



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 15, 2019

HCR19-089

SUBJECT: Final Bond Authorization for Keeler Court

COUNCIL DISTRICT(S): 9

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

#### REQUESTED ACTION:

Authorize the issuance of up to \$25,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to fund the acquisition and development of Keeler Court Apartments, a proposed 71-unit new construction development, located at 1290-1294 Keeler Court, San Diego, California 92113, which will consist of 70 units that will remain affordable for 55 years and one unrestricted manager's unit.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed development is a 71-unit new construction affordable rental housing project that will be located at 1290-1294 Keeler Court in the Southeastern Community Planning Area of Council District 9.
- The development will include a mix of studio, one-, two-, and three-bedroom units with rents restricted at 30 – 60 percent of San Diego Area Median Income that will remain affordable for 55 years
- Community Housing Works, the developer, is seeking final approvals to issue up to \$25,000,000 in tax-exempt Multifamily Housing Revenue Bonds. No Housing Commission loan funds will be provided in this transaction.
- Total development cost of the development is \$40,891,780.
- Total development cost per unit will be \$575,941.
- The Housing Commission previously approved an award of seven federal Veterans Affairs Supportive Housing (VASH) Project-Based Housing Vouchers for this development; these units will be set aside for veterans experiencing homelessness.
- Staff requests the Housing Commission Board recommend that the Housing Authority authorize the issuance of up to \$25,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and construction of Keeler Court Apartments
- If approved, the developer could commence construction in February 2020 and complete construction by February 2021.



## REPORT

**DATE ISSUED:** November 7, 2019

**REPORT NO:** HCR19-089

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of November 15, 2019

**SUBJECT:** Final Bond Authorization for Keeler Court Apartments

**COUNCIL DISTRICT:** 9

### **REQUESTED ACTION**

Authorize the issuance of up to \$25,000,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to fund the acquisition and development of Keeler Court Apartments, a proposed 71-unit new construction development, located at 1290-1294 Keeler Court, San Diego, California 92113, which will consist of 70 units that will remain affordable for 55 years and one unrestricted manager's unit.

### **STAFF RECOMMENDATION**

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

- 1) Authorize the issuance of up to \$25,000,000 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Keeler Court Housing Associates, LP's acquisition and construction of Keeler Court Apartments, a 71-unit new rental housing development, located at 1290-1294 Keeler Court, San Diego, California 92113, in the Southeastern Community Planning Area of Council District 9, which will consist of 70 units that will remain affordable for 55 years and one unrestricted manager's unit; and,
- 2) The Housing Authority of the City of San Diego approve the exception to Section 1.8 of the Bond Policy as referenced above and as described and justified in this report.

### **SUMMARY**

Keeler Court Apartments is supported by the initial phase of HOUSING FIRST – SAN DIEGO, the Housing Commission's homelessness action plan, launched on November 12, 2014. Keeler Court Apartments received a preliminary commitment of seven Veterans Affairs Supportive Housing (VASH) vouchers through the Permanent Supportive Housing Notice of Funding Availability that was released by the Housing Commission on October 7, 2015, in the second year of HOUSING FIRST – SAN DIEGO. The seven VASH vouchers will assist veterans experiencing chronic homelessness in the City of San Diego as the tenants will receive rental assistance through Veterans Affairs Supportive Housing. The eligible tenants must meet specific income and U.S. Department of Veterans Affairs (VA) criteria and be identified as most appropriate for permanent supportive housing through the Coordinated Entry System. Residents will meet income criteria and will be identified as most appropriate for permanent supportive housing through the Coordinated Entry System.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City of San Diego (City) to participate in a Coordinated Entry System (CES) and utilize a single regional data management repository, the Homeless Management

Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen individuals experiencing homelessness for the most appropriate housing options based upon who is most in need. The co-developers and the service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

Development Summary is included as Attachment 1.

**Table 1 – Development Details**

Address	1290-1294 Keeler Court, San Diego, CA 92113
Council District	9
Community Plan Area	Southeastern San Diego
Development Type	New Construction
Construction Type	Type-V
Parking Type	Surface – 86 parking spaces
Housing Type	Multifamily
Lot Size	1.61 acres – 70,132 square feet
Units	71
Density	44 dwelling units per acre
Affordable Unit Mix	10 studio units, 20 one-bedroom units, 18 two-bedroom units, 22 three-bedroom units, and 1 one-bedroom manager unit
Gross Building Area	78,939 square feet
Net Rentable Area	71,027 square feet

