



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: June 6, 2018

HCR18-052

SUBJECT: Final Bond Authorization for Parkside Apartments

COUNCIL DISTRICT: 4

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: J.P. Correia (619)578-7575

#### REQUESTED ACTION:

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$5,500,000 in tax-exempt Multifamily Housing Revenue Bonds, to facilitate Parkside SD Apartments L.P.'s acquisition and rehabilitation of Parkside Apartments, a 40-unit multifamily rental housing development, located at 4035 Park Haven Court, San Diego, 92113, which will include 39 rental units that will remain affordable for 55 years.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- This is a request to approve steps to finalize the bonds issuance financing for the acquisition and rehabilitation of Parkside Apartments, a 40 unit affordable development in the Mountain View neighborhood.
- Staff requests the Housing Commission Board recommend to the Housing Authority approval of:
  - Authorize the issuance of up to \$5,500,000 of Multifamily Housing Revenue Bonds.
- Pursuant to a 2001 Housing Commission loan, the development is currently restricted for 39 units at 50 percent to 60 percent AMI until 2058.
- The proposed financing structure will restrict 39 units at 50 percent to 60 percent AMI for a 55-year term (until 2074). This will be an additional 16 years of affordability for 39 units.
- The development was built in 1987 and consists of 5 one-bedroom units, 29 two-bedroom units, five three-bedroom units, and 1 manager's unit.
- The developer is the experienced non-profit National Community Renaissance of California.
- It is proposed that the borrower, Parkside SD Apartments L.P., will assume the existing Housing Commission loan, which is estimated at approximately \$1,942,000. Prior to escrow closing there will be an evaluation of the current owner/seller's proceeds from the proposed sale. It is possible that a small portion of the existing Housing Commission loan may be repaid by the current owner. In no event shall the seller receive any sales proceeds prior to the Housing Commission receiving a loan payoff. No additional new cash loan funds are proposed.
- The total development cost is \$10,668,798, which is \$266,720 per unit.
- If approved by all parties, the development could commence rehabilitation in July 2018 and complete rehabilitation by approximately December 2018.



## REPORT

**DATE ISSUED:** June 7, 2018

**REPORT NO:** HCR18-052

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of June 15, 2018

**SUBJECT:** Final Bond Authorization for Parkside Apartments

**COUNCIL DISTRICT:** 4

### **REQUESTED ACTION**

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Parkside Apartments, a 40-unit multifamily affordable rental housing development located at 4035 Park Haven Court, San Diego, CA 92113, which will remain affordable for 55 years.

### **STAFF RECOMMENDATIONS**

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$5,500,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate single asset buyer Parkside SD Apartments, L.P.'s acquisition and rehabilitation of Parkside Apartments (Parkside), a 40-unit multifamily rental housing development, located at 4035 Park Haven Court, San Diego, in the Southeastern San Diego Mountain View neighborhood, which will remain affordable for 55 years.

### **SUMMARY**

A Development Summary is at Attachment 1.

**Table 1 –Development Details**

Address	4035 Park Haven Court, San Diego, CA 92113
Council District	4
Community Plan Area	Southeastern San Diego, Mountain View Neighborhood
Development Type	Acquisition with rehabilitation
Construction Type	Type V (concrete slab on grade)
Structure	Wood framed, stucco/wood siding, concrete slab on grade foundation
Parking Type	57 surface parking spaces
Housing Type	Multifamily residential housing
Lot Size	1.67 acres (72,745 square feet)
Density	23.95 dwelling units per acre (40 units ÷ 1.67 acres)
Units	40 units, including one manager's unit
Unit Mix	5 one-bedroom units, 30 two-bedroom units and 5 three-bedroom units
Gross Building Area	31,940 square feet
Net Rentable Area	30,720 square feet

### Developer's Proposal

In 2001, the Housing Commission made a \$1,418,838 residual receipts loan to Bolt Housing Partners, L.P. National Community Renaissance of California [National CORE] as managing general partner) for acquisition and rehabilitation of Parkside. That loan's rate was at three percent simple interest, with a 55-year term and annual payments amounting to the greater of \$8,865 or 50 percent of residual receipts. There have been annual payments but the project's cash flow has not resulted in sufficient residual receipts to pay down the loan. It is estimated that approximately \$1,942,000 principal and interest may be owed on the existing Housing Commission loan as of escrow closing. However, a small portion of the outstanding loan may be repaid, by the current owner, upon close of the proposed financing, from proceeds of the property's sale to the new partnership. Prior to recording a new bond regulatory agreement against the property, the Housing Commission staff will evaluate the outstanding loan balance and assumption amount to be paid to the new buyer. In no event shall the seller receive any sales proceeds prior to Housing Commission loan payoff.

The development has completed the required 15-year tax credit period, and the developer, National CORE, desires to re-syndicate the property's financing with new tax credits and new tax-exempt bonds.

### The Development

Constructed in 1987, Parkside is an existing 40-unit family rental housing development located at 4035 Park Haven Court in the Mountain View neighborhood of Southeastern San Diego Community Plan Area (Attachment 2 – Site Maps). The development consists of five two-story walk-up buildings. There is also a one-story building with a manager's office, a community room, and a computer room. The site has a playground, a picnic area, and surface parking. Parkside includes five one-bedroom units, 29 two-bedroom units and five three-bedroom units.

### Building Condition/Proposed Rehabilitation Work

Parkside is currently in fair condition but requires rehabilitation to address immediate and long-term capital needs. National CORE is requesting the issuance of up to \$5,500,000 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 health and safety issues, Americans with Disabilities Act (ADA) improvements, deferred maintenance, and energy efficiency. The proposed rehabilitation includes: exterior painting, re-roofing, replacing windows, replacing flooring, replacing countertops and cabinetry, new refrigerators, new ranges and range hoods, new dishwashers, parking lot maintenance, site fencing, upgrading building systems, and playground improvements. On March 14, 2018, a Property Condition Report (PCR) was completed by Partner Engineering and Science, Inc. The PCR summary of the proposed rehabilitation costs is at Attachment 3.

### Relocation

National CORE does not anticipate any permanent relocation of tenants. For most units, the rehabilitation work will be performed from 8:00 a.m. to 5:00 p.m. to avoid relocation. However, there will be up to 20 days temporary relocation for four accessible units. The development's pro forma budgets \$40,000 for relocation.

### Sustainability Features

Parkside will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards for rehabilitation projects.

#### Development Team

National CORE is a large nonprofit affordable housing developer with a 20-year history in real estate development, property management, and social services. National CORE has developments in four states with a portfolio composed of 77 assets totaling 8,384 units.

#### Property Management

Parkside is currently managed and will be continue to be managed by National CORE, which has more than 20 years' experience and currently manages all of their rental communities.

**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	National Community Renaissance of California
Proposed Owner/Borrower	Parkside SD Apartments, L.P.
General Partner	Parkside GP, LLC
Tax Credit Investor Partner	WNC & Associates Inc.
Architect	Onyx Architects, Pasadena
General Contractor	Katerra General Contracting, Scottsdale
Property Management	National Community Renaissance of California
Construction and Permanent Lender	Pacific Western Bank

#### **STATEMENT FOR PUBLIC DISCLOSURE**

The developer's Statement for Public Disclosure is at Attachment 4.

#### **FINANCING STRUCTURE**

The estimated total development cost plus sources and uses of funds are detailed in the pro forma attached to this report (Attachment 5) and summarized in Table 3 below.

**Table 3 – Estimated Permanent Sources and Uses**

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Permanent loan (multifamily housing mortgage revenue bonds)	\$2,658,000	Acquisition	\$5,200,000	\$130,000
Seller New Loan	2,460,000	Hard costs (including direct costs, indirect costs, bonding, insurance, & contingency)	3,106,636	77,666
Housing Commission Loan	1,942,220	Financing Costs	603,817	15,095
Capitalized Interest (Constr & Perm)	239,178	Other Soft Costs	406,179	10,155
4% Tax Credits	3,366,612	Reserves	120,000	3,000
Deferred Developer Fee	2,788	Developer Fee	1,232,166	30,804
<b>Total Development Cost</b>	<b>\$10,668,798</b>	<b>Total Development Cost</b>	<b>\$10,668,798</b>	<b>\$266,720</b>

#### Developer Fee

\$ 1,232,166 - gross developer fee  
- 2,788 - minus deferred developer's fee  
\$ 1,229,378 - net cash developer fee

The developer fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

#### Development Cost Key Performance Indicators

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

**Table 4 - Key Performance Indicators**

Development Cost Per Unit	$\$10,668,798 \div 40 \text{ units} =$	\$266,720
Housing Commission Subsidy Per Unit	$1,942,220 \div 40 \text{ units} =$	\$48,556
Acquisition Cost Per Unit	$\$5,200,000 \div 40 \text{ units} =$	\$130,000
Gross Building Square Foot Hard Cost	$\$3,106,636 \div 31,940 \text{ sq. ft.} =$	\$97
Net Rentable Square Foot Hard Cost	$\$3,106,636 \div 30,720 \text{ sq. ft.} =$	\$101

#### Prevailing Wages

Prevailing wages are not applicable to the proposed rehabilitation because no new federal or state funds will be used.

#### Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

**Table 5 - Comparable Development Projects**

Project Name	Year	Construction Type	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>Parkside</b>	<b>2018</b>	<b>V</b>	<b>40</b>	<b>No</b>	<b>\$10,668,798</b>	<b>\$266,720</b>	<b>\$48,556</b>	<b>\$97</b>
Casa Puleta	2017	V	54	No	\$10,797,804	\$199,959	\$0	\$28
Hollywood Palms	2017	V	94	No	\$31,680,721	\$337,029	\$0	\$90
Mayberry	2015	V	70	No	\$16,286,796	\$232,669	\$13,004	\$40

### **TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**

#### Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 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. A Housing Authority bond inducement resolution must be obtained prior to application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution must be secured no later than 30 days after application submittal. These actions were completed for Parkside on December 11, 2017. These actions do not obligate the Housing Authority to issue bonds.

On May 16, 2018, the CTCAC approved a \$3,013,771 allocation of 4 percent tax credits, and the CDLAC approved up to a \$5,500,000 allocation of tax-exempt Multifamily Housing Revenue Bonds. The

developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates prevailing at the time of bond issuance. The developer proposes that the bonds will be used for acquisition, rehabilitation, and permanent financing. A general description of the Multifamily Housing 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 6.

#### 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 Pacific Western Bank (Pacific). Pacific is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Pacific 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, an Official Statement will not be used. In addition, the Bonds/note will be neither subject to continuing disclosure requirements nor credit enhanced nor rated. Under the private placement structure for this transaction, Pacific will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Pacific, the Housing Authority, and a to be selected Fiscal Agent. The loan made by Pacific to the Housing Authority (Funding Loan) will be evidenced by the Bonds/note, which will obligate the Housing Authority to pay Pacific 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 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 will 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 Bonds/note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Pacific will disburse the Bonds/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 Pacific. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. 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 Pacific, is signed by the Housing Authority for the benefit of Pacific. Rights and responsibilities that are assigned to Pacific include the right to collect and

enforce the collection of loan payments, monitor project rehabilitation and related budgets, and enforce insurance and other requirements. These rights will be used by Pacific to protect its financial interests as the holder of the Bonds/note.

#### Indemnification

National Community Renaissance of California, and/or one or more related individuals or entities, as “Guarantor,” shall execute a Guarantor Indemnification whereby it agrees to indemnify, hold harmless and defend the Governmental Lender (Housing Authority) and each of its officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind, or character to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to the issuance of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds/note for Parkside.

#### Financial Advisor’s Recommendation

Orrick Herrington & Sutcliffe LLP will be the bond counsel and CSG Advisors will be the bond financial advisor to work on the tax-exempt bonds issuance. 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 bonds issuance. The financial advisor’s analysis and recommendation is included at Attachment 7.

#### Government Code Section 5852.1

Effective January 1, 2018, a new State Government Code Section 5852.1 requires that the borrower provide certain representations and good faith estimates to the Housing Authority as a conduit issuer. That Government Code Section 5852.1 disclosure form is attached as Attachment 8.

#### Development Schedule

The estimated development timeline is as follows:

<b>Milestones</b>	<b>Estimated Dates</b>
• Housing Authority proposed final bond authorization	• June 26, 2018
• Estimated close of escrow and bond issuance	• July 2, 2018
• Estimated start of construction	• July 2018
• Estimated completion of construction	• December 2018

#### **AFFORDABLE HOUSING IMPACT**

The Housing Commission’s existing loan has affordability restrictions (on 21 units at 50 percent AMI and 18 units at 60 percent AMI) which expire in the year 2058. The development will be subject to applicable tax credit and bond regulatory agreements that will restrict affordability of 39 units for 55 years (estimated expiration in the year 2074 – a proposed additional 16 years of affordability on 39 units). The development’s 39 units will be affordable to tenants with income levels ranging from 50 percent to 60 percent of San Diego’s Area Median Income (AMI). There is also one unrestricted manager’s unit.

**Table 6 Affordability and Monthly Estimated Rent Table**

Unit Type (SDHC & TCAC restricted)	AMI	Number of Units	Gross Rents
One Bedroom	50%	3	\$913
One Bedroom	60%	2	\$1,095
Two Bedroom	50%	15	\$1,095
Two Bedroom	60%	14	\$1,314
Three Bedroom	50%	3	\$1,265
Three Bedroom	60%	2	\$1,518
Two Bedroom (manager's unit)	-	1	-
<b>Total</b>		<b>40</b>	

### **FISCAL CONSIDERATIONS**

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

Funding sources approved by this action will be as follows:

Bond Issuance Fees – estimated \$13,750

Funding uses approved by this action will be as follows:

Administrative Costs – estimated up to \$13,750

The developer is responsible for the payment of all costs under the financing, including the Housing Commission's .0025 bond amount issuer fee (estimated at \$13,750 with a \$5,500,000 bond issue) and the Housing Commission's ongoing annual bonds administrative fee (estimated as \$10,000 at permanent financing conversion). There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bonds actions. Approval of the bond inducement and TEFRA resolutions do not commit the Housing Authority to issue bonds. The bonds will not constitute a debt of the City of San Diego. 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. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds.

### **PREVIOUS COUNCIL and/or COMMITTEE ACTION**

On December 11, 2017, the Housing Authority adopted Resolution HA-1774, which approved taking initial steps to issue tax-exempt Multifamily Housing Revenue Bonds of up to \$5,500,000 to facilitate the acquisition and rehabilitation of Parkside.

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

On May 18, 2018, the developer presented the proposed development, as an informational item, to the Southeastern San Diego Community Planning Group. As requested by community members, the developer will work to increase the number of parking spaces and make landscaping improvements.



**KEY STAKEHOLDERS & PROJECTED IMPACTS**

Stakeholders include: the developer National CORE, the Housing Authority as the bond issuer, and the Mountain View community. The project is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood and extend the affordability of 39 rental apartments for low-income individuals and families.

**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 Parkside consists of existing facilities 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 proposed action.

Respectfully submitted,

*J. P. Correia*

J.P. Correia  
Senior Real Estate Project 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 Maps
  3. Rehabilitation Summary
  4. Developer's Disclosure Statement
  5. Developer's Proforma
  6. Multifamily Bond Program Summary
  7. Financial Advisor's Recommendation
  8. Government Code Section 5852.1 Disclosure

Hard copies are available for review during business hours at the security information desk in the main lobby and 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	4035 Park Haven Court, San Diego, CA 92113
Council District	4
Community Plan Area	Southeastern San Diego, Mountain View Neighborhood
Development Type	Acquisition with rehabilitation
Construction Type	Type V (concrete slab on grade)
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**Table 2 - Development Team Summary**

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Developer	National Community Renaissance of California
Proposed Owner/Borrower	Parkside SD Apartments, L.P.
General Partner	Parkside GP, LLC
Tax Credit Investor Partner	WNC & Associates Inc.
Architect	Onyx Architects, Pasadena
General Contractor	Katerra General Contracting, Scottsdale
Property Management	National Community Renaissance of California
Construction and Permanent Lender	Pacific Western Bank

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

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Permanent loan (multifamily housing mortgage revenue bonds)	\$2,658,000	Acquisition	\$5,200,000	\$130,000
Seller New Loan	2,460,000	Hard costs (including direct costs, indirect costs, bonding, insurance, & contingency)	3,106,636	77,666
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Capitalized Interest (Constr & Perm)	239,178	Other Soft Costs	406,179	10,155
4% Tax Credits	3,366,612	Reserves	120,000	3,000
Deferred Developer Fee	2,788	Developer Fee	1,232,166	30,804
<b>Total Development Cost</b>	<b>\$10,668,798</b>	<b>Total Development Cost</b>	<b>\$10,668,798</b>	<b>\$266,720</b>

**Table 4 – Revised Key Performance Indicators**

Development Cost Per Unit	$\$10,668,798 \div 40 \text{ units} =$	\$266,720
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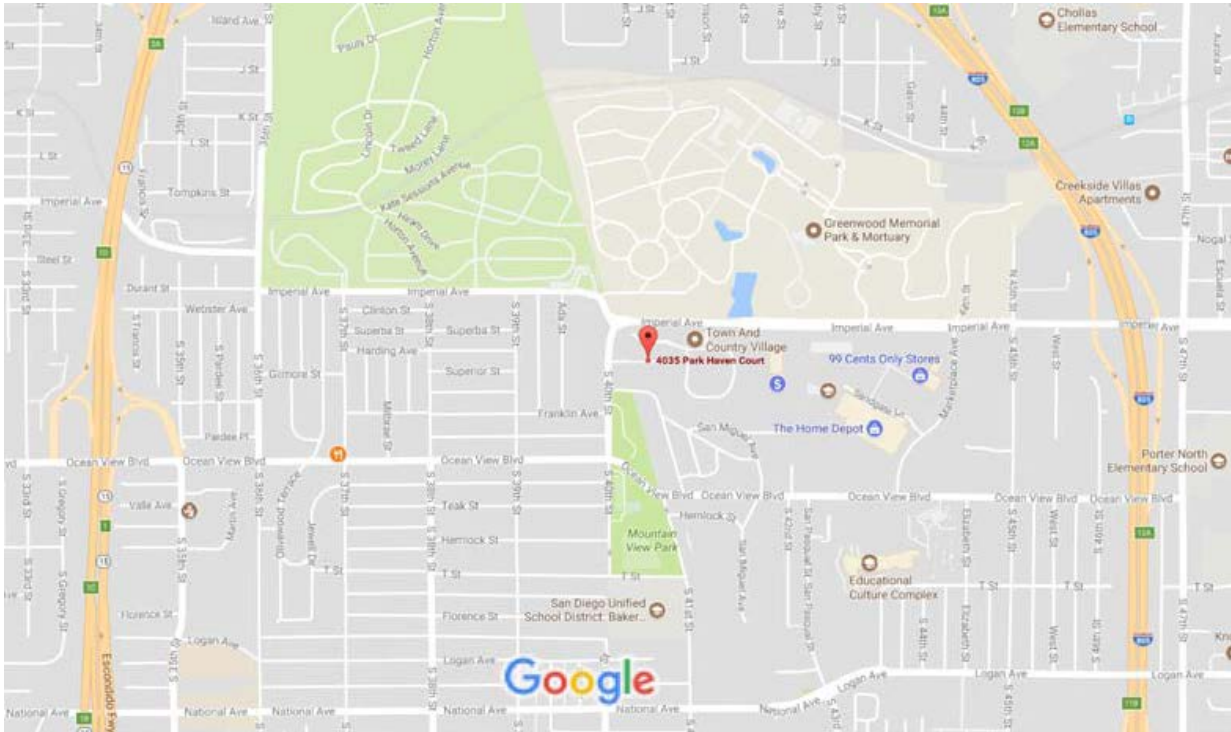
**Table 5 – Revised Comparable Rehabilitation Projects with Tax-Exempt Bonds**

Project Name	Year	Construction Type	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>Parkside</b>	<b>2018</b>	<b>V</b>	<b>40</b>	<b>No</b>	<b>\$10,668,798</b>	<b>\$266,720</b>	<b>\$48,556</b>	<b>\$97</b>
Casa Puleta	2017	V	54	No	\$10,797,804	\$199,959	\$0	\$28
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**Table 6 Affordability and Monthly Estimated Rent Table**

Unit Type (SDHC & TCAC restricted)	AMI	Number of Units	Gross Rents
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One Bedroom	60%	2	\$1,095
Two Bedroom	50%	15	\$1,095
Two Bedroom	60%	14	\$1314
Three Bedroom	50%	3	\$1,265
Three Bedroom	60%	2	\$1,518
Two Bedroom (manager's unit)	-	1	-
<b>Total</b>		<b>40</b>	

## Attachment 2



# ATTACHMENT 3 – REHABILITATION SUMMARY

Parkside Apartments  
4035 Park Haven Court  
San Diego, CA



4/24/2018

Units 40  
1bed/1bath 5  
2bed/1bath 30  
3bed/1bath 5  
Beds 80  
Baths 40  
Buildings 11  
Non Prevailing Wages

Area Of Work	Description	Quantity	Unit Cost	Extended Cost	Clarifications
<b>Division 2</b>					
<b>Demolition</b>	Demo - Unit Interiors	36	\$ 350.00	\$ 12,600.00	
<b>Demolition</b>	Demo - UFAS Unit Interiors	4	\$ 1,000.00	\$ 4,000.00	
<b>Demolition</b>	Site Dumpsters and Removals	1	\$ 10,000.00	\$ 10,000.00	
<b>Roads and Walks</b>	Asphalt - ADA Upgrades, Repairs, Crackfill, Seal Coat, and Striping	1	\$ 48,750.00	\$ 48,750.00	
<b>Roads and Walks</b>	Install New Parking Spots Per Revised ADA Path of Travel	1	\$ 36,500.00	\$ 36,500.00	Demo existing landscaping and replace with new asphalt/ concrete curb
<b>Site Improvements</b>	Install New Site Signage	1	\$ 6,500.00	\$ 6,500.00	
<b>Site Improvements</b>	Allowance - Monument Signage	1	\$ 10,000.00	\$ 10,000.00	
<b>Site Improvements</b>	Units - Signage with Braille	40	\$ 85.00	\$ 3,400.00	
<b>Site Improvements</b>	UFAS Unit Improvements	4	\$ 31,000.00	\$ 124,000.00	
<b>Site Improvements</b>	ADA Path of Travel	1	\$ 78,000.00	\$ 78,000.00	
<b>Site Improvements</b>	Allowance - Leasing and Community Room Improvements	1	\$ 15,000.00	\$ 15,000.00	
<b>Site Improvements</b>	Laundry Room Upgrades	1	\$ 6,500.00	\$ 6,500.00	Flooring, Lights, Paint, and Countertop
<b>Site Improvements</b>	Regrade Landscaping at North Side for Drainage	1	\$ 35,000.00	\$ 35,000.00	
<b>Site Improvements</b>	New Playground Surfacing	1	\$ 27,500.00	\$ 27,500.00	
<b>Site Improvements</b>	New Mailboxes	40	\$ 115.00	\$ 4,600.00	
<b>Lawns and Planting</b>	Termite Treatment	1	\$ 33,000.00	\$ 33,000.00	
<b>Lawns and Planting</b>	Allowance - Landscaping Improvements and Tree Trimming	1	\$ 230,500.00	\$ 230,500.00	
			<b>Division Total</b>	<b>\$ 685,850.00</b>	
<b>Division 3</b>					
<b>Concrete</b>	General Concrete Repairs	550	\$ 30.00	\$ 16,500.00	Assumed sf
<b>Concrete</b>	Replace Valley Gutters	360	\$ 58.00	\$ 20,880.00	
<b>Concrete</b>	Allowance - Concrete Stairread Replacement	1	\$ 3,000.00	\$ 3,000.00	
			<b>Division Total</b>	<b>\$ 40,380.00</b>	
<b>Division 4</b>					
<b>Masonry</b>			<b>Division Total</b>	<b>\$ -</b>	

