



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: July 18, 2019

HCR19-057

COUNCIL DISTRICT(S): 9

SUBJECT: Wesley Terrace

ORIGINATING DEPARTMENT: Real Estate Division

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

#### REQUESTED ACTION:

Authorize the issuance of up to \$22,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to fund the acquisition and rehabilitation of Wesley Terrace, a 161-unit rental housing development, located at 5343 Monroe Avenue, San Diego 92115, which will consist of 159 units that will remain affordable for 55 years and two unrestricted managers' units.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed development is a 161-unit affordable rental housing rehabilitation project that will be located at 5343 Monroe Avenue in the College Area of Council District 9.
- The development includes a mix of studio, and one-bedroom units with rents restricted from 50 – 60 percent of San Diego Area Median Income
- C&C Development Group and DAL Developments, the co-developers, are seeking preliminary approvals to issue up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds. There will be no Housing Commission loan funds in this transaction.
- Total development cost of the development is \$32,715,038
- Staff requests the Housing Commission Board recommend to the Housing Authority approval of the following steps:
  - That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Wesley Terrace Partners, LP's acquisition and rehabilitation of Wesley Terrace, a 161-unit rental housing development, located at 5343 Monroe Avenue, San Diego 92115, in the College Area of City Council District 9, which will consist of 159 units that will remain affordable for 55 years and two unrestricted managers' units.
- If approved, the developer could commence construction in September 2019 and complete construction by June 2020.



## REPORT

**DATE ISSUED:** July 11, 2019

**REPORT NO:** HCR19-057

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of July 18, 2019

**SUBJECT:** Final Bond Authorization for Wesley Terrace

**COUNCIL DISTRICT:** 9

### **REQUESTED ACTION**

Authorize the issuance of up to \$22,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to fund the acquisition and rehabilitation of Wesley Terrace, a 161-unit rental housing development, located at 5343 Monroe Avenue, San Diego, California 92115, which will consist of 159 units that will remain affordable for 55 years and two unrestricted managers' units.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Wesley Terrace Partners, LP's acquisition and rehabilitation of Wesley Terrace, a 161-unit rental housing development, located at 5343 Monroe Avenue, San Diego, California 92115, in the College Area of City Council District 9, which will consist of 159 units that will remain affordable for 55 years and two unrestricted managers' units.

### **SUMMARY**

Development Summary is included as Attachment 1.

**Table 1 – Development Details**

Address	5343 Monroe Avenue, San Diego 92115
Council District	9
Community Plan Area	College Area
Development Type	Rehabilitation
Construction Type	Type-I
Parking Type	Surface – 61 parking spaces
Housing Type	Senior
Lot Size	1.52 acres – 66,211 square feet
Units	161
Density	105 dwelling units per acre
Affordable Unit Mix	114 studio units 45 one-bedroom units 1 one-bedroom manager unit 1 two-bedroom manager unit
Gross Building Area	110,000 square feet
Net Rentable Area	67,370 square feet

### The Development

Wesley Terrace is an existing 161-unit senior rental housing development located at 5343 Monroe Avenue in the College Area (Attachment 2 – Site Map). The eight-story building was originally constructed in 1973 and consists of 114 studio units, 45 one-bedroom units, one one-bedroom manager's unit, and one two-bedroom manager's unit, on-site parking, library, community kitchen, computer lab, and on-site support staff.

### Developer's Request

The development partners submitted a request for final steps for the issuance of up to \$22,000,000 of tax-exempt Multifamily Housing Revenue Bonds.

### Building Conditions/Proposed Rehabilitation Work

Wesley Terrace is approximately 46 years old, and the building is in need of capital improvements. The developer is requesting the issuance of up to \$22,000,000 in Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of the property to extend its useful life and maintain its marketability. The scope of the proposed rehabilitation includes comprehensive improvements to unit interiors, common areas, and elevator, as well as improvements to building electrical, plumbing, and mechanical systems.

### Relocation

The developer does not anticipate permanent relocation of any of the current tenants. The rehabilitation work will require the developer to temporarily relocate tenants while work is taking place in their unit. The developer will be responsible for coordinating all temporary relocation.

### Sustainability Features

Wesley Terrace will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards for rehabilitation projects, which requires 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, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment. In the event that existing building conditions prove to be financially infeasible to correct, to comply with the 10 percent TCAC requirements, Wesley Terrace Partners, LP and the project architect will work to obtain a waiver from TCAC.

### Development Team

During the 15-year tax credit compliance period, Wesley Terrace will be owned by Wesley Terrace Partners, a California limited partnership (a single-asset limited partnership) that will include: Wesley Terrace Management, LLC; Wesley Developments, a California nonprofit corporation as general partner; and Boston Financial Investment Management Company tax-credit investor limited partner.

Wesley Terrace Management, LLC, is composed of C&C Development Group, LLC (C&C) and DAL Development, LLC (DAL). Principals of C&C are Casey Healing and Colin Rice. The principal at DAL is David Beacham. Combined, C&C and DAL have developed 28 properties totaling 3,778 affordable units. Currently, C&C and DAL combined hold ownership in 16 developments totaling 2,419 affordable units. Public disclosures are included as Attachment 3 and 4.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM</b>
Owner	Wesley Terrace Partners, LP
Administrative General Partner	Wesley Terrace Management, LLC
Managing General Partner	Wesley Developments, a California Nonprofit Corp.
Investor Limited Partner	Boston Financial Investment Management Company
Developer	C&C Development Group LLC DAL Development, LLC
Architect	Ground Floor Design
General Contractor	MFRG/Icon Construction
Property Management	Royal Property Management
Construction Lender	Citi Community Capital
Permanent Lender	Citi Community Capital

### **FINANCING STRUCTURE**

Wesley Terrace has an estimated total development cost of \$32,715,038. Financing will include a combination of tax-exempt Multifamily Housing Revenue Bonds, federal 4 percent tax credits, capitalized interest from operations, and a deferred developer fee.

There will be no Housing Commission loan proceeds provided to this development.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 5.

**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	\$21,000,000	Acquisition Costs	\$12,000,000
Tax Credit Equity	7,614,432	Construction Costs	13,853,827
Seller Proceeds	3,774,550	Soft Costs	3,117,813
Capitalized Interest from Operations	300,000	Financing Costs	483,350
Deferred Developer Fee	26,056	Developer Fee	3,260,048
<b>Total Development Cost</b>	<b>\$32,715,038</b>	<b>Total Development Cost</b>	<b>\$32,715,038</b>

### **Developer Fee**

On April 25, 2017, the Housing Authority approved the “*Request for Approval of Updated Developer Fees*” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report states: “*Multifamily housing revenue bond issuances that do not include Housing Commission gap financing shall not be restricted to Housing Commission developer fee limits.*” Wesley Terrace’s financing does not include Housing Commission cash gap financing. Thus, this development’s proposed developer fee is calculated pursuant to TCAC regulations. For 4 percent tax credit transactions the TCAC developer fee is a calculation of 15 percent of eligible basis and 15 percent of acquisition bases (not including the developer fee).

Wesley Terrace’s proposed developer fee is as follows:

\$ 3,260,048 – gross developer fee  
- 26,056 – deferred developer fee  
\$ 3,233,992 – net cash developer fee

### Prevailing Wages

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

### 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	$\$32,715,038 \div 161 \text{ units} =$	\$203,199
Acquisition Cost Per Unit	$\$12,000,000 \div 161 \text{ units} =$	\$74,534
Net Rentable Square Foot Hard Cost	$\$13,853,827 \div 67,370 \text{ sq. ft.} =$	\$206
Gross Building Square Foot Hard Cost	$\$13,853,827 \div 110,000 \text{ sq. ft.} =$	\$126

### Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, 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 Costs	Cost Per Unit	SDHC Subsidy Per Unit	Hard Cost Per Unit
Wesley Terrace	2019	I	161	\$32,715,038	\$203,199	\$0	\$86,049
Luther Tower	2017	I	200	\$29,377,773	\$146,889	\$0	\$57,111
San Diego Square	2014	I	155	\$38,956,670	\$251,333	\$0	\$76,549

### **AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Wesley Terrace would have 159 units restricted to households with incomes from 50 percent to 60 percent of San Diego Area Median Income (AMI). The remaining units will be two unrestricted managers' units. The affordable units will be restricted for a 55-year term. Table 6 summarizes the affordability:

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

Unit Type	AMI	Number of Units	Maximum Gross Rents
Studio	50%	12	\$936
1-bedroom	50%	5	\$1,003
Studio	60%	102	\$1,123
1-bedroom	60%	40	\$1,203
1-bedroom Manager	--	1	--
2-bedroom Manager	--	1	--
<b>Total</b>		<b>161</b>	

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

### **Proposed Housing Bonds**

Multifamily housing financing often involves the issuance of tax-exempt Multifamily Housing Revenue Bonds (Bonds) on behalf of private developers of qualifying affordable rental apartment projects. The advantages of tax-exempt financing to developers include below-market interest rates and access to Low Income Housing Tax Credits (Tax Credits) – features that are not available with typical conventional multifamily housing mortgage loans.

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower tax-exempt 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 resolution must be obtained prior to application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) City Council resolution must be secured no later than 30 days after application submittal. On April 23, 2019, these actions were completed for Wesley Terrace.

The project is anticipated to receive an allocation of up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds and 4 percent tax credits on July 17, 2019, from TCAC and CDLAC. The developer proposes that the bond proceeds will be used for both construction financing and permanent financing. The developer proposed 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.

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. Final authorization of the Bonds issuance will require Housing Authority approval on July 30, 2019.

### **Public Disclosure on Bond Authorization**

The tax-exempt debt, in the form of the bonds/note (Bonds), will be sold through a private placement purchased directly by Citibank, N.A. Citibank is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Citibank

Under the private placement structure for this transaction, Citibank will make a loan to the Housing Authority pursuant to the terms of the Funding Loan Agreement among Citibank, the Housing Authority and a to-be-selected Fiscal Agent. The Loan made by Citibank to the Housing Authority (Funding Loan) will be evidenced by the Bonds, which will obligate the Housing Authority to pay Citibank the amount it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement, pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient to make payments on the Bonds. The Housing Authority's obligation to make payments on the Bonds is limited to the amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds.

Citibank will be originating its loan pursuant to the Freddie Mac “TEL” (i.e., tax exempt loan) program. Within 30 days of closing, the Note will be purchased from Citibank by Freddie Mac under the TEL program, Citibank will be the initial purchaser of the Note issued by the Housing Authority.

The transfer of the Bonds to any subsequent purchaser – including to Freddie Mac pursuant to the preceding paragraph – will comply with Housing Commission policy number PO300.301. Moreover, any subsequent Bond holder would be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Bonds for investment purposes and not for resale, and has made due investigation of any material information necessary in connection with the purchase of the Bonds. The following document will be executed on behalf of the Housing Authority with respect to the Bonds: Funding Loan Agreement, Borrower Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney’s Office and Bond Counsel.

The Bonds will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citibank will disburse Bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of the repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan agreement to Citibank. 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 Citibank, is signed by the Housing Authority for the benefit of Citibank. Rights and responsibilities that are assigned to Citibank include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by Citibank to protect its financial interests as the holder of the Bonds.

#### Financial Advisor’s Recommendations

Squire Patton Boggs is the bond counsel and CSG Advisors is the Municipal 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 proceed with the bond issuance. The financial advisor’s analysis and recommendation is included as Attachment 7.

#### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses proposed for approval by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will not change the FY 2020 total budget.

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

Bond Issuance Fees - \$55,000.00 ( $\$22,000,000 \times .0025$ )

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

Rental Housing Finance Program Administration Costs - \$55,000.00

There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because

security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees. Additionally the developer is responsible for payment of the Housing Commission's 0.0025 bond amount issuer fee (estimated at \$55,000 with a \$22,000,000 bond issue) and the Housing Commission's annual administrative fee (estimated at \$26,250) with an estimated \$21,000,000 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>• 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>• July 30, 2019</li><li>• August 15, 2019</li><li>• September 2019</li><li>• July 2020</li></ul>

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

On April 11, 2019, and April 23, 2019, respectively, the Housing Commission (Report No. HCR19-031) and the Housing Authority (Report No. HAR19-009) approved preliminary steps to issue up to \$24,000,000 of tax-exempt Multifamily Housing Revenue Bonds.

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

As required by the Housing Commission Bonds Program, the developer presented their proposal for Wesley Terrace to the College Area Planning Group on March 13, 2019.

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

Stakeholders include C&C Development Partners, DAL Development, the College Area community and residents. Rehabilitation of the property is expected to have a positive impact on the community because it will provide the needed capital improvements to the property and extend the affordability of 159 units of affordable housing.

#### **ENVIRONMENTAL REVIEW**

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



Respectfully submitted,

*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 Statement – C&C Development  
4) Developer Disclosure Statement – DAL Development  
5) Developer's Project Pro forma  
6) Multifamily Housing Revenue Bond Program  
7) Financial Advisor's Recommendation

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

## Attachment 1

**Table 1 – Development Details**

Address	5343 Monroe Avenue, San Diego 92115
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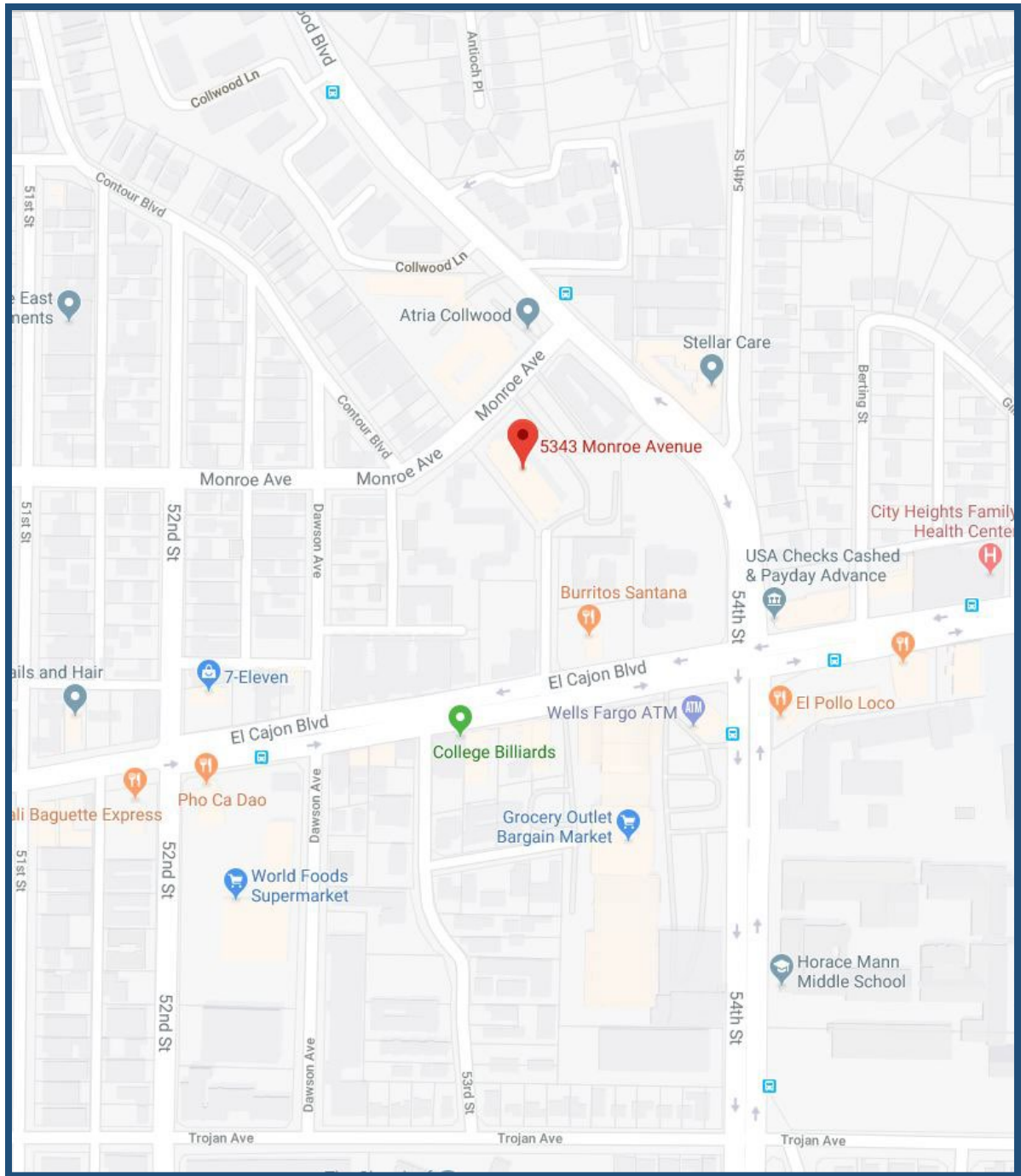
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1-bedroom Manager	--	1	--
2-bedroom Manager	--	1	--
<b>Total</b>		<b>161</b>	

## Attachment 2





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

1. Name of CONTRACTOR: C&C Development Group, LLC (dba RAHD Group)
2. Address and Zip Code: 1660 Hotel Circle N., Ste 725, San Diego, CA 92108
3. Telephone Number: (619) 750-8580
4. Name of Principal Contact for CONTRACTOR: Colin Rice
5. Federal Identification Number or Social Security Number of CONTRACTOR: 27-3480105
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): Limited Liability Company
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
September 14, 2010
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. N/A
  - 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. N/A

- 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. N/A
- 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. N/A
- 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) LLC, see below.

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Colin Rice	Member
Address: 4632 Lucille Dr. SD 92115	50%
Name: Casey Haeling	Managing Member
Address: 1541 Garrison Place, SD 92106	50%
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): No; N/A

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: N/A

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

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

Name and Address	Relationship to CONTRACTOR
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

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:

Project will be funded by the issuance of a tax-exempt bond loan (estimated to be approximately \$19,500,000), investor equity from the allocation of tax credits (estimated to be approximately \$9,500,000).

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

- a. In banks/savings and loans: Citibank, N.A.  
Name: Citi Community Capital, N.A.  
Address: 325 E. Hillcrest Dr., Suite 160, Thousand Oaks, CA 91360  
Amount: \$ 19,500,000

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

Name:

Address:

Amount: \$

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

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: First Republic Bank	Rick Doyle
Address: 1200 Prospect Street, La Jolla, CA 92037	
Name: Citi Community Capital	Mike Hemmens
Address: 325 E. Hillcrest Dr., Ste 160, Thousand Oaks, CA 91360	
Name:	
Address:	

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

☐ Yes

☒ No

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

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

☐ Yes

☒ No

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



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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Tax-Exempt Bonds	Escondido Apts, 92-unit senior, low-income acquisition-rehab project	In constrction	\$15,000,000	Finance of Ac-Rehab Project
Tax-Exempt Bonds	Luther Tower, 200-unit senior, low-income acquisition-rehab project	12/31/18	\$20,000,000	Finance of Ac-Rehab Project
Tax-Exempt Bonds	Garden Villas, 100-unit senior, low-income acquisition-rehab project	12/31/14	\$11,300,000	Finance of Ac-Rehab Project
Tax-Exempt Bonds	Sorrento Tower, 198-unit senior, low-income acquisition-rehab project	12/31/11	\$14,500,000	Finance of Ac-Rehab Project

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: N/A

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

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

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

☐ 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: 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

☒ 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?

☐ 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: N/A

- 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. Yes.
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. Yes.
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. Correct.

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
None				

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.

There are 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.

Our experience and expertise. We have performed on similar projects in the past. Always on time. And have adhered to all the terms of such contracts, loans, grants etc. Our track record speaks for itself.

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: N/A

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

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

☐ Yes                      X ☐ No

If yes, explain:

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

☐ Yes                      X ☐ No

If yes, explain:

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

1. Name: Robb Lally  
Address: 3737 Fifth Ave.  
Phone: (619) 542-1877  
Project Name and Description: Escondido Apartments
2. Name: Juan Vargas  
Address: 333 F Street, Chula Vista, CA 91910  
Phone: (619) 422-5963  
Project Name and Description: Garden Villas
3. Name: Todd Gloria  
Address: 1350 Front Street, San Diego, CA 92101  
Phone: (619) 645-3090  
Project Name and Description: Luther Tower

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.

Wesley Terrace Partners, LP, is comprised of C&C Development and DAL Development. Combined, and often together, they have acquired and rehabilitated over 9000 affordable housing units. C&C and DAL have worked with the SDHC and City of San Diego on a couple of projects recently, namely Sorrento Tower and Luther Tower. Both projects have been successful projects, on time and on budget, delivering high quality affordable living to the residents of San Diego.

40. Give the name and experience of the proposed Construction Superintendent. N/A

Name	Experience



## **CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR**

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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 20th day of February, 2019, at San Diego, California.

CONTRACTOR,

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

Signature

Managing Member

Title



## CERTIFICATION

The CONTRACTOR, C&C Development Group, 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: 

Title: Managing Member

Dated: 2/20/19

**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 San Diego

Subscribed and sworn to (or affirmed) before me on this 20 day of February, 2019

by CASEY Haeling 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





Real Estate Department

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

1. Name of CONTRACTOR: DAL Development, LLC
2. Address and Zip Code: 3603 Corte Castillo, Carlsbad, CA 92009
3. Telephone Number: (760) 579-2093
4. Name of Principal Contact for CONTRACTOR: David Beacham
5. Federal Identification Number or Social Security Number of CONTRACTOR: 20-18422367
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: DAL Development, LLC  
(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:
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. N/A
  - 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. N/A

- 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. Alice Lynn Blash Beacham 51% member, David A Beacham 49% manager a member.
- 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. N/A
- 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) N/A

Name and Address		Position Title (if any) and percent of interest or description of character and extent of interest
Name:	David Beacham	Manager and Member of DAL Development, LLC
Address:	3603 Corte Castillo	
	Carlsbad, CA 92009	

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. N/A
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. N/A
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): N/A

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: N/A

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

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

<b>Name and Address</b>	<b>Relationship to CONTRACTOR</b>
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.
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:  
We will finance the project with proceeds from the issuance of tax-exempt bonds and investor equity from the allocation of low-income housing tax credits. The debt proceeds from the tax-exempt bonds will amount to \$19,500,000 while the investor equity will approximate \$9,500,000.
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:
- In banks/savings and loans: Citibank, N.A.  
Name: Citi Community Capital, N.A.  
Address: 325 E Hillcrest Dr., Suite 160, Thousand Oaks, CA 91360  
Amount: \$ 19,500,000

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

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: Citibank, N.A.	Vincent Michael Affinito
Address: 13455 Poway Road	(858) 848-3411
Poway, CA 92064	For David Beacham

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? N/A

☐ 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? N/A

☐ 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
Tax-Exempt Bonds	Meadowbrook Apartments, San Diego, CA	12/31/2014	55,000,000	Finance Acq/Rehab of Project
Tax-Exempt Bonds	Kiku Gardens, Chula Vista CA	12/31/2014	11,300,000	Fiance Acq/Rehab of Project
Tax-Exempt Bonds	Sorrento Tower, San Diego CA	12/31/2011	14,500,000	Finance Acq/Rehab of Project

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: N/A

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

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

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

☐ 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: 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 ☒ 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? N/A

☐ 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: N/A

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: N/A

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? N/A

☐ 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. N/A

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: N/A

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

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)? N/A

☐ 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? N/A

☐ Yes ☐ No

If yes, explain:

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

1. Name:  
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.

Wesley Terrace Partners, LP is more than qualified to acquire and develop Wesley Terrace. C&C and DAL have developed over 9,000 affordable housing units separately or together over the past 13 years including Meadowbrook Apartments 448 units in San Diego and Sorrento Tower 200 units in San Diego.

