved by the City Planning Commission.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Rise Urban Partners LLC, as the developer, Trestle Development and Rob Morgan as the joint venture partners, Seabreeze Properties as the property seller, and the Torrey Highlands neighborhood. The development is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 47 new affordable rental homes for low-income individuals and families.

ENVIRONMENTAL REVIEW

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

Respectfully submitted,

Approved by,



Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

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

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 – Development Details

Address	Carmel Mountain Road and south of State Route 56
Council District	Council District 1
Community Plan Area	Torrey Highlands Subarea Community Plan
Developer	Rise Urban Partners L.L.C.
Development Type	Acquisition and New Construction
Construction Type	Type V, 4-story building
Parking Type	67 parking spaces (in a surface lot and in a shared garage)
Transit Information	There is no nearby bus service. The new Mid-Coast Trolley extension (to University Towne Center [UTC]) may be available in late 2021. That UTC new trolley stop will be approximately 15 miles from the Merge 56 site.
Housing Type	Affordable Family
Lot Size	.99 Acres
Units	47
Density	47.47 units/acre (47 units ÷ .99 acres)
Unit Mix	7 one-bedrooms, 24 two-bedrooms, 11 three-bedrooms, 4 four-bedrooms, and 1 two-bedroom managers' units
Gross Building Area	56,256 square feet
Net Rentable Area	41,257 square feet

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	Rise Urban Partners L.L.C.
Owner/Borrower	To be formed California limited partnership
Managing General Partner	Rise Urban Partners L.L.C.
Tax Credit Investor Limited Partner	Redstone Equity Partners
Architect	Safdie Rabines Architects, San Diego
General Contractor	C.W. Driver Construction, San Diego
Property Management	Hyder and Company
Construction and Permanent Lender	To be selected
Tenant Services Provider	To be selected

Table 3 – The Merge 56 Apartments Estimated Sources and Uses of Financing

Financing Sources	Amount	Financing Uses	Amount	Per Unit
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NOI post-construction to permanent conversion	100,000	Reserves	370,000	7,872
Deferred developer's fee	650,000	Developer's fee	3,639,871	77,444
Four percent tax credit equity	12,530,000			
Total Sources	\$29,249,078	Total Uses	\$29,249,078	\$622,321

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Net Rentable Square Foot Hard Cost	$\$14,305,200 \div 41,257 \text{ sq. ft.} =$	\$347

Table 5 – Comparable Development Projects

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Table 6 – Merge 56 Affordability & Monthly Estimated Rent Table

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One bedroom units	60%	5	\$1,364
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Two bedroom units	50%	2	\$1,363
Two bedroom units	60%	2	\$1,636
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Three bedroom units	30%	1	\$945
Three bedroom units	50%	1	\$1,575
Three bedroom units	60%	9	\$1,890
Subtotal three bedroom units	--	11	--
Four bedroom units	30%	1	\$1,054
Four bedroom units	50%	1	\$1,757
Four bedroom units	60%	2	\$2,109
Subtotal four bedroom units	--	4	--
Subtotal residential units	--	46	--
Manager's one bedroom unit	NA	1	--
Total Units	--	47	--

ATTACHMENT 2A – SITE MAP

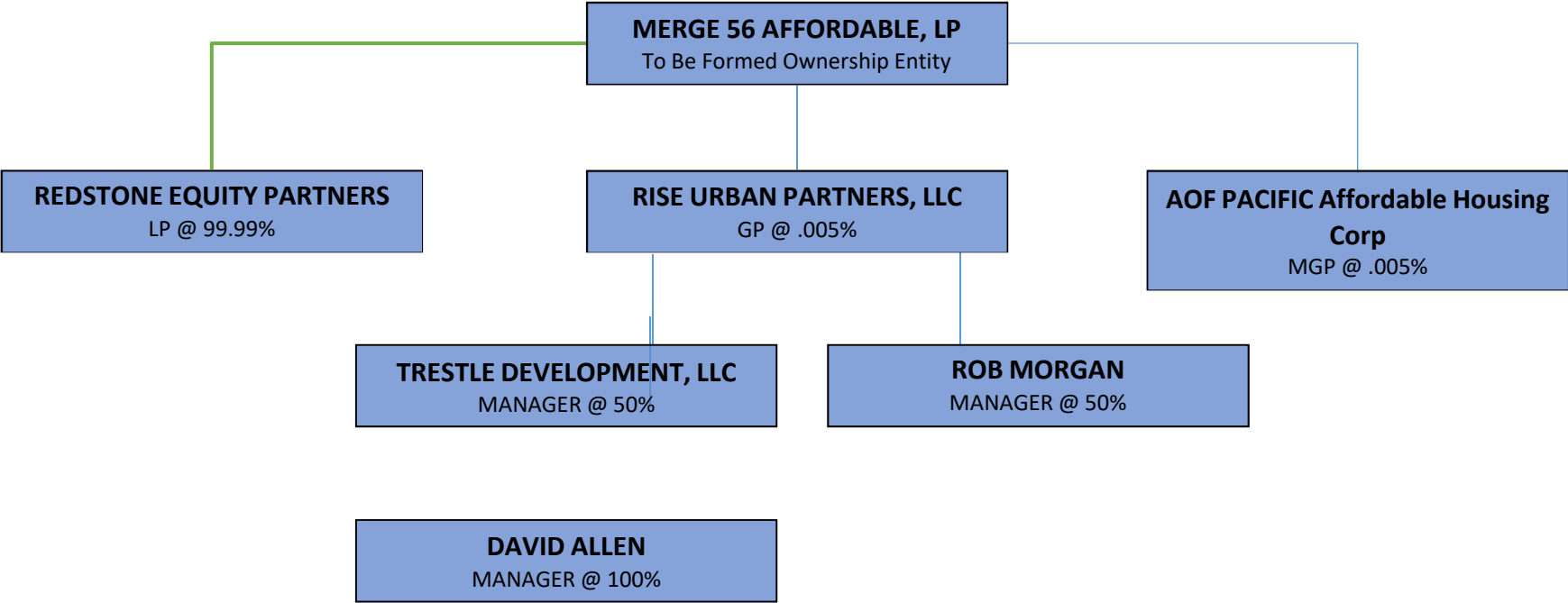


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ATTACHMENT 3 – ORGANIZATION CHART

