



## **EXECUTIVE SUMMARY**

### **HOUSING COMMISSION EXECUTIVE SUMMARY SHEET**

MEETING DATE: February 8, 2019

HCR19-006

SUBJECT: Final Bond Authorization for Harbor View Apartments

COUNCIL DISTRICT(S): 4

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Tina Kessler (619) 578-7569

#### **REQUESTED ACTION:**

Authorize the issuance Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the rehabilitation of Harbor View Apartments, a 60-unit existing development, located at 404 North 47<sup>th</sup> Street, San Diego 92102, which will include 59 units that will remain affordable for 55 years.

#### **EXECUTIVE SUMMARY OF KEY FACTORS:**

- This is a request to approve the final steps to finance the redevelopment of Harbor View Apartments, a 60-unit rental development located at 404-424 North 47<sup>th</sup> Street, San Diego.
- The complex, built in 1985, has 10 two-story residential buildings, and consists of 24 two-bedroom units, 35 three-bedroom units, and one manager's unit.
- The developer is the Harbor View SD Partners, L.P.
- There will be no Housing Commission loan funds in this transaction. The Housing Commission is only approving a recommendation for the final steps to issue tax-exempt Multifamily Housing Revenue Bonds.
- The total development cost is \$13,795,983. The total development cost per unit is \$229,933.
- Staff requests that Housing Commission Board recommend to the Housing Authority approval of the final steps to issue tax-exempt Multifamily Housing Revenue Bonds.
- Additionally staff requests that the Housing Commission Board recommend the City of San Diego hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing to adopt a resolution approving the issuance of the tax-exempt bonds.
- If approved by all parties, the rehabilitation could commence in April 2019 and complete by October 2019.



## REPORT

**DATE ISSUED:** January 31, 2019

**REPORT NO:** HCR19-006

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of February 8, 2019

**SUBJECT:** Final Bond Authorization for Harbor View Apartments

**COUNCIL DISTRICT:** 4

### **REQUESTED ACTION**

Authorize the issuance Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Harbor View Apartments, a 60-unit existing development, located at 404 North 47<sup>th</sup> Street, San Diego 92102, which will include 59 units that will remain affordable for 55 years.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions:

#### **Housing Authority:**

Authorize the issuance of up to \$10,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Harbor View SD Partners, L.P.'s acquisition and rehabilitation of Harbor View Apartments, a 60-unit development, located at 404 North 47<sup>th</sup> Street, San Diego, in the Encanto community planning area, which will remain affordable for 55 years.

#### **City Council:**

Hold a Tax Equity Fiscal Responsibility Act (TEFRA) hearing, and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$10,000,000.

### **SUMMARY**

A Development Summary is included as Attachment 1.

**Table 1 – Development Details**

Address	404 North 47 <sup>th</sup> Street, San Diego 92102
Council District	4
Community Plan Area	Encanto
Development Type	Rehabilitation
Construction Type	Type-V
Parking Type	Surface
Housing Type	Multifamily
Lot Size	3.17 Acres
Units	60
Density	18.9 dwelling units per acre
Affordable Unit Mix	24 two-bedroom units, 35 three-bedroom units, and 1 three-bedroom manager's unit
Gross Building Area	58,340 square feet
Net Rentable Area	57,640 square feet

#### The Development

Built in 1985, Harbor View Apartments is an existing 60-unit apartment complex located at 404 North 47<sup>th</sup> Street in San Diego's Encanto neighborhood (Attachment 2 – Site Map). In 2002, Harbor View Apartments was financed with a \$900,000 Housing Commission loan; \$3,590,000 Housing Authority bond issuance; and low-income housing tax credits. The project is currently subject to a Housing Commission Declaration, Bond Regulatory Agreement and California Tax Credit Allocation Committee (TCAC) Regulatory Agreement. On February 9, 2018, the development was sold by Harbor View Associates L.P. to Harbor View SD Partners, L.P. for \$7,228,800. The Housing Commission loan of \$900,000 plus accrued interest was paid off concurrently with the sale.

The complex is composed of 10 two-story residential buildings, management office and a community room. Site amenities include laundry facilities, barbecue area and courtyard. The development is adjacent to the 47<sup>th</sup> Street Trolley Station. Adjacent uses include single-family homes to the north and east, church to the south and Chollas-Mead Elementary School to the west.

#### Building Conditions/Proposed Rehabilitation Work

The owner, Harbor View SD Partners, L.P., intends to complete a comprehensive renovation of Harbor View Apartments. The scope of work includes new roofs, windows, kitchen cabinets and countertops, flooring, light fixtures and water heaters. The current estimate of rehabilitation cost is \$3,103,340 (\$51,722/unit).

#### Sustainability Features

Harbor View Apartments will comply with the TCAC minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions.

#### Accessibility

TCAC requires wheelchair accessibility in 10 percent of the units and 4 percent of the units accessible to residents with visual and/or hearing impairment. The development will include Universal Design features.

### Relocation

The developers do not anticipate permanent relocation of tenants. Rehabilitation may require temporary relocation while improvements are made to unit interiors.

### Development Team

The current owner of the project is Harbor View SD Partners, L.P. At closing, the Limited Partnership will be composed of Harbor View GP, LLC as Administrative General Partner; Central, Valley Coalition for Affordable Housing as Managing General Partner; and a tax credit Investor Limited Partner. A disclosure statement for the administrative general partner and managing general partner are included as Attachment 3.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTRACT</b>
Harbor View SD Partners, L.P.	<i>Administrative General Partner:</i> Harbor View GP, LLC <i>General Partner:</i> Central Valley Coalition for Affordable Housing <i>Investor Limited Partner:</i> To Be Determined
Architect	Mark McKinney
General Contractor	Wilshire Pacific Builders
Property Management	Platinum Realty Management
Construction Lender	CIT Bank
Permanent Lender	CIT Bank

### **FINANCING STRUCTURE**

Harbor View has an estimated total development cost of \$13,819,216, (\$230,320 per unit). Financing will include a combination of tax-exempt Multifamily Housing Revenue Bonds, federal 4 percent tax credits, deferred developer fee and income during construction No Housing Commission loan proceeds will be provided to this development. The developer's project pro forma is provided as Attachment 4.

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

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>
Permanent Loan	\$ 9,050,000	Acquisition Costs	\$ 7,228,800
Tax Credit Equity	4,489,184	Construction Costs	3,103,340
Deferred Developer Fee	280,032	Soft Costs	330,050
		Financing Costs	1,376,903
		Reserves	211,554
		Developer Fee	1,568,569
<b>Total Development Cost</b>	<b>\$ 13,819,216</b>	<b>Total Development Cost</b>	<b>\$ 13,819,816</b>

### Developer Fee

Harbor View SD Partners L.P. is proposing a developer fee of \$1,568,569 (\$26,143/unit). The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.



\$1,568,569 – gross developer fee  
- 280,032 – developer’s deferred developer fee; paid out of residual cash flow  
\$1,288,537 – up front new developer fee

#### Development Cost Key Performance Indicators

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

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$13,819,216 \div 60 \text{ units} =$	\$230,320
Acquisition Cost Per Unit	$\$7,228,800 \div 60 \text{ units} =$	\$120,480
Net Rentable Square Foot Hard Cost	$\$3,103,340 \div 57,640 \text{ sq. ft.} =$	\$54
Gross Building Square Foot Hard Cost	$\$3,103,340 \div 58,340 \text{ sq. ft.} =$	\$53

#### Prevailing Wages

Prevailing wages are not applicable to the proposed rehabilitation because no federal nor state funds will be used.