40. Give the name and experience of the proposed Construction Superintendent. N/A

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 20 day of February, 2019, at San Diego, California.

CONTRACTOR

By: 

Signature

Manager and Member

Title

## CERTIFICATION

The CONTRACTOR, DAL Development, 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: 

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

Title: Manager/Member

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

Dated: 2/20/2019

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.**

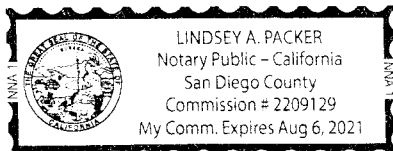
## JURAT

State of California

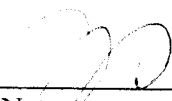
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 20th day of February, 2019

by David A. Beacham ~~personally known to me~~ or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



SEAL

  
Signature of Notary

## LIHTC ACQUISITION-REHAB FINANCIAL MODEL

## Page 1 - Project Summary

Draft #6

June 11, 2019

04:12 PM

### Wesley Terrace San Diego, California

Unit Mix and Utility Allowances	Total Units	Net Rentable Square Feet	Utility Allowances	Max. Rents per Affordability Commitments			Project Rents		
				Group B: 60% AMGI	Group C: 60%	Group D: 50%	Current	New, At Closing	HUD FMR
Studio	114	380	0	1,123	0	936	1,300	1,300	1,165
Studio, SDHC	0	0	0	0	0	0	0	0	0
One bedroom	46	550	0	1,203	0	1,003	1,650	1,650	1,420
One bedroom, SDHC	0	0	0	0	0	0	0	0	0
Two bedroom	1	800	0	0	0	0	0	0	0
Four bedroom, two bath	0	0	0	0	0	0	0	0	0
Totals	Units = 161			Avg = 1,145	Avg = 0	Avg = 957	Avg = 1,392	Avg = 1,398	Avg = 1,231

Operations Summary			
	Total \$	Per Unit	Per SF
Gross Rental Income	2,669,400	16,580	38.45
Parking and Commercial Income	0	0	0.00
Other Income @ \$2.43 per unit per month	4,700	29	0.07
Vacancy @ 5.00%	(133,470)	(829)	-1.92
Effective Gross Income	2,540,630	15,780	36.60
Operating Expenses, including \$300 per unit reserves	(875,175)	(5,436)	-12.61
Net Operating Income	1,665,455	10,344	23.99
Total Debt Service (excluding cash flow-based loans)	(1,192,443)	(7,406)	-17.18
Net Cash Flow (before partnership-level expenses)	473,012	2,938	6.81

Affordability Commitments and Other Tax Credit Assumptions			
	% of AMGI	% of Project	Statistical Area: San Diego, CA
*A* - Market	n/a	0%	Effective AMGI: \$107,000
*B* - Affordable	60%	90%	Last AMGI Increase: 2019
*C* - Affordable	60%	0%	DDA or QCT: No
*D* - Affordable	50%	10%	Applicable Percentage: 3.25%, as of May 2019

Affordability	
Weighted Average Set-Aside Commitment = 59.0% of Median Income	
Average Post-Rehab Gross Rent = 73.2% of Median Income	

Feasibility Indices	
LIHTC Equity Subsidy (of next eligible rehab \$)	30.5%
Cash Flow/Operating Expense Ratio	54.0%
Capitalization Rate on Stabilized NOI	13.88%
NPV of Sponsor Benefits, per unit	\$71,205

Annual Federal Credits	
Stabilized	812,295
Year 1 - 2019	0
Year 2 - 2020	808,890
Year 3 - 2021	812,295

Project Timing Assumptions	
Acquisition Closing	31-Aug-19
Renovation Start	01-Sep-19
Renovation Complete	31-Aug-20
Start of Credit Period (First Unit Qualified)	01-Jan-20
Last Unit Qualified	31-Mar-20

LP Capital Account	
Cap Acct EOY 10	0
Cap Acct EOY 15	0
Years 1-3 Losses/Credits	241%
Years 1-10 Losses/Credits	90%
Years 1-15 Losses/Credits	85%

Sources and Uses of Funds			
<b>Debt:</b>			
Perm Loan #1 (3.86% interest & fees, 1.40 DCR, 30-year amort.)	21,000,000	(TBD)	
Perm Loan #2	0		
Perm Loan #3	0		
Deferred Developer Fee (payable from cash flow over 3 years)	26,056	(deferred fee = 1% of total fee)	
<b>Equity:</b>			
Tax Credit Equity @ \$0.9375 (99.99% of available credits)	7,614,432	(equity = \$47,295 per LI unit)	
Capitalized Interest Paid from Operations	300,000		
Income During Lease-Up	0		
Additional Proceeds	3,774,550	(Net cash from seller less RR depo)	
<b>TOTAL SOURCES</b>	<b>32,715,038</b>		
<b>Property Acquisition (asking price is \$12,000,000)</b>			
	12,000,000	Per Unit: 74,534	Per SF: 172.86
<b>Renovation Costs</b>	<b>13,853,827</b>	86,049	199.57
<b>Indirect Costs:</b>			
Third Party Reports	135,500	842	1.95
Financing Placement	483,350	3,002	6.96
Capitalized Interest	300,000	1,863	4.32
Accounting Fees	10,000	62	0.14
Legal & Organizational Fees	200,000	1,242	2.88
Relocation Allowance	300,000	1,863	4.32
Initial Deposits to Reserves	1,717,000	10,665	24.73
Tax Credit Reservation Fees	75,313	468	1.08
Other Fees and Costs	380,000	2,360	5.47
Developer Fee (non-deferred portion = \$3,233,992)	3,260,048	20,249	46.96
<b>TOTAL USES</b>	<b>32,715,038</b>	203,199	471.26

Equity and Developer Fee Installments; Estimated Yield				
	Estimated Date	Equity Percent	Equity Installments	Developer Fee
At Closing	31-Aug-19	20.0%	1,522,886	750,000
	n/a	0.0%	0	0
	n/a	0.0%	0	0
Second Installment	30-Apr-20	20.0%	1,522,886	0
Third Installment	31-Oct-20	25.0%	1,903,608	750,000
Fourth Installment	31-Jul-21	35.0%	2,665,051	1,733,992
			7,614,432	3,233,992
Leveraged Yield = 11.64% (compounded quarterly)				
Maximum Equity Timing Gap During Pay-In Period = \$0				

Unit Mix - All Housing Units	Residential Units	Employee Units	All Units	Square Feet	Utility Allowance
Studio	114	0	114	380	0.00
Studio, SDHC	0	0	0	0	0.00
One bedroom	45	1	46	550	0.00
One bedroom,SDHC	0	0	0	0	0.00
Two bedroom	0	1	1	800	0.00
Four bedroom, two bath	0	0	0	0	0.00
Totals	159	2	161	69,420	

A: Market Rate Units (None)						Current and Post-Rehab Rents		
Units	Square Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent		Current	Post-Rehab	Post-Rehab Extension
Studio	0	0	not applicable			0	0	0
Studio, SDHC	0	0				0	0	0
One bedroom	0	0				0	0	0
One bedroom,SDHC	0	0				0	0	0
Two bedroom	0	0				0	0	0
Four bedroom, two bath	0	0				0	0	0
Totals	0	0				0	0	0
Percent of Residential Units	0.00%	0.00%						

B: 90% @ 60% of Median						Current and Post-Rehab Rents		
Units	Square Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent		Current	Post-Rehab	Post-Rehab Extension
Studio	103	380	1,123.50	None Req'd	1,123.50	1,165	1,300	133,900
Studio, SDHC	0	0	0.00	0.00	0.00	0	0	0
One bedroom	40	550	1,203.75	None Req'd	1,203.75	1,420	1,650	66,000
One bedroom,SDHC	0	0	0.00	0.00	0.00	0	0	0
Two bedroom	0	0	0.00	0.00	0.00	0	0	0
Four bedroom, two bath	0	0	0.00	0.00	0.00	0	0	0
Totals	143	61,140						199,900
Percent of Residential Units	89.94%	89.82%						

C: None						Current and Post-Rehab Rents		
Units	Square Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent		Current	Post-Rehab	Post-Rehab Extension
Studio	0	0	0.00	0.00	0.00	0	0	0
Studio, SDHC	0	0	0.00	0.00	0.00	0	0	0
One bedroom	0	0	0.00	0.00	0.00	0	0	0
One bedroom,SDHC	0	0	0.00	0.00	0.00	0	0	0
Two bedroom	0	0	0.00	0.00	0.00	0	0	0
Four bedroom, two bath	0	0	0.00	0.00	0.00	0	0	0
Totals	0	0				0	0	0
Percent of Residential Units	0.00%	0.00%						

D: 10% @ 50% of Median						Current and Post-Rehab Rents		
Units	Square Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent		Current	Post-Rehab	Post-Rehab Extension
Studio	11	380	936.25	None Req'd	936.25	1,165	1,300	14,300
Studio, SDHC	0	0	0.00	0.00	0.00	0	0	0
One bedroom	5	550	1,003.13	None Req'd	1,003.13	1,420	1,650	8,250
One bedroom,SDHC	0	0	0.00	0.00	0.00	0	0	0
Two bedroom	0	0	0.00	0.00	0.00	0	0	0
Four bedroom, two bath	0	0	0.00	0.00	0.00	0	0	0
Totals	16	6,930						22,550
Percent of Residential Units	10.06%	10.18%						

Recap of All Housing Units				
	Total Units	Percent of All Units	Percent of Total SF	Total Rent
Group A (Market Rate)	0	0.00%	0.00%	0
Group B (60% of Median)	143	88.82%	88.07%	199,900
Group C (60% of Median)	0	0.00%	0.00%	0
Group D (50% of Median)	16	9.94%	9.98%	22,550
Employee (Common Area) Units	2	0.00%	0.00%	0
Totals	161	98.76%	98.06%	222,450

Other Unit Mix Analysis	
Tax Credit Percentage (lessor of unit or floor space fraction)	98.06%
% Units Larger than 2 Bedrooms	0.00%