MERGE 56

PROPOSED ORGANIZATIONAL CHART



ATTACHMENT 4 - DEVELOPER'S PROJECT PROFORMA

Merge 56 Affordable

PROJECT SUMMARY

GENERAL INFORMATION		
PROJECT NAME	Merge 56 Affordable	
OWNER/CLIENT	TRESTLE	
PROJECT DESCRIPTION	4 Story Type V	
PROJECT TYPE	New Construction - 4%	
DRAFT VERSION	5/5/21	
ADDRESS	TBD, San Diego	
YEAR BUILT	2023	
SITE ACREAGE	1.00	
TOTAL UNITS/ACRE	47 (approximately 47 units/acre)	
MSA / County	San Diego	VLI x 2
AREA MEDIAN INCOME	92,700	90,900
LAST AMGI INCREASE	4/1/20	

INCOME & EXPENSE			
INCOME:	TOTAL	PER UNIT	
GROSS POTENTIAL INCOME	\$811,212	\$17,260	
TOTAL OTHER INCOME	\$21,250	\$452	
VACANCY/RENT ADJUSTMENTS (RESIDENTIAL)	(\$41,623)	(\$886)	
EFFECTIVE GROSS INCOME (RESIDENTIAL)	\$790,839	\$16,826	
COMMERCIAL INCOME	\$0	\$0	
VACANCY/RENT ADJUSTMENTS (COMMERCIAL)	\$0	\$0	
EFFECTIVE GROSS INCOME (BUILDING)	\$790,839	\$16,826	
EXPENSES:			
PROFESSIONAL MANAGEMENT	\$31,020	\$660	8.5%
ADMINISTRATIVE	\$35,500	\$755	9.8%
PAYROLL AND BENEFITS	\$123,578	\$2,629	34.0%
UTILITIES	\$92,300	\$1,964	25.4%
OPERATING & MAINTENANCE	\$33,475	\$712	9.2%
REAL ESTATE TAXES	\$5,000	\$106	1.4%
INSURANCE	\$18,950	\$403	5.2%
REPLACEMENT RESERVES	\$16,450	\$350	4.5%
OTHER (TAX CREDIT MONITORING)	\$7,050	\$150	1.9%
TOTAL EXPENSES	\$363,323	\$7,730	100.0%
NET OPERATING INCOME	\$427,516	\$9,096	
DEBT SERVICE	\$371,854	\$7,912	
NET PARTNERSHIP CASH FLOW	\$55,662	\$1,184	
DSCR	1.15		

UNIT MIX & RENTS

UNIT MIX

MANAGER	30% AMI	50% AMI	60% AMI	TOTAL
MICRO/STUDIO	-	-	-	-
ONE BEDROOM	-	1	1	6
TWO BEDROOM	-	2	2	20
THREE BEDROOM	-	1	1	9
FOUR BEDROOM	-	1	1	2
	-	5	5	37

RENTS

30% AMI	50% AMI	60% AMI	MARKET
N/A	N/A	N/A	-
612	1,066	1,364	2,100
723	1,363	1,636	2,800
825	1,575	1,890	3,500
907	1,757	2,109	4,000

*Rents are net of Utility Allowances

*Rents are net of Utility Allowances

SOURCES AND USES			
SOURCES:	TOTAL	PER UNIT	% OF TOTAL
LIHTC EQUITY (\$0.900 per credit)	\$12,530,000	\$266,596	42.8%
PRIVATE PLACEMENT PERM LOAN	\$6,140,000	\$130,638	21.0%
SEA BREEZE GAP LOAN	\$5,393,461	\$114,754	18.4%
DEFERRED FEE/GP CONTRIBUTION	\$2,189,871	\$46,593	7.5%
INFRASTRUCTURE	\$2,000,000	\$42,553	6.8%
ACCRUED INTEREST ON SOFT DEBT	\$245,746	\$5,229	0.8%
NOI DURING CONSTRUCTION	\$100,000	\$2,128	0.3%
DEFERRED DEVELOPER FEE (\$800,000 PAID)	\$650,000	\$13,830	2.2%
GRAND TOTAL SOURCES	\$29,249,078	\$622,321	100.0%
USES:			
ACQUISITION & CLOSING COSTS	\$2,000,001	\$42,553	6.8%
CONSTRUCTION COSTS	\$14,305,200	\$304,366	48.9%
PERMITS & FEES	\$5,288,766	\$112,527	18.1%
ARCHITECTURE & ENGINEERING	\$1,158,138	\$24,641	4.0%
TECHNICAL STUDIES	\$25,800	\$549	0.1%
BORROWER LEGAL	\$100,000	\$2,128	0.3%
OTHER SOFT COSTS	\$430,000	\$9,149	1.5%
RESERVES	\$370,000	\$7,872	1.3%
FINANCING COSTS	\$265,500	\$5,649	0.9%
INTEREST DURING CONSTRUCTION	\$902,886	\$19,210	3.1%
ACCRUED INTEREST ON SOFT DEBT	\$245,746	\$5,229	0.8%
TAX EXEMPT BOND COSTS	\$126,900	\$2,700	0.4%
TAX CREDIT COSTS	\$110,270	\$2,346	0.4%
SOFT COST CONTINGENCY	\$280,000	\$5,957	1.0%
DEVELOPER FEE	\$3,639,871	\$77,444	12.4%
TOTAL USES	\$29,249,078	\$622,321	100%

Merge 56 Affordable

GENERAL PROJECT ASSUMPTIONS

GENERAL INFORMATION

GENERAL INFORMATION

DRAFT DATE

PROJECT NAME

ADDRESS

MSA/COUNTY

AREA MEDIAN INCOME

LAST AMGI INCREASE

SPONSOR

CONSTURCITON TYPE

PROJECT TYPE

YEAR BUILT

SITE ACERAGE

FAR/ZONING

TOTAL UNITS/ACRE

5/5/21

Merge 56 Affordable

TBD, San Diego

SAN DIEGO

\$92,700 VLI x 2 = 115,500

4/1/20

TRESTLE

4 Story Type V

LIHTC

2023

1.00

N/A

47 (approximately 47 units/acre)