<b>Division 5</b>			
<b>Metals</b>	1	Install New Handrail at ADA Ramp at Clubhouse	\$ 4,500.00
<b>Metals</b>	1	Allowance - Metal Fence Repairs	\$ 15,000.00
		<b>Division Total</b>	<b>\$ 19,500.00</b>
<b>Division 6</b>			
<b>Rough Carpentry</b>	450	Replace Fascia	\$ 9,900.00
<b>Rough Carpentry</b>	1	Allowance - Dryrot Repairs at Windows and PTACs	\$ 10,000.00
<b>Rough Carpentry</b>	1	Allowance - Roof Dryrot Repairs	\$ 10,000.00
<b>Finish Carpentry</b>	40	Units - Install New Kitchen Cabinets	\$ 107,000.00
<b>Finish Carpentry</b>	40	Units - Install New Vanity Cabinets	\$ 9,000.00
<b>Finish Carpentry</b>	40	Units - Install New Cabinet Hardware	\$ 4,800.00
<b>Finish Carpentry</b>	40	Units - Install New LG Hi-Macs Kitchen Countertops	\$ 45,720.00
<b>Finish Carpentry</b>	40	Units - Install New LG Hi-Macs Vanity Countertops	\$ 15,280.00
		<b>Division Total</b>	<b>\$ 211,700.00</b>
<b>Division 7</b>			
<b>Roofing</b>	1	Install New 30yr Architectural Shingles on All Buildings	\$ 119,750.00
<b>Sheet Metal</b>	1	Install New Gutters and Downspouts Throughout	\$ 31,380.00
		<b>Division Total</b>	<b>\$ 151,130.00</b>
<b>Division 8</b>			
<b>Door and Hardware</b>	80	Replace Entry Door Deadbolt and Lockset	\$ 18,000.00
<b>Doors</b>	40	Replace Entry Door at Standard Units	\$ 48,000.00
<b>Door and Hardware</b>	120	Install New Interior Door Hardware - Excludes Sliding Closet Doors	\$ 7,800.00
<b>Door and Hardware</b>	76	Install New Interior Door Slabs - Excluding Sliding Closet Doors	\$ 14,060.00
<b>Door and Hardware</b>	6	Install New New Mechanical and Hardware	\$ 7,200.00
<b>Door and Hardware</b>	40	Install New Security Screen Doors	\$ 14,000.00
<b>Windows</b>	200	New Vinyl Milgard Tuscan Retrofit Windows	\$ 158,000.00
<b>Glass</b>	40	New Vanity Mirrors at Units	\$ 6,800.00
		<b>Division Total</b>	<b>\$ 273,860.00</b>
<b>Division 9</b>			
<b>Lath and Plaster</b>	1	Allowance - Stucco Repairs	\$ 10,000.00
<b>Drywall</b>	40	General Unit Drywall Repairs	\$ 11,400.00
<b>Carpets</b>	20	Install New Carpet in 2nd Floor Unit Bedrooms, Hallways, and Living Room	\$ 23,500.00
<b>Resilient Flooring</b>	40	Overlay New Vinyl Plank Throughout Unit on First Floors. 2nd Floors in Entry, Living, Kitchen, and Baths	\$ 94,600.00
<b>Resilient Flooring</b>	40	Install New Wood Quarter Round at Vinyl Areas	\$ 13,000.00
<b>Painting and Decorating</b>	40	Units - Paint Entire Unit Throughout - 2 Coats	\$ 74,000.00
<b>Painting and Decorating</b>	40	Exterior Building and Accessory Painting - 2 Coats	\$ 41,000.00
<b>Painting and Decorating</b>	1	Powerwash Exterior Buildings	\$ 10,000.00
<b>Painting and Decorating</b>	40	Clean up and Supplies	\$ 18,600.00
		<b>Division Total</b>	<b>\$ 296,100.00</b>

<b>Division 10</b>			
<i>Specialties</i>	Install New Recessed Medicine Cabinet	40	\$ 135.00 \$ 5,400.00
<i>Specialties</i>	Install New Toilet Paper Holder	40	\$ 40.00 \$ 1,600.00
<i>Specialties</i>	Install New Towel Bar	40	\$ 45.00 \$ 1,800.00
<i>Specialties</i>	Install New Curved Shower Rod	40	\$ 138.00 \$ 5,520.00
	<b>Division Total</b>		<b>\$ 14,320.00</b>
<b>Division 11</b>			
<i>Appliances</i>	Install New Unit Refrigerators	40	\$ 685.00 \$ 27,400.00 WhirlPool Specs
<i>Appliances</i>	Install New Unit Gas Ranges - Includes New Flexline and valve	36	\$ 468.00 \$ 16,848.00
<i>Appliances</i>	Install ADA Compliant Gas Range - Includes New Flexline and Valve	4	\$ 859.00 \$ 3,436.00
<i>Appliances</i>	Install New Grease Shield	80	\$ 65.00 \$ 5,200.00
<i>Appliances</i>	Install New Range Hood (Includes Hookup to Existing Ducting)	36	\$ 215.00 \$ 7,740.00
<i>Appliances</i>	Install ADA Compliant Range Hood	4	\$ 225.00 \$ 900.00
<i>Appliances</i>	Delivery, Appliance Spread, Installation, Removal	40	\$ 300.00 \$ 12,000.00
	<b>Division Total</b>		<b>\$ 73,524.00</b>
<b>Division 12</b>			
<i>Blinds and Shades, Artwork</i>	Install New Vertical Window Blinds in Units	40	\$ 365.00 \$ 14,600.00
	<b>Division Total</b>		<b>\$ 14,600.00</b>
<b>Division 13</b>			
<i>Special Construction</i>			\$ -
	<b>Division Total</b>		<b>\$ -</b>
<b>Division 14</b>			
<i>Elevators</i>			\$ -
	<b>Division Total</b>		<b>\$ -</b>
<b>Division 15</b>			
<i>Plumbing and Hot Water</i>	Install New Kitchen Sinks, Faucets, Disposals, Supplies	40	\$ 725.00 \$ 29,000.00
<i>Plumbing and Hot Water</i>	Install New Bathroom Faucets, Drop-In Sink and Supplies	40	\$ 360.00 \$ 14,400.00
<i>Plumbing and Hot Water</i>	Install New Angle Stops	200	\$ 55.00 \$ 11,000.00
<i>Plumbing and Hot Water</i>	Extend Piping in the Kitchens Under the Sink	40	\$ 195.00 \$ 7,800.00
<i>Plumbing and Hot Water</i>	Install New ADA Low Flo Toilet	40	\$ 320.00 \$ 12,800.00
<i>Plumbing and Hot Water</i>	Install New Low Flo Shower Heads, Cartridges, & Trim Kits	40	\$ 225.00 \$ 9,000.00
<i>Plumbing and Hot Water</i>	Refinish Tubs and Showers	36	\$ 300.00 \$ 10,800.00
<i>Plumbing and Hot Water</i>	Replace 100 Gallon Water Heaters, Expansion Tank, and Recirc Pump	3	\$ 6,685.00 \$ 20,055.00
<i>Plumbing and Hot Water</i>	Replace 75 Gallon Water Heater in the Laundry Room	1	\$ 6,170.00 \$ 6,170.00
<i>Plumbing and Hot Water</i>	Install New Seismic Shut-Off Valves	41	\$ 435.00 \$ 17,835.00
<i>Plumbing and Hot Water</i>	Waterjet Sewer and Site Drainage Lines	40	\$ 365.00 \$ 14,600.00
<i>Plumbing and Hot Water</i>	Camera Unit and Site Sewer Lines	1	\$ 5,000.00 \$ 5,000.00 Covers both Cobblestone and Parkside
<i>Plumbing and Hot Water</i>	Install New Builing Water Shut Off Valves	6	\$ 285.00 \$ 1,710.00
<i>Heat and Ventilation</i>	Install New PTAC in Units	40	\$ 2,300.00 \$ 92,000.00
<i>Heat and Ventilation</i>	Install New Wall Furnaces in Units	40	\$ 1,575.00 \$ 63,000.00
	<b>Division Total</b>		<b>\$ 315,170.00</b>

**Division 16**

<i>Electrical</i>	Install New Kitchen LED Light Fixtures	40	\$	225.00	\$	9,000.00
<i>Electrical</i>	Install New Ceiling Fans w/UL Box in Dining and Living Rooms	80	\$	285.00	\$	22,800.00
<i>Electrical</i>	Install Vacancy Sensor in the Bathrooms	40	\$	150.00	\$	6,000.00
<i>Electrical</i>	Install New Unit Panels	40	\$	1,400.00	\$	56,000.00
<i>Electrical</i>	Install New Hall LED Light Fixtures at 3 Bedroom Units Only	5	\$	115.00	\$	575.00
<i>Electrical</i>	Install Hardwired Smoke Detectors at Hallway of 3 Bed Units - New Location	5	\$	125.00	\$	625.00
<i>Electrical</i>	Install New Hardwired Smoke Detectors at Bedrooms	80	\$	125.00	\$	10,000.00
<i>Electrical</i>	Install New Hardwired CO2 / Smoke Detectors at Hallways	40	\$	135.00	\$	5,400.00
<i>Electrical</i>	Install New GFCI's at Kitchens and Baths	120	\$	48.00	\$	5,760.00
<i>Electrical</i>	Install New Outlet for Rangehood	40	\$	110.00	\$	4,400.00
<i>Electrical</i>	Install New Energy Star Humidistat Fan and Light - Connect to Existing Duct	40	\$	465.00	\$	18,600.00
<i>Electrical</i>	Install New Exterior LED Unit Light Fixtures	20	\$	155.00	\$	3,100.00
<i>Electrical</i>	Allowance - Install New Security Camera System	1	\$	20,000.00	\$	20,000.00
<i>Electrical</i>	ADA Improvements - Visual and Hearing Upgrades	4	\$	1,050.00	\$	4,200.00
<i>Electrical</i>	Allowance - Exterior Site and Landscape Lighting	1	\$	30,000.00	\$	30,000.00
	<b>Total Construction Cost, Before Fees</b>			<b>Division Total</b>	<b>\$</b>	<b>196,460.00</b>
						<b>\$2,292,594.00</b>

General Requirements						
Overhead	6%					\$137,555.64
Profit	2%					\$45,851.88
Insurance	6%					\$137,555.64
Bond	1.15%					\$26,364.83
	1.15%					\$26,364.83
<b>Grand Total</b>						<b>\$2,666,286.82</b>
Hard Cost Per Unit	40					\$57,314.85
Soft Cost Per Unit	40					\$66,657.17

*Excludes Permits, Prevailing Wages, Security, and Section 3 Hiring*





SAN DIEGO  
HOUSING  
COMMISSION

## ATTACHMENT 4 DEVELOPER'S DISCLOSURE STATEMENT

Real Estate Department

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

1. Name of CONTRACTOR: National Community Renaissance of California
  2. Address and Zip Code: 9421 Haven Avenue, Rancho Cucamonga, CA 91701
  3. Telephone Number: 909-483-2444
  4. Name of Principal Contact for CONTRACTOR: Michael Finn.
  5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0521215
  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.
  - ☒ Other: 501(c)(3) nonprofit corporation
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
**March 26, 1992**
  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)

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: Jeffrey Burum	Board Chair; Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Armando Bucelo	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: James Cashion	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Gavin Clingham	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Raymond Crebs	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Laura Kurtz Kuhns	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Stephen G. Larson	Board Director -0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: James Previti	Board Director 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Dr. Joe Thigpen	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Richard Dawson	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	

Name: Joyce Johnson	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Venus Lujan	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Jovita Schofield	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	
Name: Susanne Monterosso	Board Director – 0% Interest
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 9170; 909-483-2444	

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. **Susanne Monterosso was added in September 2017; Shirlene Crees and Dan Fauske ceased to be Directors in 2017. G. Allan Kingston, Sebastiano Sterpa and Andrew Wright retired and resigned in November 2017; Jeffrey Burum, Raymond Crebs, and James Previti were added in November 2017.**
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**
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): **NA**

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Steve PonTell	President and CEO
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Michael Ruane	EVP
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Michael Finn	CFO
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Gregory Bradbard	Senior Vice President
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Robert Diaz	General Counsel; Secretary
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Dorrie Bryan	Assistant Secretary
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	
Name: Devin Wright	Assistant Secretary
Address: 9421 Haven Avenue, Rancho Cucamonga, CA 91701; 909-483-2444	

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:	
Address:	
Name:	
Address:	
Name:	
Address:	

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. **Unaudited 2017 and audited 2016 financial statements are 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:

Total development costs for the Parkside Apartments project will be approximately:

**\$ 10,287,741**

The development costs for the Sierra Vista project will be financed with:

- Tax-exempt bonds, privately placed with Pacific Western Bank
- New Seller Loan, San Diego Housing Commission, HCD, and Replacement Reserves
- Equity from the syndication of low-income housing tax credits
- Deferred developer fee

National Community Renaissance will execute a commitment letter with Pacific Western Bank, whereby the lender will purchase the tax-exempt bonds and provide a construction loan and permanent loan for the project. The construction loan will be up to approximately \$5 million for a period of 24 months. The permanent loan will be approximately \$2,788,000. During the construction period, monthly interest only payments will be required. The construction interest rate is currently 4%.

Upon completion of construction, 90% occupancy, and average debt service coverage of 1.15 for a period of three months, the project will convert to its permanent loan. The permanent period interest rate is currently 5%.

WNC & Associates will serve as the project's equity investor Limited Partner. The first equity contribution of 20% of their total contribution, approximately \$606,006 will be made upon closing of the tax-exempt bond loan. The second equity contribution of 10, approximately \$302,953, will be made upon 25% construction completion. WNC will make their third equity contribution of 40% (\$1,211,812) at permanent loan conversion and the fourth equity contribution of 30% (\$883,860) at 8609.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: **Contractor is utilizing low income housing tax credit to meet the equity requirements of the proposed undertaking. As needed, NCRC is able to provide predevelopment funding to finance development expenditures prior to closing the construction financing. Please see attached financial statements that detail cash available: the most recent unaudited consolidated balance sheet shows \$21,462,635 of total cash and cash equivalents from NCRC and its affiliates (NCRC - \$10,493,544; NCRC Housing Affiliates - \$10,969,091). The total net assets for NCRC (not including affiliates) on December 31, 2017 was \$109,338,332 and the total including housing affiliates was \$199,211,418.**

- a. In banks/savings and loans  
**See attached Financial Statements.:**  
Name:  
Address:  
Amount: \$

b. By loans from affiliated or associated corporations or firms:

**See attached Financial Statements.:**

Name:

Address:

Amount: \$

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

**See attached Financial Statements.:**

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: Wells Fargo Bank	Rick Arcaro; (909) 481-6514
Address: 4141 Inland Empire Blvd, #305, Ontario, CA 91764	
Name: US Bank	Craig Clark; (949) 863-2392
Address: 4100 Newport Place #130, Newport Beach, CA 92660	
Name:	
Address:	

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

☐ Yes

☒ No

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

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

☐ Yes

☒ No

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

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Payment & Performance	Dumosa Senior Village; 75 Senior Apartments	2014	\$10,638,796	None
Payment & Performance	Downey The View; 50 Family Apartments	2014	\$12,205,100	None
Payment & Performance	Westlake Village Apartments Phase II; 57 Family Apartments	2013	\$6,992,014	None
Payment & Performance	Desert Meadows; 80 Family Apartments	2013	\$16,906,154	None

20. 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

**National Community Renaissance of California will not participate in the development as a construction contractor.**

- a. Name and addresses of such contractor or builder:

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? **NA – NCRC will not be construction contractor.**

☐ 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: \$\_\_\_\_\_

**NA – NCRC will not be construction contractor**

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

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

NA – NCRC will not be construction contractor

Identification of Contract or Development	Location	Amount	Date to be Completed

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

NA – NCRC will not be construction contractor

Awarding Agency	Amount	Date Opened
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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:

**NA – NCRC will not be construction contractor**

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 ☒ 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:

**NA – NCRC will not be construction contractor**

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

26. **NA – NCRC will not be construction contractor**

☐ Yes ☐ No

If yes, explain:

27. 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: The following applies to National Community Renaissance of California, who will not participate as the General Contractor for this project.

**Insurance Agent:**

**Kevin Kidd**, Account Manager

NPN 8733641

**IMA, Inc.**

1705 17th Street, Suite 100 | Denver, CO 80202-1657 | 303-534-4567

Direct 303-615-7682 | Fax 303-534-0600  
[kevin.kidd@imacorp.com](mailto:kevin.kidd@imacorp.com)

**Insurance Agent (Automobile Only):**

**Edgewood Partners/ Philadelphia Indemnity Insurance**

**Linda Campbell**

**(213) 629-8915**

[Linda.campbell@epicbrokers.com](mailto:Linda.campbell@epicbrokers.com)

**601 S. Figueroa Street, Suite 3950**

**Los Angeles, CA 90017**

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

**See attached certificates; Umbrella Liability- \$5 million each occurrence and aggregate;  
General Liability- \$1 million limit; Personal- \$1 million; General Aggregate- \$2 million;  
Products- Comp/Op Aggregate- \$2 million**

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)] **See attached certificate; \$1 Million.**

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)] **See attached certificate; \$1 Million**
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] **NA**
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] **\$ 5 million limit; See attached certificate**
- f.

- g. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] **Umbrella Liability Policy; See attached certificate**
- h.

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: **NA – NCRC will not be construction contractor**

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 ☒ 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: **NA**

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.

**There are no factors or conditions that may adversely affect National Community Renaissance of California as 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 SDHC.**

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.

**NCRC has a long and successful track record of financing, developing, building, and managing affordable housing and partnering with numerous public agencies throughout the country. Having property management group in-house allows close coordination between Development and Management from pre-development through construction, lease-up, and operations. This will ensure the feasibility of this project2/17 and timely repayment of debt to financial partners such as SDHC.**

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:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
3/2/2018	SDHC for Encanto Village	Closed on 3/2/2018	\$1,060,000
2/26/2018	SDHC for San Ysidro Senior Village	Funding Commitment 2/26/2018	\$6,200,000

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)? **NA – NCRC will not be construction contractor** ☐ Yes ☐ 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? **NA – NCRC will not be construction contractor** ☐ Yes ☐ No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: **NA – NCRC will not be construction contractor** Name:

Address:

Phone:

Project Name and Description:

1. Name:

Address:

Phone:

Project Name and Description:

2. Name:

Address:

Phone:

Project Name and Description:

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.

**NA – NCRC will not be construction contractor**

40. Give the name and experience of the proposed Construction Superintendent. **NA – NCRC will not be construction contractor**

Name	Experience

## 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 18<sup>th</sup> day of May, 2018, at San Diego, California.

CONTRACTOR

By: [Signature]  
Signature

SECRETARY  
Title

**CERTIFICATION**

*NATIONAL COMMUNITY RENAISSANCE*

The CONTRACTOR, OF CALIFORNIA, 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: *[Signature]*

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

Title: SECRETARY

Title: \_\_\_\_\_

Dated: 5/18/2008

Dated: \_\_\_\_\_

**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 \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_ \_\_\_\_\_

by \_\_\_\_\_ personally known to me or proved to me on the basis of  
satisfactory evidence to be the person(s) who appeared before me.

\_\_\_\_\_  
Signature of Notary

*see attached notary certificate MR*

SEAL



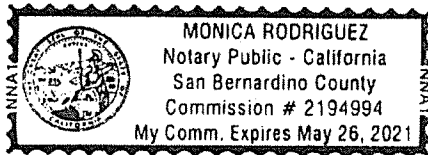
## CALIFORNIA JURAT

---


A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California            )  
County of San Bernardino    )

Subscribed and sworn to (or affirmed) before me this 18th day of May, 2018  
by Robert Diaz proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

  
\_\_\_\_\_  
Signature of Notary Public

My Commission Expires: May 26, 2021

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### Optional

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

#### Description of Attached Document

Title or type of Document: \_\_\_\_\_  
\_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_ (not including this page)

Signer(s) Other Than Named Above: \_\_\_\_\_

11078  
A0657184

1817911

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF INCORPORATION  
OF

**FILED**  
In the office of the Secretary of State  
of the State of California

FEB 21 2007

THE SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION

Rebecca Clark and Doretta Bryan certify that:

1. They are the President and the Secretary, respectively, of The Southern California Housing Development Corporation, a California nonprofit public benefit corporation (the "Corporation").
2. Article I of the Articles of Incorporation of the Corporation shall be amended to read in its entirety as follows:

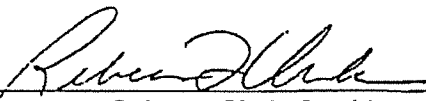
"I

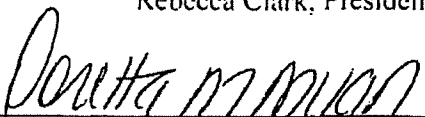
The name of this corporation is: NATIONAL COMMUNITY RENAISSANCE  
OF CALIFORNIA."

3. The foregoing amendment of the Articles of Incorporation has been duly approved by the Board of Directors.
4. The Corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: February 15, 2007

  
\_\_\_\_\_  
Rebecca Clark, President

  
\_\_\_\_\_  
Doretta Bryan, Secretary

Secretary of State  
State of California  
Corporate Filing Division

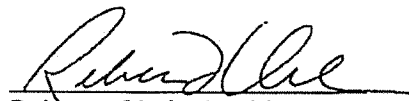
Re: National Community Renaissance of California

Ladies and Gentlemen:

Please be advised that the undersigned, Rebecca Clark, President of National Community Renaissance, hereby irrevocably consents to the use of the name National Community Renaissance of California to be formed in the State of California.