**Stabilized Income From Operations**

	INPUT (BASE YEAR)	OUTPUT (BASE YEAR)			TRENDED OUTPUT	
		Total \$	Per Unit	Per SF	Base +1	Base +2
GROSS ANNUAL RENTAL INCOME		2,669,400	16,580	38.45	2,722,788	2,777,244
Annual Carport Income		0	0	0.00	0	0
Annual Garage Income		0	0	0.00	0	0
Annual Commercial Income (NNN)		0	n/a	n/a	0	0
Annual IRP Income		0	n/a	n/a	0	0
Interest on Debt Service Reserve @ 0.00% annual		0	n/a	n/a	0	0
Other Income (net of vacancy)		4,700	29	0.07	4,794	4,890
TOTAL GROSS INCOME		2,674,100	16,609	38.52	2,727,582	2,782,134
Less: Residential Vacancy	5.0%	133,470	829	1.92	136,139	138,862
Parking Vacancy	0.0%	0	0	0.00	0	0
Commercial Vacancy	10.0%	0	0	0.00	0	0
EFFECTIVE GROSS INCOME		2,540,630	15,780	36.60	2,591,443	2,643,271
Less: Professional Management	4.0% of EGI	101,625	631	1.46	103,658	105,731
Payroll & Benefits	1.447 per unit	233,000	1,447	3.36	241,155	249,595
Office & Administration *	373 per unit	60,000	373	0.86	62,100	64,273
Services	0 per unit	0	0	0.00	0	0
Utilities						
Water/Sewer	510 per unit	82,150	510	1.18	85,025	88,001
Garbage	49 per unit	7,900	49	0.11	8,176	8,463
Gas	63 per unit	10,067	63	0.15	10,419	10,784
Electricity (common area and vacancy)	965 per unit	155,333	965	2.24	160,770	166,397
Maintenance						
Supplies & Repairs	800 per unit	128,800	800	1.86	133,308	137,974
Turnover & Redecorating	0 per unit	0	0	0.00	0	0
Security	19 per unit	3,000	19	0.04	3,105	3,214
Insurance	280 per unit	45,000	280	0.65	46,575	48,205
Replacement Reserves	300 per unit	48,300	300	0.70	48,300	48,300
Total Before Taxes		875,175	5,436	12.61	902,591	930,937
Real Property Taxes (see calculation below)		0	0	0.00	0	0
Total Operating Expenses		875,175	5,436	12.61	902,591	930,937
NET OPERATING INCOME		1,665,455	10,344	23.99	1,688,851	1,712,335

(residential averages only)

**Real Property Tax Calculation**

Tax year	2016
Local Millage Rate (per \$100 valuation)	1.2000
Estimated Assessed Value per Unit	74,534
Estimated Assessed Value	12,000,000
Real Estate Tax Abated (Percent)	95%
Estimated Real Estate Tax	0

Annual Escalator for Income Items:	2.00%	2.00%
Annual Escalator for Expense Items:	3.50%	3.50%
Annual Escalator for Property Taxes:	2.00%	2.00%
Annual Escalator for Replacement Reserves:	3.00%	3.00%

Wesley Terrace

Page 4

Construction-Related Costs					COST SEGREGATION							
					-- Depreciable Costs --							
					Land & Non-	5 yrs	15 yrs	27.5 yrs				
INPUT					Total \$	Per Unit	Per SF	Depreciable	Personal Property	Sitework	Buildings	Total
CONSTRUCTION CONTRACT:												
Sitework	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Concrete	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Masonry	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Steel	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Carpentry	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Roof	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Doors/Windows	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Finishes	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Specialties	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Appliances	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Furnishings	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Amenities	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Elevator	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Mechanical	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Electrical	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Reserved	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Reserved	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Reserved	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Rehabilitation Cost Segregation Plug	0	fixed sum	0	0	0.00	0	1,875,000	300,000	-2,175,000	0	0	0
PLUG (prior to contractor bid)	61,470	per unit	9,896,637	61,470	142.56	0	0	0	9,896,637			9,896,637
Total Construction Contract			9,896,637	61,470	142.56	0	1,875,000	300,000	7,721,637			9,896,637
OTHER CONSTRUCTION COSTS PAID BY OWNER:												
Architect and Engineering	125,000	fixed sum	125,000	776	1.80	0	0	24,400	100,600			125,000
Special City Inspection Fee	25,000	fixed sum	25,000	155	0.36	0	0	0	25,000			25,000
Fees & Permits	26,000	fixed sum	26,000	161	0.37	0	0	0	26,000			26,000
Contractor's Liability Insurance	1.25%	% of hard cost	123,708	768	1.78	0	23,438	3,750	96,520			123,708
Payment and Performance Bond	1.35%	% of hard cost	133,605	830	1.92	0	25,313	4,050	104,242			133,605
Lender/Investor Construction Inspections	15,000	fixed sum	15,000	93	0.22	0	0	0	15,000			15,000
Interior Design Fee and Costs	100,000	fixed sum	100,000	621	1.44	0	0	0	100,000			100,000
Elevator	594,000	fixed sum	594,000	3,689	8.56	0	0	0	594,000			594,000
Construction Manager	200,000	fixed sum	200,000	1,242	2.88	0	0	0	200,000			200,000
Elevator Evaluation	16,000	fixed sum	16,000	99	0.23	0	0	0	16,000			16,000
Total Other Construction Costs			1,358,313	8,437	19.57	0	48,750	32,200	1,277,363			1,358,313
INELIGIBLE COSTS:												
Income-Generating Parking Structures	0	fixed sum	0	0	0.00	0	0	0	0			0
Other	0	fixed sum	0	0	0.00	0	0	0	0			0
Total Ineligible			0	0	0.00	0	0	0	0			0
GENERAL REQ'MENTS (6.0% maximum in CA)												
CONTINGENCY	6.0%	of hard costs	593,798	3,688	8.55	0	112,500	18,000	463,298			593,798
GENERAL CONTRACTOR'S OH&P (8.0% max.)	10.0%	of hard costs	1,213,348	7,536	17.48	0	0	0	1,213,348			1,213,348
SALES TAX	8.0%	of hard costs	791,731	4,918	11.40	0	150,000	24,000	617,731			791,731
	0.0%	of hard costs	0	0	0.00	0	0	0	0			0
Total			2,598,877	16,142	37.44	0	262,500	42,000	2,294,377			2,598,877
GC Contract												
TOTAL CONSTRUCTION COSTS			13,853,827	86,049	199.57	0	2,186,250	374,200	11,293,377			13,853,827

**Wesley Terrace**  
**Page 5.1**

11,539,479 72,122

Indirect and Acquisition Costs			OUTPUT			COST SEGREGATION						
INPUT			Total \$	Per Unit	Per SF	Land & Non-Depreciable	Depreciable	-- Amortizable Costs --			Expensed Costs	Total
								5 yrs/Org Costs	17 yrs/Perm Loan	15 yrs/TCAC		
ACQUISITION COSTS:												
Land	1,231,231	per unit	1,231,231	7,647	17.74	1,231,231	0	0	0	0	0	1,231,231
Acquisition - Buildings & Personal Property	6,771,769	fixed sum	6,771,769	42,061	97.55	0	6,771,769	0	0	0	0	6,771,769
Total Acquisition Costs			8,003,000	49,708	115.28	1,231,231	6,771,769	0	0	0	0	8,003,000
THIRD PARTY REPORTS:												
Phase I, PNA, Asbestos, PML, Energy Reserved	35,000	fixed sum	35,000	217	0.50	0	35,000	0	0	0	0	35,000
Market Study	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Financing Appraisal	6,500	fixed sum	6,500	40	0.09	0	6,500	0	0	0	0	6,500
Cost Segregation Study	6,500	fixed sum	6,500	40	0.09	0	6,500	0	0	0	0	6,500
ALTA Survey	10,000	fixed sum	10,000	62	0.14	0	10,000	0	0	0	0	10,000
Non Profit Fee	7,500	fixed sum	7,500	47	0.11	0	7,500	0	0	0	0	7,500
Chain Title, Historical and City Review Predev Exp	10,000	fixed sum	10,000	62	0.14	0	0	10,000	0	0	0	10,000
Total Third Party Reports	60,000	fixed sum	60,000	373	0.86	0	60,000	0	0	0	0	60,000
			135,500	842	1.95	0	125,500	10,000	0	0	0	135,500
FINANCING PLACEMENT COSTS:												
Construction Loan/LOC Origination	0.00%	of loan amt	0	0	0.00	0	0	0	0	0	0	0
Loan Conversion costs	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Construction Lender Underwriting Costs	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Permanent Loan/LOC Origination	1.00%	of loan amt	210,000	1,304	3.03	0	0	0	210,000	0	0	210,000
Permanent Lender Legal	65,000	fixed sum	65,000	404	0.94	0	0	0	65,000	0	0	65,000
Permanent Lender Underwriting Costs	25,000	fixed sum	25,000	155	0.36	0	0	0	25,000	0	0	25,000
Freddie Mac Legal	0	fixed sum	0	0	0.00	0	0	0	0	0	0	0
Freddie Mac Application Fee	0.10%	basis points	21,000	130	0.30	0	0	0	21,000	0	0	21,000
Fixed Costs of Issuance (see below page 5.2)	162,350	fixed sum	162,350	1,008	2.34	0	0	0	162,350	0	0	162,350
Bond Underwriter	0.00%	of bond amt	0	0	0.00	0	0	0	0	0	0	0
Total Financing Placement Costs			483,350	3,002	6.96	0	0	0	483,350	0	0	483,350
INTEREST:												
Construction Loan Interest (if interest is not being paid through operations)	0		0	0	0.00	0	0	0	0	0	0	0
Capitalized Interest Paid from Operations (per page 14)	300,000		300,000	1,863	4.32	0	300,000	0	0	0	0	300,000
Total Interest			300,000	1,863	4.32	0	300,000	0	0	0	0	300,000
OTHER INDIRECT COSTS:												
Accounting, Cost Certification	10,000	fixed sum	10,000	62	0.14	0	10,000	0	0	0	0	10,000
Allowance for Relocation Costs	300,000	fixed sum	300,000	1,863	4.32	0	300,000	0	0	0	0	300,000
Soft Cost Contingency	30,000	fixed sum	30,000	186	0.43	0	30,000	0	0	0	0	30,000
Title, Escrow, Recording	20,000	fixed sum	20,000	124	0.29	0	10,000	0	10,000	0	0	20,000
Impounds, Prorations, Insurance and Tenant File	150,000	fixed sum	150,000	932	2.16	60,000	55,000	0	0	35,000	0	150,000
Consultant Fee	180,000	fixed sum	180,000	1,118	2.59	0	180,000	0	0	0	0	180,000
Partnership Legal, Syn legal, compliance and rehab re	200,000	fixed sum	200,000	1,242	2.88	20,000	97,560	12,500	10,000	59,940	0	200,000
Reserves:												
Operating	517,000	fixed sum	517,000	3,211	7.45	517,000	0	0	0	0	0	517,000
Cash and Replacement Reserve	5,197,000	fixed sum	5,197,000	32,280	74.86	5,197,000	0	0	0	0	0	5,197,000
Tax Credit Fees (TCAC)	75,313	fixed sum	75,313	468	1.08	0	0	0	0	75,313	0	75,313
Total Other Indirect Costs			6,679,313	41,486	96.22	5,794,000	682,560	12,500	20,000	170,253	0	6,679,313
DEVELOPER FEE												
Fee on Acquisition Costs	15.00%	of basis	1,042,765									
Fee on Renovation and Indirect Costs	15.00%	of basis	2,217,283									
Total Fee			3,260,048	20,249	46.96	0	3,260,048	0	0	0	0	3,260,048
GRAND TOTAL - ALL ACQUISITION AND INDIRECT COSTS												
			18,861,211	117,150	271.70	7,025,231	11,139,878	22,500	503,350	170,253	0	18,861,211