#### Project Comparison Chart

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

**Table 5 – Comparable Rehabilitation Projects**

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	SDHC Subsidy Per Unit	Rehab Cost	Rehab Cost Per Unit
<b>Subject</b>	<b>2019</b>	<b>V</b>	<b>60</b>	<b>\$13,795,983</b>	<b>\$229,933</b>	<b>\$0</b>	<b>\$3,103,340</b>	<b>\$51,722</b>
Parkside	2018	V	40	\$9,519,645	\$237,991	\$49,058	\$2,363,345	\$59,083
Casa Puleta	2017	V	54	\$10,797,804	\$199,959	\$0	\$1,746,932	\$32,350
Hollywood Palms	2017	V	94	\$31,680,721	\$337,029	\$0	\$8,435,601	\$93,729

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

#### Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application

submittal, and City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolutions must be secured no later than 30 days after application submittal. On April 9, 2018, these actions were completed for Harbor View.

A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority to initiate and finalize proposed financings are described in Attachment 6. On October 12, 2018, an application was submitted to CDLAC for a bond allocation of up to \$10,000,000. On December 12, 2018, TCAC and CDLAC approved an allocation of 4 percent tax credits and an up to \$10,000,000 tax-exempt Multifamily Housing Revenue Bonds allocation. The developer proposes that the bonds be issued 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 amount of bonds ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance. The developer proposes that the bond proceeds will be used for both construction financing and permanent financing.

#### Public Disclosure on Bond Authorization

The tax-exempt debt, in the forms of the bonds/note (Bonds), will be sold through a private placement, purchased directly by CIT Bank. CIT Bank is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing CIT Bank will sign an "Investor's Letter" certifying, among other things, that it is buying the Bonds for its own account and not for public distribution. Because the Bonds is being sold through a private placement, an Official Statement will not be used. In addition, the Bonds will be neither subject to continuing disclosure requirements nor credit enhanced nor rated. Under the private placement structure for this transaction, CIT Bank will make a loan to the Housing Authority that will be evidenced by the Bonds issued pursuant to an indenture of trust, funding loan agreement, master pledge and assignment or other similar document (Bond Issuance Document), which will obligate the Housing Authority to pay CIT Bank the amounts it receives from the Borrower, as described below. A yet-to-be selected fiscal agent (Fiscal Agent) will be party to such Bond Issuance Document to, among other things administer any the various funds and accounts established by such Bond Issuance Document.

The Housing Authority, or CIT Bank as agent of the Housing Authority, will then loan the proceeds of the Bonds to the Borrower pursuant to a loan agreement (Loan Agreement). In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Bonds. The Housing Authority's obligation to make payments on the Bonds is limited to amounts the Fiscal Agent receives from the Borrower under the Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds. The transfer of the Bonds to any subsequent purchaser will comply with Housing Commission policy number PO300.301. Moreover, any subsequent Bond holder will be required to represent to the Housing Authority that it is a qualified institutional buyer or institutional accredited investor who is buying the Bonds 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. The following documents will be executed on behalf of the Housing Authority with respect to the Bonds: Bond Issuance Document, 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 will be issued pursuant to the Bond Issuance Document. Based upon instructions contained in the Bond Issuance Document (or, where the Bond Issuance Document is a master pledge and assignment, a master agency agreement) and the Loan Agreement, CIT Bank will disburse the Bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Loan Agreement will set out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority will assign its rights to received repayments under the loan to CIT Bank. 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 CIT Bank, will be signed by the Housing Authority for the benefit of CIT Bank. Rights and responsibilities that are assigned to CIT Bank 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 CIT Bank to protect its financial interests as the holder of the Bonds.

#### TEFRA Hearing

A San Diego City Council TEFRA hearing for Harbor View was held on April 9, 2018 (Resolution R-311635). The resulting TEFRA approval will expire on April 9, 2019, prior to the issuance of bonds. The IRS Code requires a new TEFRA hearing and approval. The new TEFRA hearing is anticipated to be held on March 12, 2019.

#### Financial Advisor's Recommendation

Jones Hall will be the bond counsel and PFM will be the financial advisor to work on the tax-exempt bond 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 bond issuance. The financial advisor's analysis and recommendation is included as Attachment 7.

#### **AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Harbor View Apartments would have six units restricted to households with incomes at or below 50 percent of San Diego Area Median Income (AMI), and 53 units restricted to households with incomes at or below 60 percent of AMI. The remaining unit will be an unrestricted manager's unit. The affordable units will be restricted for a 55-year term. Table 6 summarizes the affordability:

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

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>TCAC/SDHC* Gross Rents</b>
2-bedroom	50% AMI	2	\$1,095
3-bedroom	50% AMI	4	\$1,314
2-bedroom	60% AMI	22	\$1,216
3-bedroom	60% AMI	31	\$1,460
3-bedroom manager	-	1	-
	Total	60	

\*Harbor View is currently subject to a Housing Commission Declaration and Bond Regulatory Agreement from a 2001 loan and bond issuance; Housing Commission 3-bedroom gross rents are currently lower than TCAC gross rents.

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2019 Housing Commission Budget. Approving this action will not change the FY 2019 total budget.

Funding sources approved by this action will be as follows:  
Bond Issuance Fees - \$25,000 (\$10,000,000 x .0025)

Funding uses approved by this action will be as follows:  
Rental Housing Finance Program Administration Costs - \$25,000

There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bond actions. The bonds will not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, 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. The developer is responsible for the payment of all costs under the financing, including the Housing Commission Bond Counsel and Financial Advisor fees. Additionally the developer is responsible for payment of the Housing Commission's .0025 bond amount issuer fee (estimated at \$25,000 with a \$10,000,000 bond issue) and the Housing Commission's annual administrative fee (estimated at \$10,712.50) with an estimated \$8,570,000 outstanding bonds amount at permanent financing conversion.

### **Development Schedule**

The estimated development timeline is as follows.

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"><li>• Housing Authority final bond authorization</li><li>• City Council TEFRA</li><li>• Estimated bond issuance and escrow closing</li><li>• Estimated start of construction work</li><li>• Estimated completion of construction work</li></ul>	<ul style="list-style-type: none"><li>• March 12, 2019</li><li>• March 12, 2019</li><li>• April 2019</li><li>• April 2019</li><li>• October 2019</li></ul>

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

On April 6, 2018, and April 9, 2018, respectively, the Housing Commission (Report. No. HCR18-046) and the Housing Authority (Report No. HAR18-014) approved preliminary steps to issue up to \$10,000,000 of tax-exempt Multifamily Housing Revenue Bonds.

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

As required by the Housing Commission Bonds Program, the developer will present their proposal for Harbor View to the Encanto Community Planning Group prior to the Housing Commission's later consideration of the final bond issuance approval.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include: the residents of Harbor View, the City of San Diego, and the Encanto neighborhood. Development of the property is expected to have a positive impact on the community because it will improve and preserve existing affordable housing for low-income tenants.

**ENVIRONMENTAL REVIEW**

This project's 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 the Project is an existing facility and the proposed actions do not involve expansion of the existing use. Processing under the National Environmental Policy Act is not required as no Federal funds are involved in this action.