National Community Renaissance

By:

  
Rebecca Clark, President

1811911

18-7911

ENDORSED  
FILED  
In the office of the Secretary of State  
of the State of California

MAR 23 1992

MARCH FONG EU, Secretary of State

ARTICLES OF INCORPORATION

OF

THE SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION

I.

The name of this corporation is The Southern California Housing Development Corporation.

II.

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to lessen the burdens of the governments of cities located in Imperial County, Kern County, Los Angeles County, Orange County, Riverside County, San Bernardino County, San Diego County, Santa Barbara County and Ventura County, California, by assisting such cities in the development of affordable housing, as defined by the State of California Community Redevelopment Law (Health and Safety Code Section 33000 et. seq.), as it may be amended from time to time.

III.

The name and address in the State of California of this corporation's initial agent for service of process is:

Andrew Wright  
356 West Eleventh Street  
Claremont, California 91711

IV.

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

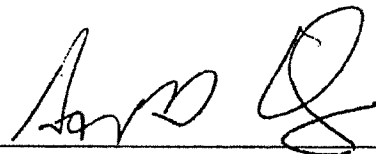
C. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V.

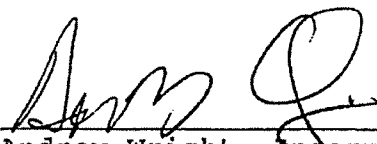
A. The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

B. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Dated: March 20 1992

  
\_\_\_\_\_  
Andrew Wright, Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, and that this instrument is my act and deed.

  
\_\_\_\_\_  
Andrew Wright, Incorporator



Department of the Treasury  
Internal Revenue Service  
P.O. Box 9941  
Ogden UT 84409

OMB Clearance No.: 1545-0047

In reply refer to: 0438044135  
June 06, 2013 LTR 4168C 0  
33-0521215 000000 00

00037424  
BODC: TE

NATIONAL COMMUNITY RENAISSANCE  
OF CALIFORNIA  
% NATIONAL COMMUNITY RENAISSANCE  
9065 HAVEN AVE STE 100  
RCH CUCAMONGA CA 91730



05790

Employer Identification Number: 33-0521215  
Person to Contact: Janice Dawson  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your May 28, 2013, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in October 1996.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website [www.irs.gov/eo](http://www.irs.gov/eo) for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0438044135  
June 06, 2013 LTR 4168C 0  
33-0521215 000000 00  
00037425

NATIONAL COMMUNITY RENAISSANCE  
OF CALIFORNIA  
% NATIONAL COMMUNITY RENAISSAN  
9065 HAVEN AVE STE 100  
RCH CUCAMONGA CA 91730

If you have any questions, please call us at the telephone number  
shown in the heading of this letter.

Sincerely yours,

A handwritten signature in cursive script that reads "Sharon Davies".

Sharon Davies  
Accounts Management I



STATE OF CALIFORNIA

FRANCHISE TAX BOARD

P.O. BOX 1286

RANCHO CORDOVA, CA. 95741-1286

March 11, 1993

In reply refer to  
340:G :RWN

THE SOUTHERN CALIFORNIA HOUSING  
DEVELOPMENT CORPORATION  
STE E ANDREW B. WRIGHT  
190 N ARROWHEAD  
RIALTO CA 92376

Purpose : CHARITABLE  
Code Section : 23701d  
Form of Organization : Corporation  
Accounting Period Ending: June 30  
Organization Number : 1817911 SC3HD

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

This decision is based on information you submitted and assumes that your present operations continue unchanged or conform to those proposed in your application. Any change in operation, character, or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address must also be reported.

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. Please see annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to



March 11, 1993  
THE SOUTHERN CALIFORNIA HOUSING  
Corporate Number 1817911 SC3HD  
Page 2

file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

A copy of this letter has been sent to the Registry of Charitable Trusts.

R NORTON  
EXEMPT ORGANIZATION UNIT  
CORPORATION AUDIT SECTION  
Telephone (916) 369-4178

EO :



Internal Revenue Service

Department of the Treasury

Washington, DC 20224

The Southern California Housing  
Development Corporation  
c/o Andrew B. Wright  
190 North Arrowhead, Suite E  
Rialto, CA 92376

Person to Contact: J. O'Malley

Telephone Number: (202) 622-7247  
(202) 622-7323

Refer Reply to:

E:EO:R:1

Date:

SEP 30 1992

Employer Identification Number: 33-0521215  
Key District: Los Angeles  
Accounting Period Ending: June 30  
Foundation Status Classification: 509(a)(2)  
Advance Ruling Period Begins: March 26, 1992  
Advance Ruling Period Ends: June 30, 1996  
Effective Date of Exemption: March 26, 1992  
Form 990 Required: Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3), beginning on your effective date of exemption.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in the section(s) shown above.

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must submit to your key District Director information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also,

The Southern California Housing  
Development Corporation

if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Donors may deduct contributions to you as provided in section 170 of the Code, beginning on your effective date of exemption. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes, if they meet the applicable provisions of sections 2055, 2106, and 2522, beginning on your effective date of exemption.

Donors (including private foundations) may rely on the advance ruling that you are not a private foundation until 90 days after your advance ruling period ends. If you submit the required information within the 90 days, donors may continue to rely on the advance ruling until we make a final determination of your foundation status. However, if notice that you will no longer be treated as the type of organization shown above is published in the Internal Revenue Bulletin, donors may not rely on this advance ruling after the date of such publication. Also, donors (other than private foundations) may not rely on the classification shown above if they were in part responsible for, or were aware of, the act that resulted in your loss of that classification, or if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification. Private foundations may rely on the classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification shown above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. In the case of an amended document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key District Director of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

The Southern California Housing  
Development Corporation

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key District Director.

If you conduct fund-raising events such as benefit dinners, auctions, membership drives, etc., where something of value is received in return for contributions, you can help your donors avoid difficulties with their income tax returns by assisting them in determining the proper tax treatment of their contributions. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that your donors can determine how much is deductible and how much is not. To assist you in this, the Service has issued Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events. You may obtain copies of Publication 1391 from your key district office.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, and supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an

The Southern California Housing  
Development Corporation

annual return). See Internal Revenue Service Notice 88-120,  
1988-2 C.B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,

*Marvin Friedlander*

Marvin Friedlander  
Chief, Exempt Organizations  
Rulings Branch 1

Enclosure: Form 872-C

Form **872-C**

(Revised 9-90)

Department of the Treasury  
Internal Revenue Service

**Consent Fixing Period of Limitation Upon  
Assessment of Tax Under Section 4940 of the  
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

To be used with Form  
1023. Submit in  
duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

The Southern California Housing Development Corporation

(Exact legal name of organization as shown in organizing document)

190 North Arrowhead, Suite E

Rialto, California 92376

(Number, street, city or town, state, and ZIP code)

and the District Director of  
Internal Revenue, or  
Assistant Commissioner  
(Employee Plans and  
Exempt Organizations)

Consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 1992  
(Month, day, and year)

Name of organization (as shown in organizing document)

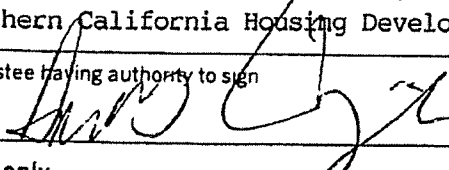
The Southern California Housing Development Corporation

Date

SEP 4 1992

Officer or trustee having authority to sign

Signature ▶



(President and Chairman of the Board)

For IRS use only

~~XXXXXXXXXX~~ Assistant Commissioner (Employee Plans and Exempt Organizations)

Date

John Burke

September 10, 1992

▶   
For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions.

1023.18

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11/19/90

**National Community Renaissance of California**

**Consolidating Financial Statements  
(With Supplemental Information)**

**December 31, 2017**

**Unaudited**

**National Community Renaissance of California**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**December 31, 2017**

	<u>Assets</u>			
	National Community Renaissance of California	Housing Affiliates	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 10,493,544	\$ 10,969,091	\$ -	\$ 21,462,635
Reserve for security deposits held in trust	1,179,934	2,537,044	-	3,716,978
 Total cash and cash equivalents	 11,673,477	 13,506,136	 -	 25,179,613
Restricted cash	18,483,043	21,563,399	-	40,046,442
Accounts receivable, net	3,218,022	863,776	(330,074)	3,751,723
Advance due from affiliate, net	56,553,087	4,296,017	(48,180,005)	12,669,098
Developer fee receivable	10,775,333	-	(10,390,519)	384,814
Prepaid expenses	441,819	507,484	-	949,304
Investments	2,225,028	-	-	2,225,028
Project development costs	1,024,887	-	(71,337)	953,550
Assets held for sale	-	-	-	-
Property, equipment and improvements, net	106,490,334	729,872,406	1,742,295	838,105,036
Deferred costs, net	680,624	8,582,036	-	9,262,660
 Total assets	 <u>\$ 211,565,654</u>	 <u>\$ 779,191,254</u>	 <u>\$ (57,229,640)</u>	 <u>\$ 933,527,268</u>
 <u>Liabilities and Net Assets</u>				
<b>Liabilities</b>				
Accounts payable	\$ 2,469,422	\$ 10,097,273	\$ -	\$ 12,566,696
Accrued expenses	6,566,703	76,120,869	(1,168,271)	81,519,301
Security deposits	1,191,997	2,469,973	-	3,661,970
Deferred revenue	3,111,806	371,203	(2,964,219)	518,790
Mortgages and notes payable	88,318,317	582,224,946	(36,014,529)	634,528,734
Due to affiliates	569,076	12,126,347	(11,649,049)	1,046,373
Developer fee payable	-	5,907,538	(5,433,572)	473,966
 Total liabilities	 102,227,320	 689,318,151	 (57,229,640)	 734,315,831
 <b>Commitments and Contingencies</b>				
<b>Net assets</b>				
Partners' equity	-	89,880,003	(89,880,003)	-
Unrestricted net assets, controlling	57,798,583	(6,917)	(0)	57,791,666
Unrestricted net assets, non-controlling	-	-	89,880,003	89,880,003
 Total unrestricted net assets	 57,798,583	 (6,917)	 89,880,003	 147,671,669
Temporarily restricted net assets	51,539,749	-	-	51,539,749
 Total net assets	 <u>109,338,332</u>	 <u>89,873,085</u>	 <u>-</u>	 <u>199,211,418</u>
 Total liabilities and net assets	 <u>\$ 211,565,653</u>	 <u>\$ 779,191,236</u>	 <u>\$ (57,229,640)</u>	 <u>\$ 933,527,249</u>



**National Community Renaissance of California**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Period Ending December 31, 2017**

Unrestricted Net Assets

	National Community Renaissance of California	Housing Affiliates	Temporarily Restricted Net Assets	Eliminations	Total
Revenues and gains					
Rental income	\$ 18,998,103	\$ 41,956,671	\$ -	\$ -	\$ 60,954,775
Consulting, development and partnership fees	15,069,586	-	-	(1,427,271)	13,642,315
Management fees	4,028,012	-	-	(78,004)	3,950,008
Private donations - Hope Through Housing	1,124,885	-	-	-	1,124,885
Grants, including release of temporarily restricted net assets	1,038,738	-	(277,271)	-	761,467
Grants - Hope Through Housing	-	-	-	-	-
Laundry revenue	143,444	536,721	-	-	680,165
Interest	776,968	36,574	-	(67,647)	745,895
Other revenue	2,853,227	616,302	-	-	3,469,529
	<u>44,032,962</u>	<u>43,146,269</u>	<u>(277,271)</u>	<u>(1,572,922)</u>	<u>85,329,040</u>
Expenses					
Program service expenses					
Administrative	3,569,508	3,053,970	-	-	6,623,478
Salaries and related expenses	3,107,835	4,757,161	-	-	7,864,996
Utilities	2,184,866	6,040,101	-	-	8,224,967
Operating and maintenance	4,588,526	9,227,256	-	-	13,815,782
Professional services	95,527	59,689	-	-	155,217
Taxes and insurance	1,308,702	2,174,775	-	-	3,483,477
Interest	1,899,424	16,839,574	-	(67,647)	18,671,351
Depreciation	2,811,693	22,481,489	-	-	25,293,182
Amortization	69,806	520,182	-	-	589,988
Management fees	1,298,592	4,502,821	-	(1,505,274)	4,296,138
Other expense	1,852,144	(11,705,177)	-	-	(9,853,033)
Total program service expenses	<u>22,786,623</u>	<u>57,951,841</u>	<u>-</u>	<u>(1,572,922)</u>	<u>79,165,542</u>

(continued)

**National Community Renaissance of California**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Period Ending December 31, 2017**

Unrestricted Net Assets

	<u>National Community Renaissance of California</u>	<u>Housing Affiliates</u>	<u>Temporarily Restricted Net Assets</u>	<u>Eliminations</u>	<u>Total</u>
General and administrative expenses					
Administrative	1,733,917	-		-	1,733,917
Salaries and related expenses	9,946,439	-		-	9,946,439
Operating and maintenance	116,327	-		-	116,327
Professional services	1,736,320	-		-	1,736,320
Taxes and insurance	125,239	-		-	125,239
Interest	323,512	-		-	323,512
Depreciation	335,573	-		-	335,573
Amortization	100,487	-		-	100,487
Other expense	884	-			884
Total general and administrative expenses	<u>14,418,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,418,698</u>
Total expenses	<u>37,205,321</u>	<u>57,951,841</u>	<u>-</u>	<u>(1,572,922)</u>	<u>93,584,240</u>
Excess of revenues and gains over expenses	6,827,642	-	(277,271)	-	6,550,371
Net loss		(14,805,571)	-	-	(14,805,571)
Attributable to non-controlling interest		<u>(14,799,908)</u>		-	<u>(14,799,908)</u>
Excess of revenues and gains over expenses and losses after extraordinary items	<u>\$ 6,827,642</u>	<u>\$ (5,663)</u>	<u>\$ (277,271)</u>	<u>\$ -</u>	<u>\$ 6,544,708</u>

**National Community Renaissance of California**

**CONSOLIDATED CHANGES IN NET ASSETS**

**For the Period Ending December 31, 2017**

	National Community Renaissance of California (controlling interest)	Housing Affiliates (non- controlling interest)	Total
Net assets - unrestricted, January 1, 2017	\$ 41,307,364	\$ 85,240,629	\$ 126,547,993
Excess (deficiency) of revenues over expenses	6,821,979	(14,799,908)	(7,977,929)
Transfer of interest	11,403,935	(9,910,042)	1,493,893
Contributions	1,504,721	33,588,112	35,092,833
Distributions	<u>(3,246,333)</u>	<u>(4,238,781)</u>	<u>(7,485,114)</u>
Net assets - unrestricted, December 31, 2017	<u><u>\$ 57,791,666</u></u>	<u><u>\$ 89,880,009</u></u>	<u><u>\$ 147,671,675</u></u>
Net assets - temporarily restricted, January 1, 2017	\$ 51,817,020	\$ -	\$ 51,817,020
Grant income - Pledge Agreement grant	89,833	-	89,833
Release of temporarily restricted net assets	<u>(367,104)</u>	<u>-</u>	<u>(367,104)</u>
Net assets - temporarily restricted, December 31, 2017	<u><u>\$ 51,539,749</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,539,749</u></u>

**National Community Renaissance of California**

**Consolidating Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**December 31, 2016**

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**COHN  REZNICK**  
ACCOUNTING • TAX • ADVISORY

# National Community Renaissance of California

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Independent Auditor's Report

To the Board of Directors  
National Community Renaissance of California

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of National Community Renaissance of California, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the consolidating financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of National Community Renaissance of California as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Adoption of New Accounting Principle*

As discussed in Note 2 to the financial statements, in 2016, National Community Renaissance of California adopted a new accounting principle related to the presentation of debt issuance costs. Our report is not modified with respect to this matter.

### *Other Matters*

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information on pages 33 and 34 is presented for purposes of additional analysis, and is not a required part of the consolidating financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of National Community Renaissance of California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Community Renaissance of California's internal control over financial reporting and compliance.



Sacramento, California  
June 30, 2017

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Brian J. Brewer, CPA

# National Community Renaissance of California

## Consolidating Statement of Financial Position December 31, 2016

	<u>Assets</u>			
	National Community Renaissance of California	Housing Affiliates	Eliminations	Total
Cash and cash equivalents	\$ 7,146,565	11,081,171	\$ -	\$ 18,227,736
Reserve for security deposits held in trust	1,004,280	2,573,648	-	3,577,928
Restricted cash	13,342,022	19,784,285	-	33,126,307
Accounts receivable, net	653,144	345,715	(327,177)	671,682
Advance due from affiliate, net	55,154,721	428,951	(48,280,034)	7,303,638
Developer fee receivable	9,191,876	-	(8,541,509)	650,367
Prepaid expenses	239,692	558,846	-	798,538
Investments	(25,719)	-	744,597	718,878
Project development costs	2,272,336	-	-	2,272,336
Property, equipment and improvements, net	88,562,627	691,637,021	(3,754,709)	776,444,939
Deferred costs, net	-	3,400,537	-	3,400,537
<b>Total assets</b>	<b>\$ 177,541,544</b>	<b>\$ 729,810,174</b>	<b>\$ (60,158,832)</b>	<b>\$ 847,192,886</b>
	<u>Liabilities and Net Assets</u>			
<b>Liabilities</b>				
Accounts payable	\$ 1,265,326	\$ 9,738,591	\$ -	\$ 11,003,917
Accrued expenses	2,557,836	74,921,919	(1,410,141)	76,069,614
Security deposits	1,023,655	2,511,381	-	3,535,036
Deferred revenue	3,862,374	373,588	(3,754,709)	481,253
Mortgages and notes payable, net	67,050,607	547,210,091	(36,126,865)	578,133,833
Due to affiliates	-	12,332,814	(11,426,037)	906,777
Developer fee payable	399,652	8,459,991	(8,185,677)	673,966
<b>Total liabilities</b>	<b>76,159,450</b>	<b>655,548,375</b>	<b>(60,903,429)</b>	<b>670,804,396</b>
Commitments and contingencies	-	-	-	-
<b>Net assets</b>				
Partners' equity	-	74,261,799	(74,261,799)	-
Unrestricted net assets, controlling	51,541,597	-	(10,234,233)	41,307,364
Unrestricted net assets, non-controlling	-	-	85,240,629	85,240,629
<b>Total unrestricted net assets</b>	<b>51,541,597</b>	<b>-</b>	<b>75,006,396</b>	<b>126,547,993</b>
Temporarily restricted net assets	49,840,497	-	-	49,840,497
<b>Total net assets</b>	<b>101,382,094</b>	<b>74,261,799</b>	<b>744,597</b>	<b>176,388,490</b>
<b>Total liabilities and net assets</b>	<b>\$ 177,541,544</b>	<b>\$ 729,810,174</b>	<b>\$ (60,158,832)</b>	<b>\$ 847,192,886</b>

See Notes to Consolidating Financial Statements.



# National Community Renaissance of California

## Consolidating Statement of Activities Year Ended December 31, 2016

	National Community Renaissance of California	Housing Affiliates	Temporarily Restricted Net Assets	Eliminations	Total
Revenues and gains					
Rental income	\$ 18,143,945	\$ 38,450,256	\$ -	\$ -	\$ 56,594,201
Consulting, development and partnership fees	8,792,973	31,481	-	(1,508,743)	7,315,711
Management fees	4,049,871	-	-	(108,337)	3,941,534
Private donations - Hope Through Housing	1,045,126	-	-	-	1,045,126
Grants, including release of temporarily restricted net assets	1,014,802	12,786	1,228,439	-	2,256,027
Grants - Hope Through Housing	271,895	-	-	-	271,895
Laundry revenue	159,704	494,648	-	-	654,352
Interest	840,539	39,464	-	(63,726)	816,277
Other revenue	1,475,659	932,181	-	-	2,407,840
	<u>35,794,514</u>	<u>39,960,816</u>	<u>1,228,439</u>	<u>(1,680,806)</u>	<u>75,302,963</u>
Expenses					
Program service expenses					
Administrative	2,981,494	1,400,136	-	-	4,381,630
Salaries and related expenses	3,145,082	4,541,076	-	-	7,686,158
Utilities	1,976,098	5,470,856	-	-	7,446,954
Operating and maintenance	3,873,740	8,692,460	-	-	12,566,200
Professional services	443,172	1,561,883	-	-	2,005,055
Taxes and insurance	1,271,526	2,103,370	-	-	3,374,896
Interest	1,809,491	15,943,336	-	(63,726)	17,689,101
Depreciation	2,658,346	22,050,040	-	-	24,708,386
Amortization	68,250	665,312	-	-	733,562
Management fees	1,246,095	4,526,676	-	(1,617,080)	4,155,691
Other expense	109,485	866,949	-	-	976,434
Total program service expenses	<u>19,582,779</u>	<u>67,822,094</u>	<u>-</u>	<u>(1,680,806)</u>	<u>85,724,067</u>

# National Community Renaissance of California

## Consolidating Statement of Activities Year Ended December 31, 2016

	National Community Renaissance of California	Housing Affiliates	Temporarily Restricted Net Assets	Eliminations	Total
General and administrative expenses					
Administrative	1,487,479	-	-	-	1,487,479
Salaries and related expenses	10,325,644	-	-	-	10,325,644
Operating and maintenance	129,151	-	-	-	129,151
Professional services	1,242,742	-	-	-	1,242,742
Taxes and insurance	118,014	-	-	-	118,014
Interest	310,095	-	-	-	310,095
Depreciation	359,166	-	-	-	359,166
Amortization	50,487	-	-	-	50,487
Other expense	95,968	-	-	-	95,968
Total general and administrative expenses	14,118,746	-	-	-	14,118,746
Total expenses	33,701,525	67,822,094	-	(1,680,806)	99,842,813
Excess of revenues and gains over expenses	2,092,989	-	1,228,439	-	3,321,428
Net loss		(27,861,278)	-	-	(27,861,278)
Attributable to non-controlling interest	-	(27,368,666)	-	-	(27,368,666)
Excess (deficit) of revenues and gains over expenses and losses attributable to National Community Renaissance of California	2,092,989	(492,612)	1,228,439	-	2,828,816
Write off of advances to related party	(3,171,604)	-	-	-	(3,171,604)
Excess (deficit) of revenues and gains over expenses and losses after write off of advances to related party	\$ (1,078,615)	\$ (492,612)	\$ 1,228,439	\$ -	\$ (342,788)

See Notes to Consolidating Financial Statements.