Wesley Terrace  
Page 5.2

Bond Issuance Cost Detail

	INPUT	OUTPUT			COST SEGREGATION				COSTS PAID BY	
		Total \$	Per Unit	Per SF	Land & Non- Amortizable	Depreciable	Amortizable	Total	Tax-Exempt Bonds *	Equity or Taxable Bonds
FIXED COSTS (for page 5.1, line 32):										
Bond Counsel	55,000 fixed sum	55,000	342	0.79	0	0	55,000	55,000	55,000	0
Issuer Fee	0.250% of bond amt	52,500	326	0.76	0	0	52,500	52,500	52,500	0
Issuer Advisors Fee	35,000 fixed sum	35,000	217	0.50	0	0	35,000	35,000	35,000	0
City Attorney Fee	3,000 fixed sum	3,000	19	0.04	0	0	3,000	3,000	3,000	0
Housing Commission Application Fee	3,000 fixed sum	3,000	19	0.04	0	0	3,000	3,000	3,000	0
Rating Agency	0 fixed sum	0	0	0.00	0	0	0	0	0	0
Printing and Mailing (POS/OS)	0 fixed sum	0	0	0.00	0	0	0	0	0	0
Trustee Acceptance Fee and Attorney Fee	6,500 fixed sum	6,500	40	0.09	0	0	6,500	6,500	6,500	0
CDLAC Application Fee	1,200 fixed sum	1,200	7	0.02	0	0	1,200	1,200	1,200	0
CDLAC Issuance Fee (net of application fee)	0.035% of bond amt	6,150	38	0.09	0	0	6,150	6,150	6,150	0
Reserved	0.000% of bond amt	0	0	0.00	0	0	0	0	0	0
CSCDA Application Fee	0 fixed sum	0	0	0.00	0	0	0	0	0	0
COI Contingency	0 fixed sum	0	0	0.00	0	0	0	0	0	0
TEFRA Fee SDHC	0 fixed sum	0	0	0.00	0	0	0	0	0	0
Reserved	0 fixed sum	0	0	0.00	0	0	0	0	0	0
Total Fixed Costs		162,350	1,008	2.34	0	0	162,350	162,350	162,350	0

\* Issuance costs financed by bond

## Flow of Funds

	CLOSING	Second Equity Installment	Third Equity Installment	Fourth Equity Installment	Fifth Equity Installment	Sixth Equity Installment	SOURCES & USES RECAP	
Date of Event (EOM)	31-Aug-19			30-Apr-20	31-Oct-20	31-Jul-21		
Months From Closing	0			8	14	23	Cash Basis	Accrual Basis
<b>SOURCES OF FUNDS:</b>								
Permanent Loan #1	21,000,000	0	0	0	0	0	21,000,000	21,000,000
Permanent Loan #2	0	0	0	0	0	0	0	0
Permanent Loan #3	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	26,056
Tax Credit Equity Installments	1,522,886	0	0	1,522,886	1,903,608	2,665,051	7,614,432	7,614,432
Capitalized Interest Paid from Operations	0	300,000	0	0	0	0	300,000	300,000
Transfer of Funds from (to) Operations	0	0	0	0	0	0	0	0
Additional Equity: Net cash from seller less RR dep	2,626,000	1,148,550	0	0	0	0	3,774,550	3,774,550
<b>Other Timing Adjustments to Sources (manual entry)</b>								
Reserved	0	0	0	0	0	0	0	0
Reserved	0	0	0	0	0	0	0	0
Total Sources of Funds	25,148,886	1,448,550	0	1,522,886	1,903,608	2,665,051	32,688,982	32,715,038
<b>USES OF FUNDS:</b>								
Property Acquisition	8,003,000	0	0	0	0	0	8,003,000	8,003,000
Renovation Costs	469,795	4,056,895	4,056,895	4,216,442	1,053,800	0	13,853,827	13,853,827
<b>Indirect Costs:</b>								
Third Party Reports	125,000	0	10,500	0	0	0	135,500	135,500
Financing Placement	483,350	0	0	0	0	0	483,350	483,350
Construction Loan Interest Reserve	0	0	0	0	0	0	0	0
Capitalized Interest Paid From Operations	0	300,000	0	0	0	0	300,000	300,000
Accounting, Cost Certification	0	0	10,000	0	0	0	10,000	10,000
Allowance for Relocation Costs	75,000	225,000	0	0	0	0	300,000	300,000
Soft Cost Contingency	0	30,000	0	0	0	0	30,000	30,000
Title, Escrow, Recording	20,000	0	0	0	0	0	20,000	20,000
Impounds, Prorations, Insurance and Tena	115,000	0	0	0	35,000	0	150,000	150,000
Consultant Fee	180,000	0	0	0	0	0	180,000	180,000
Partnership Legal, Syn legal, compliance a	185,060	14,940	0	0	0	0	200,000	200,000
Deposit to Operating Reserves	0	0	0	0	0	517,000	517,000	517,000
Deposit to Debt Service Reserves	3,997,000	0	0	0	0	1,200,000	5,197,000	5,197,000
Tax Credit Fees (TCAC)	10,123	0	0	0	65,190	0	75,313	75,313
Developer Fee	750,000	0	0	0	750,000	1,733,992	3,233,992	3,260,048
<b>Other Timing Adjustments to Uses (manual entry)</b>								
Reserved	0	0	0	0	0	0	0	0
Reserved	0	0	0	0	0	0	0	0
Reserved	0	0	0	0	0	0	0	0
Total Uses of Funds	14,413,328	4,626,835	4,077,395	4,216,442	1,903,990	3,450,992	32,688,982	32,715,038
Net Change in Working Capital	10,735,558	-3,178,285	-4,077,395	-2,693,556	-382	-785,941		
Working Capital Balance	10,735,558	7,557,274	3,479,879	786,323	785,941	0		

10,264,442

## Volume Cap Utilization

Senior Debt  
Subordinate Debt (Perm Loan #2)  
Subordinate Debt (Perm Loan #3)  
Totals  
Percent (Tax-Exempt to Total)

VOLUME CAP AWARDED		CAP UTILIZED THIS MODEL	
Tax-Exempt	Taxable	Tax-Exempt	Taxable
21,000,000	0	21,000,000	0
0	0	0	0
0	0	0	0
21,000,000	0	21,000,000	0
100.00%	0.00%	100.00%	0.00%

## Permanent Debt Service Assumptions

Available During Construction?  
Coupon Rate Assumption

Coupon Rate

Guaranty  
Servicing  
Liquidity  
Remarketing  
Issuer  
Trustee (fixed fee of \$2,000 per year)  
Total "Stack"  
Total Mortgage Rate

Underwriting Spread  
Interest Rate Cap Reserve  
Swap Termination Guarantee Fee  
FHA Mortgage Insurance Premium  
Total Debt Service Rate  
Blended Average Total Rates

SENIOR DEBT		PERM LOAN #2		PERM LOAN #3	
Tax-Exempt	Taxable	Tax-Exempt	Taxable	Tax-Exempt	Taxable
Yes		Yes		No	
Mod Rehab Fixed Rate	None	IRP	None	None	None
3.730%	0.000%	0.000%	0.000%	0.000%	4.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.125%	0.000%	0.000%	0.000%	0.000%	0.000%
0.010%	0.010%	0.000%	0.000%	0.000%	0.000%
0.135%	0.010%	0.000%	0.000%	0.000%	0.000%
3.865%	0.010%	0.000%	0.000%	0.000%	4.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
3.865%	0.010%	0.000%	0.000%	0.000%	4.000%
3.865%		0.000%		0.000%	

## Construction Debt Service Assumptions

Coupon Rate Assumption

Coupon Rate

Permanent Lender Guaranty (standby)  
Construction Lender LOC  
Liquidity  
Remarketing  
Issuer  
Trustee (fixed fee of \$2,000 per year)  
Total "Stack"  
Total Construction Rate  
Blended Average Total Rate

SENIOR DEBT		PERM LOAN #2	PERM LOAN #3
Tax-Exempt Rate	Taxable Rate	Blended Rate	Blended Rate
Mod Rehab Fixed Rate	30-day LIBOR (variable)	See Permanent column	Not available for construction
3.730%	0.000%	0.000%	4.000%
0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%
0.000%	0.000%	0.000%	0.000%
0.125%	0.000%	0.000%	0.000%
0.010%	0.000%	0.000%	0.000%
0.135%	0.000%	0.000%	0.000%
3.865%	0.000%	0.000%	4.000%
3.865%			

## Tax Credit Calculations

	Total Costs	Ineligible Costs	Eligible Basis	Federal Credits			State Credits		
				ACQUISITION	REHABILITATION	TOTAL	ACQUISITION	REHABILITATION	TOTAL
Land Costs	1,231,231	1,231,231	0	0	0	0			
Acquisition Costs	6,771,769	0	6,771,769	6,771,769	0	6,771,769			
Direct Construction Costs	13,853,827	0	13,853,827	0	13,853,827	13,853,827			
Indirect Costs	7,598,163	6,490,103	1,108,060	180,000	928,060	1,108,060			
Developer Fee	3,260,048	0	3,260,048	1,042,765	2,217,283	3,260,048			
Total Project Costs	32,715,038	7,721,334	24,993,704	7,994,535	16,999,170	24,993,704			
Less: Ineligible Grant or Loan(s)			0	0	0	0			
Total Eligible Basis			24,993,704	7,994,535	16,999,170	24,993,704	0	0	0
High Cost Factor Adjustment (for DDA or QCT)				100%	100%		0%	0%	
Low Income Occupancy Percentage ("Applicable Fraction")				100%	100%		0%	0%	
Qualified Basis				7,994,535	16,999,170	24,993,704	0	0	0
Applicable Percentage (as of May 2019)				3.25%	3.25%		0.00%	0.00%	
MAXIMUM CREDIT REQUEST BASED ON QUALIFIED BASIS				259,822	552,473	812,295	0	0	0
Subject to Limit Based on Credit Reservation						812,295			0
State Credits as Percent of Federal Credits					32.50%				0%
Annual State Credits									0
TAX CREDIT EQUITY VALUATION:									
Annual Credit Allowed						812,295			
Total Credit Allowed Over 10 Years						812,295			0
Investors' Percentage Allocation of Credits						8,122,954			0
Investors' Dollar Allocation of Credits						99.99%			0.00%
Tax Credit Factor						8,122,060			0
Tax Credit Equity Value						0.9375			0.0000
						7,614,432			0
TOTAL TAX CREDIT EQUITY VALUE (Federal + State)						7,614,432			

## Credit Application/Reservation

Qualified Basis per Application	0
Applicable Percentage per Application	3.32%
Credit Reservation Amount	0

## Credit Delivery to Investor (from pages 13 and 15); equals 99.99% of credits available)

	\$ Amount	% of Annual
Credits Delivered in 2019	0	0.00%
Credits Delivered in 2020	808,801	99.58%
Credits Delivered in 2021	812,206	100.00%