SITE YIELD ESTIMATE

SITE SF

LOT COVERAGE

BUILDING FLOORPLATE

NUMBER OF FLOORS

GROSS BUILDING AREA

COMMON AREA EFFICIENCY

TARGET NET RENTABLE

43,560

32%

14,000

4.00

56,000

75%

41,900

Actual NRSF

41,900

OFFICE/RETAIL

RESIDENTIAL

ACQUISITION PRICE

0%

100%

-

41,900

\$1

0.00

UNIT MIX & AFFORDABILITY

UNIT MIX

MICRO/STUDIO	-	-	-
1 BEDROOM	8	-	8
2 BEDROOM	24	-	24
3 BEDROOM	11	-	11
4 BEDROOM	4	-	4
TOTAL/AVG	47	0	47

Total Units	Unrct. Manager	Rentable Units
-	-	-
8	-	8
24	-	24
11	-	11
4	-	4
47	0	47

AFFORDABILITY

MICRO/STUDIO	-	-	-
1 BEDROOM	-	1	-
2 BEDROOM	-	2	-
3 BEDROOM	-	1	-
4 BEDROOM	-	1	-
TOTAL AVG	-	5	-

LIHTC UNITS								
	Proj Based Voucher	Units @ 30%	Units @ 35%	Units @ 40%	Units @ 45%	Units @ 50%	Units @ 60%	Units @ 80%
	0%	0%	0%	0%	0%	0%	0%	0%
	-	-	-	-	-	-	-	-
	-	1	-	-	-	1	6	-
	-	2	-	-	-	2	20	-
	-	1	-	-	-	1	9	-
	-	1	-	-	-	1	2	-
	-	5	-	-	-	5	37	-

PROJECT INCOME ASSUMPTIONS

RESIDENTIAL INCOME

	NUMBER OF BEDS	NUMBER OF BATHS	NUMBER OF UNITS	RENT LEVEL	UNIT AREA (SF)	TOTAL AREA (SF)	GROSS LIHTC MAX RENT	UTILITY ALLOWANCE	NET LIHTC MAX RENT	ELECTED RENT	% BELOW MARKET	RENT PER SF	MONTHLY INCOME
	1BD	1	1	30%	625	625	\$682	\$70	\$612	\$612	0.00%	\$0.98	\$612
	1BD	1	1	50%	625	625	\$1,136	\$70	\$1,066	\$1,066	0.00%	\$1.71	\$1,066
	1BD	1	5	60%	625	3,125	\$1,364	\$70	\$1,294	\$1,294	0.00%	\$2.07	\$6,470
	2BD	1	2	30%	825	1,650	\$818	\$95	\$723	\$723	0.00%	\$0.88	\$1,446
	2BD	1	2	50%	825	1,650	\$1,363	\$95	\$1,268	\$1,268	0.00%	\$1.54	\$2,536
	2BD	1	20	60%	825	16,500	\$1,636	\$95	\$1,541	\$1,541	0.00%	\$1.87	\$30,820
	3BD	2	1	30%	1,100	1,100	\$945	\$120	\$825	\$825	0.00%	\$0.75	\$825
	3BD	2	1	50%	1,100	1,100	\$1,575	\$120	\$1,455	\$1,455	0.00%	\$1.32	\$1,455
	3BD	2	9	60%	1,100	9,900	\$1,890	\$120	\$1,770	\$1,770	0.00%	\$1.61	\$15,930
	4BD	2	1	30%	1,250	1,250	\$1,054	\$147	\$907	\$907	0.00%	\$0.73	\$907
	4BD	2	1	50%	1,250	1,250	\$1,757	\$147	\$1,610	\$1,610	0.00%	\$1.29	\$1,610
	4BD	2	2	60%	1,250	2,500	\$2,109	\$147	\$1,962	\$1,962	0.00%	\$1.57	\$3,924
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	0	-			-	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	1BD MGR	1	1		625	625	\$0	\$0	\$0	\$0	0.00%	\$0.00	\$0
	-	62	47		891	41,900	\$1,538	\$100	15,033	\$1,438		\$1.61	\$67,601
	ANNAUL INCOME:											\$811,212	

UTILITY ALLOWANCE	OBD	1BD	2BD	3BD	4BD
HEATING (G)	\$0	\$0	\$0	\$0	\$0
HEATING (E)	\$18	\$22	\$27	\$30	\$32
COOKING (G)	\$0	\$0	\$0	\$0	\$0
COOKING (E)	\$9	\$10	\$15	\$22	\$30
WATER (G)	\$0	\$0	\$0	\$0	\$0
WATER (E)	\$0	\$0	\$0	\$0	\$0
OTHER (E)	\$33	\$38	\$53	\$68	\$85
TOTAL	\$60	\$70	\$95	\$120	\$147

UNIT TYPE	CURRENT RENTS	POST REHAB RENTS	MARKET RENTS
STUDIO	\$0.00	\$0.00	\$0.00
1 BEDROOM	\$0.00	\$0.00	\$2,100.00
2 BEDROOM	\$0.00	\$0.00	\$2,800.00
3 BEDROOM	\$0.00	\$0.00	\$3,500.00
4 BEDROOM	\$0.00	\$0.00	\$4,000.00

	START MONTH	RENT GROWTH	RES. VACANCY	COMM. VACANCY
YEAR 1	1/1/21	3.00%	5.00%	5.00%
YEAR 2	1/1/22	3.00%	5.00%	5.00%
YEAR 3	1/1/23	3.00%	5.00%	5.00%
YEAR 4	1/1/24	3.00%	5.00%	5.00%
YEAR 5	1/1/25	3.00%	5.00%	5.00%

https://www.sdhc.org/wp-content/uploads/2021/02/Utility-Allowance-Chart.pdf

Merge 56 Affordable
GENERAL PROJECT ASSUMPTIONS

EQUITY ASSUMPTIONS
LIHTC EQUITY
INVESTOR: Redstone
CREDIT PRICE: \$0.90
INVESTOR SHARE OF CREDITS & LOSSES: 99.99%
DDA/QCT: Yes
TAX CREDIT FACTOR: 4.00%
TAX CREDIT FACTOR AS OF DATE: 1/1/21

DEBT ASSUMPTIONS

Table with 7 columns: LENDER, Tax-Exempt Bonds, Taxable Bonds, PRIVATE PLACEMENT, SEA BREEZE GAP LOAN, GP CONTRIBUTION, INFRASTRUCTURE. Rows include LOAN AMOUNT, INDEX - 18yr LIBOR, SPREAD, FLOOR SPREAD, TRUSTEE FEE, ISSUER FEE, ALL-IN RATE, AMORTIZATION, TERM, MONTHLY PAYMENT, ANNUAL PAYMENT, and FIRST PAYMENT DATE.