Respectfully submitted,

*Tina Kessler*

Tina Kessler  
Housing Programs Manager  
Real Estate Division

Approved by,

*Jeff Davis*

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

- Attachments:
- 1) Development Summary
  - 2) Site Map
  - 3) Developer Disclosure Statements
    - a. Harbor View GP LLC
    - b. Central Valley Coalition for Affordable Housing
  - 4) Developer's Project Pro forma
  - 5) Multifamily Housing Revenue Bond Program
  - 6) Financial Advisor's Feasibility Analysis

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

## **Development Summary**

**Table 1 – Development Details**

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Community Plan Area	Encanto
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Housing Type	Multifamily
Lot Size	3.17 Acres
Units	60
Density	18.9 dwelling units per acre
Affordable Unit Mix	24 two-bedroom units, 35 three-bedroom units, and 1 three-bedroom manager unit
Gross Building Area	58,340 square feet
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Construction Lender	CIT Bank
Permanent Lender	CIT Bank

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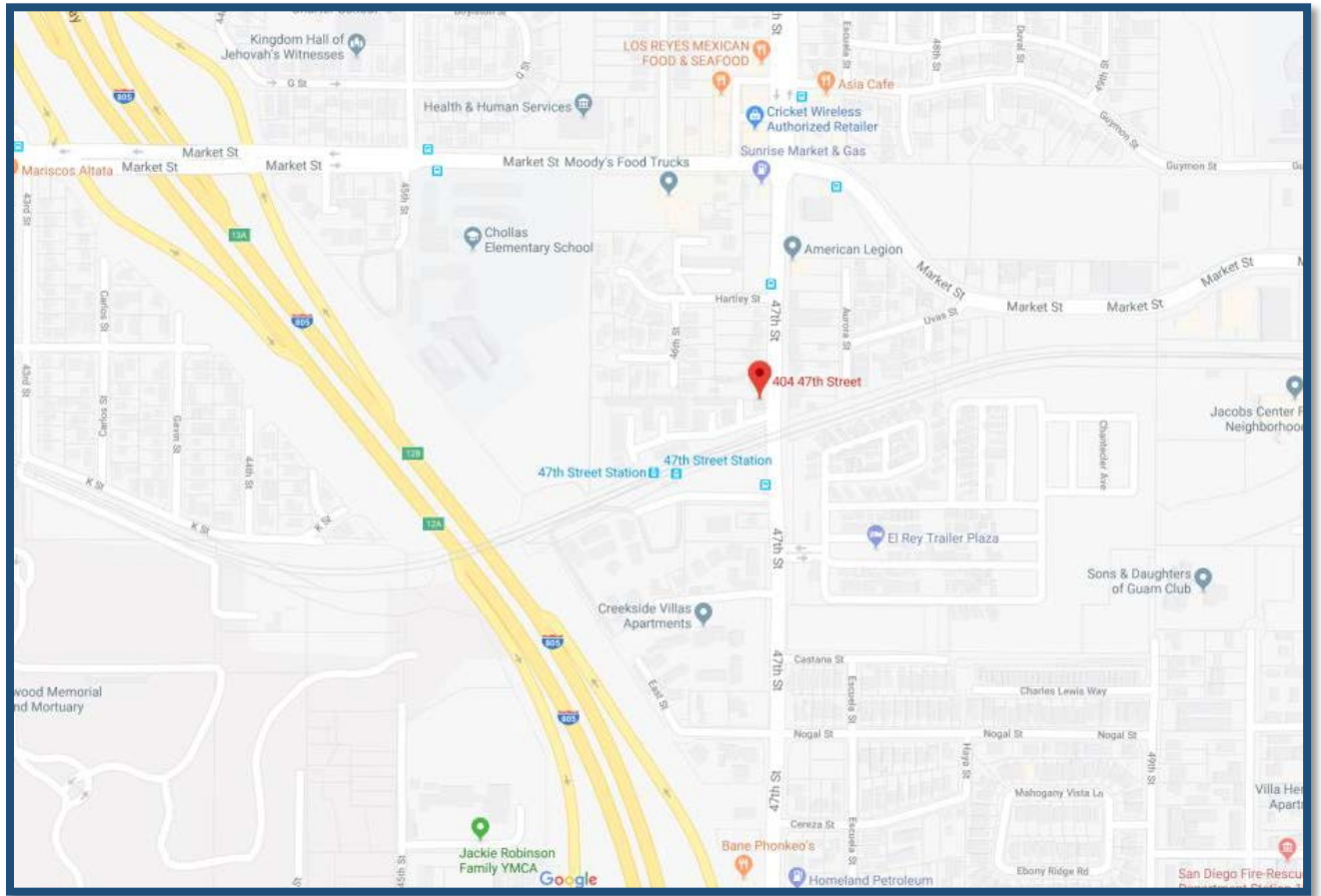
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2-bedroom	60% AMI	22	\$1,216
3-bedroom	60% AMI	31	\$1,460
3-bedroom manager	-	1	-
	Total	60	

## Attachment 2







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

1. Name of CONTRACTOR: Harbor View GP, LLC
2. Address and Zip Code: 201 Wilshire Boulevard, 2<sup>nd</sup> Floor, Santa Monica CA
3. Telephone Number: 310-883-7900
4. Name of Principal Contact for CONTRACTOR: Jacob Levy
5. Federal Identification Number or Social Security Number of CONTRACTOR: TBD
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

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

Check one:

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

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

***March 13, 2018***

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

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Jacob Levy	Manager
Address: 201 Wilshire Boulevard, 2 <sup>nd</sup> Floor	
Santa Monica, CA 90401	
Name: Housing	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

*No*

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.

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):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Jacob Levy	Manager, 15.28%
Address: 201 Wilshire Boulevard	
Santa Monica CA 90401	
Name: Aryeh Aslan	Member, 20.75%
Address: 201 Wilshire Boulevard	
Santa Monica CA 90401	
Name: Shaoul Levy	Member, 20.75%
Address: 201 Wilshire Boulevard	
Santa Monica CA 90401	
Sofiya Machulskaya	Member 43.21%
c/o Maron & Sandler, Myreon Hodur	

1250 Fourth Street, Ste 550	
Santa Monica CA 90401	

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:	
Address:	
Name:	
Address:	

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

Name and Address	Relationship to CONTRACTOR
Name: None	
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. ***Financial Statements on file with SDHC***
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:  
***Tax credit equity***
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

None

- a. By loans from affiliated or associated corporations or firms:

Name *N/A*

Address:

Amount: \$

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

Description	Market Value (\$)	Mortgages or Liens (\$)
none		

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

Name and Address	Contact Name
Name: Ted Hsu	Preferred Bank
Address: 601 Figueroa Street	
Los Angeles, CA	
Name: Markus Kamarga	East West Bank
Address: 1015 Nogales Street	
Rowland Heights, CA	
Name: Jim Flinn	CBRE
Address: 1420 Fifth Avenue, Suite 1700	
Seattle WA 98101	

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

☐ Yes                      X ☐ No

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

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

☐ Yes                      X ☐ No

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

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
N/A				

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

- a. Name and addresses of such contractor or builder: *Wilshire Pacific Builders, LLC*

Name and Address	Affiliation
Name: Jacob Levy	16.67% owner of GC entity
Address: 201 Wilshire Boulevard Santa Monica CA 90401	
Name: Aryeh Aslan	16.66% owner
Address: 201 Wilshire Boulevard Santa Monica CA 90401	
Name: Shaoul Levy	16.66% owner
Address: 201 Wilshire Boulevard Santa Monica CA 90401	

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

☐ Yes      ☒ No

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

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: *N/A*

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>		
<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>	None	
	Location/Date	Outcome Details

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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:

N/A

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

☐ Yes

X ☐ No

If yes, explain:

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

Aggregate real estate experience of Shaoul Levy, Jacob Levy and Aryeh Aslan is 45 years.