## "50%" Test

Land	1,231,231
Sitework	544,849
Personal Property (excluding FF&E)	3,472,886
Residential Buildings	20,975,969
Total Land + Buildings	26,224,935
Times 50%	13,112,467
Tax-Exempt Debt	21,000,000
Percent of Land + Buildings	80.08%
Costs Below 50% Threshold	15,775,065

## Page 9.1

	CONSTRUCTION & LEASEUP			STABILIZED						
	2019 (4 months)	2020	2021	2022	2023	2024	2025	2026	2027	2028
GROSS ANNUAL RENTAL INCOME	889,800	2,722,788	2,777,244	2,832,789	2,889,444	2,947,233	3,006,178	3,066,302	3,127,628	3,190,180
Parking and Commercial Income	-23,850	-71,550	0	0	0	0	0	0	0	0
Rent Reduction Pre Rehab	0	0	0	0	0	0	0	0	0	0
Other Income (net)	1,567	4,794	4,890	4,988	5,087	5,189	5,293	5,399	5,507	5,617
TOTAL GROSS INCOME	867,517	2,656,032	2,782,134	2,837,776	2,894,532	2,952,422	3,011,471	3,071,700	3,133,134	3,195,797
Less: Vacancy	44,490	136,139	138,862	141,639	144,472	147,362	150,309	153,315	156,381	159,509
EFFECTIVE GROSS INCOME	823,027	2,519,893	2,643,271	2,696,137	2,750,060	2,805,061	2,861,162	2,918,385	2,976,753	3,036,288
Less:										
Professional Management	33,875	100,796	105,731	107,845	110,002	112,202	114,446	116,735	119,070	121,452
Payroll & Benefits	77,667	241,155	249,595	258,331	267,373	276,731	286,416	296,441	306,817	317,555
Office & Administration	20,000	62,100	64,273	66,523	68,851	71,261	73,755	76,337	79,009	81,774
Marketing/Advertising	0	0	0	0	0	0	0	0	0	0
Utilities	85,150	264,391	273,644	283,222	293,135	303,394	314,013	325,004	336,379	348,152
Maintenance:										
Supplies & Repairs	42,933	133,308	137,974	142,803	147,801	152,974	158,328	163,870	169,605	175,541
Turnover & Redecorating	0	0	0	0	0	0	0	0	0	0
Grounds	1,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089
Insurance	15,000	46,575	48,205	49,892	51,639	53,446	55,316	57,253	59,256	61,330
Property Taxes	0	0	0	0	0	0	0	0	0	0
Annual Deposit to Replacement Reserves	0	0	8,050	49,749	51,490	53,292	55,158	57,088	59,086	61,154
Total Expenses	275,625	851,429	890,687	961,692	993,734	1,026,864	1,061,122	1,096,544	1,133,172	1,171,047
NET OPERATING INCOME	547,402	1,668,463	1,752,585	1,734,445	1,756,326	1,778,197	1,800,041	1,821,841	1,843,581	1,865,241
Permanent Loan Debt Service (#1 & #2 combined)	270,517	811,550	938,514	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443
Permanent Loan #3 Debt Service	0	0	0	0	0	0	0	0	0	0
Developer Loan Debt Service	0	0	0	26,624	0	0	0	0	0	0
NET PROJECT CASH FLOW	276,885	856,913	814,070	515,377	563,883	585,753	607,597	629,398	651,138	672,798
Compliance Monitoring Fee	0	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540
Priority Distribution to LP	0	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501
Annual Deposit to Interest Rate Cap Reserve	0	0	0	0	0	0	0	0	0	0
Annual Deposit to Operating Reserves	0	0	0	0	0	0	0	0	0	0
Priority Distribution to Nonprofit GP	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Resident Services Budget	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Asset Management Fee to GP	0	0	0	0	11,475	11,877	12,293	12,723	13,168	13,629
Incentive Management Fee to GP	276,885	754,873	711,805	371,592	404,705	423,806	442,863	461,862	480,785	499,615
Add'l Incentive Fee to GP	0	0	0							



# Wesley Terrace

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### 15-Year Cash Flow

15th Compliance Year

	2029	2030	2031	2032	2033	2034
GROSS ANNUAL RENTAL INCOME	3,253,984	3,319,063	3,385,445	3,453,154	3,522,217	3,592,661
Parking and Commercial Income	0	0	0	0	0	0
Interest on Debt Service Reserve	0	0	0	0	0	0
Other Income (net)	5,729	5,844	5,961	6,080	6,202	6,326
TOTAL GROSS INCOME	3,259,713	3,324,907	3,391,405	3,459,233	3,528,418	3,598,987
Less: Vacancy	162,699	165,953	169,272	172,658	176,111	179,633
EFFECTIVE GROSS INCOME	3,097,014	3,158,954	3,222,133	3,286,576	3,352,307	3,419,353
Less: Professional Management	123,881	126,358	128,885	131,463	134,092	136,774
Payroll & Benefits	328,670	340,173	352,079	364,402	377,156	390,356
Office & Administration	84,636	87,598	90,664	93,837	97,122	100,521
Marketing/Advertising	0	0	0	0	0	0
Utilities	360,337	372,949	386,002	399,513	413,496	427,968
Maintenance:						
Supplies & Repairs	181,685	188,044	194,626	201,438	208,488	215,785
Turnover & Redecorating	0	0	0	0	0	0
Grounds	4,232	4,380	4,533	4,692	4,856	5,026
Insurance	63,477	65,699	67,998	70,378	72,841	75,391
Property Taxes	0	0	0	0	0	0
Annual Deposit to Replacement Reserves	63,295	65,510	67,803	70,176	72,632	75,174
Total Expenses	1,210,212	1,250,711	1,292,591	1,335,898	1,380,683	1,426,995
NET OPERATING INCOME	1,886,802	1,908,243	1,929,543	1,950,678	1,971,625	1,992,358
Permanent Loan Debt Service (#1 & #2 combined)	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443
Permanent Loan #3 Debt Service	0	0	0	0	0	0
Developer Loan Debt Service	0	0	0	0	0	0
NET PROJECT CASH FLOW	694,359	715,800	737,099	758,235	779,182	799,915
Compliance Monitoring Fee	9,540	9,540	9,540	9,540	9,540	9,540
Priority Distribution to LP	9,786	10,079	10,382	10,693	11,014	11,344
Annual Deposit to Interest Rate Cap Reserve	0	0	0	0	0	0
Annual Deposit to Operating Reserves	0	0	0	0	0	0
Priority Distribution to Nonprofit GP	10,000	10,000	10,000	10,000	10,000	10,000
Resident Services Budget	75,000	75,000	75,000	75,000	75,000	75,000
Asset Management Fee to GP	14,106	14,600	15,111	15,640	16,187	16,753
Incentive Management Fee to GP	518,334	536,923	555,360	573,626	591,697	609,550
Add'l Incentive Fee to GP	0	0	0	0	0	0
Transfer of Funds to (from) Project Budget	0	0	0	0	0	0
NET PARTNERSHIP CASH FLOW	57,593	59,658	61,707	63,736	65,744	67,728
Residual Allocation to Limited Partner (99.99%)	57,586	59,651	61,700	63,729	65,737	67,720
Allocation to General Partner (0.01%)	6	7	7	7	7	7
DEBT COVERAGE RATIO	1.58	1.60	1.62	1.64	1.65	1.67
Annual Escalator for Income Items (except IRP):	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Escalator for Expense Items and Priority Fees:	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Annual Escalator for Real Property Taxes:	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Escalator for Replacement Reserves:	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

## Page 10.1

**PERMANENT LOAN #1**

	2019 (4 months)	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>PERMANENT LOAN #1</b>										
Beginning Balance	21,000,000	21,000,000	21,000,000	20,872,442	20,480,129	20,072,930	19,650,280	19,211,593	18,756,261	18,283,651
Debt Service Payments	270,517	811,550	938,514	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443
Consisting of:										
Interest (bond coupon rate) @ 3.73%	261,100	783,300	782,707	771,880	756,994	741,543	725,506	708,860	691,583	673,650
Credit Enhancement Fees	0	0	0	0	0	0	0	0	0	0
Issuer Fee @ 12.5 bps	8,750	26,250	26,250	26,250	26,250	26,250	26,250	26,250	26,250	26,250
Trustee Fees @ \$2,000/year	667	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Principal (30-year amortization)	0	0	127,558	392,313	407,199	422,650	438,687	455,333	472,610	490,543
Ending Balance	21,000,000	21,000,000	20,872,442	20,480,129	20,072,930	19,650,280	19,211,593	18,756,261	18,283,651	17,793,108
<b>PERMANENT LOAN #2 (NONE)</b>										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0	0	0	0	0
Consisting of:										
Interest (bond coupon rate)	0	0	0	0	0	0	0	0	0	0
Credit Enhancement Fees	0	0	0	0	0	0	0	0	0	0
Issuer Fee	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
<b>PERMANENT LOAN #3 (NONE)</b>										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0	0	0	0	0
Consisting of:										
Interest	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
<b>DEFERRED DEVELOPER FEE</b>										
Beginning Balance	26,056	26,056	26,056	26,056	0	0	0	0	0	0
Payments from Disbursed Reserves	0	0	0	0	0	0	0	0	0	0
Payments from Operations	0	0	0	26,624	0	0	0	0	0	0
Consisting of:										
Interest @ 4.00%	0	0	0	568	0	0	0	0	0	0
Principal	0	0	0	26,056	0	0	0	0	0	0
Ending Balance	26,056	26,056	26,056	0	0	0	0	0	0	0
<b>RESERVE ACCOUNTS</b>										
Beginning Balance	0	0	517,000	525,050	525,050	525,050	525,050	525,050	525,050	525,050
Deposits to Reserve Accounts										
Deposits (from debt or equity sources)	0	517,000	0	0	0	0	0	0	0	0
Deposits (from operations)	0	0	8,050	49,749	51,490	53,292	55,158	57,088	59,086	61,154
Total Deposits	0	517,000	8,050	49,749	51,490	53,292	55,158	57,088	59,086	61,154
Withdrawals from Reserve Accounts										
Withdrawals (for capital replacements)	0	0	0	-49,749	-51,490	-53,292	-55,158	-57,088	-59,086	-61,154
Withdrawals (to purchase interest rate cap)	0	0	0	0	0	0	0	0	0	0
Withdrawals (to reduce developer loan)	0	0	0	0	0	0	0	0	0	0
Withdrawals (as additional incentive fee)	0	0	0	0	0	0	0	0	0	0
Total Withdrawals	0	0	0	-49,749	-51,490	-53,292	-55,158	-57,088	-59,086	-61,154