Table with 3 columns: CONSTRUCTION RATE SIZING, 50% TEST, and MAX LOAN. Rows include TAXABLE WEIGHTED AVG, TAX EXEMPT WEIGHTED AVG, BLENDED CONST RATE, PER RATE SIZING, and BLENDED PERM RATE.

SOURCES AND USES

Table with 3 columns: SOURCES, PER UNIT, % OF TOTAL. Rows include LIHTC EQUITY, PRIVATE PLACEMENT PERM LOAN, SEA BREEZE GAP LOAN, DEFERRED FEE/GP CONTRIBUTION, INFRASTRUCTURE, ACCRUED INTEREST ON SOFT DEBT, NOI DURING CONSTRUCTION, DEFERRED DEVELOPER FEE, GRAND TOTAL SOURCES, and various USES including ACQUISITION & CLOSING COSTS, CONSTRUCTION COSTS, PERMITS & FEES, ARCHITECTURE & ENGINEERING, TECHNICAL STUDIES, BORROWER LEGAL, OTHER SOFT COSTS, RESERVES, FINANCING COSTS, INTEREST DURING CONSTRUCTION, ACCRUED INTEREST ON SOFT DEBT, TAX EXEMPT BOND COSTS, TAX CREDIT COSTS, SOFT COST CONTINGENCY, DEVELOPER FEE, and TOTAL USES.

PROJECT SCHEDULE

MILESTONE	MONTH	INCOME/PIS		EXPENSES		EQUITY		DEVELOPER FEE	
		PERCENT		PERCENT		PERCENT	INCOME	PERCENT	INCOME
LIHTC APP	Jan-21	0%		0%			\$0		\$0
	Feb-21	0%		0%			\$0		\$0
	Mar-21	0%		0%			\$0		\$0
	Apr-21	0%		0%			\$0		\$0
	May-21	0%		0%			\$0		\$0
	Jun-21	0%		0%			\$0		\$0
	Jul-21	0%		0%			\$0		\$0
	Aug-21	0%		0%			\$0		\$0
	Sep-21	0%		0%			\$0		\$0
	Oct-21	0%		0%			\$0		\$0
LIHTC AWARD	Nov-21	0%		0%			\$0		\$0
	Dec-21	0%		0%			\$0		\$0
						TOTAL:	\$0	TOTAL:	\$0
CLOSING	Jan-22	0%		0%			\$0		\$0
	Feb-22	0%		0%			\$0		\$0
	Mar-22	0%		0%	10.0%	\$1,253,000		25.0%	\$362,500
	Apr-22	0%		0%			\$0		\$0
	May-22	0%		0%			\$0		\$0
50% COMP.	Jun-22	0%		0%			\$0		\$0
	Jul-22	0%		0%			\$0		\$0
	Aug-22	0%		0%			\$0		\$0
	Sep-22	0%		0%			\$0	5.0%	\$72,500
	Oct-22	0%		0%			\$0		\$0
	Nov-22	0%		0%			\$0		\$0
	Dec-22	0%		0%			\$0		\$0
						TOTAL:	\$1,253,000	TOTAL:	\$435,000
COMPLETION	Jan-23	0%		0%			\$0		\$0
	Feb-23	0%		0%			\$0		\$0
	Mar-23	0%		0%			\$0		\$0
	Apr-23	25%		75%			\$0	15.0%	\$217,500
	May-23	50%		100%			\$0		\$0
100% Q/O	Jun-23	75%		100%			\$0		\$0
	Jul-23	100%		100%			\$0		\$0
	Aug-23	100%		100%	5.0%	\$626,500		15.0%	\$217,500
	Sep-23	100%		100%			\$0		\$0
	Oct-23	100%		100%			\$0		\$0
	Nov-23	100%		100%			\$0		\$0
	Dec-23	100%		100%			\$0		\$0
						TOTAL:	\$626,500	TOTAL:	\$435,000
CONVERSION	Jan-24	100%		100%			\$0		\$0
	Feb-24	100%		100%	80.0%	\$10,024,000		40.0%	\$580,000
	Mar-24	100%		100%			\$0		\$0
	Apr-24	100%		100%			\$0		\$0
	May-24	100%		100%			\$0		\$0
8609s	Jun-24	100%		100%			\$0		\$0
	Jul-24	100%		100%	5.0%	\$626,500			\$0
	Aug-24	100%		100%			\$0		\$0
	Sep-24	100%		100%			\$0		\$0
	Oct-24	100%		100%			\$0		\$0
	Nov-24	100%		100%			\$0		\$0
	Dec-24	100%		100%			\$0		\$0
						TOTAL:	\$10,650,500	TOTAL:	\$580,000
						Grand Total	\$12,530,000		\$1,450,000
						Check	\$0		-\$1,539,871

DEVELOPER FEE PAYMENTS	
LIHTC APP	0.0%
LIHTC AWARD	0.0%
CLOSING	25.0%
50% COMP.	5.0%
COMPLETION	15.0%
100% Q/O	15.0%
CONVERSION	40.0%
8609s	0.0%
TOTAL	100.000%

TAX CREDIT EQUITY PAYMENTS	
LIHTC APP	0.0%
LIHTC AWARD	0.0%
CLOSING	10.0%
50% COMP.	0.0%
COMPLETION	0.0%
100% Q/O	5.0%
CONVERSION	80.0%
8609s	5.0%
TOTAL	100.0%

SCHEDULE SUMMARY	
LIHTC APP	Sep 2021
LIHTC AWARD	Dec 2021
CLOSING	Mar 2022
50% COMP.	Sep 2022
COMPLETION	Apr 2023
100% Q/O	Aug 2023
CONVERSION	Feb 2024
8609s	Jul 2024

Merge 56 Affordable
DEVELOPMENT COSTS

ACQUISITION & CLOSING COSTS

LAND
RESIDENTIAL BUILDINGS
ENTITLEMENT VALUE (ARCH & ENG.)
BROKER FEES
INFRASTRUCTURE / PARKING
TOTAL ACQUISITION & CLOSING COSTS