The Development

Keeler Court Apartments is a proposed 71-unit new construction affordable rental housing development. The project site is 1.61 acres, located at 1290-1294 Keeler Court in the Southeastern Community Plan Area of Council District 9. A site map is included as Attachment 2. The development will consist of four four-story buildings connected with exterior bridges and incorporating 10 studio units, 20 one-bedroom units, 18 two-bedroom units, 22 three-bedroom units and a one-bedroom on-site manager’s unit. Site amenities include on-site laundry, elevator, multipurpose room, bicycle storage, and covered and open parking. The development will include solar panels and energy efficient appliances. Additionally, the development will incorporate neighborhood bicycle circulation improvements and other neighborhood infrastructure enhancements required by the Affordable Housing and Sustainable Communities Program (AHSC) funding, including additional accessible features for VASH units, higher sustainability requirements- offsetting 33.3 percent of total site energy use with renewables, addition of an indoor bike storage room, higher replacement reserves and stricter underwriting requirements. The project is also required to provide substantial site improvements including: relocation of an existing sewer line into the public right-of-way, relocating the existing gas line in the right-of-way, utility undergrounding and addition of additional electrical capacity to serve the development.

Project Sustainability

Keeler Court Apartments will comply with the California Tax Credit Allocation Committee’s (TCAC) minimum energy efficiency standards. Additional AHSC requirements will result in the property achieving a Build It GreenRated Gold level

Development Team

The current owner of the project is Kalmia Street Housing Associates, L.P. At closing, the Limited

Partnership will be composed of Keeler Court Housing Associates, L.P., Las Conchas Housing Opportunities LLC, as Managing General Partner, and Union Bank as Investor Limited Partner. Public disclosure is included as Attachment 3.

The developer, Community Housing Works, is a nationally recognized nonprofit organization that helps low-income individuals and families by developing and owning affordable rental housing and providing on-site services and opportunities for residents. Their developments include rehabilitation and new construction of senior, multifamily, and special needs housing.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM</b>
Owner	Keeler Court Housing Associates, LP
Managing General Partner	Las Conchas Housing Opportunities, LLC
Investor Limited Partner	Union Bank
Developer	Community Housing Works
Architect	BNIM
General Contractor	Highland PM, LLC
Property Management	ConAm Management
Construction Lender	Union Bank
Permanent Lender	Union Bank

**FINANCING STRUCTURE**

Keeler Court has an estimated total development cost of \$40,891,780. Financing will include a combination of tax-exempt Multifamily Housing Revenue Bonds, federal 4 percent tax credits, City of San Diego loan as the Successor Agency, Affordable Housing Sustainable Communities (AHSC) loan, Federal Home Loan Bank Affordable Housing Program (AHP) loan, Infill Infrastructure Grant (IIG) , Regional Transportation Congestion Improvement Program (RTCIP) fee waiver, seller carryback note, general and limited partner contribution to the project, and a deferred developer fee. No Housing Commission loan proceeds will be provided to this development.

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

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

<b>Permanent Financing Sources</b>	<b>Amounts</b>	<b>Permanent Financing Uses</b>	<b>Amounts</b>
Union Bank Permanent Loan	\$4,812,700	Acquisition Costs	\$2,990,000
AHSC	7,188,481	Construction Costs	23,973,177
Successor Agency Loan	6,814,000	Soft Costs	5,852,075
IIG	940,000	Financing Costs	3,015,820
AHP Loan	700,000	Reserves	439,244
Seller Carryback Note	2,115,000	Developer Fee	4,621,464
Deferred Developer Fee	175,000		
GP Contribution (developer fee contribution to the project)	3,046,464		
Accrued/Deferred Interest	335,189		
RTCIP Fee Waiver	165,200		
LP Contribution (Union Bank contribution to the project)	14,599,746		
<b>Total Development Cost</b>	<b>\$40,891,780</b>	<b>Total Development Cost</b>	<b>\$40,891,780</b>

Developer Fee

\$ 4,621,464 – gross developer fee  
 - 3,046,464 – developer fee contribution to the project  
 - 175,000 – deferred developer fee  
 \$ 1,400,000 – net cash developer fee

The net cash developer fee shall be \$1,400,000 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee.

On April 25, 2017, the Housing Authority approved the “*Request for Approval of Updated Developer Fees*” (Report No. HAR 17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: “*Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....*” The developer’s proposed preliminary developer fee complies with HAR 17-011. The proposed fee is in conformance with the “*Request for Approval of Updated Developer Fees*” guidelines approved by the Housing Authority on April 25, 2017.

Prevailing Wages

Prevailing wages will be paid for this development. Issuance of the bonds does not require the payment of state or federal prevailing wages. However, other sources of funds used to finance the construction require the payment of prevailing wages.