**National Community Renaissance of California**  
**Consolidating Statement of Changes in Net Assets**  
**Year Ended December 31, 2016**

	National Community Renaissance of California (controlling interest)	Housing Affiliates (non- controlling interest)	Total
Net assets - unrestricted, December 31, 2015	\$ 42,878,591	\$ 90,651,637	\$ 133,530,228
Excess (deficiency) of revenues over expenses	(1,571,227)	(27,368,666)	(28,939,893)
Contributions	-	22,404,263	22,404,263
Distributions	-	(446,605)	(446,605)
Net assets - unrestricted, December 31, 2016	<u>\$ 41,307,364</u>	<u>\$ 85,240,629</u>	<u>\$ 126,547,993</u>
Net assets - temporarily restricted, December 31, 2015	\$ 48,612,058	\$ -	\$ 48,612,058
Increase in temporarily restricted net assets	2,378,543	-	2,378,543
Release of temporarily restricted net assets	<u>(1,150,104)</u>	<u>-</u>	<u>(1,150,104)</u>
Net assets - temporarily restricted, December 31, 2016	<u>\$ 49,840,497</u>	<u>\$ -</u>	<u>\$ 49,840,497</u>

See Notes to Consolidating Financial Statements.

# National Community Renaissance of California

## Consolidating Statement of Cash Flows Year Ended December 31, 2016

Cash flows from operating activities	
Decrease in unrestricted net assets	\$ (28,939,893)
Increase in temporarily restricted net assets	1,228,439
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation and amortization	25,851,601
Bad debt expense	311,258
Write off of advances due from affiliates	3,717,605
(Increase) decrease in	
Accounts receivable	(202,536)
Developer fee receivable	(650,367)
Security deposits held in trust	(196,097)
Prepays and other assets	39,611
Decrease (increase) in	
Accounts payable and accrued expenses	19,706,987
Security deposits	132,802
Deferred revenue	100,805
	<hr/>
Net cash provided by operating activities	21,100,215
	<hr/>
Cash flows from investing activities	
Investment in property, equipment and improvements and assets held for use	(73,855,892)
Proceeds from sale of rental property	-
Advances to affiliates	(561,469)
Payment of project development costs	(1,828,089)
Purchase of investments	(5,970)
Developer fees paid	333,361
Net change in restricted cash	(317,367)
	<hr/>
Net cash used in investing activities	(76,235,426)
	<hr/>
Cash flows from financing activities	
Proceeds of mortgages and notes payable	67,020,054
Principal payments on notes payable	(34,831,027)
Repayment of amounts due to affiliates	(75,950)
Distributions paid	(446,605)
Capital contributions received from non-controlling interests	22,404,263
Payment of deferred costs	(1,185,271)
	<hr/>
Net cash provided by financing activities	52,885,464
	<hr/>
Net decrease in cash and cash equivalents	(2,249,747)
Cash and cash equivalents, beginning of the year	20,477,484
	<hr/>
Cash and cash equivalents, end of year	\$ 18,227,737
	<hr/>

**National Community Renaissance of California**

**Consolidating Statement of Cash Flows  
Year Ended December 31, 2016**

Supplemental disclosure of cash flow information

Cash paid during the year for interest

\$ 11,213,659

Significant noncash investing and financing activities

Accounts payable included in property, equipment and improvements and assets  
held for use

\$ 6,506,427

See Notes to Consolidating Financial Statements.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

#### **Note 1 - Organization and nature of operations**

National Community Renaissance of California ("NCRC"), formerly known as Southern California Housing Development Corporation, is a nonprofit organization formed to assist cities in California in the development of high-quality affordable housing. NCRC assists in revitalizing communities through acquisition and rehabilitation of existing housing or through construction of housing. NCRC owns affordable housing properties, provides property management and social programs to enhance the quality of life of its residents, and serves as general partner for affordable housing projects. NCRC's principal sources of revenue are rental income from tenants, grants, property management fees and consulting and development fees.

NCRC and its affiliates receive significant funding from federal, state and local government subsidies in various forms, including low-income housing tax credits, low-interest rate loans, grants, and rent subsidies for qualifying very-low, low- and moderate-income tenants.

#### **Principles of consolidation**

The accompanying financial statements include the accounts of NCRC and supporting entities in which NCRC and affiliates own 100% interest. Additionally, the financial statements for the year ended December 31, 2016 include the accounts of 61 limited partnerships in which NCRC owns a minority financial interest, but has a controlling interest. These entities are included in the consolidation in accordance with U.S. generally accepted accounting principles ("GAAP"). For the limited partnerships in which the nonprofit general partner (noted on pages 12 and 13) serves as the general partner, NCRC has determined that the presumption of control for the limited partnerships has not been overcome, and as a result, the limited partnerships have been consolidated. All significant intercompany balances and transactions have been eliminated in consolidation.

NCRC has an economic relationship with National Community Renaissance Development Corporation ("NCRDC"), a nonprofit organization, which has an overlapping board and shares employees and facilities. However, each organization has and maintains its separate corporate identity. Neither entity has any voting rights in the other and there are no contractual or oversight requirements imposed on either organization in favor of the other. NCRC has provided voluntary operating advances to NCRDC. As of December 31, 2016, the balance of advances due from NCRDC is \$6,374,364, which is included in advances due from affiliates on the statement of financial position (see Note 11).

In accordance with GAAP, Reporting of Related Entities by Not-for-Profit Organizations, consolidation of the two organizations is not required. The total assets, liabilities, unrestricted net assets controlling, unrestricted net assets non-controlling, and revenues and gains and expenses and losses of NCRDC as of and for the year ended December 31, 2016 are approximately \$64,000,000, \$62,000,000, (\$2,000,000), \$4,000,000, \$13,000,000 and \$16,000,000, respectively.

Also included in the consolidation is Hope Through Housing Foundation, a separate 501(c)(3) entity. Hope Through Housing Foundation shares the same board of directors as NCRC, and is economically dependent on NCRC. In accordance with GAAP, it has been determined that control exists over Hope Through Housing Foundation, which has been included in the consolidation.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

The not-for-profit supporting entities (identified as National Community Renaissance of California in the financial statements) consist of:

- Southern California Housing Development Corporation of Rancho Cucamonga owns 100% of the following projects:
  - Monterey Village Apartments
  - Mountainside Apartments
  - Northgate Village Apartments
  - Sycamore Springs Apartments
- Projects and organizations which are owned 100% by NCRC are as follows:
  - Arbor Villas LLC
  - Avenida Serra GP, LLC
  - Cathedral Palms Apartments
  - Cimmaron Heights Apartments
  - Clark Manor Apartments
  - Corona del Rey
  - Hawthorne Terrace Apartments
  - Mission Cove Phase A
  - Mission Cove Family II
  - Mission Cove Senior
  - Rancho Verde Village
  - Rancho Verde Village GP, LLC
  - Renaissance Village Apartments
  - RV Housing Partners
  - River Canyon GP, LLC
  - San Antonio Gateway Housing Corp.
  - Savi Ranch II
  - Signature at Valley Center
  - South Pace GP, LLC
  - Val 9 MGP, LLC
  - Vista Terraza II
  - Waterman Gardens
  - West Mission Partners LLC

## National Community Renaissance of California

### Notes to Consolidating Financial Statements December 31, 2016

The For Profit Housing Affiliates ("Housing Affiliates") are comprised of the following limited partnerships and limited liability companies, and respective NCRC owned nonprofit entities whom have or own general partner and managing member interests:

For profit housing affiliate	Nonprofit general partner	%
Autumn Ridge Apartments, L.P.	* SCHDC of Orange	0.0100%
ANF Family Ptrs II, LP	South Pace GP LLC	0.0100%
Avenida Serra Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Bell Gardens Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Bell Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Bolt Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Cathedral Family Housing Ptrs LP	* SCHDC of Inland Empire	0.0100%
CG Affordable Housing Partners, LLC	* National Community Renaissance of California	85.0000%
Citrus Grove Housing Partners, LP	* SCHDC of Inland Empire	0.0100%
Copper Hills Apartments, L.P.	* SCHDC of Orange	0.0100%
Corona de Oro Apartments, L.P.	* SCHDC of Orange	0.0100%
Courson Senior Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Desert Meadows Housing Partners, L.P.	SCHDC of Inland Empire	0.0100%
Downey Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Eagle Rock Housing Partners, L.P.	SCHDC of Los Angeles	0.0100%
East Rancho Verde Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
EMI Housing Partners, L.P.	SCHDC of Inland Empire	0.0100%
Escondido Housing Partners, L.P.	SCHDC of Orange	0.0100%
Escondido Senior Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Executive Lodge Apartments, L.P.	* SCHDC of Orange	0.1000%
Fontana Housing Partners, L.P.	* SCHDC of Orange	0.0120%
Fontana II Housing Partners, L.P.	* SCHDC of Orange	0.0050%
Fontana III Housing Partners, L.P.	* SCHDC of Orange	0.0050%
Fontana IV Housing Partners, L.P.	* SCHDC of Orange	0.0050%
Inland Valley Housing Partners, L.P.	SCHDC of Inland Empire	0.0100%
Ken Tal Housing Partners, L.P.	* SCHDC of Orange	0.0050%
Malvern Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
Mar Vista Union Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Mills Family Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
Mission Cove Family Housing Partners, LP	* SCHDC of Orange	0.0100%
Mission Village Senior, L.P.	* SCHDC of Inland Empire	0.0045%
Montclair Family Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
Montclair Senior Housing Partners, L.P.	San Antonio Gateway	0.0100%
Normandie Senior Apartments, L.P.	* Normandie Senior Housing Partners	0.0100%
Normandie Senior Housing Partners GP, LLC	* SCHDC of Los Angeles	79.0000%
Oceanside Housing Partners, L.P.	* SCHDC of Orange	0.0100%



# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

For profit housing affiliate	Nonprofit general partner	%
Oceanside Senior Housing Partners, L.P.	SCHDC of Orange	0.0100%
Palmdale Senior Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Rancho Workforce Housing, L.P.	* SCHDC of Inland Empire	0.0045%
Renaissance Village Housing Partners, L.P.	* RV Housing Partners GP, LLC	0.0100%
Rialto Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
Richmar Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Riverside Housing Partners, L.P.	SCHDC of Inland Empire	0.0100%
San Marcos Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Sante Fe Springs Housing Partners, L.P.	* SCHDC of Los Angeles	0.0100%
Santee Apartments, L.P.	SCHDC of Orange	0.0100%
Savi Ranch Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Spring Valley Housing Partners, L.P.	* SCHDC of Orange	0.0100%
UC Housing Partners, L.P.	SCHDC of Orange	0.0100%
Val 9 Housing Partners, L.P.	* Val9 MGP, LLC	0.0080%
Victorville Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%
Villa Serena Apartments, L.P.	* SCHDC of Orange	0.0100%
Vista Dunes Housing Partners, L.P.	* Vista Dunes GP, LLC	0.0075%
Vista Dunes GP, LLC	* SCHDC of Inland Empire	75.0000%
Vista Terraza Housing Partners, L.P.	SCHDC of Orange	0.0100%
Waterman Gardens Partners I	* WG PARTNERS 1 MGP, LLC	0.0066%
Westlake Village Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Woods Family Housing Partners, L.P.	* Woods Family Housing Partners GP, LLC	0.0100%
Woods Family Housing Partners GP, LLC	* SCHDC of Los Angeles	79.0000%
Yorba Linda Housing Partners, L.P.	* SCHDC of Orange	0.0100%
Yucca Valley Senior Housing Partners, L.P.	* SCHDC of Inland Empire	0.0100%

\* The audited financial statements of these entities, whose results are included in these financial statements, were not required to be audited in accordance with *Government Auditing Standards*.

### Note 2 - Significant accounting policies

#### Accounting method

NCRC uses the accrual method of accounting which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

#### Basis of presentation

NCRC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Information is required to segregate program service expenses from general and administrative expenses.

In conformity with GAAP, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

#### **Use of estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in these financial statements and the accompanying notes. Actual results could differ from those estimates. Estimates of future operations were made by management in the calculation of the amount of developer fee revenue recognized under GAAP, the amount of expense allocated to an affiliate, and the assessment of the collectability of advances due from affiliates.

#### **Cash and cash equivalents**

NCRC considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### **Restricted cash**

Restricted cash consists of replacement reserves, property tax and insurance escrows, operating reserves, debt service reserves and construction loan draw reserves. Such reserves are required by various financing authorities, lenders or stipulations in the applicable partnership or operating agreements.

#### **Accounts receivable and bad debts**

Tenant accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2016, the allowance for doubtful accounts is \$98,514. Bad debt expense during the year ended December 31, 2016 was \$311,258 and is included in rental income from tenants on the statement of activities.

#### **Advances due from affiliates**

The advances due from affiliates are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on expected future operating performance and other factors. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2016, there is no allowance for doubtful accounts.

#### **Investments**

NCRC records its investments on the cost basis of accounting, as determined by their ownership percentage and control. Such investments include the following entities: Housing Partnership Network Group Insurance Initiative; HB Housing Partners, L.P.; Anaheim Revitalization Partners, L.P.; Anaheim Revitalization II, L.P.; Anaheim Revitalization III, L.P.; and Anaheim Revitalization IV, L.P.

#### **Project development costs**

NCRC incurs costs in connection with properties it is considering for development as well as costs associated with projects in the initial stages of development. These costs include such items as market studies, purchase options, environmental study costs, legal and accounting costs. Project development costs are capitalized until such time as the project is no longer considered desirable or feasible, at which time the costs are expensed. Project development costs related to projects that are ultimately developed are subsequently recorded as receivables to be repaid by the applicable projects. During the year ended December 31, 2016, \$8,591 of project development costs were expensed and included in other expense on the statement of activities.

## National Community Renaissance of California

### Notes to Consolidating Financial Statements December 31, 2016

#### Property, equipment and improvements

Property, equipment and improvements are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized. Costs of properties constructed or rehabilitated include all direct costs of construction, as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 40 years.

It is NCRC's policy to capitalize expenditures for improvements, furniture, and fixtures and equipment exceeding \$2,500.

#### Impairment of long-lived assets

NCRC reviews its long-lived assets and investments for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the year ended December 31, 2016.

#### Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

#### Deferred costs

Costs related to obtaining low-income housing tax credits are being amortized using the straight-line method over the mandatory 15-year compliance period.

Costs related to obtaining leasehold interests are capitalized and amortized on the straight-line method over the life of the related ground lease.

The table below indicates each component within the deferred costs line item on the statement of financial position:

	<u>Tax Credit Monitoring fees</u>	<u>Leasehold interest</u>	<u>Total</u>
Deferred costs	\$ 2,837,480	\$ 2,212,203	\$ 5,049,683
Accumulated amortization	<u>(1,179,053)</u>	<u>(470,093)</u>	<u>(1,649,146)</u>
Deferred costs, net	<u>\$ 1,658,427</u>	<u>\$ 1,742,110</u>	<u>\$ 3,400,537</u>

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Estimated annual amortization for each of the next five years subsequent to December 31, 2016 is as follows:

	Tax Credit Monitoring fees	Leasehold interest	Total
2017	\$ 144,745	\$ 40,222	\$ 184,967
2018	135,359	40,222	175,581
2019	124,104	40,222	164,326
2020	117,063	40,222	157,285
2021	105,319	40,222	145,541

### Derivative instruments

NCRC has entered into an interest rate swap agreement, which is carried on the statement of financial position at fair value. Changes in fair value are estimated and recorded in the statement of activities. The fair value of the interest rate swap has been calculated utilizing a third-party methodology that management believes is commonly employed (see Note 7).

### Fair value measurement

The carrying amount of NCRC's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the NCRC's long-term notes receivable and notes payable is assessed by management based on analysis of underlying investments and historical trends. Impairment reserves are provided as necessary. It is impractical to estimate the fair value of the NCRC's financial guarantees because there are no quoted market prices for transactions that are similar in nature.

NCRC measures the fair value of its interest rate swap on a recurring basis in the financial statements. The following summarizes the three levels of inputs and hierarchy of fair value NCRC uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety (see Note 7 for additional disclosures).

### Non-controlling interest in limited partnerships and limited liability companies

This amount represents the aggregate balance of investor limited partner or investor member equity interest in the Housing Affiliates that are included in the financial statements. The aggregate negative balances, if any, of limited partner or investor member interests prior to January 1, 2010 remain in NCRC's net assets.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

#### **Revenue recognition**

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the projects and the tenants of the projects are operating leases.

Portions of the rental income are in the form of subsidy payments from the U.S. Department of Housing and Urban Development ("HUD") under Section 8 of the National Housing Act and a Project Rental Assistance Contract. Tenants are subsidized based upon their level of income. Rent increases require HUD approval.

NCRC earns contractor fees based on services provided in the development of projects of affiliated limited partnerships and wholly owned properties. Such fees are recognized when earned based on the estimated percentage of completion. The fees are capitalized into rental property on the limited partnerships' financial statements.

Developer fees are earned in connection with the construction and oversight of the development of properties. The developer fees are recognized as revenue commencing with the closing of a project's construction loan (the "Closing") based on the percentage of completion method, taking into account the total anticipated development costs and the potential operating deficit obligation through the period from the Closing through the end of the operating deficit obligation period (typically three years from the achievement of Breakeven Operations as defined in partnership agreements). Generally, NCRC utilizes the following formula to determine the amount of the developer fee earned as of a specific date: The developer fee multiplied by the fraction having as its denominator (i) the total development costs plus (ii) the total operating deficit obligation for the obligation period and as its numerator (i) the total development costs incurred to the specific date of calculation plus (ii) the total operating deficits funded as of the specific date of calculation. Upon construction completion, the remaining developer fee is recorded as an asset with a corresponding offset to deferred revenue if the amount of developer fee owed exceeds the amount of developer fee earned to such date in accordance with the preceding formula. In the event that a portion, or all, of the developer fee is not paid at the end of the development period (deferred developer fee), the deferred developer fee is generally assumed to be paid from the future cash flow of the property and thereby recognized when paid. Developer fees that are earned during construction and paid for with investor equity or project debt are capitalized. The deferred developer fees expected to be paid from property operations are eliminated in consolidation.

Laundry and cable income, and prepaid rent received in advance are deferred until earned.

Property management fee income is earned monthly based on the management agreement.

#### **Private donations**

Contributions are recognized as revenue when an unconditional promise, in substance, to give is received. All contributions and other types of revenue with restrictions imposed by the donor, if any, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

#### **Grants**

Grants received from government agencies and others, which are conditioned upon NCRC incurring certain qualifying costs or meeting other conditions, are recognized as an increase in temporarily or permanently restricted net assets. When the qualifying costs are incurred and/or the possibilities of not meeting the conditions are remote, such grants are reported as increases in

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

unrestricted net assets. In general, these conditions require NCRC to maintain ownership of the property and to continue to provide low-income housing as specified in the agreement.

#### **Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services based on systematic methods.

#### **Income taxes**

NCRC including Hope Through Housing Foundation has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended December 31, 2016. Due to its tax exempt status, NCRC and Hope Through Housing Foundation are not subject to income taxes. NCRC and Hope Through Housing Foundation are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and NCRC and Hope Through Housing Foundation have no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2013 are subject to review by the IRS.

The Housing Affiliates are pass-through entities for income tax purposes and, are not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Housing Affiliates' federal tax status as pass-through entities is based on their legal status as a partnership. The Housing Affiliates are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Housing Affiliates have no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the IRS, tax years since 2013 are subject to review by the IRS.

#### **Advertising**

Advertising and marketing costs are expensed as incurred.

#### **Organization**

Organization costs are expensed as incurred.

#### **Change in accounting principle**

During 2016, the Company adopted the provisions of Accounting Standards Update 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which modifies the presentation of debt issuance costs and the related amortization. The change in accounting under ASU 2015-03 improves the reporting of debt issuance costs by no longer reporting them as assets. It also improves the reporting of the related amortization by including it as a component of interest expense. ASU 2015-03 has been adopted by the Company on a retroactive basis. As a result, total assets as well as loans payable for the year ended December 31, 2015 have been reduced by the effect of the reclassification of debt issuance costs, net of accumulated amortization of \$6,635,101.

#### **Reclassifications**

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

## National Community Renaissance of California

### Notes to Consolidating Financial Statements December 31, 2016

#### Note 3 - Restricted cash

Regulatory Agreements with various state and local agencies requires monthly impound deposits for insurance premiums, property taxes, replacements and operating expenses. The restricted accounts are held by the various agencies and expenditures are subject to their supervision and approval. In addition, an operating expense reserve account was also established at the inception of the loan, which is required to be maintained until certain financial conditions are satisfied, as defined in the Regulatory Agreement.

#### Note 4 - Investments

On March 30, 2004, NCRC invested in the Housing Partnership Network Group Insurance Initiative, a cooperative of other real estate investment companies, whose purpose is to offer low-cost insurance and worker's compensation to companies with a history of low-loss ratios. The investment is accounted for under the cost method of accounting since NCRC's ownership is less than 20%. In 2004, NCRC purchased one share of Class A stock for \$10,000, and 277 shares of Class B stock at \$1,000 per share. In 2013, NCRC purchased 275 Class C shares at \$555 per share. NCRC is entitled to dividend payments in proportion to their investment once they are declared. As of December 31, 2016, the investment in the insurance cooperative is \$697,815. Dividends in the amount of \$115,292 were received during the year ended December 31, 2016, and are included in other income on the statement of activities.

NCRC consolidates its ownership interest in limited partnerships which it controls (see Note 1). As of December 31, 2016, there was a deficit balance in investment in limited partnerships of \$744,597. Such amount was eliminated in consolidation.