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

☐ Yes

X ☐ No

If yes, explain:

***Unknown about subcontractors. General is NOT engaged in any litigation***

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

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

Check coverage(s) carried:

X ☐ Comprehensive Form

X ☐ Premises - Operations

X ☐ Explosion and Collapse Hazard

X ☐ Underground Hazard

X ☐ Products/Completed Operations Hazard

X ☐ Contractual Insurance

X ☐ Broad Form Property Damage

X ☐ Independent Contractors

X ☐ Personal Injury

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

Check coverage(s) carried:

- ☐ Comprehensive Form  
☐ Owned  
☒ Hired 1 million  
☒ Non-Owned 1 million

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

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



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

Government Complaint	Entity	Making	Date	Resolution

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

☐ Yes                      X ☐ No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked: *N/A*

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

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. *None*

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

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
	<i>none</i>		

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

☐ Yes                      X ☐ No

If yes, explain: *Not applicable for this entity*

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

☐ Yes                      X ☐ No

If yes, explain:

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

- Name: Jeff Williamson, D7 Roofing  
Address: 205 23<sup>rd</sup> Street, Sacramento CA  
Phone:  
Project Name and Description: Roof subcontractor on Delta Pines job
- Name: Villara Building Systems  
Address: 4700 Lang Avenue, McClellan CA  
Phone: 916-870-2812  
Project Name and Description: HVAC install on Delta Pines job
- Name: ADP Appliances, Gary Wilk  
Address: 16200 East 14<sup>th</sup> Street, San Leandro CA  
Phone: 800-477-4926  
Project Name and Description: alliance supplier for Delta Pines job

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.

10mm single / 20mm aggregate payment and performance bond limit

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

Name	Experience
<i>unknown at this time</i>	

## 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 13 day of March, 2018, at San Diego, California, Los Angeles County.

CONTRACTOR

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

Signature

Title

## CERTIFICATION

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

By: [Signature]

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

Title: Manager

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

Dated: 3/13/18

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

*please see attached  
jurat. me*

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

SEAL

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

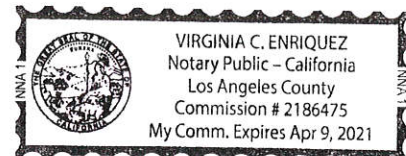
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 13<sup>th</sup> day of March  
20 18, by JACOB LEVY, proved to me on the basis of satisfactory  
evidence to be the person(s) who appeared before me.

Signature

*Virginia C. Enriquez*

Seal







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

1. Name of CONTRACTOR: Central Valley Coalition for Affordable Housing
  2. Address and Zip Code: 3351 "M" Street, Ste. #100, Merced, CA 95348
  3. Telephone Number: (209) 388-0782
  4. Name of Principal Contact for CONTRACTOR: Christina Alley
  5. Federal Identification Number or Social Security Number of CONTRACTOR: 77-0242399
  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 (explain)
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: 1989
  8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
    - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
    - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: See attached –	No individual holds any interest in the corporation
Address:	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. No
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): None

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



12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: See attached same as 8 above	
Address:	
Name:	
Address:	
Name:	
Address:	

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

<b>Name and Address</b>	<b>Relationship to CONTRACTOR</b>
Name: on file with SDHC	
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.
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: Provided under the partnership questionnaire
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: Provided under the partnership questionnaire
- a. In banks/savings and loans:
- Name:
- Address:
- Amount: \$

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

Name:

Address:

Amount: \$

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

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

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

Name and Address	Contact Name
Name: Wells Fargo Bank	Mauricio Cifuentes
Address: 3538 G Street	
Merced, CA 95340	
Name: BBVA Compass Bank	Alice Gilbertson
Address: 1329 Broadway Ave.	
Atwater, CA 95301	
Name: Rabobank, N.A.	Sevag Jierian
Address: 45 E. River Park Place W., #408	
Fresno, CA 93720	

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
N/A				

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

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

Name and Address	Affiliation
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	

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

☐ Yes ☒ No

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

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

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any

change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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: See attached

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: N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation? Not to the best of my knowledge

☐ Yes

☒ No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- ☐ Comprehensive Form  
☐ Owned  
☐ Hired  
☐ Non-Owned

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

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

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

Government Complaint	Entity	Making	Date	Resolution
N/A				

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: N/A

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

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. None

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

<b>Date</b>	<b>Entity Involved (i.e. City SDHC, etc)</b>	<b>Status (Current, delinquent, repaid, etc.)</b>	<b>Dollar Amount</b>
	N/A		

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

☐ Yes ☒ No

If yes, explain:

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

☐ Yes ☒ No

If yes, explain:

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

1. Name: N/A  
Address:  
Phone:  
Project Name and Description:
2. Name:  
Address:  
Phone:  
Project Name and Description:
3. 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.

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

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 13<sup>th</sup> day of March, 20 18, at San Diego, California.

CONTRACTOR

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

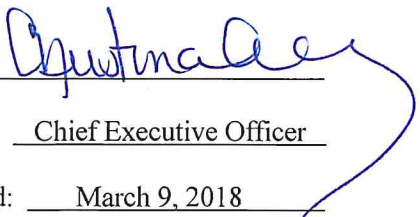
(Signature)

Title

Christina Kelley  
Chief Executive Officer

## CERTIFICATION

The CONTRACTOR, Christina Alley, 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:  By: \_\_\_\_\_  
Title: Chief Executive Officer Title: \_\_\_\_\_  
Dated: March 9, 2018 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"

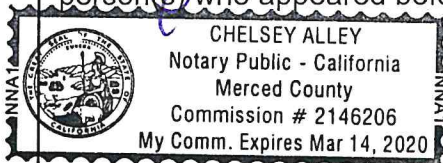
SEAL

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 Merced

Subscribed and sworn to (or affirmed) before me on this 13th  
day of March, 2018, by Christina Alley

proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature

*Chelsea Alley*

Sources	Construction	Permanent	
Construction Loan	\$ 10,000,000	\$ -	
Hard Debt	-	9,050,000	
Soft Debt	-	-	
Cash from Operations	-	-	
Grants	-	-	
Levy Equity - Gap/(Surplus)	(809,904)	100	
32% Tax Credit Equity	2,289,484	4,489,184	
Deferred Developer Fee	-	279,932	17.8%
Total	\$ 11,479,580	\$ 13,819,216	

## Uses

Acquisition	\$ 7,228,800	\$ 7,228,800
Hard Cost	2,810,761	2,810,761
Contingency	292,579	292,579
Finance Cost & Fees	817,390	1,376,903
Soft Cost	330,050	330,050
Reserves	-	211,554
Developer Fee	-	1,568,569
Total	\$ 11,479,580	\$ 13,819,216

## Hard Developer Fee Payment

Total Fee:	\$ 1,568,569	100.0%
Total Hard Fee:	\$ 1,288,636	82.2%
DDF Interest Rate:	0.00%	