Unit Cost	Cost Driver	Total	Per Unit	% of Total
\$1	of Acq Price	\$1	\$0	0.0%
\$0	Fixed (calc)	\$0	\$0	0.0%
\$0	Fixed (calc)	\$0	\$0	0.0%
\$0	Fixed (calc)	\$0	\$0	0.0%
\$2,000,000	Total	\$2,000,000	\$42,553	6.8%
		\$2,000,001	\$42,553	6.8%

Sec. 42 Acquisition	Sec. 42 New Con/Rehab	Sec. 42 Ineligible
\$0	\$0	\$1
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$2,000,000	\$0
\$0	\$2,000,000	\$1

CONSTRUCTION COSTS

DIRECT COSTS - RESIDENTIAL
DIRECT COSTS - COMMERCIAL
GENERAL CONDITIONS
GL INSURANCE
CONTINGENCY
GC FEE
COMPLETION BOND
SUBTOTAL
COST INFLATION
TOTAL GMAX ALLOWANCES

\$11,000,000	total	\$11,000,000	\$234,043	37.6%
\$0	total	\$0	\$0	0.0%
\$950,000	total	\$950,000	\$20,213	3.2%
\$125,000	total	\$125,000	\$2,660	0.4%
\$500,000	total	\$500,000	\$10,638	1.7%
\$425,000	total	\$425,000	\$9,043	1.5%
\$100,000	total	\$100,000	\$2,128	0.3%
		\$13,100,000	\$278,723	44.8%
4.0%		\$524,000	\$11,149	1.8%
		\$13,624,000	\$289,872	46.6%

\$0	\$11,000,000	\$0
\$0	\$0	\$0
\$0	\$950,000	\$0
\$0	\$125,000	\$0
\$0	\$500,000	\$0
\$0	\$425,000	\$0
\$0	\$100,000	\$0
\$0	\$524,000	\$0
\$0		\$0

ALLOWANCES

COMMERCIAL TENANT IMPROVEMENTS
DEMOLITION
ENVIRONMENTAL REMEDIATION
EV CHARGING STATIONS
SECURITY
WATER SUBMETERS
COMPLETION BOND
SOLAR
OTHER
TOTAL ALLOWANCES

\$0	per com. nrsf	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%

\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0

OWNER CONTINGENCY

TOTAL CONSTRUCTION COSTS

5.00%	of hard costs	\$681,200	\$14,494	2.3%
		\$14,305,200	\$304,366	48.9%
		\$255.45		\$341.41

\$0	\$681,200	\$0
\$0	\$14,305,200	\$0

PERMITS & FEES

CITY PERMIT FEES
DIF/FBA FEES
RTICP
WATER SEWER FEES
SDCWA
SEWER CAPACITY
SCHOOL FEES
AFFORDABLE IN-LIEU
PUBLIC ART FEE
SDHC DENSITY BONUS APP
SDGE FEES
CONTINGENCY
RESERVED
TOTAL PERMITS & FEES

\$150,000	total	\$150,000	\$3,191	0.5%
\$4,290,066	Per Unit	\$4,290,066	\$91,278	14.7%
\$0	total	\$0	\$0	0.0%
\$96,666	total	\$96,666	\$2,057	0.3%
\$56,784	total	\$56,784	\$1,208	0.2%
\$130,834	total	\$130,834	\$2,784	0.4%
\$196,595	total	\$196,595	\$4,183	0.7%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$10,000	total	\$10,000	\$213	0.0%
\$357,821	total	\$357,821	\$7,613	1.2%
\$0	total	\$0	\$0	0.0%
		\$5,288,766	\$112,527	18.1%

\$0	\$150,000	\$0
\$0	\$4,290,066	\$0
\$0	\$0	\$0
\$0	\$96,666	\$0
\$0	\$56,784	\$0
\$0	\$130,834	\$0
\$0	\$196,595	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$10,000	\$0
\$0	\$357,821	\$0
\$0	\$0	\$0
\$0	\$5,288,766	\$0

ARCHITECTURE & ENGINEERING

A&E [A/MEP/Struct.]
A&E CONSTRUCTION ADMIN
INTERIOR DESIGN
CIVIL ENGINEERING
ALTA SURVEY
GEOTECHNICAL DESIGN & OBSERVATION
BUILDING ENVELOPE
UTILITY DESIGN
ACCESS CONSULTANT
SPECIAL INSPECTIONS
LEED/GREEN BUILDING CONSULTANT
ROOF TIE OFF (OSHA)
CODE CONSULTANT
A&E REIMBURSABLES
PERMIT EXPEDITE
TOTAL ARCHITECTURE & ENGINEERING

\$716,638	total	\$716,638	\$15,248	2.5%
\$200,000	total	\$200,000	\$4,255	0.7%
\$15,000	total	\$15,000	\$319	0.1%
\$100,000	total	\$100,000	\$2,128	0.3%
\$10,000	total	\$10,000	\$213	0.0%
\$25,000	total	\$25,000	\$532	0.1%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$75,000	total	\$75,000	\$1,596	0.3%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$15,000	total	\$15,000	\$319	0.1%
\$1,500	total	\$1,500	\$32	0.0%
		\$1,158,138	\$24,641	4.0%

\$0	\$716,638	\$0
\$0	\$200,000	\$0
\$0	\$15,000	\$0
\$0	\$100,000	\$0
\$0	\$10,000	\$0
\$0	\$25,000	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$75,000	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$15,000	\$0
\$0	\$1,500	\$0
\$0	\$1,158,138	\$0

TECHNICAL STUDIES

PHASE I
PHASE II
APPRAISAL
LAND VALUE APPRAISAL
MARKET STUDY
AUP REPORT
ARCHEOLOGICAL REPORT
RELOCATION STUDY
HISTORICAL REPORT
RESERVED
ACOUSTIC
ACM/LBP SURVEY
ERRCS ANALYSIS
TOTAL TECHNICAL STUDIES

\$3,500	total	\$3,500	\$74	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$4,800	total	\$4,800	\$102	0.0%
\$10,000	total	\$10,000	\$213	0.0%
\$7,500	total	\$7,500	\$160	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
\$0	total	\$0	\$0	0.0%
		\$25,800	\$549	0.1%

\$0	\$3,500	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$4,800
\$0	\$10,000	\$0
\$0	\$7,500	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$21,000	\$4,800