#### Note 5 - Property, equipment and improvements, net

Property, equipment and improvements consist of the following as of December 31, 2016:

Land	\$ 109,791,277
Buildings	675,200,742
Improvements	145,507,535
Furniture, fixtures and equipment	30,968,357
Construction in progress	<u>51,104,867</u>
	1,012,572,778
Less accumulated depreciation	<u>(236,127,839)</u>
	<u><u>\$ 776,444,939</u></u>

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

### Note 6 - Mortgages and notes payable

Mortgages and notes payable are as follows as of December 31, 2016:

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
Greystone Servicing Corp.	NCRC / Arbor Villas, LLC	4.13%	\$ 27,487	11/2049	\$ 5,930,796
Guaranty Federal Bank	NCRC / Cathedral Palms Apartments	6.50%	5,057	01/2027	447,945
County of Riverside	NCRC / Cathedral Palms Apartments	3.00%	948	12/2031	97,516
City of Cathedral	NCRC / Cathedral Palms Apartments	0.00%	(7)	01/2027	1,000,000
Redevelopment Agency of City of Cathedral City	NCRC / Cimmaron Heights Apts	0.00%	(3)	12/2018	100,000
JPMorgan Chase Bank	NCRC / Clark Manor Apartments	4.93%	7,849	08/2033	1,066,331
Long Beach Affordable Housing Coalition, Inc.	NCRC / Clark Manor Apartments	4.00%	(1)	06/2058	550,000
JPMorgan Chase Bank	NCRC / Corona Del Rey Apartments	3.00%	54,804	08/2017	2,754,516
County of Riverside	NCRC / Corona Del Rey Apartments	3.00%	1,304	08/2028	152,987
City of Corona	NCRC / Corona Del Rey Apartments	0.00%	(7)	05/2051	762,400
City of Hawthorne RDA	NCRC / Hawthorne Terrace Apts	3.00%	(1)	10/2059	1,998,855
California Statewide Communities Development Authority	NCRC / Hawthorne Terrace Apts	5.55%	28,329	10/2029	2,190,000
City of Hawthorne HOME	NCRC / Hawthorne Terrace Apts	0.00%	(1)	07/2020	207,645
City of Hawthorne	NCRC / Hawthorne Terrace Apts	0.00%	(1)	10/2059	250,000
City of Oceanside	NCRC / Mission Cove Phase II	0.00%	(4)	TBD	1,135,258
City of Oceanside	NCRC / Mission Cove Phase II	0.00%	(4)	TBD	1,955,244
California Housing Finance Agency	SCHD / Monterey Village Apartments	7.25%	34,791	09/2026	2,929,479
California Housing Finance Agency	SCHD / Mountainside Apartments	7.25%	44,171	09/2026	3,719,290
California Housing Finance Agency	SCHD / Northgate Village Apartments	6.00%	33,444	09/2034	4,388,306
Victorville Redevelopment Agency	SCHD / Northgate Village Apartments	3.00%	(1)	12/2035	3,427,412
JPMorgan Chase Bank	NCRC / Rancho Verde Village	2.75%	(4)	04/2025	1,937,004
Victorville Redevelopment Agency	NCRC / Signature at Valley Center	3.00%	(1)	12/2061	1,394,841
HUD	NCRC / San Antonio Gateway Housing Corp	0.00%	(6)	03/2066	10,604,000
City of Yorba Linda	Savi Rancho II	3.00%	(1)	(a)	2,415,321
California Housing Finance Agency	SCHD / Sycamore Springs Apartments	7.25%	30,186	09/2026	2,541,755
Housing Authority County of San Bernardino	NCRC / Waterman Gardens				215,720
City of San Marcos	West Mission Apartments	3.00%	(1)	05/2031	1,320,000
Commerce West Bank	West Mission Apartments	5.62%	(1)	09/2020	341,621
Citibank N.A. - AHP	NCRC	0.00%	(3)	09/2071	680,000
JPMorgan Chase Bank - AHP	NCRC	0.00%	(1)	05/2067	500,000
Citibank N.A.- AHP	NCRC	0.00%	(3)	04/2069	480,000
Century Housing	NCRC	Variable		06/2017	2,719,365
Hudson HT. LP	NCRC	5.00%		04/2017	504,514
		Libor+1.88%+			
Wells Fargo Bank	NCRC	3.58%	Variable	09/2022	2,395,408
Housing Capital Company	NCRC	6.75%	(4)	06/2017	2,514,104
Wells Fargo Bank	NCRC	3.75%	(4)	11/2019	500,000
Wells Fargo Bank	NCRC	2.00%	(4)	11/2017	1,000,000
Wells Fargo Bank	NCRC	2.00%	(4)	11/2019	343,750



# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
Wells Fargo Bank	NCRC	2.00%	(4)	11/2019	156,250
Federal Home Loan Mortg Corp - Freddie Mac	ANF Family Partners II L.P.	4.53%	(4)	01/2044	4,863,117
City of Fairfield	ANF Family Partners II L.P.	3.00%	(1)	12/2066	9,357,694
Cal HFA - MHSA	ANF Family Partners II L.P.	0.00%	(1)	12/2066	1,200,000
Fairfield HOME Funds	ANF Family Partners II L.P.	3.00%	(1)	08/2066	1,688,005
County of San Diego California Statewide Communities	Autumn Ridge Apartments, L.P.	3.00%	(1)	02/2055	800,000
Redevelopment Agency of the City of San Marcos	Autumn Ridge Apartments, L.P.	3.00%	(1)	08/2035	440,000
Redevelopment Agency of the City of San Marcos	Autumn Ridge Apartments, L.P.	3.00%	(1)	01/2035	1,200,000
Redevelopment Agency of the City of San Marcos	Autumn Ridge Apartments L.P.	3.00%	(1)	01/2035	2,994,503
Union Bank of California	Autumn Ridge Apartments, L.P.	7.65%	63,732	08/2035	7,929,846
Citibank N. A.	Avenida Serra Housing Partners, L.P.	5.48%	2,314	09/2044	429,577
Citibank N. A.	Avenida Serra Housing Partners, L.P.	1.00%	(1)	10/2070	190,000
City of San Clemente	Avenida Serra Housing Partners, L.P.	0.00%	(1)	12/2070	3,430,771
Federal Home Loan Bank - AHP	Bell Gardens Housing Partners, L.P.	0.00%	(3)	03/2064	284,000
California Community Reinvestment Corporation	Bell Gardens Housing Partners, L.P.	5.52%	13,186	07/2038	1,993,276
County of Los Angeles	Bell Gardens Housing Partners, L.P.	3.00%	(1)	03/2062	2,785,367
Bell Gardens Community Development Commission	Bell Gardens Housing Partners, L.P.	3.00%	(1)	04/2060	3,812,203
Housing Authority of the County of Los Angeles	Bell Gardens Housing Partners, L.P.	3.00%	(1)	03/2063	1,500,000
Community Devel Commission of the County of LA	Bell Housing Partners L.P.	3.00%	(1)	03/2033	1,886,091
JPMorgan Chase Bank - AHP	Bell Housing Partners L.P.	0.00%	(3)	01/2034	240,000
JPMorgan Chase Bank	Bell Housing Partners L.P.	6.25%	9,623	01/2034	1,061,946
Housing Authority of the County of Los Angeles	Bell Housing Partners L.P.	3.00%	(1)	03/2033	1,000,000
JPMorgan Chase Bank	Bolt Housing Partners L.P.	6.30%	35,000	11/2026	694,932
San Diego Housing Commission	Bolt Housing Partners L.P.	3.00%	(1)	12/2055	1,418,838
CA Community Reinvestment Corp	Cathedral Family Housing Ptrs LP	7.25%	4,093	03/2028	568,264
County of Riverside	Cathedral Family Housing Ptrs LP	1.00%	(1)	07/2067	1,250,000
Cathedral City	Cathedral Family Housing Ptrs LP	2.00%	(1)	07/2062	4,006,162
Federal Home Loan Bank - AHP	Cathedral Family Housing Ptrs LP	-	(1)	04/2067	590,000
CCRC (Wells Fargo bond trustee)	Citrus Grove Housing Partners, L.P.	6.25%	5,100	07/2041	768,162
City of Rialto	Citrus Grove Housing Partners, L.P.	0.00%	(1)	07/2064	333,037
City of Rialto	Citrus Grove Housing Partners, L.P.	0.00%	(1)	11/2064	6,800,703
City of Rialto	Citrus Grove Housing Partners, L.P.	0.00%	(1)	11/2064	1,492,973
JPMorgan Chase Bank	Copper Hills Apartments, L.P.	6.95%	51,509	06/2031	1,883,704
Community Devel Commission of National City	Copper Hills Apartments, L.P.	3.00%	(1)	02/2054	4,454,037
Community Devel Commission of National City	Copper Hills Apartments, L.P.	3.00%	(1)	06/2054	771,658
City of Corona	Corona de Oro Apartments, L.P.	1.00%	(4)	09/2055	149,900
Redevelopment Agency of the City of Corona	Corona de Oro Apartments, L.P.	3.00%	(1)	03/2055	4,725,000
Berkadia Commerical Mortgage	Corona de Oro Apartments, L.P.	7.25%	8,784	07/2032	982,533
Citibank	Corona de Oro Apartments, L.P.	0.00%	(3)	06/2032	181,873
Federal Home Loan Bank - AHP	Courson Senior Partners, L.P.	0.00%	(3)	01/2039	350,000

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
California Community Reinvestment Corporation	Courson Senior Partners, L.P.	6.88%	6,856	06/2039	980,554
City of Palmdale RDA	Courson Senior Partners, L.P.	3.00%	(1)	12/2060	2,850,000
State of Calif. HCD	Courson Senior Partners, L.P.	3.00%	(1)	06/2062	2,341,584
Riverside County Economic Development Agency	Desert Meadows Housing Partners LP	1.00%	(1)	08/2066	7,698,385
AHP Funds	Desert Meadows Housing Partners LP	0.00%	(1)	01/2067	790,000
Department of Housing & Community Development	Desert Meadows Housing Partners LP	3.00%	(1)	04/2069	5,954,244
City of Downey	Downey Housing Partners, LP	3.00%	(1)	02/2068	4,550,000
Housing Authority of the County of Los Angeles	Downey Housing Partners, LP	3.00%	(1)	02/2068	2,386,720
Community Devel Commission of the City of Downey - Developer Note	Downey Housing Partners, LP	3.00%	(1)	02/2068	450,000
Chase	Downey Housing Partners, LP	5.88%	13,201	09/2045	2,175,761
East West Bank	Eagle Rock Housing Partners, L.P	8.12%	4,243	06/2039	525,739
Los Angeles Housing	Eagle Rock Housing Partners, L.P	4.45%	(1)	02/2063	2,325,360
State of Calif. HCD	Eagle Rock Housing Partners, L.P	3.00%	(2)	06/2066	1,725,614
NHDC Tres Lomas, Inc.	Eagle Rock Housing Partners, L.P	4.45%	(1)	2/2062	692,428
Chase	East Rancho Verde Village, L.P.	5.13%	3,761	11/2040	1,437,051
City of Rancho Cucamonga	East Rancho Verde Village, L.P.	3.00%	(1)	06/2062	6,500,000
County of San Bernardino	East Rancho Verde Village, L.P.	3.00%	(1)	03/2063	1,100,000
City of Montclair	EMI Housing Partners, L.P.	3.00%	(1)	04/2069	682,119
Wells Fargo Bank	EMI Housing Partners, L.P.	0.00%	(3)	10/2055	2,869,900
Wells Fargo Bank - AHP	EMI Housing Partners, L.P.	0.00%	(3)	03/2044	158,357
City of Escondido	Escondido Housing Partners, L.P.	3.00%	(1)	10/2055	2,090,635
Department of Housing & Community Development	Escondido Housing Partners, L.P.	3.00%	(1)	04/2058	1,345,219
JPMorgan Chase Bank	Escondido Housing Partners, L.P.	3.17%	(4)	08/2026	966,000
CCRC	Escondido Senior Housing Partners, L.P	7.37%	(1)	12/2065	1,707,502
City of Escondido	Escondido Senior Housing Partners, L.P	5.32%	(1)	12/2065	3,051,230
City of Escondido	Escondido Senior Housing Partners, L.P	3.00%	(1)	12/2065	1,948,770
City of Escondido	Escondido Senior Housing Partners, L.P	3.00%	(1)	05/2065	500,000
City of West Covina	Executive Lodge Apartments, L.P.	3.00%	(1)	03/2038	5,617,867
Federal Home Loan Bank - AHP	Executive Lodge Apartments, L.P.	1.00%	(3)	(c)	214,000
Chase	Executive Lodge Apartments, L.P.	6.20%	12,472	01/2030	1,339,088
California Community Reinvestment Corporation	Fontana Housing Partners, L.P.	7.30%	10,284	09/2033	1,190,902
City of Fontana	Fontana Housing Partners, L.P.	3.00%	(1)	08/2033	1,136,700
Federal Home Loan Bank - AHP	Fontana Housing Partners, L.P.	0.00%	(3)	09/2033	500,000
California Community Reinvestment Corporation	Fontana II Housing Partners, L.P.	6.75%	8,820	12/2036	1,134,123
City of Fontana	Fontana II Housing Partners, L.P.	5.00%	(1)	02/2059	2,500,000
Bank of the West	Fontana III Housing Partners, L.P.	0.00%	(3)	03/2061	350,000
Fontana Housing Authority	Fontana III Housing Partners, L.P.	1.00%	(1)	06/2060	7,153,254
NorthMarq Capital, LLC	Fontana III Housing Partners, L.P.	5.79%	(4)	04/2036	1,582,000
California Community Reinvestment Corporation	Fontana IV Housing Partners, L.P.	6.50%	(11)	04/2045	2,167,458
Fontana Housing Authority	Fontana IV Housing Partners, L.P.	0.25%	(1)	06/2065	6,834,539
County of San Bernadino	Inland Valley Housing Partners, L.P.	3.00%	(1)	06/2060	3,000,000
Rialto Housing Authority	Inland Valley Housing Partners, L.P.	3.00%	(1)	08/2063	14,054,480

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
Department of Housing & Community Development	Inland Valley Housing Partners, L.P.	3.00%	(2)	07/2064	8,362,659
U.S. Bank	Inland Valley Housing Partners, L.P.	5.97%	15,408	08/2038	2,336,601
Federal Home Loan Bank - AHP	Inland Valley Housing Partners, L.P.	0.00%	(1)	02/2064	1,000,000
Housing Authority of San Diego	Ken-Tal Housing Partners, L.P.	5.00%	1,691	01/2037	257,548
County of San Diego	Ken-Tal Housing Partners, L.P.	3.00%	(1)	10/2059	5,216,424
JPMorgan Chase Bank	Malvern Housing Partners, L.P.	8.06%	3,699	10/2026	226,062
City of Rancho Cucamonga	Malvern Housing Partners, L.P.	1.00%	(1)	04/2058	4,000,000
County of San Bernadino	Malvern Housing Partners, L.P.	3.00%	(6)	12/2022	400,000
City of Pasadena	NCRC / Mar Vista	3.00%	(1)	04/2065	1,804,363.57
Federal Home Funds	NCRC / Mar Vista	3.00%	(1)	07/2066	1,564,783.00
JP Morgan Chase	NCRC / Mar Vista	Variable	(4)	TBD	4,349,285.82
Agency IV - First 5 LA	NCRC / Mar Vista	3.00%	(1)	06/2067	902,107.00
County of Los Angeles - CDC	NCRC / Mar Vista	3.00%	(1)	06/2067	855,000.00
Inclusionary Housing Fund	NCRC / Mar Vista	3.00%	(1)	07/2066	685,217.00
California Community Reinvestment Corporation	Mills Family Housing Partners LP	7.50%	5,943	09/2041	801,481
Montclair RDA	Mills Family Housing Partners LP	3.00%	(1)	04/2063	4,283,084
County of San Bernadino	Mills Family Housing Partners LP	3.00%	(1)	09/2041	2,000,000
City of Oceanside	NCRC / Mission Cove Family I	3.00%	(1)	(a)	5,297,778
City of Oceanside	NCRC / Mission Cove Family I	0.00%	(1)	(a)	5,900,000
California Housing Finance Agency	NCRC / Mission Cove Family I	3.00%	(1)	03/2071	943,470
Wells Fargo AHP	NCRC / Mission Cove Family I	0.00%	(3)	09/2073	890,000
Citibank, N.A.	NCRC / Mission Cove Family I	Variable	(4)	04/2071	9,312,879
US Bank	Mission Village Senior Apartments, L.P.	Variable	17,893	03/2040	2,727,195
Riverside Redevelopment Agency	Mission Village Senior Apartments, L.P.	3.00%	(1) (8)	06/2065	10,472,118
Mississippi Valley Life Insurance Co. (AHP)	Mission Village Senior Apartments, L.P.	0.00%	(2)	03/2065	500,000
County of San Bernadino	Montclair Family Housing Partners, L.P.	5.00%	(4)	05/2061	1,500,000
US Bank	Montclair Family Housing Partners, L.P.	7.73%	(4)	11/2037	1,224,863
Montclair RDA	Montclair Family Housing Partners, L.P.	3.00%	(4)	05/2061	1,943,765
Montclair Redevelopment Agency	Montclair Senior Housing Partners LP	3.00%	(1)	06/2062	1,528,280
County of Los Angeles - Home Funds	Normandie Senior Housing Partners, L.P.	0.00%	(1)	03/2065	5,501,007
County of Los Angeles - CDC	Normandie Senior Housing Partners, L.P.	6.75%	4,864	05/2043	714,106
County of Los Angeles - CDC	Normandie Senior Housing Partners, L.P.	3.00%	(1)	10/2067	600,000
Homeless Housing	Normandie Senior Housing Partners, L.P.	3.00%	(1)	01/2065	1,989,155
DCD - Homeless and Housing Program	Normandie Senior Housing Partners, L.P.	3.00%	(1)	04/2064	4,151,008
State of Calif. HCD	Oceanside Housing Partners, L.P.	5.75%	23,974	06/2049	4,225,086
MMA	Oceanside Housing Partners, L.P.	3.00%	(1)	06/2061	6,244,000
City of Oceanside	Oceanside Senior Housing Partners, L.P.	5.08%	(4)	07/2037	783,543
JPMorgan Chase Bank	Oceanside Senior Housing Partners, L.P.	3.00%	(1)	09/2063	3,772,340
City of Oceanside	Palmdale Senior Housing Partners, L.P.	5.65%	14,476	12/2026	2,520,448
Wells Fargo	Palmdale Senior Housing Partners, L.P.	3.00%	(1)	06/2059	750,000
City of Palmdale	Palmdale Senior Housing Partners, L.P.	3.00%	(1)	06/2059	1,000,000
City of Palmdale	Palmdale Senior Housing Partners, L.P.	0.00%	(6)	01/2066	600,000
First Private Bank & Trust	Rancho Workforce Housing LP	6.04%	51,996	10/2040	8,512,027
California Community Reinvestment Corporation					

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
City of Rancho Cucamonga	Rancho Workforce Housing LP	2.39%	(1)	09/2063	25,868,857
California Community Reinvestment Corporation	Rialto Housing Partners, L.P.	7.49%	13,790	03/2031	2,285,191
Rialto Housing Authority	Rialto Housing Partners, L.P.	3.00%	(4)	01/2054	1,000,000
County of San Bernadino	Rialto Housing Partners, L.P.	0.00%	(3)	02/2056	250,000
Berkadia Commerical Mortgage	Richmar Housing Partners, L.P.	5.12%	5,764	11/2049	1,098,549
City of San Marcos	Richmar Housing Partners, L.P.	3.00%	(1)	12/2068	3,397,973
J.P. Morgan Chase	Renaissance Village Housing Partners, L.P.	Variable	(4)	(8)	-
Greystone Servicing Corp.	Renaissance Village Housing Partners, L.P.	5.60%	25,971	01/2035	4,524,000
County of San Bernardino	Renaissance Village Housing Partners, L.P.	3.00%	2,978	05/2024	283,792
Department of Housing & Community Development	Riverside Housing Partners, L.P.	3.00%	(4)	03/2061	2,930,000
US Bank	Riverside Housing Partners, L.P.	6.21%	9,779	07/2036	1,341,002
City of Riverside	Riverside Housing Partners, L.P.	3.00%	(1)	06/2059	4,496,135
County of San Diego	San Marcos Housing Partners, L.P.	5.98%	(1)	01/2056	850,000
Red Mortgage Capital	San Marcos Housing Partners, L.P.	7.93%	30,613	12/2032	3,333,156
San Marcos Redevelopment Agency	San Marcos Housing Partners, L.P.	3.00%	(1)	12/2055	2,931,040
US Bank	Sante Fe Springs Housing Partners, L.P.	5.36%	27,298	04/2034	3,385,759
Los Angeles CDC	Sante Fe Springs Housing Partners, L.P.	3.00%	(1)	03/2032	742,596
City of Santa Fee Spring CDC	Sante Fe Springs Housing Partners, L.P.	3.00%	(1)	09/2057	1,843,667
HACOLA	Sante Fe Springs Housing Partners, L.P.	3.00%	(4)	03/2034	761,456
County of San Diego Dept of Housing and Community Development	Santee Apartments L.P.	3.00%	(1)	12/2055	240,000
J.P. Morgan Chase	Santee Apartments L.P.	5.95%	(5)	05/2028	2,120,229
Community Devel Commission of the City of Santee	Santee Apartments L.P.	3.00%	(1)	12/2055	3,016,248
Department of Housing & Community Development	Santee Apartments L.P.	3.00%	(1)	12/2038	3,270,535
City of Yorba Linda	NCRC / Savi Ranch	3.00%	(1)	(a)	13,652,782
FHLBSF AHP Funds - Citibank	NCRC / Savi Ranch	0.00%	(1)	09/2071	680,000
Citibank	NCRC / Savi Ranch	3.00%	(1)	(a)	6,212,033
San Diego County Department	Spring Valley Housing Partners, L.P.	3.00%	(1)	02/2057	1,825,000
JPMorgan Chase Bank	Spring Valley Housing Partners, L.P.	5.90%	12,850	10/2020	1,584,525
Brookfield University Commons LLC	UC Housing Partners, L.P.	2.00%	(3)	11/2059	1,463,164
California Community Reinvestment Corporation	UC Housing Partners, L.P.	5.60%	23,618	08/2037	3,465,864
Department of Housing & Community Develop.	UC Housing Partners, L.P.	3.00%	(2)	07/2062	6,382,879
Wells Fargo	Val 9 Housing Partners, L.P.	Variable	(4)	02/2017	8,019,920
PNC Bank	Val 9 Housing Partners, L.P.	3.47%	41,791	11/2046	10,297,419
City of San Bernardino	Val 9 Housing Partners, L.P.	3.00%	(1)	(a)	1,000,000
Housing Authority of San Bernardino	Val 9 Housing Partners, L.P.	3.00%	(3)	(a)	729,000
County of San Bernadino	Val 9 Housing Partners, L.P.	3.00%	(3)	(a)	1,350,000
County of San Bernadino	Victorville Housing Partners, L.P.	3.00%	(1)	09/2022	970,733
US Bank	Victorville Housing Partners, L.P.	6.66%	11,689	10/2021	1,457,933
Victorville RDA	Victorville Housing Partners, L.P.	3.00%	(1)	09/2057	794,602
San Marcos Redevelopment Agency	Villa Serena Apartments, L.P.	3.00%	(4)	01/2027	5,717,212
FHLB-AHP	Villa Serena Apartments, L.P.	0.00%	(3)	05/2030	337,680