## Hard Developer Fee Payment Schedule

1-Apr-19	Closing	\$ -	0.0%
1-Dec-19	Completion	-	0.0%
1-Apr-21	Stabilization	-	0.0%
1-Jul-21	Final	1,288,636	100.0%
		\$ 1,288,636	100.0%



HUNT MORTGAGE GROUP

## Construction Budget

## Description

Acquisition		Total	Acq. Basis	NC/Rehab Basis	Depr./Ineligible	Land Improvements	Personal Property	Amortize	Expense
	Land	576,000							
	Brokerage/Legal	28,800	28,800						
	Off-Site Improvements	-							
	Existing Buildings	6,624,000	6,624,000						
	<b>Total</b>	<b>\$ 7,228,800</b>	<b>\$ 6,652,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Construction	NC Hard Cost	-		-	-	-	-		
	Rehab Hard Cost	2,465,580		1,733,580	-	132,000	600,000		
	Site Work	-		-	-	-			
	Prevailing Wage Increment	-		-					
	General Requirements	147,935		147,935					
	GC Overhead	49,312		49,312					
	GC Profit	147,935		147,935					
	<b>Total</b>	<b>\$ 2,810,761</b>	<b>\$ -</b>	<b>\$ 2,078,761</b>	<b>\$ -</b>	<b>\$ 132,000</b>	<b>\$ 600,000</b>	<b>\$ -</b>	<b>\$ -</b>
Contingency	Hard	281,076		281,076					
	Soft	11,503		11,503					
	<b>Total</b>	<b>\$ 292,579</b>	<b>\$ -</b>	<b>\$ 292,579</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Professional Services	Architect	70,000		70,000					
	Engineer	-		-					
	Survey	11,500		11,500					
	CNA/PNA	7,500		7,500					
	Accounting/Cost Cert./Audit	47,000		47,000					
	Market Study	12,500		12,500					
	Investment Banking (Hunt)	100,000		100,000					
	Appraisal	-		-					
	LEED/Energy Survey/HERS	-		-					
	Environmental/Phase I/Soil Test	10,000		10,000					
	Other Legal Fees	-		-					
	Inspection Fees	-		-					
	Construction Management	13,800		13,800					
	<b>Total</b>	<b>\$ 272,300</b>	<b>\$ -</b>	<b>\$ 272,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Construction Finance	Construction Loan Interest	806,116		246,603					559,513
	Negative Arbitrage	-		-					
	Construction Origination Fees	75,000		75,000					
	Title/Recording/Closing Cost	-		-					
	Const. Period Taxes	-		-					
	Const. Period Insurance	30,242		30,242					
	P & P Bond	42,339		42,339					
	Borrow Legal - Construction	-		-					
	Lender Legal - Construction	-		-					
	Upfront MIP	-		-					
	<b>Total</b>	<b>\$ 953,697</b>	<b>\$ -</b>	<b>\$ 394,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 559,513</b>
Permanent Finance	Perm Origination Fees	67,875						67,875	
	Cost of Issuance	181,142						181,142	
	CDLAC / Issuer Fees	74,043						74,043	
	Refund CDLAC Perf. Deposit	(45,250)						(45,250)	
	Const. Period Taxes	-						-	
	Borrower Legal	50,000						50,000	
	Closing Cost	1,600						1,600	
	Other	-						-	
	<b>Total</b>	<b>\$ 329,410</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 329,410</b>	<b>\$ -</b>





HUNT MORTGAGE GROUP

Construction Budget

Tax Credit Fees									
Application Fees	19,606							19,606	
Monitoring Fees	24,190							24,190	
TC Syndicator UW/DD Fees	50,000							50,000	
Organization Fees	-							-	
	\$ 93,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,796	\$ -
Soft Costs									
Tap Fees	-		-						
Permits	27,000		27,000						
Impact Fees	-		-						
Relocation	23,250								23,250
Other	7,500		7,500						
Marketing	-								-
FF& E	-					-			
	\$ 57,750	\$ -	\$ 34,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,250
Reserves									
Operating Reserve	211,554								
Replacement Reserve	-								
Subsidy Reserve	-								
Tax/Insurance Escrow	-								
Rent-up Reserve	-								
	\$ 211,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Fee									
Basis Eligible Developer Fee	1,568,569	997,920	570,649						
Basis Ineligible Developer Fee	-			-					
Total Developer Fee	\$ 1,568,569	\$ 997,920	\$ 570,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total									
	\$ 13,819,216	\$ 7,650,720	\$ 3,642,973	\$ -	\$ 132,000	\$ 600,000	\$ 423,206	\$ 582,763	
Total NC/Rehab Eligible Basis									
	4,374,973								
Total Eligible Basis									
	12,025,693								

County: San Diego County  
Metropolitan Statistical Area: San Diego-Carlsbad, CA MSA  
Area Median Income: \$ 97,300  
Year: 2018

[illegible]

Unit Breakdown	
LIHTC	59
Market	0
Manager	1
Other Affordable	0
	60

Studio/SRO	0
1 BR	0
2 BR	24
3 BR	36
4 BR	0
	60

AMI Set-Aside Count		
50%	6	10.0%
60%	53	88.3%
n/a	1	1.7%
	60	100.0%

Other Income			
Commercial	-	Per Month	-
		Per Year	-

Parking	\$ - PUPM	\$ -	
Laundry	0.00 PUPM	-	
Misc. Income	41.67 PUPM	2,500	
Tenant Fees	0.00 PUPM	-	
		\$ 2,500	Monthly
		\$ 30,000	Annual
Total Monthly Income		\$ 81,218	
Total Annual Income		\$ 974,616	

Unit Fraction	100.0%
Area Fraction	100.0%
Applicable Fraction	100.0%

35% >Units <50% :	6
Units <35% :	-
Units <30% :	-

Subsidy Count		
None	60	100.0%





Construction Flow of Funds

USES	During Construction	Permanent											
			1	2	3	4	5	6	7	8	9	10	
			Apr-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
			Close	Start	50% Completion		75% Completion		100% Completion				
Acquisition	\$ 7,228,800	\$ 7,228,800	\$ 7,228,800										
Construction - Hard Cost	2,810,761	2,810,761		316,211	316,211	316,211	316,211	316,211	316,211	316,211	316,211	281,076	-
Construction - Soft Cost	57,750	57,750	57,750										
Contingency	292,579	292,579		36,572	36,572	36,572	36,572	36,572	36,572	36,572	36,572	-	-
Professional Services	272,300	272,300	272,300										
Construction Finance	147,581	147,581	147,581										
Construction Loan Interest	246,603	806,116			26,609	27,940	29,276	30,616	31,016	32,363	33,714	35,070	35,070
Perm Loan Interest	-												
Negative Arbitrage	-												
Permanent Finance	329,410	329,410	329,410										
Tax Credit Fees	93,796	93,796	93,796										
Marketing	-	-											
Operating Reserve	-	211,554		-	-	-	-	-	-	-	-	-	-
Replacement Reserve	-	-		-	-	-	-	-	-	-	-	-	-
Subsidy Reserve	-	-		-	-	-	-	-	-	-	-	-	-
Tax/Insurance Escrow	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent-up Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Developer Fee	-	1,288,636	-									-	
Deferred Developer Fee		279,932											
TOTAL USES	\$ 11,479,580	\$ 13,819,216	\$ 8,129,637	352,783	379,392	380,723	382,059	383,399	383,799	385,146	386,497	316,146	35,070
SOURCES													
Hard Debt	-	9,050,000											
Soft Debt	-	-											
Cash from Operations	-	-			-	-	-	-	-	-	-	-	
Grants	-	-											
Levy Equity - Gap/(Surplus)	(809,904)	100	100										
Tax Credit Equity	2,289,484	4,489,184	897,837	-		-		269,351				1,122,296	
Construction Loan	10,000,000		7,231,700	352,783	379,392	380,723	382,059	114,048	383,799	385,146	386,497	-	-
Deferred Developer Fee		279,932											
TOTAL SOURCES	\$ 11,479,580	\$ 13,819,216	\$ 8,129,637	352,783	379,392	380,723	382,059	383,399	383,799	385,146	386,497	1,122,296	-
Levy Gap/(Surplus)			-	-	-	-	-	-	-	-	-	(806,150)	(771,080)
Construction Loan Draw	10,000,000		7,231,700	352,783	379,392	380,723	382,059	114,048	383,799	385,146	386,497	-	-
Construction Loan Balance			7,231,700	7,584,483	7,963,875	8,344,598	8,726,657	8,840,705	9,224,504	9,609,649	9,996,146	9,996,146	9,996,146
Construction Loan Interest	4.21%			26,609	27,940	29,276	30,616	31,016	32,363	33,714	35,070	35,070	35,070