BORROWER LEGAL

BORROWER LEGAL (ORG)
BORROWER LEGAL (PSA)
BORROWER LEGAL (LAND USE)
BORROWER LEGAL (CONSTRUCTION LOAN)
BORROWER LEGAL (CONST. CONTRACT)
NON PROFIT LEGAL
BORROWER LEGAL

\$5,000	total	\$5,000	\$106	0.0%
\$10,000	total	\$10,000	\$213	0.0%
\$0	total	\$0	\$0	0.0%
\$65,000	total	\$65,000	\$1,383	0.2%
\$10,000	total	\$10,000	\$213	0.0%
\$10,000	total	\$10,000	\$213	0.0%
		\$100,000	\$2,128	0.34%

\$0	\$0	\$5,000
\$0	\$10,000	\$0
\$0	\$0	\$0
\$0	\$65,000	\$0
\$0	\$10,000	\$0
\$0	\$0	\$10,000
\$0	\$85,000	\$15,000

Merge 56 Affordable
DEVELOPMENT COSTS

	Unit Cost	Cost Driver	Total	Per Unit	% of Total	Sec. 42 Acquisition	Sec. 42 New Con/Rehab	Sec. 42 Ineligible
OTHER SOFT COSTS								
NON PROFIT ADMISSION FEE	\$5,000	total	\$5,000	\$106	0.0%	\$0	\$5,000	\$0
INSURANCE (BUILDER'S RISK)	\$75,000	total	\$75,000	\$1,596	0.3%	\$0	\$75,000	\$0
INSURANCE (GL)	\$25,000	total	\$25,000	\$532	0.1%	\$0	\$25,000	\$0
REAL ESTATE TAXES	\$25,000	total	\$25,000	\$532	0.1%	\$0	\$25,000	\$0
CONSTRUCTION PRE-CON	\$60,000	total	\$60,000	\$1,277	0.2%	\$0	\$60,000	\$0
CONSTRUCTION MANAGER [CONSTRUCTION P	\$125,000	total	\$125,000	\$2,660	0.4%	\$0	\$125,000	\$0
TITLE/ESCROW/RECORDING	\$40,000	total	\$40,000	\$851	0.1%	\$0	\$0	\$40,000
MARKETING & LEASE-UP	\$25,000	total	\$25,000	\$532	0.1%	\$0	\$0	\$25,000
JOB SITE SECURITY	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
UNIT & COMMON AREA FURNISHINGS	\$50,000	total	\$50,000	\$1,064	0.2%	\$0	\$50,000	\$0
SCAFFOLDING ACCESS AGREEMENT	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PROPERTY MAINTENANCE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
TOTAL OTHER SOFT COSTS			\$430,000	\$9,149	1.47%	\$0	\$365,000	\$65,000
RESERVES								
REPLACEMENT RESERVE - INITIAL DEPOSIT	\$0	Per Unit	\$0	\$0	0.0%	\$0	\$0	\$0
OPERATING RESERVE	3.00	mos. OPEX+DS	\$370,000	\$7,872	1.3%	\$0	\$0	\$370,000
NEGATIVE ARBITRAGE RESERVE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
TOTAL RESERVES			\$370,000	\$7,872	1.3%	\$0	\$0	\$370,000
FINANCING COSTS								
CONSTRUCTION LOAN ORIGATION FEE	1.00%	of Cost. Loan	\$140,000	\$2,979	0.5%	\$0	\$140,000	\$0
CONSTRUCTION LENDER LEGAL	\$65,000	total	\$65,000	\$1,383	0.2%	\$0	\$65,000	\$0
CONSTRUCTION LENDER INSPECTION FEES	\$18,000	total	\$18,000	\$383	0.1%	\$0	\$18,000	\$0
CONSTRUCTION LENDER TECHNICAL STUDIES	\$25,000	total	\$25,000	\$532	0.1%	\$0	\$25,000	\$0
PERMANENT LOAN CONVERSION FEE	\$10,000	total	\$10,000	\$213	0.0%	\$0	\$0	\$10,000
PERMANENT LENDER CLOSING COSTS	\$7,500	total	\$7,500	\$160	0.0%	\$0	\$0	\$7,500
MORTGAGE BROKER FEE (CONSTRUCTION)	0.00%	of Cost. Loan	\$0	\$0	0.0%	\$0	\$0	\$0
MORTGAGE BROKER FEE (PERM)	0.00%	of Perm Loan	\$0	\$0	0.0%	\$0	\$0	\$0
PREDEVELOPMENT LOAN FEE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PREDEVELOPMENT LENDER LEGAL	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PREDEVELOPMENT LOAN INTEREST	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PREDEVELOPMENT ADMIN FEE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PREDEVELOPMENT APP FEE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
FINANCING CONTINGENCY	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
TOTAL FINANCING COSTS			\$265,500	\$5,649	0.9%	\$0	\$248,000	\$17,500
INTEREST DURING CONSTRUCTION	\$902,886	Calc	\$902,886	\$19,210	3.1%	\$0	\$376,108	\$526,778
ACCRUED INTEREST ON SOFT DEBT	\$245,746	Calc	\$245,746	\$5,229	0.8%	\$0	\$147,691	\$98,056
TAX EXEMPT BOND COSTS								
CDLAC FEE	0.0350%	of Bond Amt	\$4,900	\$104	0.0%	\$0	\$0	\$4,900
CDLIC FEE	0.0250%	of Bond Amt	\$3,500	\$74	0.0%	\$0	\$0	\$3,500
ISSUER APPLICATION FEE (SDHC)	\$3,000	total	\$3,000	\$64	0.0%	\$0	\$0	\$3,000
UP-FRONT ISSUER FEE (SDHC)	0.2500%	of Bond Amt	\$35,000	\$745	0.1%	\$0	\$0	\$35,000
TRUSTEE FEE	\$2,500	total	\$2,500	\$53	0.0%	\$0	\$0	\$2,500
BOND COUNSEL	\$39,000	total	\$39,000	\$830	0.1%	\$0	\$0	\$39,000
FINANCIAL ADVISOR	\$39,000	total	\$39,000	\$830	0.1%	\$0	\$0	\$39,000
RATING AGENCY	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
BOND CLEARANCE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
AGENCY LEGAL	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
BOND UNDERWRITER	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
UNDERWRITER'S COUNSEL	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
PLACEMENT FEE	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
TOTAL TAX EXEMPT BOND COSTS			\$126,900	\$2,700	0.4%	\$0	\$0	\$126,900
TAX CREDIT COSTS								
TAX CREDIT RESERVATION FEE (ESTIMATE)	\$14,000	total	\$14,000	\$298	0.0%	\$0	\$0	\$14,000
TAX CREDIT APPLICATION FEE	\$2,000	total	\$2,000	\$43	0.0%	\$0	\$0	\$2,000
COMPLIANCE MONITORING FEE	\$410	per unit	\$19,270	\$410	0.1%	\$0	\$0	\$19,270
AUDIT & TAX RETURN	\$15,000	total	\$15,000	\$319	0.1%	\$0	\$0	\$15,000
COST CERTIFICATION	\$10,000	total	\$10,000	\$213	0.0%	\$0	\$0	\$10,000
SYNDICATION FEES	\$50,000	total	\$50,000	\$1,064	0.2%	\$0	\$0	\$50,000
OTHER (SPECIFY)	\$0	total	\$0	\$0	0.0%	\$0	\$0	\$0
TOTAL TAX CREDIT COSTS			\$110,270	\$2,346	0.4%	\$0	\$0	\$110,270
SOFT COST CONTINGENCY	7.50%	Rounded	\$280,000	\$5,957	1.0%	\$0	\$280,000	\$0
DEVELOPER FEE								
DEVELOPER FEE ON ACQUISITION	0.00%	of Elig. Acq. Cost	\$0	\$0	0.0%	\$0	\$0	\$0
DEVELOPER FEE ON REHAB/NEW CONST.	15.00%	of Elig. Rehab	\$3,639,871	\$77,444	12.4%	\$0	\$2,500,000	\$1,139,871
TOTAL DEVELOPER FEE			\$3,639,871	\$77,444	12.4%	\$0	\$2,500,000	\$1,139,871
GRAND TOTAL DEVELOPMENT COSTS			\$29,249,078	\$622,321	100%	\$0	\$26,774,903	\$2,474,175