# Wesley Terrace

## Page 10.2

### Loan Amortization and Cash Reserves

	2029	2030	2031	2032	2033	2034
<b>PERMANENT LOAN #1</b>						
Beginning Balance	17,793,108	17,283,951	16,755,476	16,206,947	15,637,605	15,046,660
Debt Service Payments	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443	1,192,443
Consisting of:						
Interest (bond coupon rate) @ 3.73%	655,037	635,717	615,665	594,851	573,248	550,825
Credit Enhancement Fees	0	0	0	0	0	0
Issuer Fee @ 12.5 bps	26,250	26,250	26,250	26,250	26,250	26,250
Trustee Fees @ \$2,000/year	2,000	2,000	2,000	2,000	2,000	2,000
Principal (30-year amortization)	509,156	528,476	548,529	569,342	590,945	613,368
Ending Balance	17,283,951	16,755,476	16,206,947	15,637,605	15,046,660	14,433,291
<b>PERMANENT LOAN #2 (NONE)</b>						
Beginning Balance	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0
Consisting of:						
Interest (bond coupon rate)	0	0	0	0	0	0
Credit Enhancement Fees	0	0	0	0	0	0
Issuer Fee	0	0	0	0	0	0
Principal	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0
<b>PERMANENT LOAN #3 (NONE)</b>						
Beginning Balance	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0
Consisting of:						
Interest	0	0	0	0	0	0
Principal	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0
<b>DEFERRED DEVELOPER FEE</b>						
Beginning Balance	0	0	0	0	0	0
Payments from Disbursed Reserves	0	0	0	0	0	0
Payments from Operations	0	0	0	0	0	0
Consisting of:						
Interest @ 4.00%	0	0	0	0	0	0
Principal	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0
<b>RESERVE ACCOUNTS</b>						
Beginning Balance	525,050	525,050	525,050	525,050	525,050	525,050
Deposits to Reserve Accounts						
Deposits (from debt or equity sources)	0	0	0	0	0	0
Deposits (from operations)	63,295	65,510	67,803	70,176	72,632	75,174
Total Deposits	63,295	65,510	67,803	70,176	72,632	75,174
Withdrawals from Reserve Accounts						
Withdrawals (for capital replacements)	-63,295	-65,510	-67,803	-70,176	-72,632	-75,174
Withdrawals (to purchase interest rate cap)	0	0	0	0	0	0
Withdrawals (to reduce developer loan)	0	0	0	0	0	0
Withdrawals (as additional incentive fee)	0	0	0	0	0	0
Total Withdrawals	-63,295	-65,510	-67,803	-70,176	-72,632	-75,174
Interest Earned @ 0.00%	0	0	0	0	0	0
Ending Balance	525,050	525,050	525,050	525,050	525,050	525,050

# Wesley Terrace

## Inputs and Assumptions - 1

Accrued Interest and Fees Paid to Affiliates: Can Deduct?

### Acquisition Price

*Seller's Asking Price*

Additional Equity:

Annual Escalators (years 4-16)

Income

Expenses

Property Taxes

Replacement Reserves

Applicable Fraction

### Applicable Percentage

30% PV

70% PV

Month

Per Capita Allocation Required?

### Area Identification:

AMGI (Area Median Gross Income)

County or MSA

### Commercial and "Other" Income

Carports

Garages/Structured Parking

Laundry, Tenant Fees, Forfeited Deposits

NNN Rent on Commercial Space

Cost Segregation:

Personal Property Acquired at Closing (part of purchase price)

Personal Property Added, per Unit

Site Improvements Acquired at Closing (% of acquisition improvements)

Credit Application

Applicable Percentage

Credit Reservation Amount

Total Qualified Basis per Application

### DDA or QCT?

Employee/Common Units, impute rent?

### Income and Rent Set-Asides:

Market Rate

Restricted, First Tier

Restricted, Second Tier

Restricted, Third Tier

Ineligible Grants or Loans (\$)

Interest Reduction Payment (IRP)

Annual IRP

Last IRP Month

Limited Partner, Allocations and Distributions:

Profits and Losses

Cash from Operations (residual)

Proceeds from Sale or Refinance

Utilize Capital Deficit Restoration Provision?

Utilize Minimum Gain Chargeback Provision?

Zero Out Reversion Proceeds from Yield Calculation?

If Exit Tax Only: Gross Up to Include One Tax Iteration?

### Loan Assumptions:

Deferred Developer Fee: Amortize or Cash Flow?

Deferred Developer Fee: Amortization Period, in months

Deferred Developer Fee: Interest Rate

Deferred Developer Fee: Subordinate to GP's Asset Management Fee?

Deferred Developer Fee: Subordinate to Perm Loan #3?

Interest-Only Prior to Conversion for Perm Loan #1?

Interest-Only Prior to Conversion for Perm Loan #2?

Issuer Fee on Amortized Loan Balance?

Perm Loan #1: Amortize at Underwriting Rate?

Minimum BMA for Underwriting Rate

Underwriting Spread

Perm Loan #1: Illustrate at Actual Rate or Underwriting Rate?

No

\$12,000,000

\$12,000,000

\$3,774,550

2.50%

3.50%

2.00%

3.00%

98%

3.25%

9.00%

May 2019

No

\$107,000

San Diego, CA

Number or SF Per Month

0 \$0.00

0 \$0.00

\$2.43

1 \$0.00

\$1,286,636

\$0

1.42%

3.32%

\$0

\$0

No

No

% of Project

0%

% of AMGI

60%

Utility Allowances

No

HAP Overhang

No

90%

60%

No

No

0%

60%

No

No

10%

50%

No

No

\$0

\$0

Mar-2017

99.99%

99.99%

10.00%

Yes

Yes

Yes

No

Cash Flow

184

4.00%

No

No

Yes

No

No

3.75%

0.00%

Actual

# Wesley Terrace

## Inputs and Assumptions - 2

### Loan Assumptions (continued):

Perm Loan #3: Percent of Cash Flow Allocable to Loan Payments

50%

Perm Loan #3: Recourse or Nonrecourse (affects minimum gain calculation page 12.1)?

Nonrecourse

Reserve all Construction Loan Interest at Closing?

No

Section 266ii Election to Capitalize All Interest Prior to PIS?

No

### Partnership Level Fees & Reserves

		Payable to:	Rate/Factor	Reference	Fixed \$
1st Tier	Compliance Monitoring Fee	State of CA	\$150	per L/I unit	
2nd Tier	Priority Distribution to LP	Limited Partner			\$7,500
3rd Tier	Annual Deposit to Operating Reserves	Reserves			\$0
4th Tier	Priority Distribution to Nonprofit GP	Nonprofit GP			\$10,000
5th Tier	Resident Services Budget	Res. Services			\$75,000
6th Tier	Asset Management Fee to GP	General Partner	0.00%	of EGI	\$10,000
7th Tier	Incentive Management Fee to GP	General Partner	90.00%	of cash flow	
8th Tier	Add'l Incentive Fee to GP	General Partner	0.00%	of cash flow	

Lease-Up Achievement Fee (displaces Developer Fee during lease-up period)

Percent of Lease-Up Cash Flow

0.00%

Duration (months)

0

Escalator for Fixed-Dollar Priority Distributions

3.50%

Cap on Incentive Management Fee to GP (6th Tier, cap as percent of cash flow)

None

Priority Distribution to LP, delay start until conversion?

No

### Project Identification:

Name

Wesley Terrace

Location (City)

San Diego

Location (State)

California

Version

Draft #6

### Real Property Taxes:

Current Annual Taxes

\$0

Current Assessed Value

\$0

Current Tax Year

2016

Increase Assessed Value to Purchase Price?

Yes

Real Property Tax Abatement, Percent Abated

95%

### Reserves:

Debt Service Reserve, Build Up 6-Month FNMA Reserve Over 10 Years?

No

Debt Service Reserve, Interest on

0.00%

Interest Rate Cap Reserve, Term of (years)

0

Operating Reserves, Equity Installment Funded From

Fifth

Operating and Replacement Reserves, Interest on

0.00%

Operating Reserves, Release of

Year Released Percent Released

First Portion

2.026 100%

Second Portion

0 0%

Third Portion

0 0%

Fourth Portion

0 0%

Replacement Reserves, Commence at Conversion? ("No" = commence at closing)

Yes

### Reversion Assumptions:

Capitalization Rate

5.00%

Preference to Limited Partner

\$0

Preference to General Partner

\$0

Selling Costs

3.0%

### State Tax Credits

Utilize State Credits?

No

Annual or Total?

Annual

State Credits as Percent of Federal

100%

Offset State Credits Against Federal Income?

Yes

Years Over Which Credits Taken

10

### Tax Assumptions:

Marginal Rate

35.00%

State

Generic

### Utility Allowances

Source of

Master Metered

Dated

TBD

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

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

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

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

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

**Approval Process:**

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

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

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

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

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

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



June 24, 2019

Ms. Tina Kessler  
San Diego Housing Commission  
1122 Broadway, Suite 300  
San Diego, California 92101

RE: Wesley Terrace Apartments

Dear Ms. Kessler:

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

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

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

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

The Project will consist of the rehabilitation of an existing 161-unit property (the "Property") located at 5343 Monroe Avenue, San Diego, California (the "Site"). The Developer proposes to rehabilitate the Property. Rehabilitation of the Project will be financed, from among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt debt issued by the Housing Authority of the City of San Diego (the "Housing Authority").

159 units (i.e., excluding two managers' units), will be subject to affordability restrictions as further described herein.

The Project was originally financed with an FHA loan under its 236 program. The Project currently is subject to a housing assistance payments (“HAP”) Section 8 contract and Use Agreement covering 159 units<sup>1</sup>. The HAP contract rents will be “marked-to-market” and assigned to the new Project owner. The Project is currently owned by Wesley Development, Inc, a California non-profit corporation.

In 2000, the Commission funded a loan in the amount of \$190,000 in order to fund rehabilitation/repairs at the Project. The loan was repaid in August, 2012; however certain regulatory restrictions in connection with the Commission’s loan remain in effect until August 23, 2021.

On April 23, 2019, the Housing Authority approved a resolution evidencing its official intent to conduct a tax-exempt issuance in the not-to-exceed amount of \$24,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee (“CDLAC”).

On April 23, 2019, the City Council held a public hearing ("TEFRA") required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances. The City Council approved the resulting approving resolution on April 26, 2019. The TEFRA hearing remains valid for a period of one year.

On May 17, 2019, the Housing Authority submitted an application to CDLAC for \$22,000,000 in tax-exempt private activity issuance authority for the Project.

Based on the May 17, 2019, application, CDLAC would be expected to consider the application at its scheduled July 17, 2019 Allocation Meeting.

## THE PROPOSED FINANCING

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The Developer proposes that the Housing Authority issue up \$22,000,000 in a tax-exempt “Tax-Exempt Note”<sup>2</sup> (the “Note”). The issuance of the Notes would occur under a single Funding Loan Agreement.

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<sup>1</sup> The HAP contract actually covers 160 units; however, because California law requires two manager’s units for a development of this number of units, one of these 160 units will be a managers unit and excluded from the requirements of the HAP and Use Agreement

<sup>2</sup> The financing would occur through the issuance of tax-exempt “Notes” under a “Back-to-Back” loan structure. The Back-to-Back structure and a bond issuance structure with an Indenture are functionally equivalent. In the Back-to-Back Structure, a Bank Loan Agreement (between the Lender, Issuer and the Fiscal Agent) replaces the Indenture and a Borrower Loan Agreement (between the Issuer and the Borrower) replaces the Loan Agreement from an Indenture

The Developer proposes that Citibank serve as the lender/initial bond purchaser. Within 30 days of closing, the Note will be purchased from Citibank by Freddie Mac under its “TEL” (i.e., tax exempt loan) program. Citibank will be the initial purchaser of Note issued by the Housing Authority in a not-to-exceed amount of \$22,000,000.

According to projections provided by the Developer, the total development cost, including the cost of reserves purchased pursuant to the acquisition price, totals approximately \$32,937,500.