Construction Flow of Funds

	11	12	13	14	15	16	17	18	19	20	21	22	23	24
	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
<b>USES</b>														
Acquisition														
Construction - Hard Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction - Soft Cost														
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services														
Construction Finance														
Construction Loan Interest	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070
Perm Loan Interest														
Negative Arbitrage														
Permanent Finance														
Tax Credit Fees														
Marketing														
Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax/Insurance Escrow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent-up Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Developer Fee														
Deferred Developer Fee														
<b>TOTAL USES</b>	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070
<b>SOURCES</b>														
Hard Debt														
Soft Debt														
Cash from Operations														
Grants														
Levy Equity - Gap/(Surplus)														
Tax Credit Equity														
Construction Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee														
<b>TOTAL SOURCES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Levy Gap/(Surplus)	(736,010)	(700,941)	(665,871)	(630,801)	(595,731)	(560,661)	(525,592)	(490,522)	(455,452)	(420,382)	(385,312)	(350,242)	(315,173)	(280,103)
Construction Loan Draw	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Loan Balance	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146	9,996,146
Construction Loan Interest	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070	35,070



Construction Flow of Funds

	25	26	27	28	29	30	
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
USES	Stabilization		Final Equity			Total	
Acquisition							\$ 7,228,800
Construction - Hard Cost	-	-	-	-	-	-	2,810,761
Construction - Soft Cost							57,750
Contingency	-	-	-	-	-	-	292,579
Professional Services							272,300
Construction Finance							147,581
Construction Loan Interest	35,070	(533)	(535)	(536)	0	0	806,116
Perm Loan Interest							-
Negative Arbitrage							-
Permanent Finance							329,410
Tax Credit Fees							93,796
Marketing							-
Operating Reserve	-	-	-	211,554	-	-	211,554
Replacement Reserve	-	-	-	-	-	-	-
Subsidy Reserve	-	-	-	-	-	-	-
Tax/Insurance Escrow	-	-	-	-	-	-	-
Rent-up Reserve	-	-	-	-	-	-	-
Hard Developer Fee	-			1,288,636			1,288,636
Deferred Developer Fee				279,932			279,932
TOTAL USES	35,070	(533)	(535)	1,779,586	0	0	\$ 13,819,216
SOURCES							
Hard Debt	9,050,000						9,050,000
Soft Debt	-						-
Cash from Operations							-
Grants	-						-
Levy Equity - Gap/(Surplus)							100
Tax Credit Equity	852,945			1,346,755			4,489,184
Construction Loan	(10,147,978)	(533)	(535)	152,899	0	0	0
Deferred Developer Fee				279,932			279,932
TOTAL SOURCES	(245,033)	(533)	(535)	1,779,586	0	0	\$ 13,819,216
Levy Gap/(Surplus)	0	-	-	-	-	-	
Construction Loan Draw	(10,147,978)	(533)	(535)	152,899	0	0	
Construction Loan Balance	(151,832)	(152,364)	(152,899)	0	0	0	
Construction Loan Interest	(533)	(535)	(536)	0	0	0	806,116

HUNT MORTGAGE GROUP

	0	0	1	2	3	4	5	6	7	8
Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	75%	100%	100%							
Gross Potential Rents	\$ 726,174	992,437	1,017,248	1,042,679	1,068,746	1,095,465	1,122,852	1,150,923	1,179,696	1,209,188
Subsidy	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-
Other	23,063	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	38,403
Bad Debt/Concessions	-	-	-	-	-	-	-	-	-	-
Vacancy	(37,462)	(51,198)	(52,478)	(53,790)	(55,134)	(56,513)	(57,926)	(59,374)	(60,858)	(62,380)
<b>Net Income</b>	<b>\$ 711,774</b>	<b>972,758</b>	<b>997,077</b>	<b>1,022,004</b>	<b>1,047,554</b>	<b>1,073,743</b>	<b>1,100,587</b>	<b>1,128,101</b>	<b>1,156,304</b>	<b>1,185,211</b>
Administrative	23,239	32,069	33,192	34,353	35,556	36,800	38,088	39,421	40,801	42,229
Payroll	69,009	95,232	98,565	102,015	105,585	109,281	113,106	117,064	121,162	125,402
Management Fee	28,471	38,910	39,883	40,880	41,902	42,950	44,023	45,124	46,252	47,408
Repairs & Maintenance	23,288	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318
Utilities	77,633	107,134	110,883	114,764	118,781	122,938	127,241	131,695	136,304	141,075
Taxes	2,065	2,849	2,949	3,052	3,159	3,270	3,384	3,503	3,625	3,752
Insurance	10,091	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718	18,338
Replacement Reserves	-	-	13,500	13,500	13,500	13,500	15,650	15,650	15,650	15,650
Other	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 233,795</b>	<b>322,257</b>	<b>346,647</b>	<b>357,908</b>	<b>369,554</b>	<b>381,597</b>	<b>396,201</b>	<b>409,080</b>	<b>422,399</b>	<b>436,172</b>
<b>Net Operating Income</b>	<b>\$ 477,979</b>	<b>650,501</b>	<b>650,430</b>	<b>664,096</b>	<b>678,000</b>	<b>692,146</b>	<b>704,386</b>	<b>719,021</b>	<b>733,905</b>	<b>749,039</b>
<b>Mandatory Debt Service</b>										
Principal	-	-	78,018	108,376	113,567	119,007	124,707	130,681	136,941	143,500
Interest	-	-	316,987	418,298	413,106	407,666	401,966	395,992	389,733	383,173
Fees	-	-	-	-	-	-	-	-	-	-
<b>Total Mandatory Debt Service</b>	<b>\$ -</b>	<b>-</b>	<b>395,005</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>
<i>DSCR</i>				1.26	1.29	1.31	1.34	1.37	1.39	1.42
<b>Remaining Cash Flow</b>	<b>477,979</b>	<b>650,501</b>	<b>255,425</b>	<b>137,422</b>	<b>151,327</b>	<b>165,473</b>	<b>177,712</b>	<b>192,348</b>	<b>207,232</b>	<b>222,366</b>