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

Lender	Secured Entity	Interest rate	Monthly principal and int or other repymt terms	Maturity	Principal balance
Amerinational	Villa Serena Apartments, L.P.	3.00%	1,280	06/2034	177,763
JPMorgan Chase Bank	Villa Serena Apartments, L.P.	5.80%	13,761	6/2030	1,535,003
US Bank	Vista Dunes Housing Partners, L.P.	6.90%	7788	11/2038	1,047,957
NCRC	Vista Dunes Housing Partners, L.P.	1.00%	(1)	12/2062	347,097
Western Pacific Housing	Vista Terraza Housing Partners, L.P.	4.68%	(1)	04/2060	4,673,244
US Bank	Vista Terraza Housing Partners, L.P.	5.81%	25,343	05/2037	3,671,503
Department of Housing & Community Development	Vista Terraza Housing Partners, L.P.	3.00%	(2)	05/2062	7,000,302
Wells Fargo Bank	Waterman Gardens Partner 1, L.P.	3.65%	(10)	10/2057	1,475,114
Wells Fargo Bank	Waterman Gardens Partner 1, L.P.	2.94%	(12)	04/2018	1,883,635
City of San Bernardino HOME	Waterman Gardens Partner 1, L.P.	3.00%	(1)	(a)	660,600
San Bernardino County Housing Authority	Waterman Gardens Partner 1, L.P.	2.33%	(1)	04/2073	663,000
City of San Marcos RDA	Westlake Housing Partners, L.P.	3.00%	(1)	12/2068	13,330,252
Berkadia Commerical Mortgage	Westlake Housing Partners, L.P.	5.87%	3,930	06/2030	683,661
CCRC	Woods Family Housing Ptrs LP	8.50%	10,765	11/2043	1,364,267
Los Angeles CDC (Industry)	Woods Family Housing Ptrs LP	3.00%	(1)	09/2063	1,249,201
Los Angeles CDC (Maravilla)	Woods Family Housing Ptrs LP	3.00%	(1)	09/2063	1,000,000
Los Angeles CDC (CDBG)	Woods Family Housing Ptrs LP	3.00%	(1)	09/2063	1,000,000
Los Angeles CDC (1st District)	Woods Family Housing Ptrs LP	3.00%	(1)	09/2063	1,000,000
Los Angeles CDC (HOME)	Woods Family Housing Ptrs LP	3.00%	(1)	09/2063	2,047,376
JPMorgan Chase Bank	Yorba Linda Housing Partners, L.P.	6.07%	29,280	06/2035	4,357,278
Yorba Linda Redevelopment Agency	Yorba Linda Housing Partners, L.P.	3.00%	(1)	05/2061	12,726,406
Yorba Linda Redevelopment Agency	Yorba Linda Housing Partners, L.P.	0.00%	(1)	11/2039	750,000
Bonneville Mortgage	Yucca Valley Senior Housing Ptrs, LP	4.21%	8,572	02/2056	843,773
Town of Yucca Valley	Yucca Valley Senior Housing Ptrs, LP	0.50%	(8)	04/2068	2,925,000
JPMorgan Chase Bank - AHP	Yucca Valley Senior Housing Ptrs, LP	0.00%	(3)	01/2030	1,180,000
San Bernardino County	Yucca Valley Senior Housing Ptrs, LP	3.00%	(1)	(d)	1,622,830
Subtotal					584,487,265
Less debt issuance costs					(6,353,432)
Total					<u>\$ 578,133,833</u>

- (a) Maturity Date will be 55 years from completion of construction  
(b) Maturity Date will be 55 years from 50% occupancy.  
(c) Loan is being forgiven and is in the process of being reconveyed.  
(d) Maturity Date will be 55 years from the Certificate of Occupancy.  
(1) Payment is based on residual receipts.  
(2) Payment in the amount of .42% per annum.  
(3) Full payment at maturity.  
(4) Interest only monthly, principal payment at maturity.  
(5) Monthly payments of interest and semi-annual payments of principal.  
(6) Payments are deferred for 55 years.  
(7) Principal payments are based on residual receipts.  
(8) Will be converted into a permanent loan at the end of construction. Loan has not been extended.  
(9) Construction loan has been extended.  
(10) Interest only until 11/1/2017 then monthly pmts. of \$35,164.07  
(11) Payment in the amount of .25% per annum.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

#### **Financial instruments**

To minimize the effect of changes in interest rates, in 2015 NCRC entered into an interest rate swap agreement with Wells Fargo under which NCRC pays interest at a fixed rate of 3.58% and Wells Fargo pays the interest on the mortgage at a variable rate. The variable rate under the Swap Agreement is based on the same notional amount as the underlying mortgage, which is \$2,402,816. The notional amount of the Swap Agreement is equal to the outstanding amount of the bonds. The Swap Agreement expires upon payment in full of the mortgage.

NCRC recorded an asset for the fair market value of the interest rate swap as of December 31, 2016 in the amount of \$14,209, which represents the fair value of the future differences in interest to be paid and received under the Swap Agreement over the remaining term of the Swap Agreement. During the year ended December 31, 2016, a gain in fair market value of \$19,423 has been realized and is included in other expense on the statement of activities.

#### **Note Payable La Quinta Redevelopment Agency**

During the year ended June 30, 2008, NCRC acquired a partially constructed project from the La Quinta Redevelopment Agency for \$24,000,000 pursuant to the Amended and Restated Affordability Housing Agreement dated October 31, 2007. NCRC gave the La Quinta Redevelopment Agency a Note in the same amount of \$24,000,000. The \$24,000,000 represented the amount that the La Quinta Redevelopment Agency had spent on construction as of the date of the sale of the partially completed project to NCRC. The note does not bear interest and is automatically forgiven five years after the date that Vista Dunes Housing Partners, L.P. (an entity in which NCRC holds a general partner interest through an affiliate) executes its permanent loan (which occurred on February 1, 2009), as long as NCRC does not violate any of the agreement covenants. On October 31, 2007, NCRC sold the project to Vista Dunes Housing Partners, L.P. for \$5,200,000. The sales price of \$5,200,000 was determined by an appraisal commissioned by NCRC. NCRC believes that the fair value of the project's assets sold to Vista Dunes Housing Partners, L.P. is \$5,200,000. Therefore, NCRC believes that the fair value of the project assets acquired from the Agency, and the note payable to the La Quinta Redevelopment Agency, is \$5,200,000. The fair value of the \$24,000,000 note at face value is set at \$5,200,000. On February 10, 2015 the loan was re-conveyed and will be amortized over the remaining compliance period of the Vista Dunes project. Consequently, the entire \$5,200,000 was classified as temporarily restricted net assets on the statement of financial position. Release of restriction on this grant commenced in February 2015 and will continue over a 46-year period on the straight line basis. During the year ended December 31, 2016, \$113,043 of temporarily restricted net assets was released, recognized as income and is included in other income on the statement of activities. Amortization in subsequent years will be approximately \$113,043 per year. As of December 31, 2016, NCRC has a balance of temporarily restricted net assets of \$4,983,334 attributable to the loan forgiveness.

There were additional advances from the La Quinta Redevelopment Agency totaling \$1,910,067. The entire amount was forgiven and is now classified as temporarily restricted net assets on the statement of financial position. Release of restriction on this grant commenced in February 2015 and will continue over a 46-year period on the straight line basis. During the year ended December 31, 2016, \$38,201 of temporarily restricted net assets was released, recognized as income and is included in other income on the statement of activities. Amortization in subsequent years will be approximately \$38,201 per year. As of December 31, 2016, NCRC has a balance of temporarily restricted net assets of \$1,754,603 attributable to the forgiveness of advances.

# National Community Renaissance of California

## Notes to Consolidating Financial Statements December 31, 2016

The annual maturities of long-term debt for each of the next five years and thereafter subsequent to December 31, 2016 are as follows:

2017	\$ 14,156,137
2018	3,836,745
2019	5,075,609
2020	4,581,045
2021	5,778,636
Thereafter	<u>551,059,092</u>
	<u><u>\$ 584,487,265</u></u>

Interest capitalized into project development costs and property, equipment and improvements totaled \$608,323 for the year ended December 31, 2016.

### Note 7 - Fair value

As of December 31, 2016, the fair value of the interest rate swap asset of \$14,209 is classified within Level 2 of the fair value hierarchy. No other assets or liabilities are measured at fair value as of December 31, 2016. The following table presents the financial liability measured at fair value on a recurring basis as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest rate swap at December 31, 2016	<u>\$ -</u>	<u>\$ 14,209</u>	<u>\$ -</u>	<u>\$ 14,209</u>

On a recurring basis, NCRC measures its interest rate swap at its estimated fair value. In determining the fair value of its interest rate swap derivative, NCRC uses the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. NCRC incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the NCRC. However, NCRC determined that as of December 31, 2016, the impact of the credit valuation adjustments were not significant to the overall valuation of the swap. As a result, the fair value of the swap is considered to be based primarily on Level 2 inputs.

### Note 8 - Extended affordability agreement

During the year ended June 30, 2008, NCRC received a \$42,500,000 donation under the terms of an Extended Affordability Agreement with the Rancho Cucamonga Redevelopment Agency (the "Agency"), in which NCRC agreed to add certain units to the existing below market units currently specified at four affordable housing properties (the "properties") named in the agreement and to keep all the below market units at each property at the agreed upon below market rate for a minimum of 99 years. The agreement to keep the properties as regulated affordable housing for a minimum of 99 years is a restriction on NCRC. The restriction is removed as progress is made in satisfying the 99-year term of the rent affordability restriction in the agreement. Consequently, the entire \$42,500,000 was classified as temporarily restricted net assets on the statement of financial position. Amortization of this grant (included in temporarily restricted net asset) commenced in December 2007 over the 99-year term on the straight line basis. During the year ended December

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

31, 2016, \$429,294 of temporarily restricted net assets was released to unrestricted net assets. Amortization in subsequent years will be approximately \$429,300 per year. As of December 31, 2016, NCRC has a balance of temporarily restricted net assets of \$38,646,544 attributable to the extended affordability agreement.

#### **Note 9 - Pledge Agreement grant**

On July 24, 1994, NCRC executed a Pledge Agreement with the Redevelopment Agency of the City of Rancho Cucamonga (the "Redevelopment Agency"). The purpose of the agreement is to enable the Redevelopment Agency to provide NCRC funds on an annual basis over a period of thirty years to assist NCRC in acquiring qualifying apartment projects from the Redevelopment Agency's set-aside funds. As a result of this agreement NCRC acquired three qualifying projects. NCRC executed a Regulatory Agreement and Declaration of Restrictive Covenants for each of the three projects which impose tenant income and rent restrictions. Over time, the pledge agreement was amended to satisfy certain requirements of the Redevelopment Agency. Currently the Redevelopment Agency is providing annual funding in the amount of \$337,600 for the three projects combined which is deposited into the project's replacement reserve accounts. During the year ended December 31, 2016, the Redevelopment Agency funded \$508,800 under the Pledge Agreement, which is included in temporarily restricted net assets on the statement of activities. The funding is accounted for as temporarily restricted grant income. As expenditures from the replacement reserves are made, temporarily restricted net assets are released in the same amount. During the year ended December 31, 2016, \$503,893 of temporarily restricted net assets were released into unrestricted net assets. As of December 31, 2016, NCRC has a balance of temporarily restricted net assets of \$4,229,434 attributable to the Pledge Agreement grant.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 which calls for dissolution of all redevelopment agencies in the State of California. The successor agency is the City of Rancho Cucamonga, and continued funding of the pledge agreement grant is included in the Rancho Cucamonga Redevelopment Agency's Enforceable Obligation Payment Schedule.

#### **Note 10 - Retirement plan**

National Community Renaissance (the "Company"), a related party, maintains a Voluntary 401(k) Retirement Plan ("Plan") covering substantially all full-time employees of the NCRC. Participants are immediately vested in their contribution and the Company's special matching contribution plus earnings thereon. Vesting in the remainder of the accounts is based on years of service. A year of service is given for each Plan year in which a participant performs 1,000 or more hours of service. After two years of service, a participant becomes 20% vested. Each service year thereafter will increase the participant's vesting by 20%, with 100% vesting after six years.

Discretionary contributions are determined by management and are allocated to all eligible employees based upon compensation. For the period ended December 31, 2016, \$395,366 was contributed by the NCRC to the retirement plan.

#### **Note 11 - Related party transactions**

In the ordinary course of business, NCRC has significant related party transactions with affiliates. It provides a considerable amount of funding in connection with the development of projects. It also provides development services, construction management services and property management services. In certain cases, NCRC pays operating expenses on behalf of affiliates, which are reimbursed to NCRC on a monthly basis. In certain instances however, such as when individual



## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

properties may be experiencing cash flow difficulties, repayment may be delayed, providing the individual properties with a source of funds.

NCRC earns construction contractor's fees, supervisory management and asset management fees, construction supervisory management fees, social services fees and property management fees in connection with services rendered to consolidated affiliated entities.

#### **Advances due from affiliates**

The amounts loaned by NCRC primarily represent development loans and other entity expenses to affiliates. These loans are unsecured and due on demand and some bear interest. As of December 31, 2016, such amounts due are \$929,274.

From time-to-time, NCRC advances funds to NCRDC to cover operating deficits. As of December 31, 2016, such advances totaled \$6,374,364, and are included in advances due from affiliates on the statement of financial position. NCRDC's management has provided to the management of NCRC their plans, as well as their underlying estimates and assumptions, to repay the advances. Management of NCRC has reviewed the plans, estimates and assumptions and accordingly has determined that no allowance for doubtful accounts is required at December 31, 2016.

#### **General and administrative expense allocation**

NCRC allocates 7% of its total general and administrative expenses to NCRDC. The allocation is based on a combination of total organization head count and total properties managed by each organization.

### **Note 12 - Guaranties**

In its role as general partner of the various Housing Affiliates, NCRC is liable for recourse liabilities. These projects have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42. In connection with their general partnership interests, certain guarantees have been made to the partnerships.

#### **Development deficit guaranty**

NCRC, or its affiliates, are obligated to pay any development cost deficits or, at the option of the investor limited partner, to purchase the interest of the investor limited partner if the project is not completed or if permanent financing has not been obtained. This obligation terminates at achievement of break-even operations, as defined. As of December 31, 2016, no amounts were due under this guaranty. As of December 31, 2016, the amount of potential obligation cannot be estimated.

## National Community Renaissance of California

### Notes to Consolidating Financial Statements December 31, 2016

#### Operating deficit guaranty

NCRC, or its affiliates, are obligated to make non-interest bearing loans to cover operating cash shortfalls which are repayable through available cash flow. The guaranties are for a period of three to five years, commencing with the break-even date, as defined. As of December 31, 2016, no amounts were due under this guaranty. The following are the projects that are under the operating deficit guaranty, the period covered and the amount of the guaranty:

Project	Period covered	Amount
Normandie Senior Housing Partners, LP	01/12 - 01/17	\$ 200,000
ANF Family Partners II, LP	01/12 - 01/17	500,000
Woods Family Housing Ptrs LP	07/12 - 07/17	382,412
Westlake Village Housing Partners, LP	09/13 - 09/18	300,000
Downey Housing Partners, LP	06/15 - 06/18	307,000
Richmar Housing Partners, LP	11/14 - 11/19	300,000
Yucca Valley Housing Partners, LP	09/15 - 09/20	210,920
Mar Vista Union Housing Partners, LP	10/16 - 10/21	150,000
Savi Ranch Housing Partners, LP	12/16 - 12/21	300,000
Avenida Serra Housing Partners	03/16 - 03/21	110,000

#### Recapture guaranty

In the event of a tax credit recapture of low-income housing tax credits previously received by the investor limited partners or investment members in housing affiliates, NCRC shall be obligated to reimburse the investor limited partner or investment member for any recaptured credits plus any associated penalties, interest or additional taxes due, commencing with the breakeven date, as defined. NCRC shall not be liable for a recapture event caused by a change in law or actions of the investors or special limited partners. As of December 31, 2016, no amounts were due under these guaranties.

#### Note 13 - Concentration of credit risk

NCRC maintains cash and cash equivalents with various financial institutions. All reserves are held in NCRC's name. At times, these balances may exceed the federal insurance limits; however, NCRC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2016.

#### Note 14 - Commitments and contingencies

##### Grant and property use restrictions

Many of the properties owned and operated by NCRC were developed using monies provided by grants and restrictive, low-interest rate loans. The terms of these loans restrict the use of the property and generally require it be rented to low-income qualified tenants for the period of the grant or related loan term. NCRC also receives grants with restrictions other than property use. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the proceeds received.

##### Rental assistance contracts

Four of the Housing Affiliates have entered into rental assistance contracts with HUD. These contracts have various terms and require the projects to operate as low-income housing properties and to obtain HUD approval of all rent increases.

## **National Community Renaissance of California**

### **Notes to Consolidating Financial Statements December 31, 2016**

#### **Low-income housing tax credits**

In connection with the Housing Affiliates who receive low-income housing tax credits, the Housing Affiliate's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor partner or member.

#### **Litigation**

NCRC is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of NCRC.

#### **Economic concentrations**

NCRC invests in rental property primarily in Southern California whose future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

#### **Other**

As general partners in Housing Affiliates, NCRC may be subject to other liabilities, should the affected Housing Affiliates' assets become insufficient to meet their obligations. In the opinion of management, future revenues and the value of the underlying assets of each of these Housing Affiliates will be sufficient to meet ongoing and future obligations.

#### **Note 15 - Subsequent events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of NCRC through June 30, 2017, the date the consolidating financial statements were available to be issued, and concluded that no other subsequent events have occurred that would require recognition in the consolidating financial statements or disclosure in the notes to consolidating financial statements.

## **Supplementary Information**

**National Community Renaissance of California  
Consolidating Schedule of Financial Position**

**December 31, 2016**

	NCRC Corporate	Hope Through Housing	Wholly Owned	Eliminations Entries	National Core of California	Housing Affiliates	Elimination Entries	Total
<u>Assets</u>								
Cash and equivalents	\$ 1,502,099	\$ 359,301	\$ 5,285,165	\$ -	\$ 7,146,565	\$ 11,081,171	\$ -	\$ 18,227,736
Reserve for security deposits held in trust	-	-	1,004,280	-	1,004,280	2,573,648	-	3,577,928
Total cash and cash equivalents	1,502,099	359,301	6,289,445	-	8,150,845	13,654,819	-	21,805,664
Restricted cash	249,504	-	13,092,518	-	13,342,022	19,784,285	-	33,126,307
Accounts receivable, net	164,086	458,686	40,372	-	653,144	345,715	(327,177)	671,682
Advance due from affiliates, net	39,792,801	-	20,519,061	(10,000)	55,154,721	428,951	(48,280,034)	7,303,638
Developer fee receivable	9,191,876	-	-	(5,157,141)	9,191,876	-	(8,541,509)	650,367
Prepaid expenses	65,225	4,859	169,608	-	239,692	558,846	-	798,538
Investment	(25,719)	-	-	-	(25,719)	-	744,597	718,878
Project development cost	8,768,163	-	-	(6,495,827)	2,272,336	-	-	2,272,336
Property, equipment and improvements, net	4,199,333	529,911	85,020,641	(1,187,258)	88,562,627	691,637,021	(3,754,709)	776,444,939
Deferred costs, net	27,761	-	549,261	-	-	3,400,537	-	3,400,537
Total assets	\$ 63,935,129	\$ 1,352,757	\$ 125,680,906	\$ (12,850,226)	\$ 177,541,544	\$ 729,810,174	\$ (60,158,832)	\$ 847,192,886
<u>Liabilities and Net Assets</u>								
Accounts payable	\$ 241,700	\$ 77,769	\$ 945,857	\$ -	\$ 1,265,326	\$ 9,738,591	\$ -	\$ 11,003,917
Accrued expenses	966,278	49,545	1,542,013	-	2,557,836	74,921,919	(1,410,141)	76,069,614
Security deposits	4,732	-	1,018,923	-	1,023,655	2,511,381	-	3,535,036
Deferred revenue	3,738,286	-	124,088	-	3,862,374	373,588	(3,754,709)	481,253
Mortgages and notes payable	11,793,387	-	55,834,242	-	67,050,607	547,210,091	(36,126,865)	578,133,833
Due to affiliates	-	3,555,056	8,097,911	(11,652,967)	-	12,332,814	(11,426,037)	906,777
Developer fee payable	-	-	399,652	-	399,652	8,459,991	(8,185,677)	673,966
Total liabilities	16,744,383	3,682,370	67,962,686	(11,652,967)	76,159,450	655,548,375	(60,903,429)	670,804,396
Net assets	13,432,404	(2,556,204)	41,862,656	(1,197,259)	51,541,597	(744,597)	(9,489,636)	41,307,364
Unrestricted net assets, controlling	-	-	-	-	-	75,006,396	10,234,233	85,240,629
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Temporarily restricted net assets	33,758,342	226,591	15,855,564	-	49,840,497	-	-	49,840,497
Total liabilities and net assets	\$ 63,935,129	\$ 1,352,757	\$ 125,680,906	\$ (12,850,226)	\$ 177,541,544	\$ 729,810,174	\$ (60,158,832)	\$ 847,192,886

National Community Renaissance of California

Consolidating Schedule of Activities

Year Ended December 31, 2016

	NCRC Corporate	Hope Through Housing	Wholly Owned	Eliminations Entries	National Core of California	Housing Affiliates	Elimination Entries	Total
Revenue and gains								
Rental income from tenants	\$ -	\$ (69,427)	\$ 18,213,372	\$ -	\$ 18,143,945	\$ 38,450,256	\$ -	\$ 56,594,201
Consulting and development	10,813,788	1,321,902	-	(3,342,717)	8,792,973	31,481	(1,508,743)	7,315,711
Management fees	4,241,792	-	-	(191,921)	4,049,871	-	(108,337)	3,941,534
Private donations - HTHF	-	1,045,126	-	-	1,045,126	-	-	1,045,126
Grants	382,121	-	632,681	-	1,014,802	12,786	-	1,027,588
Laundry revenue	-	-	159,704	-	159,704	494,648	-	654,352
Interest	513,489	258	326,792	-	840,539	39,464	(63,726)	816,277
Other	30,576	743,968	701,115	-	1,475,659	932,181	-	2,407,840
Total revenue	15,981,766	3,313,722	20,033,664	(3,534,638)	35,794,514	39,960,816	(1,680,806)	74,074,524
Expenses, gains and losses								
Administrative	1,487,479	2,406,862	574,632	-	4,468,973	1,400,136	-	5,869,109
Salaries and related expenses	10,325,644	1,315,547	1,829,535	-	13,470,726	4,541,076	-	18,011,802
Utilities	62,860	-	1,913,238	-	1,976,098	5,470,856	-	7,446,954
Maintenance and operating	129,151	673	3,873,067	-	4,002,891	8,692,460	-	12,695,351
Professional services	1,242,742	116,611	326,561	-	1,685,914	1,561,883	-	3,247,797
Taxes and insurance	118,014	38,322	1,233,204	-	1,389,540	2,103,370	-	3,492,910
Interest	310,095	-	1,809,491	-	2,119,586	15,943,336	(63,726)	17,999,196
Depreciation	359,166	12,426	2,645,920	-	3,017,512	22,050,040	-	25,067,552
Amortization	50,487	-	68,250	-	118,737	665,312	-	784,049
Management fees	22,906	-	1,646,926	(423,737)	1,246,095	4,526,676	(1,617,080)	4,155,691
Other expense	3,267,572	12,749	96,736	-	3,377,057	866,949	-	4,244,006
Total expenses	17,376,116	3,903,190	16,017,560	(423,737)	36,873,129	67,822,094	(1,680,806)	103,014,417
Excess (deficit) of revenues and gains over expense	\$ (1,394,350)	\$ (589,468)	\$ 4,016,104	\$ (3,110,901)	\$ (1,078,615)	\$ (27,861,278)	\$ -	\$ (28,939,893)
Increase (decrease) in unrestricted net assets	\$ (1,394,350)	\$ (589,468)	\$ 4,016,104	\$ (3,110,901)	\$ (1,087,167)	\$ (492,612)	\$ -	\$ (1,571,227)
Net assets - unrestricted, beginning of year	15,571,351	(1,966,736)	40,957,452	(1,197,258)	53,364,809	(251,985)	(10,234,233)	42,878,591
Net assets - unrestricted, end of year	\$ 14,177,001	\$ (2,564,756)	\$ 41,862,656	\$ (1,197,259)	\$ 52,277,642	\$ (744,597)	\$ (10,234,233)	\$ 41,307,364
Net assets - temporarily restricted, beginning of year	\$ 32,417,298	\$ 215,315	\$ 15,979,445	\$ -	\$ 48,612,058	\$ -	\$ -	\$ 48,612,058
Increase in temporarily restricted net assets	1,792,804	76,939	508,800	-	2,378,543	-	-	2,378,543
Release of temporarily restricted net assets	(451,760)	(65,663)	(632,681)	-	(1,150,104)	-	-	(1,150,104)
Net assets - temporarily restricted, end of year	\$ 33,758,342	\$ 226,591	\$ 15,855,564	\$ -	\$ 49,840,497	\$ -	\$ -	\$ 49,840,497
Non-controlling interest								
Beginning net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,417,404	\$ 10,234,233	\$ 90,651,637
Contributions	-	-	-	-	-	22,404,263	-	22,404,263
Distributions	-	-	-	-	-	(446,605)	-	(446,605)
Net income (loss)	-	-	-	-	-	(27,368,666)	-	(27,368,666)
Ending net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,006,396	\$ 10,234,233	\$ 85,240,629

**National Community Renaissance of California**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016**

Federal grantor/pass through grantor Program title	Federal CFDA number	Pass-through identifying entity number	Total federal expenditures
Department of Housing and Urban Development, passed through from the City of San Marcos, the City of Hawthorne, the City of Riverside, the County of San Bernadino, the County of San Diego, Long Beach Affordable Housing, the County of Riverside, the City of Victorville and the County of Los Angeles:			
HOME Investments Partnership Program	14.239	N/A	\$ 2,913,444
Total U.S. Department of Housing and Urban Development			2,913,444
Total expenditures of federal awards			\$ 2,913,444

## National Community Renaissance of California

### Notes to Schedule of Expenditures of Federal Awards December 31, 2016

#### Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of National Community Renaissance of California, under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of National Community Renaissance of California, it is not intended to and does not present the financial position, changes in net assets, or cash flows of National Community Renaissance of California.

#### Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance.

#### Note 3 - U.S. Department of Housing and Urban Development loan program

National Community Renaissance of California has received direct loans under the HOME Investments Partnership Program. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. National Community Renaissance of California received no additional loans during the year. The balance of the loans outstanding at December 31, 2016 consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2016
14.239	HOME Investments Partnership Program	\$2,894,240



Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
National Community Renaissance of California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of National Community Renaissance of California, which comprise the consolidating statement of financial position as of December 31, 2016, and the related consolidating statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated June 30, 2017 which included an emphasis of matter paragraph related to the adoption of a new accounting principle as indicated at page 3.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered National Community Renaissance of California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Community Renaissance of California's internal control. Accordingly, we do not express an opinion on the effectiveness of National Community Renaissance of California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Community Renaissance of California's consolidating financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
June 30, 2017

Independent Auditor's Report on Compliance for the Major Federal Program and on  
Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors  
National Community Renaissance of California

Report on Compliance for the Major Federal Program

We have audited National Community Renaissance of California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on National Community Renaissance of California's major federal program for the year ended December 31, 2016. National Community Renaissance of California's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for National Community Renaissance of California's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about National Community Renaissance of California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of National Community Renaissance of California's compliance.

*Opinion on the Major Federal Program*

In our opinion, National Community Renaissance of California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

## Report on Internal Control over Compliance

Management of National Community Renaissance of California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered National Community Renaissance of California's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of National Community Renaissance of California's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Sacramento, California  
June 30, 2017

**National Community Renaissance of California**

**Schedule of Findings and Questioned Costs  
December 31, 2016**

**A. Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the consolidating financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

\*Material weakness(es) identified?                             Yes      X   No

\*Significant deficiency(ies) identified?                             Yes      X   None reported

Noncompliance material to consolidating financial statements noted?                             Yes      X   No

*Federal Awards*

Internal control over major programs:

\*Material weakness(es) identified?                             Yes      X   No

\*Significant deficiency(ies) identified?                             Yes      X   None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR Section 200.516(a)?

       Yes      X   No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	Department of Housing and Urban Development HOME Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee                        X   Yes           No

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

# ATTACHMENT 5 – DEVELOPER'S PROFORMA

LIHTC ACQUISITION-REHAB FINANCIAL MODEL

Page 1 - Project Summary

Seller Loan Assumptions	
Additional Seller Loan	\$2,460,000
New Seller Loan Rate	2.100%
Residual Receipt Loan Amount	\$1,942,220
Seller Loan	\$1,942,220
Residual Receipt Loan Rate	2.100%
Residual Receipt Loan Term	30
Residual Receipt Loan	\$1,942,220
Residual Receipt Loan	\$1,942,220

## Parkside SAN DIEGO

Unit Mix and Utility Allowances

Unit	Total Units	Net Rentable Square Feet	POST Utility Allowances	Average			Overhang	Market Rate Units			Change
				Current	Interim Bridge	Post Construction		Total Units	Current Rents	Post Rents	
Studio	0	0	0	0	0	0	0	0	0	0	0
One Bedroom	5	576	40	845	845	946	-328	0	0	0	0
Two Bedroom	29	768	52	1,011	1,011	1,083	-2,280	0	0	0	0
Three Bedroom	5	960	63	1,138	1,138	1,216	-616	0	0	0	0
Four Bedroom	0	0	0	0	0	0	0	0	0	0	0
Manager Studio	0	0	0	0	0	0	0	0	0	0	0
Manager One Bedroom	0	0	0	0	0	0	0	0	0	0	0
Manager Two Bedroom	0	0	0	0	0	0	0	0	0	0	0
Manager Three Bedroom	1	960	0	908	908	971	0	0	0	0	0
Manager Four Bedroom	0	0	0	0	0	0	0	0	0	0	0
Market Rate Units	0	0	0	0	0	0	0	0	0	0	0
Totals	40	Average 773	Average 51	Average 994	Average 994	Average 1,050	-3,224	0	0	0	0

Stabilized Operations Summary

Total \$		Per Unit		Per SF	
Gross Rental Income	508,332	12,708	0	16.44	0
Retail Income	0	0	0	0.00	0
Other Income	14,832	371	0	0.48	0
Vacancy	-21,834	-621	0	-0.82	0
Effective Gross Income	498,330	12,458	16.12		
Operating Expenses, including \$100 per unit reserves	-311,375	-7,797	-10.09		
Net Operating Income	186,955	4,661	6.03		
Total Debt Service (excluding cash flow-based loans)	-162,394	-4,038	-5.25		
Net Cash Flow (before partnership-level expenses)	24,561	624	0.78		

Sources and Uses of Funds

Debt:					
Term Loan #1, 5%, 1.16DCR, 35-year amort	2,658,000 (NAME)	0	0	168.22	
Term Loan #1, 0%, 1.15DCR, 35-year amort	0	0	0	88.64	
Net operating income through Interim Loan	2,460,000	1,942,220	2,788 (deferred fees @ 0% of total fee)	79.58	
New Seller Loan	2,460,000	2,460,000	61,500	100.50	
San Diego Housing Development Corp	3,366,612 (equity = \$34,165 per LI unit)	239,178	0 (NOI - Int Exp through construction)		
Equity:					
Tax Credit Equity @ \$0.9350	0	0	0		
Construction Interest in Basis	0	0	0		
Free Cash Flow During Construction Lease-Up	0	0	0		
Repayment of Developer Expenses	10,668,797	10,668,797			
TOTAL SOURCES					
Property Acquisition	5,200,000	130,080			
Property Acquisition	2,746,000	68,580			
GI Deferred Cost	2,460,000	61,500			
Renovation Costs	3,106,636	77,664			
Interest Costs	142,000	3,350			
Third Party Reports	342,713	8,568			
Financing Placement	239,178	5,979			
Capitalized Interest	15,000	375			
Accounting Fees	75,000	1,875			
Legal & Organizational Fees	40,000	1,000			
Relocation Allowance	120,000	3,000			
Initial Deposit to Reserves	21,926	548			
Tax Credit Reservation Fees	134,180	3,355			
Other Fees and Costs	1,229,378	30,714			
Total Cash Developer Fee	2,788	70			
Capitalized Cash Flow From Operations					

4/21/2018 12:33

Owner Economics	
Purchase Price Including Reserves	5,700,000
Payoff Loan (1st Trust Deed)	632,822
Payoff (County)	0
LP Buyout	164,938
Seller Loan	2,460,000
Cash Proceeds at Reacquisition	0
Dev Fee Share 50%	616,083
Retail Income	0

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Net Cash Flow (before partnership-level expenses)	24,561	624	0.78		

Parkside  
Sources and Uses

	Construction Financing	Perm S&U
<b>Sources and Uses of Funds</b>		
Debt:		
Permanent Loan		2,658,000
Construction Loan	5,250,000	-
Interim Loan	-	-
New Seller Loan	2,460,000	2,460,000
San Diego Housing	1,942,220	1,942,220
Deferred Developer Fee	1,232,166	2,788
Project:		
Free Cash flow Through Construction Period	0	-
Capitalized Interest (Interim & Construction)	239,178	239,178
Equity:		
Tax Credit Equity @ \$0.955	1,009,984	3,366,612
Other / Overage/ Repayment of Costs	0	-
Developer Equity (additional Deferred Fee)	(1,464,749)	-
Net Operating Income (interim period)	-	-
<b>TOTAL SOURCES</b>	<b>10,668,797</b>	<b>10,668,797</b>
Property Acquisition	5,200,000	5,200,000
Interim Interest	-	-
Renovation Costs	3,106,636	3,106,636
Indirect Costs:	-	-
Third Party Reports	142,000	142,000
Financing Placement	342,713	342,713
Capitalized Interest (Interim & Construction)	239,178	239,178
Accounting	15,000	15,000
Legal & Organizational	75,000	75,000
Relocation Allowance	40,000	40,000
Initial Deposits to Reserves	120,000	120,000
Tax Credit Reservation Fees	21,926	21,926
Other Fees and Costs	134,180	134,180
Developer Fee	1,232,166	1,232,166
<b>TOTAL USES</b>	<b>10,668,797</b>	<b>10,668,797</b>

Community Preservation Partners  
Unit Mix Summary  
Parkside

Unit Mix	Unit Type	# of Units	Per Unit	RSF	Total	TCAC Rents	Current Rents	Bridge Period	Construction Period	Grass	U/A	Post Reservation	\$/Month	\$/SF
						NET	NET	NET	NET					
0 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 50.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
1 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	2	576	1,152	1,152	\$1,154	\$917	\$917	\$916	\$1,033	\$0	\$916	\$1,042	\$1.71
	Units at 50.00% AMI	3	576	1,728	1,728	\$972	\$757	\$757	\$757	\$853	\$40	\$813	\$819	\$1.41
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
2 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	14	768	10,752	10,752	\$1,261	\$1,099	\$1,099	\$1,095	\$1,228	\$52	\$1,176	\$1,164	\$1.53
	Units at 50.00% AMI	15	768	11,520	11,520	\$1,042	\$906	\$906	\$906	\$1,023	\$52	\$971	\$1,045	\$1.26
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
3 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	2	960	1,920	1,920	\$1,454	\$1,217	\$1,217	\$1,263	\$1,364	\$63	\$1,301	\$1,362	\$1.36
	Units at 50.00% AMI	3	960	2,880	2,880	\$1,201	\$1,047	\$1,047	\$1,042	\$1,161	\$63	\$1,118	\$1,164	\$1.16
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
4 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 50.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
5 Bld / 1 Ha MKT		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 60.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 50.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 40.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
	Units at 30.00% AMI	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
Average/Total (Excluding Retail)		39	768	29,952	29,952	\$1,142	\$992	\$992	\$991	\$1,113	\$52	\$1,061	\$1,100	\$1.39
Average/Total (Including Retail)		40	773	30,912	30,912	\$1,151	\$998	\$998	\$999	\$1,110	\$51	\$1,059	\$1,101	\$1.38
Average/Total (Retail Only)		1	84,959	\$4,959	\$4,959	\$0	\$2,959	\$2,959	\$2,959	\$2,959	\$0	\$2,959	\$2,959	\$2,959
1 Bedroom @ 60% AMI		2	576	1,152	1,152	\$1,154	\$917	\$917	\$916	\$1,033	\$0	\$916	\$1,042	\$1.71
2 Bedroom @ 60% AMI		15	768	11,520	11,520	\$1,042	\$906	\$906	\$906	\$1,023	\$52	\$971	\$1,045	\$1.26
3 Bedroom @ 60% AMI		3	960	2,880	2,880	\$1,201	\$1,047	\$1,047	\$1,042	\$1,161	\$63	\$1,118	\$1,164	\$1.16
4 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
5 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
6 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
7 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
8 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
9 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
10 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
11 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
12 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
13 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
14 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
15 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
16 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
17 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
18 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
19 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
20 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
21 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
22 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
23 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
24 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
25 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
26 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
27 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
28 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
29 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
30 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
31 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
32 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
33 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
34 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
35 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
36 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
37 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
38 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
39 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
40 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
41 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
42 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
43 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
44 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
45 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
46 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
47 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
48 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
49 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
50 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
51 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
52 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
53 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
54 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
55 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
56 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
57 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
58 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
59 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
60 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
61 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
62 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
63 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
64 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
65 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
66 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
67 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
68 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
69 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
70 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
71 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
72 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
73 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
74 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
75 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
76 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
77 Bedroom @ 60% AMI		0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00
78 Bedroom @ 60% AMI		0	0	0										



Parkside  
INCOME/EXPENSE

Stabilized Income From Operations		Stabilized			
Units	40	INPUT (BASE YEAR)	OUTPUT (BASE YEAR)		
			Total \$	Per Unit	Per SF
Tax Credit Rents			534,228	13,356	17.28
Loss to Lease			-37,548	-939	-1.21
Retail Income			0	n/a	n/a
Manager's Unit			11,652	291	0.38
Retail Income			0	n/a	n/a
Other Income			14,832	371	0.48
<b>TOTAL GROSS INCOME</b>			<b>523,164</b>	<b>13,079</b>	<b>16.92</b>
Less Physical Vacancy		4.649% of GPR	24,834	621	0.80
Concessions		0.000% of GPR	0	n/a	n/a
Other Economic Loss		0.000% of GPR	0	n/a	n/a
<b>EFFECTIVE GROSS INCOME</b>			<b>498,330</b>	<b>12,458</b>	<b>16.12</b>
Less Professional Management		4.0% of EGI	25,201	630	0.82
Payroll & Benefits (inc mgr unit)		1,139 per unit	45,545	1,139	1.47
Office & Administration *		1,412 per unit	56,471	1,412	1.83
Marketing/Advertising		53 per unit	2,120	53	0.07
Utilities					
Water/Sewer		822 per unit	32,892	822	1.06
Garbage		338 per unit	13,500	338	0.44
Gas		276 per unit	11,028	276	0.36
Electricity (common area and va		165 per unit	6,600	165	0.21
Maintenance					
General R&M		1,362 per unit	54,485	1,362	1.76
Turnover & Redecorating		107 per unit	4,272	107	0.14
Contract Services		0 per unit	0	n/a	n/a
Social Services		1.16 per SF	36,000	900	1.16
Insurance		0.30 per SF	9,180	230	0.30
Replacement Reserves		300 per unit	12,000	300	0.39
Total Before Taxes			309,294	7,732	10.01
Real Property Taxes			2,582	65	0.08
Total Operating Expenses			311,876	7,797	10.09
<b>NET OPERATING INCOME</b>			<b>186,454</b>	<b>4,661</b>	<b>6.03</b>

Perkade

COSTS

Construction-Related Costs				COST SEGREGATION					Land & Non-Depreciable		-- Depreciable Costs --		5 yrs		15 yrs		27.5 yrs		Buildings		Total	
INPUT	Total \$	Per Unit	Per SF	Retail	Personal Property	Site work	Buildings	Total	Land & Non-Depreciable	Depreciable	5 yrs	15 yrs	27.5 yrs	Buildings	Total	Land & Non-Depreciable	Depreciable	5 yrs	15 yrs	27.5 yrs	Buildings	Total
Retail Construction/ Basis:																						
Energy Credit	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Construction Contract	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION CONTRACT:																						
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Credit	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Perkade	57,293	per unit																				
Total Construction Contract	2,291,594		57,293	74.11	0	0	0	2,291,594	2,291,594													
OTHER CONSTRUCTION COSTS PAID BY OWNER:																						
Architectural	100,000	fixed sum	100,000	2,500	3.23	0	0	100,000	100,000													
Engineering	0	fixed sum	0	0	0.00	0	0	0	0													
Fees & Permits	75,000	fixed sum	75,000	1,875	2.43	0	0	75,000	75,000													
Contractor's Liability Insurance	1.15%	of hard costs	26,353	659	0.85	0	0	26,353	26,353													
Payment and Performance Bond	1.15%	of hard costs	26,353	659	0.85	0	0	26,353	26,353													
Soar	0	fixed sum	0	0	0.00	0	0	0	0													
Tenants/Recs/Management Setup Fee	0	fixed sum	0	0	0.00	0	0	0	0													
FF&E	0	fixed sum	0	0	0.00	0	0	0	0													
Reserved	0	fixed sum	0	0	0.00	0	0	0	0													
Reserved	0	fixed sum	0	0	0.00	0	0	0	0													
Total Other Construction Costs	227,707		5,693	7.37	0	0	0	227,707	227,707													
INELIGIBLE COSTS:																						
Income-Generating Parking Structures	0	fixed sum	0	0	0.00	0	0	0	0													
Other	0	fixed sum	0	0	0.00	0	0	0	0													
Total Ineligible	0		0	0	0.00	0	0	0	0													
GENERAL REQUIREMENTS																						
CONTINGENCY	6.0%	of hard costs	137,496	3,437	4.45	0	0	137,496	137,496													
10.0% of hard costs	266,512	of hard costs	6,663	8.62	0	0	0	266,512	266,512													
GENERAL CONTRACTOR'S OH&P	8.0%	of hard costs	183,328	4,583	5.93	0	0	183,328	183,328													
SALES TAX	0.0%	of hard costs	0	0	0.00	0	0	0	0													
Total	587,336		14,683	19.00	0	0	0	587,336	587,336													
TOTAL CONSTRUCTION COSTS																						
	3,106,636		77,666	100.50	0	0	0	3,106,636	3,106,636													

COSTS

(Deferred fees 0% of total fee)

Indirect and Acquisition Costs				COST SEGREGATION				Land & Non-Depreciable		-- Amortizable Costs --		5 yrs/Perkade		15 yrs/Perkade		27.5 yrs/Perkade		Total				
INPUT				Total \$	Per Unit	Per SF	Retail	Depreciable	5 yrs/Perkade	15 yrs/Perkade	27.5 yrs/Perkade	Land & Non-Depreciable	Depreciable	5 yrs/Perkade	15 yrs/Perkade	27.5 yrs/Perkade	Land & Non-Depreciable	Depreciable	5 yrs/Perkade	15 yrs/Perkade	27.5 yrs/Perkade	Total
ACQUISITION COSTS:	HYP Land Value	700,000		25,729	per unit	760,000	19,000	24.59	760,000	0	0	0	0	0	0	0	0	0	0	0	0	760,000
	HYP (Restricted Value)	384,000		0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Land	10,000		0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Retail Value			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Reserved/ Grants/ Flex Subsidy			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Acquisition - Buildings & Personal Property			4,440,000	fixed sum	4,440,000	111,000	143.63	0	4,440,000	0	0	0	0	0	0	0	0	0	0	0	4,440,000
	Total Acquisition Costs			5,700,000		130,000	168	760,000	4,440,000	0	0	0	0	0	0	0	0	0	0	0	0	5,700,000
THIRD PARTY REPORTS:																						
	Phase I Assessment			5,000	fixed sum	5,000	125	0.16	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
	Physical Needs Assessment			5,000	fixed sum	5,000	125	0.16	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
	Market Study			5,000	fixed sum	5,000	125	0.16	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
	Financing Appraisal (including land value appraisal)			5,000	fixed sum	5,000	125	0.16	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
	ACS			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	ALTA Survey			12,000	fixed sum	12,000	300	0.39	0	12,000	0	0	0	0	0	0	0	0	0	0	0	12,000
	HERS II & CalGreen			35,000	fixed sum	35,000	875	1.13	0	35,000	0	0	0	0	0	0	0	0	0	0	0	35,000
	Miscellaneous Predevelopment & Soft cost Contingency			75,000	fixed sum	75,000	1,875	2.43	0	75,000	0	0	0	0	0	0	0	0	0	0	0	75,000
	Total Third Party Reports			142,000		3,550	4.59	0	142,000	0	0	0	0	0	0	0	0	0	0	0	0	142,000
FINANCING PLACEMENT COSTS:																						
	Construction Loan Origination Fee			1.00% of loan amt		52,500	1,313	1.70	0	52,500	0	0	0	0	0	0	0	0	0	0	0	52,500
	Construction Lender Legal Fees			35,000	fixed sum	35,000	875	1.13	0	35,000	0	0	0	0	0	0	0	0	0	0	0	35,000
	Construction Underwriting Costs / Deposit for 3rd party reports			25,000	fixed sum	25,000	625	0.81	0	25,000	0	0	0	0	0	0	0	0	0	0	0	25,000
	Construction Loan Monitoring			12,000	fixed sum	12,000	300	0.39	0	12,000	0	0	0	0	0	0	0	0	0	0	0	12,000
	Fiduciary Max Application Fee			35,000	of loan amt	35,000	875	1.13	0	35,000	0	0	0	0	0	0	0	0	0	0	0	35,000
	Permanent Lender Underwriting Costs			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Interim Financing			0	of loan amt	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prepayment Penalty			0	of basis points	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Fund Costs of Insurance (see below page 5.2)			183,213	fixed sum	183,213	4,580	5.93	0	183,213	0	0	0	0	0	0	0	0	0	0	0	183,213
	Construction Bridge Expense			0	of basis points	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.00% Total Financing Placement Costs			342,713		8,558	11	0	342,713	0	0	0	0	0	0	0	0	0	0	0	0	342,713
INTEREST:																						
	Capitalized Interest Paid From Operations			239,178	should equal blue	239,178	5,979	7.74	112,056	127,121	0	0	0	0	0	0	0	0	0	0	0	239,178
	Total Interest			239,178		5,979	8	112,056	127,121	0	0	0	0	0	0	0	0	0	0	0	0	239,178
	**Assumes Draw Down																					
OTHER INDIRECT COSTS:																						
	Accounting, Cost Certification			15,000	fixed sum	15,000	375	0.49	0	15,000	0	0	0	0	0	0	0	0	0	0	0	15,000
	Allowance for Rehabilitation Costs			40,000	fixed sum	40,000	1,000	1.29	0	40,000	0	0	0	0	0	0	0	0	0	0	0	40,000
	Predevelopment Bridge Loan Interest			50,000	fixed sum	50,000	1,250	1.62	0	50,000	0	0	0	0	0	0	0	0	0	0	0	50,000
	Title, Escrow, Recording, Property Tax Reserve			75,000	fixed sum	75,000	1,875	2.43	0	75,000	0	0	0	0	0	0	0	0	0	0	0	75,000
	Bridge Loan Interest			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prepaid Insurance			9,180	fixed sum	9,180	230	0.30	0	9,180	0	0	0	0	0	0	0	0	0	0	0	9,180
	Partnership Legal			75,000	fixed sum	75,000	1,875	2.43	25,000	50,000	0	0	0	0	0	0	0	0	0	0	0	75,000
	Reserves:																					
	Operating (including Private RA)			120,000	fixed sum	120,000	3,000	3.88	120,000	0	0	0	0	0	0	0	0	0	0	0	0	120,000
	Initial Replacement Reserve			0	fixed sum	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Tax Credit Fees			21,926	fixed sum	21,926	548	0.71	0	0	0	0	0	0	0	0	0	0	0	0	0	21,926
	Total Other Indirect Costs			406,106		10,153	13	145,000	239,180	0	0	0	0	0	0	0	0	0	0	0	0	406,106
DEVELOPER FEE																						
	Fee on Acquisition Costs			15.00%		868,000																868,000
	Fee on Renovation and Indirect Costs			15.00%		566,166																566,166
	Non Basis Fee					0																0
	Total Fee					1,232,166			38,804	39.86	0	1,232,166			0	0	0	0	0	0	0	1,232,166
GRAND TOTAL - ALL ACQUISITION AND INDIRECT COSTS																						
				7,562,161		189,054	244.64	1,017,056	6,339,967	0	183,213	21,926	0	0	0	0	0	0	0	0	0	7,562,161