Mississippi ECB
ANNUAL CASH FLOW

	PARTIAL		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	2021	2022															
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
INCOME:																	
GROSS POTENTIAL INCOME	\$811,212	\$835,548	\$860,615	\$886,433	\$913,026	\$940,417	\$968,630	\$997,688	\$1,027,619	\$1,058,448	\$1,090,201	\$1,122,907	\$1,156,594	\$1,191,292	\$1,227,031	\$1,263,842	\$1,301,757
TOTAL VACANCIES/CONCESSIONS (RESID.)	(\$40,936)	(\$41,777)	(\$43,031)	(\$44,322)	(\$45,651)	(\$47,021)	(\$48,431)	(\$49,884)	(\$51,381)	(\$52,922)	(\$54,510)	(\$56,145)	(\$57,830)	(\$59,565)	(\$61,352)	(\$63,192)	(\$65,088)
TOTAL OTHER INCOME	\$21,250	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	\$11,014	\$11,344	\$11,685	\$12,035
COMMERCIAL INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VACANCY/RENT ADJUSTMENTS (COMMERCIAL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE GROSS INCOME (BUILDING)	\$791,526	\$801,496	\$825,541	\$850,307	\$875,816	\$902,091	\$929,153	\$957,028	\$985,739	\$1,015,311	\$1,045,770	\$1,077,144	\$1,109,458	\$1,142,742	\$1,177,024	\$1,212,335	\$1,248,705
EXPENSES:																	
PROFESSIONAL MANAGEMENT	\$31,020	\$31,951	\$32,909	\$33,896	\$34,913	\$35,961	\$37,040	\$38,151	\$39,295	\$40,474	\$41,688	\$42,939	\$44,227	\$45,554	\$46,921	\$48,328	\$49,778
TOTAL ADMINSTRATIVE	\$35,500	\$36,565	\$37,662	\$38,792	\$39,956	\$41,154	\$42,389	\$43,661	\$44,970	\$46,319	\$47,709	\$49,140	\$50,615	\$52,133	\$53,697	\$55,308	\$56,967
TOTAL PAYROLL AND BENEFITS	\$123,578	\$127,285	\$131,104	\$135,037	\$139,088	\$143,261	\$147,559	\$151,985	\$156,545	\$161,241	\$166,078	\$171,061	\$176,193	\$181,478	\$186,923	\$192,530	\$198,306
TOTAL UTILITIES	\$92,300	\$95,069	\$97,921	\$100,859	\$103,884	\$107,001	\$110,211	\$113,517	\$116,923	\$120,431	\$124,043	\$127,765	\$131,598	\$135,546	\$139,612	\$143,800	\$148,114
TOTAL OPERATING AND MAINTENANCE	\$33,475	\$34,479	\$35,514	\$36,579	\$37,676	\$38,807	\$39,971	\$41,170	\$42,405	\$43,677	\$44,988	\$46,337	\$47,727	\$49,159	\$50,634	\$52,153	\$53,718
TOTAL TAXES AND INSURANCE	\$23,950	\$24,669	\$25,409	\$26,171	\$26,956	\$27,765	\$28,598	\$29,455	\$30,339	\$31,249	\$32,187	\$33,152	\$34,147	\$35,171	\$36,227	\$37,313	\$38,433
REPLACEMENT RESERVES	\$16,450	\$16,944	\$17,452	\$17,975	\$18,515	\$19,070	\$19,642	\$20,231	\$20,838	\$21,464	\$22,107	\$22,771	\$23,454	\$24,157	\$24,882	\$25,629	\$26,397
OTHER (TAX CREDIT MONITORING)	\$7,050	\$7,262	\$7,479	\$7,704	\$7,935	\$8,173	\$8,418	\$8,671	\$8,931	\$9,199	\$9,475	\$9,759	\$10,052	\$10,353	\$10,664	\$10,984	\$11,313
TOTAL EXPENSES	\$363,323	\$374,223	\$385,449	\$397,013	\$408,923	\$421,191	\$433,827	\$446,841	\$460,247	\$474,054	\$488,276	\$502,924	\$518,012	\$533,552	\$549,559	\$566,045	\$583,027
NET OPERATING INCOME	\$428,203	\$427,273	\$440,091	\$453,294	\$466,893	\$480,900	\$495,327	\$510,187	\$525,492	\$541,257	\$557,495	\$574,220	\$591,446	\$609,189	\$627,465	\$646,289	\$665,678
TOTAL HARD DEBT SERVICE	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854	\$371,854
DSCR	1.15	1.15	1.18	1.22	1.26	1.29	1.33	1.37	1.41	1.46	1.50	1.54	1.59	1.64	1.69	1.74	1.79
NET PARTNERSHIP CASH FLOW	\$0	\$0	\$68,238	\$81,440	\$95,039	\$109,046	\$123,473	\$138,333	\$153,638	\$169,403	\$185,641	\$202,366	\$219,592	\$237,336	\$255,611	\$274,435	\$293,824