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Waterfall Cash Flow</b>	\$ 477,979	650,501	255,425	137,422	151,327	165,473	177,712	192,348	207,232	222,366
<b>Cash from Ops to Fund Construction</b>	\$ -	-								
<b>AMF - Alliant Annual Amount:</b>	\$ -	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584
Accrual	\$ -	-	-	-	-	-	-	-	-	-
<b>MGP - CVCAH Annual Fee:</b>	\$ -	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601
Accrual	\$ -	-	-	-	-	-	-	-	-	-
<b>Beginning Balance of DDF</b>	\$ 279,932	279,932	-	-	-	-	-	-	-	-
Deferred Developer Fee Payment	\$ -	279,932	-	-	-	-	-	-	-	-
Incurred Interest	\$ -	-	-	-	-	-	-	-	-	-
Interest Paid	\$ -	-	-	-	-	-	-	-	-	-
Accrued Interest	\$ -	-	-	-	-	-	-	-	-	-
Principal Paid	\$ -	279,932	-	-	-	-	-	-	-	-
Balance of DDF	\$ 279,932	-	-	-	-	-	-	-	-	-
<b>Remaining Cash Flow</b>	\$ 477,979	359,569	244,070	125,701	139,227	152,982	164,818	179,037	193,491	208,181
<b>Soft Loan Interest Payments</b>	\$ -	-	-	-	-	-	-	-	-	-
<b>Soft Loan Principal Payments</b>	\$ -	-	-	-	-	-	-	-	-	-
<b>AMF - Levy Annual Amount:</b>	\$ -	7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876
Accrual	\$ -	-	-	-	-	-	-	-	-	-
<b>Residual Cashflow</b>	\$ 477,979	352,069	236,307	117,667	130,912	144,376	155,911	169,818	183,949	198,305
<b>Residual Split</b>										
Levy SMF/IMF	\$ 430,181	316,862	212,677	105,900	117,820	129,938	140,320	152,836	165,554	178,474
ILP Distribution	\$ 47,798	35,207	23,631	11,767	13,091	14,438	15,591	16,982	18,395	19,830
Soft Loan Accrued Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Income (Losses)</b>	\$ 47,798	321,139	107,829	126,508	133,214	140,198	147,254	154,827	162,715	170,931
<b>LP Income (Losses)</b>	\$ 47,793	321,107	107,818	126,495	133,201	140,183	147,239	154,812	162,698	170,914
<b>AGP Income (Losses)</b>	\$ 5	32	11	13	13	14	15	15	16	17

HUNT MORTGAGE GROUP

	9	10	11	12	13	14	15	16	17	18	19
Year	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Gross Potential Rents	1,239,418	1,270,404	1,302,164	1,334,718	1,368,086	1,402,288	1,437,345	1,473,279	1,510,111	1,547,863	1,586,560
Subsidy	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-
Other	39,363	40,347	41,355	42,389	43,449	44,535	45,649	46,790	47,960	49,158	50,387
Bad Debt/Concessions	-	-	-	-	-	-	-	-	-	-	-
Vacancy	(63,939)	(65,538)	(67,176)	(68,855)	(70,577)	(72,341)	(74,150)	(76,003)	(77,904)	(79,851)	(81,847)
<b>Net Income</b>	<b>1,214,842</b>	<b>1,245,213</b>	<b>1,276,343</b>	<b>1,308,252</b>	<b>1,340,958</b>	<b>1,374,482</b>	<b>1,408,844</b>	<b>1,444,065</b>	<b>1,480,167</b>	<b>1,517,171</b>	<b>1,555,100</b>
Administrative	43,707	45,237	46,820	48,459	50,155	51,910	53,727	55,608	57,554	59,568	61,653
Payroll	129,791	134,334	139,036	143,902	148,939	154,151	159,547	165,131	170,910	176,892	183,083
Management Fee	48,593.66	49,809	51,054	52,330	53,638	54,979	56,354	57,763	59,207	60,687	62,204
Repairs & Maintenance	43,799	45,332	46,919	48,561	50,260	52,020	53,840	55,725	57,675	59,694	61,783
Utilities	146,012	151,123	156,412	161,886	167,552	173,417	179,486	185,768	192,270	199,000	205,965
Taxes	3,884	4,019	4,160	4,306	4,456	4,612	4,774	4,941	5,114	5,293	5,478
Insurance	18,980	19,644	20,331	21,043	21,780	22,542	23,331	24,147	24,993	25,867	26,773
Replacement Reserves	15,650	18,143	18,143	18,143	18,143	18,143	21,033	21,033	21,033	21,033	21,033
Other	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>450,417</b>	<b>467,640</b>	<b>482,875</b>	<b>498,630</b>	<b>514,923</b>	<b>531,774</b>	<b>552,091</b>	<b>570,115</b>	<b>588,755</b>	<b>608,033</b>	<b>627,971</b>
<b>Net Operating Income</b>	<b>764,425</b>	<b>777,572</b>	<b>793,468</b>	<b>809,622</b>	<b>826,034</b>	<b>842,708</b>	<b>856,753</b>	<b>873,950</b>	<b>891,411</b>	<b>909,137</b>	<b>927,129</b>
<b>Mandatory Debt Service</b>											
Principal	150,374	157,577	165,125	173,034	181,323	190,008	199,110	208,647	218,642	6,451,363	-
Interest	376,299	369,096	361,548	353,639	345,350	336,665	327,563	318,026	308,032	75,391	-
Fees	-	-	-	-	-	-	-	-	-	-	-
<b>Total Mandatory Debt Service</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>526,673</b>	<b>6,526,754</b>	<b>-</b>
<i>DSCR</i>	<i>1.45</i>	<i>1.48</i>	<i>1.51</i>	<i>1.54</i>	<i>1.57</i>	<i>1.60</i>	<i>1.63</i>	<i>1.66</i>	<i>1.69</i>	<i>0.14</i>	
<b>Remaining Cash Flow</b>	<b>237,752</b>	<b>250,899</b>	<b>266,795</b>	<b>282,949</b>	<b>299,361</b>	<b>316,034</b>	<b>330,079</b>	<b>347,277</b>	<b>364,738</b>	<b>(5,617,617)</b>	<b>927,129</b>