The financing is structured as an “immediate funding” i.e., as essentially as an immediate permanent loan. However, the Citibank commitment identifies an “Initial Construction Period” of 24 months during which time interest on the loan shall accrue on an interest-only basis; and a subsequent “Permanent Loan Term” equal to 17 years (from Closing), the commencement of which marks the beginning of principal amortization. Certain conditions must be met at least 90 days before the end of the Initial Construction Period before conversion to the Permanent Loan Term can occur.

#### **Wesley Terrace : Permanent Source Summary**

	<u>Permanent</u>
Tax-Exempt Note	\$21,000,000
Tax Credit Equity	\$7,614,400
Purchased Reserves	\$3,997,000
Cash From Operations	\$300,000
Deferred Developer Fee	<u>\$26,100</u>
	<b>\$32,937,500</b>

#### **Wesley Terrace : Permanent Use Summary**

	<u>Permanent</u>
Land/Acquisition	\$12,000,000
Construction	\$12,640,500
Construction Contingency	\$1,213,300
Developer Fee	\$3,260,000
Operating Reserve	\$517,000
Initial/Existing Replacement Reserve	\$222,500
Other Reserves	\$1,200,000
Capitalized Interest	\$300,000
Other Hard and Soft Costs	<u>\$1,584,200</u>
	<b>\$32,937,500</b>

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structure. A “Fiscal Agent” replaces the Trustee. Certain lenders prefer the Back-to-Back structure in order to obtain beneficial treatment under the Community Reinvestment Act.

## Ownership

The Project will be owned by Wesley Terrace Partners, a California limited partnership (the “Borrower”). Wesley Terrace Management, LLC and Wesley Developments (a California non-profit corporation) will comprise the Borrower’s general partner. An affiliate of Boston Financial, the tax credit investor, will serve as the investor limited partner.

## Tax-Exempt Note Structure and Credit Enhancement

### Construction Loan

The Developer proposes that the Housing Authority issue up to \$22,000,000 in a Tax-Exempt Note in order to finance the acquisition and rehabilitation of the Project.

The Note would be unrated, without credit enhancement, and would be purchased by Citibank on a private placement basis. However, within 30 days of Closing, Citibank expects to sell the Note to Freddie Mac under its TEL program. Solely revenues pledged under the Funding and Borrower Loan Agreements will secure the payment of principal and interest to the Noteholder.

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

The Initial Construction Period would be 24 months. The Citibank commitment indicates a preliminary interest rate of 4.50%. This same interest rate would be applicable during the Permanent Loan Term. Payments during the Initial Construction Period would be interest-only.

### Permanent Loan

Upon satisfaction of certain conditions within 90 days of the end of the Initial Construction Period, the loan will converting to the Permanent Loan Term and commence amortization of principal and interest.

Per the Citibank commitment letter, the Permanent Loan Term would extend 17 years from *Closing*. Principal and interest payments would be based on a 35-year fully amortizing schedule. The interest rate would be the same as that in effect during the Initial Construction Period.

### Projected Issuance Date

The Developer proposes that the Housing Authority issue the Notes on or about August 12, 2019. CDLAC has not yet provided an allocation; however, if an allocation is received on the expected Allocation Meeting date of July 17, 2019, the anticipated allocation expiration date would be approximately January 13, 2020.

### Commission Financial Involvement

The Commission has no existing loans on the property and has no other financial involvement.

### Affordability Restrictions

The Project is subject to the following *existing and continuing* regulatory restriction:

<u>Source of Restriction</u>	<u>Restriction</u>	<u>Expiration Date</u>
HUD Section 8 HAP Use Agreement (existing)	159 units at 80% AMI	2042
San Diego Housing Commission	32 units at 50%AMI; 128 units at 65% AMI	2021

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

<u>Source of Restriction</u>	<u>Restriction</u>	<u>Expiration Date</u>
California Tax Credit Allocation Committee (expected, new)	17 units at 50% AMI; 142 units at 60% AMI	2074
Tax-Exempt Bond (expected, new)	17 units at 50% AMI; 142 units at 60% AMI	2074

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

## **PROJECT'S PROJECTED FINANCIAL STATUS**

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Under the proposed financing according to information provided by the Developer and analysis by CSG annual debt service on the maximum senior

loan (assuming Citibank's underwriting rate of 4.50%) would total approximately \$1,192,607. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$560,281 at a debt coverage ratio (DCR) of 1.47. Cash flow after reserves would total approximately \$509,039 at a DCR of 1.43. The Citibank debt coverage minimum is 1.20.

## **THE BENEFITS AND RISKS TO THE COMMISSION**

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

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

As proposed, the financing will maintain and extend the affordability of 159 units. These units will remain long-term affordable for an additional 55 years.

If the Authority issues the Notes, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$52,500) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Notes.

## **PUBLIC PURPOSE**

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The proposed financing will result in maintaining and extending the affordability of 159 housing units in the City of San Diego. The proposed financing will result in *new* CDLAC and CTCAC regulatory restrictions as follows:

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

These new restrictions will be in effect for 55 years.

## **NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT**

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As noted above, the financing will result in long-term affordability restrictions on 159 units within the Project.

## RECOMMENDATIONS

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

- The financing will maintain and extend the affordability on 159 units in the City of San Diego with long-term affordability covenants.
- The Commission expects to receive tax-exempt authority of \$22,000,000 from CDLAC for the Project.
- Citibank, Freddie Mac, and Boston Financial are currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately \$52,500, and a long-term annual fee equal to the greater of \$10,000 and 0.125% the outstanding Notes.
- The net Tax-Exempt Note financing and tax credit equity will provide approximately \$7,614,000 for development costs.

### Contingent Items

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

- As of this writing, neither Citibank, Freddie Mac, or Boston Financial have provided final credit approval for the financing. The tax-exempt Notes cannot be issued without these final approvals.
- The Commission must have received an allocation of tax-exempt authority from CDLAC specifically for the Project. That allocation is expected to be provide by CDLAC at its July 17, 2019 Allocation Meeting
- Final Notes documents and approving resolution must be approved by the Housing Authority.

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

Sincerely,  
CSG Advisors



John Hamilton



# Exhibit A

Wesley Terrace

date of rev:

6/21/19

## Long-Term Tax-Exempt Loan Loan

	Tranche A	Tranche B	Total
Principal Amount <sup>1</sup>	\$ 21,000,000	\$ -	\$ 21,000,000
Mortgage Rate <sup>1</sup>	4.500%	0.000%	
Amortization Term (yrs) <sup>2</sup>	35	0	
Underwriting Monthly Debt Service	\$ 99,384	\$ -	\$ 99,384
Underwriting Annual Debt Service	\$ 1,192,607	\$ -	\$ 1,192,607

<sup>1</sup> Source: Citi Commitment Letter May 9, 2019

<sup>2</sup> Per Citi Commitment Letter May 9, 2019

## Post Financing Operations Analysis <sup>1</sup>

Income				Stabilized Year				
				1	2	3	4	5
Gross Tax Credit Rental Income <sup>2</sup>	2.50% Inflation			\$ 2,832,789	\$ 2,903,609	\$ 2,976,199	\$ 3,050,604	\$ 3,126,869
Commercial Income	2.50% Inflation			\$ -	\$ -	\$ -	\$ -	\$ -
Manager's Unit	2.50% Inflation			\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	2.50% Inflation			\$ 4,988	\$ 5,113	\$ 5,241	\$ 5,372	\$ 5,506
Gross Potential Income				\$ 2,837,777	\$ 2,908,721	\$ 2,981,439	\$ 3,055,975	\$ 3,132,375
Vacancy Collection Loss <sup>3</sup>	5.00%			(141,889)	(145,436)	(149,072)	(152,799)	(156,619)
Effective Gross Income				\$ 2,695,888	\$ 2,763,285	\$ 2,832,367	\$ 2,903,177	\$ 2,975,756
Expenses								
Operating Expenses	3.50% Inflation			\$ (910,451)	\$ (942,316)	\$ (975,297)	\$ (1,009,433)	\$ (1,044,763)
RE Taxes	2.00% Inflation			\$ -	\$ -	\$ -	\$ -	\$ -
Service Coordinator	0.00% Inflation			\$ -	\$ -	\$ -	\$ -	\$ -
Issuer Fee	\$ 10,000 min	0.125%		\$ (26,250)	\$ (26,250)	\$ (26,250)	\$ (26,250)	\$ (26,250)
Trustee Fee <sup>4</sup>	\$ 3,000 min	0.030%		\$ (6,300)	\$ (6,300)	\$ (6,300)	\$ (6,300)	\$ (6,300)
Total Expenses				\$ (943,001)	\$ (974,866)	\$ (1,007,847)	\$ (1,041,983)	\$ (1,077,313)
Net Operating Income				\$ 1,752,888	\$ 1,788,419	\$ 1,824,520	\$ 1,861,194	\$ 1,898,443
Required Debt Service								
Senior								
Real Estate Loan				\$ (1,192,607)	\$ (1,192,607)	\$ (1,192,607)	\$ (1,192,607)	\$ (1,192,607)
Cash Flow before Reserves				\$ 560,281	\$ 595,812	\$ 631,913	\$ 668,587	\$ 705,836
Debt Coverage Ratio Before Reserves				1.47	1.50	1.53	1.56	1.59
Reserves <sup>5</sup>	300 per unit	3% Inflation		\$ (51,241)	\$ (52,266)	\$ (53,312)	\$ (54,378)	\$ (55,465)
Cash Flow After Reserves				\$ 509,039	\$ 543,546	\$ 578,602	\$ 614,209	\$ 650,371
Overall Debt Coverage Ratio (DCR)				1.43	1.46	1.49	1.52	1.55
Cash Flow Including Commercial Income				509,039	543,546	578,602	614,209	650,371
Debt Coverage Ratio Including Commercial Income				1.43	1.46	1.49	1.52	1.55

<sup>1</sup> Source: Per Developer Projections

<sup>2</sup> Per Developer projections. Stabilized Year 2022

<sup>3</sup> Of Gross Potential Income.

<sup>4</sup> Estimate

<sup>5</sup> Per Developer projections; required by Equity LOI. Inflated to stabilized Year (2 yrs)

## Exhibit A

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### Wesley Terrace Permanent Sources and Uses of Funds <sup>1</sup>

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#### Sources

Tax Exempt Note	\$ 21,000,000
Tax Credit Equity	\$ 7,614,400
Purchased Reserves <sup>2</sup>	\$ 3,997,000
Cash from Operations	\$ 300,000
Deferred Developer Fee	<u>\$ 26,100</u>
Total Sources	\$ 32,937,500

#### Uses

Land and Acquisition Costs	\$ 12,000,000
Construction Costs	\$ 12,640,500
Construction Contingency	\$ 1,213,300
Developer Fee	\$ 3,260,000
Operating Reserve	\$ 517,000
Initial (i.e. Existing) Replacement Reserve Deposit	\$ 222,500
Other Reserves	\$ 1,200,000
Capitalized Interest	\$ 300,000
Other Hard and Soft Costs	<u>\$ 1,584,200</u>
Total Uses	\$ 32,937,500

Surplus(Deficit)	\$ -
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<sup>1</sup> Source: Information provided by the Developer. Rounding by CSG

<sup>2</sup> Includes initial/existing Replacement Reserve