Mississippi ECB
ANNUAL CASH FLOW

	PARTIAL		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
NET OPERATING INCOME	\$428,203	\$427,273	\$440,091	\$453,294	\$466,893	\$480,900	\$495,327	\$510,187	\$525,492	\$541,257	\$557,495	\$574,220	\$591,446	\$609,189	\$627,465	\$646,289	\$665,678
CASH FLOW WATERFALL																	
1 ASSET MANAGEMENT FEE TO LP	3.00% growth rate																
BEGINNING BALANCE	\$0	\$7,500	\$15,225	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ASSET MANAGEMENT FEE	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	\$11,014	\$11,344	\$11,685	\$12,035
PAYMENTS	\$0	\$0	\$23,182	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	\$11,014	\$11,344	\$11,685	\$12,035
ENDING BALANCE	\$7,500	\$15,225	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Balance After LP AM Fee	\$0	\$0	\$45,056	\$73,245	\$86,598	\$100,351	\$114,518	\$129,109	\$144,138	\$159,617	\$175,561	\$191,984	\$208,899	\$226,322	\$244,267	\$262,750	\$281,789
2 PARTNERSHIP MANAGEMENT FEE TO MGP	3.00% growth rate																
BEGINNING BALANCE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INTEREST ON BALANCE			\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048	\$13,439	\$13,842	\$14,258	\$14,685	\$15,126
PAYMENTS			\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048	\$13,439	\$13,842	\$14,258	\$14,685	\$15,126
ENDING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Balance After MGP Fee	\$0	\$0	\$35,056	\$62,945	\$75,989	\$89,424	\$103,262	\$117,516	\$132,197	\$147,319	\$162,894	\$178,936	\$195,460	\$212,479	\$230,009	\$248,065	\$266,663
3 PARTNERSHIP MANAGEMENT FEE TO AGP	3.00% growth rate																
BEGINNING BALANCE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INTEREST ON BALANCE			\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572	\$20,159	\$20,764	\$21,386	\$22,028	\$22,689
PAYMENTS			\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572	\$20,159	\$20,764	\$21,386	\$22,028	\$22,689
ENDING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Balance After AGP Fee	\$0	\$0	\$20,056	\$47,495	\$60,075	\$73,033	\$86,380	\$100,127	\$114,286	\$128,870	\$143,892	\$159,365	\$175,301	\$191,716	\$208,623	\$226,037	\$243,974
4 DEFERRED DEVELOPER FEE TO GP																	
BEGINNING BALANCE	\$0	\$0	\$650,000	\$629,944	\$582,449	\$522,374	\$449,341	\$362,961	\$262,834	\$148,548	\$19,677	\$0	\$0	\$0	\$0	\$0	\$0
BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PAYMENTS	\$0	\$0	\$20,056	\$47,495	\$60,075	\$73,033	\$86,380	\$100,127	\$114,286	\$128,870	\$19,677	\$0	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE	\$0	\$0	\$629,944	\$582,449	\$522,374	\$449,341	\$362,961	\$262,834	\$148,548	\$19,677	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Balance After Deferred Dev. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$124,215	\$159,365	\$175,301	\$191,716	\$208,623	\$226,037	\$243,974
5 SEABREEZE LOAN	50.00% of Net Cash Flow																
BEGINNING PRINCIPAL BALANCE	\$5,393,461	\$5,501,330	\$5,611,356	\$5,723,584	\$5,838,055	\$5,954,816	\$6,073,913	\$6,195,391	\$6,319,299	\$6,445,685	\$6,574,598	\$6,643,983	\$6,697,180	\$6,743,473	\$6,782,485	\$6,813,823	\$6,837,081
CURRENT INTEREST	\$107,869	\$110,027	\$112,227	\$114,472	\$116,761	\$119,096	\$121,478	\$123,908	\$126,386	\$128,914	\$131,492	\$132,880	\$133,944	\$134,869	\$135,650	\$136,276	\$136,742
PAYMENT APPLIED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,107	\$79,682	\$87,651	\$95,858	\$104,311	\$113,019	\$121,987
NET ACCRUAL/PAYDOWN	\$107,869	\$110,027	\$112,227	\$114,472	\$116,761	\$119,096	\$121,478	\$123,908	\$126,386	\$128,914	\$69,385	\$53,197	\$46,293	\$39,012	\$31,338	\$23,258	\$14,755
BALANCE OF INTEREST ACCRUED	\$107,869	\$217,896	\$330,123	\$444,595	\$561,356	\$680,452	\$801,930	\$925,838	\$1,052,224	\$1,181,138	\$1,250,522	\$1,303,720	\$1,350,013	\$1,389,024	\$1,420,363	\$1,443,621	\$1,458,375
APPLIED TO PRINCIPAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE (PRINCIPAL AND INTEREST)	\$5,501,330	\$5,611,356	\$5,723,584	\$5,838,055	\$5,954,816	\$6,073,913	\$6,195,391	\$6,319,299	\$6,445,685	\$6,574,598	\$6,643,983	\$6,697,180	\$6,743,473	\$6,782,485	\$6,813,823	\$6,837,081	\$6,851,836
Remaining Balance After Conduit Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,107	\$79,682	\$87,651	\$95,858	\$104,311	\$113,019	\$121,987
6 90% Incentive Management Fee to GP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55,897	\$71,714	\$78,886	\$86,272	\$93,880	\$101,717	\$109,788
Remaining Balance After Incentive Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,211	\$7,968	\$8,765	\$9,586	\$10,431	\$11,302	\$12,199
7 RESIDUAL BALANCE																	
99.99% to LP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,210	\$7,967	\$8,764	\$9,585	\$10,430	\$11,301	\$12,197
0.001% to SLP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.009% to GP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$1	\$1	\$1	\$1

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 and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

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

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

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the San Diego Housing Commission (Housing Commission) 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, or the 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. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- 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 Commission 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.