HUNT MORTGAGE GROUP

Year	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Waterfall Cash Flow</b>	237,752	250,899	266,795	282,949	299,361	316,034	330,079	347,277	364,738	(5,617,617)	927,129
<b>h from Ops to Fund Construction</b>											
<b>AMF - Alliant Annual Amount:</b>	6,814	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	-	18,900
Accrual	-	-	-	-	-	-	-	-	-	9,287	-
<b>MGP - CVCAH Annual Fee:</b>	7,829	8,063	8,305	8,555	8,811	9,076	9,348	9,628	9,917	-	20,736
Accrual	-	-	-	-	-	-	-	-	-	10,215	-
<b>Beginning Balance of DDF</b>	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Payment	-	-	-	-	-	-	-	-	-	-	-
Incurred Interest	-	-	-	-	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-	-	-	-	-
Principal Paid	-	-	-	-	-	-	-	-	-	-	-
Balance of DDF	-	-	-	-	-	-	-	-	-	-	-
<b>Remaining Cash Flow</b>	223,109	235,783	251,190	266,839	282,730	298,865	312,355	328,979	345,848	(5,617,617)	887,493
<b>Soft Loan Interest Payments</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Soft Loan Principal Payments</b>	-	-	-	-	-	-	-	-	-	-	-
<b>AMF - Levy Annual Amount:</b>	10,222	10,579	10,950	11,333	11,730	12,140	12,565	13,005	13,460	-	28,350
Accrual	-	-	-	-	-	-	-	-	-	13,931	-
<b>Residual Cashflow</b>	212,887	225,203	240,240	255,506	271,001	286,725	299,790	315,974	332,388	(5,617,617)	859,143
<b>Residual Split</b>											
Levy SMF/IMF	191,598	202,683	216,216	229,955	243,901	258,053	269,811	284,376	299,149	-	773,229
ILP Distribution	21,289	22,520	24,024	25,551	27,100	28,673	29,979	31,597	33,239	-	85,914
Soft Loan Accrued Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income (Losses)</b>	<b>179,491</b>	<b>188,161</b>	<b>197,454</b>	<b>207,140</b>	<b>217,234</b>	<b>227,756</b>	<b>238,437</b>	<b>249,873</b>	<b>261,797</b>	<b>833,747</b>	<b>106,650</b>
<b>LP Income (Losses)</b>	179,473	188,142	197,435	207,119	217,212	227,734	238,413	249,848	261,771	833,663	106,639
<b>AGP Income (Losses)</b>	18	19	20	21	22	23	24	25	26	83	11

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

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

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

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

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

**Approval Process:**

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



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

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

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

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

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



January 25, 2019

## Memorandum

**To:** Tina Kessler - San Diego Housing Commission

**From:** Bob Gamble, Nick Jones, Alex Laine - PFM Financial Advisors, LLC

**RE:** Actions related to the proposed issuance of up to \$10.0 million  
Multifamily Housing Revenue Bonds (Harbor View Apartments) Series  
2019

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Dear Ms. Kessler,

You have asked PFM Financial Advisors, LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the tax-exempt Multifamily Housing Revenue Bonds (the “Bonds”) in connection with Harbor View Apartments (the “Project”) by Levy Affiliated (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

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

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

### Description of the Project

Built in 1985, Harbor View Apartments is an existing 60-unit development that is composed of 10 two-story residential buildings, management office and a community room. Site amenities include laundry facilities, barbecue area and courtyard. The apartment complex located at 404 North 47<sup>th</sup> Street in San Diego’s Encanto neighborhood, and is adjacent to the 47<sup>th</sup> Street Trolley Station. The owner, Harbor View SD Partners, L.P., intends to complete a comprehensive renovation of Harbor View Apartments. The scope of work includes new roofs, windows, kitchen cabinets and countertops, flooring, light fixtures and water heaters. The current estimate of rehabilitation cost is \$2,810,761 (\$46,846/unit). Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed



development pro-forma estimates that there are \$13,819,216 in total development costs (\$230,320 per unit).

### **The Borrower / Developer**

Levy Affiliated is a real estate investment firm that acquires and manages assets throughout the United States. Over the last 15 years, Levy Affiliated has sourced, negotiated and executed 75 transactions totaling nearly \$630 million across various property types and financing structures. The Levy Affiliated's current portfolio of 41 properties has an estimated market value of over \$500 million, containing a mix of retail centers, office buildings and apartment complexes.

### **The Financing**

An aggregate amount not exceeding \$10,000,000 of the Housing Authority's Bonds will initially be issued to support the financing of the Project. OneWest Bank, a Division of CIT Bank, N.A. (the "Lender") will serve as the bond purchaser and Alliant Capital will serve as equity investor. Tax credits and tax exemption were allocated to the project by California Tax Credit Allocation Committee ("TCAC") and California Debt Limit Allocation Committee ("CDLAC") in an amount of \$10.0 million previously. The transaction is scheduled to close in late March.

The Bonds will bear a fixed interest rate locked at closing, estimated at 4.69%, and will amortize over 35 years. The Bonds will be purchased by the Lender through a permanent loan, which will be repaid by the Borrower. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources. Table 1 below lays out the Project's estimated total Sources and Uses of \$13,819,216.

<b>Table 1</b>	
<b>Sources and Uses of Funds</b>	
<b>Sources:</b>	
Permanent Loan	\$ 9,050,000
Tax Credit Equity	4,489,184
GP Equity Contribution	100
Deferred Developer Fee	279,932
<b>Total Sources</b>	<b>\$13,819,216</b>
<b>Uses:</b>	
Acquisition Costs	\$ 7,228,800
Construction Costs - Hard Costs	2,810,761
Construction Costs - Soft Costs	57,750
Construction Contingencies	292,579



Professional Services	272,300
Construction Finance	147,581
Construction Loan Interest	806,116
Permanent Finance	329,410
Tax Credit Fees	93,796
Operating Reserve	211,554
Hard Developer Fee	1,288,636
Deferred Developer Fee	279,932
<b>Total Uses</b>	<b>\$13,819,216</b>

### Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low income households. The Project proposes to restrict 53 of the units for households earning no greater than 60% of Area Median Income (“AMI”), and restrict 6 of the units for households earning no greater than 50% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below. We note that the information in Table 2 is based on 2018 HUD rents, which may be updated before the transaction closes.

**Table 2**  
**Rent Comparison**

Unit Type	Area Median Income	Units	Proposed Gross Rents	Estimated Market Rents	Savings
2 Bedroom	50%	2	1,095	1,625	530
2 Bedroom	60%	22	1,314	1,625	311
3 Bedroom	50%	4	1,265	1,750	485
3 Bedroom	60%	31	1,518	1,750	232
Manager	-	1	0	0	0
<b>Total</b>		<b>60</b>			<b>\$17,034</b>
<b>Total Annual Savings for All Units</b>					<b>\$204,408</b>

### Meeting Debt Service after Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there would be \$664,096 of net operating income (net of reserve deposits) available for debt service in the first full year. Debt service coverage in the first full year is approximately 1.26 times. By the fourth full year of debt service, assuming a 2.5% annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage would increase to 1.34 times.



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

Year:	2021	2022	2023	2024	2025
Rental Income	\$1,017,248	\$1,042,679	\$1,068,746	\$1,095,465	\$1,122,852
Plus: Other Income (net)	32,307	33,114	33,942	34,791	35,661
Less: Vacancy @ 5%	(52,478)	(53,790)	(55,134)	(56,513)	(57,926)
Effective Gross Income	\$997,077	\$1,022,004	\$1,047,554	\$1,073,743	\$1,100,587
Less: Operating and Insurance	(290,316)	(300,477)	(310,993)	(321,878)	(333,144)
Less: Property Taxes	(2,949)	(3,052)	(3,159)	(3,270)	(3,384)
Less: Replacement Reserve	(13,500)	(13,500)	(13,500)	(13,500)	(15,650)
Less: Management Fee	(39,883)	(40,880)	(41,902)	(42,950)	(44,023)
Net Operating Income	\$650,430	\$664,096	\$678,000	\$692,146	\$704,386
Permanent Loan Debt Service	(\$395,005)	(\$526,673)	(\$526,673)	(\$526,673)	(\$526,673)
Debt Service Coverage <sup>1</sup>		1.26	1.29	1.31	1.34

<sup>1</sup>Calculated by dividing Net Operating Income by Permanent Loan Debt Service

## Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

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

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



the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

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

Sincerely,  
**PFM Financial Advisors, LLC**

Robert T. Gamble  
Managing Director