## Tax Credit Calculations

	Ineligible Costs	Eligible Basis	Federal Credits ACQUISITION	REHABILITATION	TOTAL	State Credits ACQUISITION	REHABILITATION	TOTAL
Land Costs	760,000	0	0	0	0	0	0	0
Acquisition Costs	4,440,000	4,440,000	4,440,000	0	0	4,440,000	0	4,440,000
Direct Construction Costs	0	3,106,636	0	0	3,106,636	3,106,636	0	3,106,636
Indirect Costs	482,195	667,801	0	0	667,801	667,801	0	667,801
Developer Fee	0	1,232,166	666,000	0	566,166	1,232,166	0	1,232,166
Total Project Costs	10,668,797	9,446,603	5,106,000	0	4,340,603	9,446,603	0	9,446,603
Less:			0	0	0	0	0	0
Ineligible Grant, Loan(s), & Voluntary reductions in basis		9,446,603	5,106,000	100%	4,340,603	9,446,603	0	0
Total Eligible Basis			100%	100%	100%	0%	0%	0%
High Cost Factor Adjustment (for DDA or OCT)			5,106,000	100%	5,642,784	10,748,784	0	0
Low Income Occupancy Percentage ("Applicable Fraction")			3.28%	3.28%	185,083	0	30.00%	0
Qualified Basis			167,477			352,560	0	0
Applicable Percentage (as of 4/31/91)						352,560	0	0
MAXIMUM CREDIT REQUEST BASED ON QUALIFIED BASIS						100.00%	0.00%	0
Subject to Limit Based on Credit Reservation						0.00%	0.00%	0
State Credits as Percent of Federal Credits								
Annual State Credits								
TAX CREDIT EQUITY VALUATION:								
Annual Credit Allowed						352,560		0
Total Credit Allowed Over 10 Years						3,525,601		0
Investors' Percentage Allocation of Credits						99.99%		0.00%
Investors' Dollar Allocation of Credits						3,525,249		0
Tax Credit Factor						50.96		50.00
Tax Credit Equity Value						3,366,612		0
TOTAL TAX CREDIT EQUITY VALUE (Federal + State)						3,366,612		0

"50% Test"			
Land			760,000
Residential Buildings			9,446,603
		Total Land + Buildings	10,206,603
		Times 50%	5,103,301
Tax-Exempt Debt		Percent of Land + Buildings	5,250,000
			51.44%
Costs Below 50% Threshold			293,397

**Parkside**  
**15 Year Pro Forma**  
*Actual Assumptions*

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
GROSS ANNUAL RENTAL INCOME TAX CREDIT RENTS	534,228	550,255	566,762	583,785	601,278	619,317	637,896	657,033	676,744	697,046	717,958	739,496	761,681	784,532	808,068
GROSS ANNUAL RENTAL INCOME (Loss to Lease)	-37,548	-38,674	-39,835	-41,030	-42,258	-43,528	-44,834	-46,178	-47,561	-48,985	-50,449	-51,955	-53,504	-55,101	-56,735
Manager's Unit	11,652	12,002	12,362	12,732	13,114	13,508	13,913	14,330	14,760	15,203	15,659	16,129	16,613	17,111	17,623
Retail Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0% Section 8 (Tenant)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income & Loss to Lease (net)	14,832	15,277	15,725	16,207	16,694	17,194	17,710	18,241	18,788	19,352	19,933	20,531	21,147	21,781	22,435
TOTAL GROSS INCOME	521,184	538,859	555,025	571,675	588,826	606,480	624,685	643,428	662,729	682,610	703,089	724,181	745,907	768,284	791,332
Less:	9,934	10,232	10,539	10,855	11,180	11,516	11,861	12,217	12,584	12,961	13,350	13,750	14,163	14,588	15,025
#DW/PI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	511,250	528,627	544,486	560,821	577,645	594,975	612,824	631,209	650,145	669,649	689,738	710,431	731,744	753,696	776,307
Less:															
Professional Management	25,201	22,561	22,238	23,335	24,653	25,382	26,154	26,939	27,747	28,579	29,437	30,320	31,229	32,166	33,131
Payroll & Benefits	45,545	46,911	48,319	49,768	51,261	52,799	54,333	55,015	57,095	59,426	61,209	63,045	64,936	66,884	68,891
Office, Administration, Accounting	58,471	58,165	59,910	61,707	63,556	65,465	67,429	69,452	71,536	73,682	75,892	78,169	80,514	82,930	85,417
Marketing/Advertising	2,120	2,164	2,249	2,317	2,366	2,429	2,531	2,607	2,686	2,766	2,849	2,935	3,023	3,113	3,207
Utilities and Trash Removal	64,020	65,941	67,919	69,956	72,055	74,217	76,443	78,737	81,099	83,532	86,038	88,619	91,277	94,015	96,836
Maintenance															
Supplies & Repairs	54,465	56,120	57,803	59,537	61,323	63,163	65,058	67,010	69,020	71,091	73,223	75,420	77,683	80,013	82,413
Turnover & Redecorating	4,772	4,400	4,532	4,668	4,808	4,952	5,101	5,254	5,412	5,574	5,741	5,913	6,091	6,274	6,462
Contract Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social Services	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	48,381	49,832	51,327	52,867	54,453
Insurance	9,180	9,455	9,739	10,031	10,332	10,642	10,961	11,290	11,629	11,978	12,337	12,707	13,088	13,481	13,886
Property Taxes	2,582	2,634	2,686	2,740	2,795	2,851	2,908	2,966	3,025	3,086	3,147	3,210	3,275	3,340	3,407
Replacement Reserves	12,000	12,500	12,731	13,113	13,508	13,917	14,329	14,758	15,201	15,657	16,127	16,611	17,109	17,622	18,151
Total Expenses	311,676	317,810	327,316	337,111	347,197	357,565	368,264	379,303	390,653	402,342	414,381	426,781	439,553	452,706	466,254
Per Unit	7,797	7,945	8,163	8,428	8,680	8,940	9,207	9,483	9,768	10,059	10,360	10,670	10,989	11,318	11,656
NET OPERATING INCOME	201,354	210,817	217,168	223,710	230,449	237,380	244,540	251,906	259,492	267,307	275,357	283,650	292,191	300,990	310,053
**Assumes 100% increase in debt payment post term for CF Analysis and Seller Loan Analysis.															
Amortized Permanent Loan Debt Service	28,487	30,323	31,975	33,595	35,220	37,021	38,916	40,907	42,999	45,199	47,512	49,943	52,498	55,184	58,007
Interest Only Permanent Loan Debt Service	132,126	136,652	142,101	147,470	152,756	157,954	163,060	168,089	173,016	177,816	182,483	187,013	191,433	195,752	200,068
Annual Issuer Fee	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174	1,174
Other Fees/Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149	182,149
100% CF															
NET CASH FLOW FROM OPERATIONS	32,205	48,688	55,019	61,561	68,299	75,241	82,391	89,756	97,343	105,158	113,208	121,500	130,042	138,841	147,904
Debt Coverage Ratio (Form Loan)	1.24	1.30	1.34	1.38	1.42	1.46	1.51	1.55	1.60	1.65	1.70	1.75	1.80	1.86	1.91
Cash Flow, Percent of Debt Service	24.2%	30.0%	33.9%	38.0%	42.1%	46.4%	50.8%	55.4%	60.0%	64.9%	69.8%	74.9%	80.2%	85.6%	91.2%
Cash Flow, Percent of Gross Income	7.5%	9.0%	9.9%	10.8%	11.6%	12.4%	13.2%	13.9%	14.7%	15.4%	16.1%	16.8%	17.4%	18.1%	18.7%
Debt Yield	7.67%	8.17%	8.47%	8.84%	9.23%	9.63%	10.04%	10.46%	10.89%	11.33%	11.77%	12.22%	12.67%	13.13%	13.59%
CF/Principal Balance Outstanding Debt at End of Period	1.53%	1.99%	2.14%	2.4%	2.7%	3.1%	3.4%	3.8%	4.2%	4.6%	5.0%	5.5%	6.1%	6.7%	7.3%
NET CASH FLOW AVAILABLE FOR PAYMENT															
Cash flow	39,205	48,688	55,019	61,561	68,299	75,241	82,391	89,756	97,343	105,158	113,208	121,500	130,042	138,841	147,904
6,500 LP Asset Manager Fee	6,500	6,695	6,896	7,103	7,316	7,535	7,761	7,994	8,234	8,481	8,735	8,996	9,267	9,545	9,832
100% MGP 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
0% Co-OP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100% 12,788 Developer Fee/Loan	25,205	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available Cash Flow After Developer Fee	0	34,248	40,169	46,253	52,542	59,011	65,674	72,538	79,608	86,881	94,383	102,121	110,081	118,281	126,727
97% Cash Flow Available for Seller Loan Payment	0	33,221	38,961	44,875	50,966	57,241	63,704	70,362	77,220	84,285	91,562	99,058	106,779	114,733	122,976
50% 2,490,000 Seller Loan 1	0	16,610	19,481	22,437	25,483	28,620	31,852	35,181	38,610	42,142	45,781	49,529	53,389	57,366	61,463
50% 1,942,220 Seller Loan 2	0	16,610	19,481	22,437	25,483	28,620	31,852	35,181	38,610	42,142	45,781	49,529	53,389	57,366	61,463
0% Seller Loan 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100% (Residual)	0	1,027	1,205	1,368	1,576	1,770	1,970	2,176	2,388	2,607	2,832	3,064	3,302	3,548	3,802
NET CASH FLOW AVAILABLE FOR PAYMENT															
Cash flow	0	1,027	1,205	1,368	1,576	1,770	1,970	2,176	2,388	2,607	2,832	3,064	3,302	3,548	3,802
To LP	0	103	120	139	156	177	197	218	239	261	283	306	330	355	380
To GP	0	925	1,084	1,249	1,419	1,593	1,773	1,959	2,149	2,346	2,549	2,757	2,972	3,184	3,422



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**ATTACHMENT 6**  
**HOUSING COMMISSION MULTIFAMILY**  
**HOUSING REVENUE BOND PROGRAM**  
**SUMMARY**

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

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith 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.

May 30, 2018

Mr. Joe Correia  
San Diego Housing Commission  
1122 Broadway, Suite 300  
San Diego, California 92101

RE: Parkside Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed tax-exempt financing for the Parkside Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project
- The Proposed Financing
- Project's Projected Financial Status
- Benefits and Risks to the Commission
- Public Purpose
- Negotiation of Additional Public Benefit
- Recommendations

We have based our analysis of the proposed financing on documents provided by National Community Renaissance of California (the "Developer"), and on additional conversations and documents provided by representatives of the Developer and Commission staff. The documents examined included the Developer's proposed financial schedules and financing commitments from the proposed lender and investor. CSG has not visited the site of the proposed Project.

## **CURRENT PROJECT STATUS AND THE PROPOSED PROJECT**

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The Project will consist of the rehabilitation of an existing 40-unit property (the "Property") located at 4035 Park Haven Court, San Diego, California (the "Site"). The Developer proposes to rehabilitate the Property. Rehabilitation of the Project will be financed, from among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt debt issued by the Housing Authority of the City of San Diego (the "Housing Authority").

39 units (i.e., excluding one manager's unit), will be subject to affordability restrictions as further described herein.

The Project was originally financed, in 2003, with the proceeds of tax-exempt bonds, equity from 4% Low Income Housing Tax Credits, and subordinate financing from the San Diego Housing Commission. A portion of the subordinate loan from the Commission remains outstanding and will further be repaid, in part, by the current owner, upon close of the proposed financing, from proceeds of the sale of the Property to the new partnership. The Project is currently owned by Bolt Housing Partners, L.P.

On December 11, 2017, the Housing Authority approved a resolution evidencing its official intent to conduct a tax-exempt issuance in the not-to-exceed amount of \$6,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC").

On December 11, 2017, the City Council held a public hearing ("TEFRA") required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances. The City Council approved the resulting approving resolution on December 12, 2017. The TEFRA hearing remains valid for a period of one year.

On March 16, 2018, the Housing Authority submitted an application to CDLAC for \$5,500,000 in tax-exempt private activity issuance authority for the Project.

On May 16, 2018, CDLAC provided an allocation of \$5,500,000 in tax-exempt authority to the Housing Authority for the Project.

## THE PROPOSED FINANCING

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The Developer proposes that the Housing Authority issue up \$5,500,000 in a tax-exempt "Tax-Exempt Note"<sup>1</sup> (the "Note"). The issuance of the Notes would occur under a single Bank Loan Agreement.

The Developer proposes that Pacific Western Bank ("PWB") serve as the construction and permanent lender. PWB will purchase a single Note issued by the Housing Authority in the not-to-exceed amount of \$5,500,000.

According to projections provided by the Developer, the total development cost totals approximately \$10,668,800.

At permanent conversion, a portion of the Note will be repaid, and the remaining outstanding balance will amortize to term/maturity.

### Parkside : Construction and Permanent Source Summary

	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Note	\$4,202,100	\$2,658,000
Tax Credit Equity	\$316,300	\$3,366,600
Seller Financing	\$2,460,000	\$2,460,000
Existing Commission Loan	\$1,942,200	\$1,942,200
Accrued Interest	\$127,100	\$239,200
Deferred Developer Fee	\$0	<u>\$2,800</u>

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<sup>1</sup> The financing would occur through the issuance of tax-exempt "Notes" under a "Back-to-Back" loan structure. The Back-to-Back structure and a bond issuance structure with an Indenture are functionally equivalent. In the Back-to-Back Structure, a Bank Loan Agreement (between the Lender, Issuer and the Fiscal Agent) replaces the Indenture and a Borrower Loan Agreement (between the Issuer and the Borrower) replaces the Loan Agreement from an Indenture structure. A "Fiscal Agent" replaces the Trustee. Certain lenders prefer the Back-to-Back structure in order to obtain beneficial treatment under the Community Reinvestment Act.

**\$9,047,700**

**\$10,668,800**

**Parkside : Construction and Permanent Use Summary**

	<u>Construction</u>	<u>Permanent</u>
Land/Acquisition	\$5,200,000	\$5,200,000
Construction	\$2,638,800	\$2,638,800
Construction Contingency	\$266,500	\$266,500
Developer Fee	\$0	\$1,232,200
Operating Reserve	\$0	\$120,000
Accrued Interest	\$127,100	\$239,200
Other Hard and Soft Costs	<u>\$815,300</u>	<u>\$972,100</u>
	<b>\$9,047,700</b>	<b>\$10,668,800</b>

**Ownership**

The ownership entity for the Project will be Parkside SD Apartments, L.P. (the "Borrower"). Parkside GP LLC, with the Developer as managing member, will serve as the General Partner of the Borrower. An affiliate of WNC, the tax credit investor, will serve as the investor limited partner.

**Tax-Exempt Note Structure and Credit Enhancement**

Construction Loan

The Developer proposes that the Housing Authority issue up to \$5,500,000 in a Tax-Exempt Note to finance the rehabilitation of the Project.

The Note would be unrated, without credit enhancement, and would be purchased by PWB on a private placement basis. Solely revenues pledged under the Bank and Borrower Loan Agreements will secure the payment of principal and interest to the Noteholder.

As unrated, non-credit enhanced Notes sold on a private placement basis, the Notes must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 Bondholders, etc).

The construction loan would have a term of up to 24 months (note the PWB commitment limits the loan amount to \$5,250,000). The PWB commitment indicates a construction interest rate of 4%, and an interest rate during the permanent term of 5%. Payments during the construction period will be interest-only.

Permanent Loan

Upon satisfaction of certain conditions to Conversion, a portion of the outstanding Notes will be repaid, with the remaining outstanding balance continuing as a permanent loan.

Per the PWB commitment letter, the permanent loan would have a term of 17 years from Conversion. Principal and interest payments would be based on a 35-year fully amortizing schedule. The PWB indicates a permanent loan interest rate of 5%

**Projected Issuance Date**

The Developer proposes that the Housing Authority issue the Notes on or about July 3, 2018. CDLAC has provided an allocation expiration date of November 26, 2018.

### Commission Financial Involvement

The Commission has an existing loan on the property. A portion of the outstanding loan will repaid in part, by the current owner, upon close of the proposed financing, from proceeds of the sale of the Property to the new partnership

### Affordability Restrictions

The Project is subject to the following *existing*, overlapping, regulatory restrictions:

<u>Source of Restriction</u>	<u>Restriction</u>	<u>Expiration Date</u>
San Diego Housing Commission (existing)	21 units at 50% AMI; 18 units at 60% AMI	2058
California Tax Credit Allocation Committee (new)	21 units at 50% AMI; 18 units at 60% AMI	2074
Tax-Exempt Bond (new)	21 units at 50% AMI; 18 units at 60% AMI	2074

These are overlapping, inclusive restrictions, and apply to the same units where applicable. Overall, the most restrictive restrictions and for the longest term will apply.

Upon implementing the proposed financing, the Project will be subject to the following *new* regulatory restrictions and regulatory terms:

- New tax-exempt Note and tax credit regulatory agreements (in addition to the existing restrictions) will be restricted to 50% and 60% of area median income (AMI). The Developer has elected to restrict 21 units to 50% AMI and 18 units to 60% AMI. This election reflects voluntary elections under CDLAC and CTCAC and is effective for a term of 55 years.

### PROJECT'S PROJECTED FINANCIAL STATUS

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Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual debt service on the maximum senior loan would total approximately \$160,975. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$47,756 at a debt coverage ratio (DCR) of 1.30. Cash flow after reserves would total approximately \$35,756 at a DCR of 1.22. The PWB debt coverage minimum is 1.15.

### THE BENEFITS AND RISKS TO THE COMMISSION

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The proposed financing provides for financing for the acquisition and rehabilitation of the Project.

By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed tax-exempt Note financing, the Commission will not obligate the Commission or the Housing Authority to issue the Notes.

As proposed, the financing will maintain and extend the affordability of 39 units. These units will remain long-term affordable for an additional 55 years.

If the Authority issues the Notes, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$13,750) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Notes.

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## **PUBLIC PURPOSE**

The proposed financing will result in maintaining and extending the affordability of 39 housing units in the City of San Diego. The proposed financing will result in *new* CDLAC and CTCAC regulatory restrictions as follows:

- 21 units will be restricted to households earning 50% of AMI or less;
- 18 units will be restricted to households earning 60% of AMI or less.

These new restrictions will be in effect for 55 years.

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## **NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT**

As noted above, the financing will result in long-term affordability restrictions on 39 units within the Project.

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## **RECOMMENDATIONS**

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will maintain and extend the affordability on 39 units in the City of San Diego with long-term affordability covenants.
- The Commission has received tax-exempt authority of \$5,500,000 from CDLAC for the Project.
- Pacific Western Bank and WNC are currently underwriting the Project.

- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately \$13,750, and a long-term annual fee equal to the greater of \$10,000 and 0.125% the outstanding Notes.
- The net Tax-Exempt Note financing and tax credit equity will provide approximately \$3,366,600 for development costs.

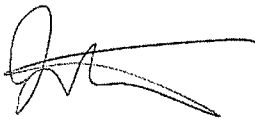
### **Contingent Items**

The Commission may choose to move forward with the financing subject to the following contingencies:

- As of this writing, neither Pacific Western Bank nor WNC have provided final credit approval for the financing. The tax-exempt Notes cannot be issued without these final approvals.
- The Commission and the Developer must finalize the terms for assuming the existing SDHC loan
- Final Notes documents and approving resolution must be approved by the Housing Authority.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,  
CSG Advisors



John Hamilton

## ATTACHMENT 8 – GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

Parkside SD Apartments, L.P.  
c/o National Community Renaissance of California  
9421 Haven Avenue  
Rancho Cucamonga, CA 91730

### PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the Housing Authority of the City of San Diego (the "Authority") as conduit financing provider, prior to the Authority's meeting (the "Meeting") of its Board of Commissioners (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: Parkside SD Apartments L.P., a California limited partnership
2. Authority Meeting Date: June 26, 2018
3. Name of Obligations: Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Parkside Apartments) 2018 Series A
4. X Private Placement Lender or Bond Purchaser, \_\_\_ Underwriter or \_\_\_ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations attached as Schedule A (Commitment Letter):
5. The good faith estimates attached as Schedule A were \_\_\_ presented to the governing board of the Borrower, or \_\_\_ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, X presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: May 31, 2018


#### BORROWER:

Parkside SD Apartments, L.P.,  
a California limited partnership

By: Parkside GP LLC,  
a California limited liability company,  
its general partner



By: National Community Renaissance of California,  
a California nonprofit public benefit corporation,  
the manager and member

By: 

Name: MICHAEL FINN

Its: CEO