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	\$40,891,780 ÷ 71 units =	\$575,941
Acquisition Cost Per Unit	\$2,990,000 ÷ 71 units =	\$42,113
Net Rentable Square Foot Hard Cost	\$23,973,177 ÷ 71,027 sq. ft. =	\$338
Gross Building Square Foot Hard Cost	\$23,973,177 ÷ 78,939 sq. ft. =	\$304

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 New Construction Projects**

Project Name	Year	Construction Type	Units	Total Development Costs	Cost Per Unit	SDHC Subsidy Per Unit*	Gross Hard Cost Per Sq. Ft.
<b>Keeler Court</b>	<b>2019</b>	<b>V</b>	<b>71</b>	<b>\$40,891,780</b>	<b>\$575,941</b>	<b>\$0</b>	<b>\$304</b>
Civita Family II	2017	III	203	\$112,475,503	\$554,066	\$0	\$390
Ulric Street	2019	V	96	\$46,427,114	\$483,616	\$72,917	\$264

The per-unit cost is higher than other affordable housing developments due to several factors. Developer’s calculation shown below:

**Keeler Court Explanation of higher costs**

	<b>Total</b>	<b>Per unit</b>
Total project costs	\$40,842,384	\$575,245
Cost of state prevailing wage (HCD)	(\$5,714,153)	(\$80,481)
Non-cash costs:		
accrued soft interest	-\$335,189	(\$4,721)
Land value	-\$2,115,000	(\$29,789)
Fee contributed as GP equity	-\$3,040,213	(\$42,820)
	\$29,637,829	\$417,434

The funding sources that trigger this requirement are far in excess of the increased amount and therefore staff continues to recommend the project. Additionally, the development will incorporate improvements for the neighborhood bicycle circulation as well as other neighborhood pedestrian friendly enhancements, as required by the Affordable Housing and Sustainable Communities Program (AHSC) funding.

**AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Keeler Court Apartments would have 70 units restricted to households with incomes from 30 percent to 60 percent of San Diego Area Median Income (AMI). The remaining unit will be an unrestricted manager’s unit. The affordable units will be restricted for a 55-year term. Table 6 summarizes the affordability:

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

<b>Unit Type</b>	<b>AMI</b>	<b>Number of Units</b>	<b>Maximum Gross Rents</b>
1-bedroom	30%	4	\$512
2-bedroom	30%	6	\$608
3-bedroom	30%	5	\$687
Studio	40%	2	\$682
1-bedroom	40%	2	\$695
2-bedroom	40%	2	\$827
3-bedroom	40%	1	\$940
Studio	50%	6	\$822
1-bedroom	50%	8	\$878
2-bedroom	50%	6	\$1,043
3-bedroom	50%	8	\$1,193
Studio	60%	2	\$993
1-bedroom	60%	6	\$1,060
2-bedroom	60%	4	\$1,265
3-bedroom	60%	8	\$1,446
1-bedroom Manager	--	1	--
<b>Total</b>		<b>71</b>	

**TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**  
**Proposed Housing Bonds**

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower 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 February 12, 2019, these actions were completed for Keeler Court Apartments.

The development is anticipated to receive an allocation of up to \$25,000,000 in tax-exempt Multifamily Housing Revenue Bonds and 4 percent tax credits on December 11, 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 5. Final authorization of the Bonds issuance will require Housing Authority approval on December 10, 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 MUFG Union Bank. Union Bank is a "qualified institutional buyer" within the meaning of the U.S. securities laws.

Under the private placement structure for this transaction, Union Bank will make a loan to the Housing Authority pursuant to the terms of the Funding Loan Agreement among Union Bank, the Housing Authority and a to-be-selected Fiscal Agent. The Loan made by Union Bank to the Housing Authority (Funding Loan) will be evidenced by the Bonds, which will obligate the Housing Authority to pay Union Bank 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.

Union Bank 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 Union Bank by Freddie Mac under the TEL program, Union Bank 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, Union Bank 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 Union Bank. 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 Union Bank, is signed by the Housing Authority for the benefit of Union Bank. Rights and responsibilities that are assigned to Union Bank 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 Union Bank to protect its financial interests as the holder of the Bonds.

#### Financial Advisor's Recommendations

Kutak Rock LLP is the bond counsel and PFM is the Financial Advisor to work on the tax-exempt bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing Authority proceed with the bond issuance. The financial advisor's analysis and recommendation is included as Attachment 6.

#### Exception to Bond Policy Rationale

Section 1.8 of Housing Commission Bond Policy PO300.301 authorizes the Housing Commission's President & CEO to grant exceptions to this section of the policy on a case-by-case basis.

The borrower has requested an exception to Section 1.8 of the Bond Policy that, if approved, would allow for the bond purchaser and tax credit investor to be related entities. In the case of Keeler Court, Union Bank is the proposed construction and permanent lender as well as tax credit investor. By allowing this exception the development will receive preferential equity pricing from Union Bank that will generate an additional \$559,937 in equity for the project. This additional equity will reduce the amount of public funds requested from Civic San Diego. As stated above, there are no Housing Commission Loan funds in this development. It should be noted that there is no negative financial impact to the Housing Commission as the fees generated from the bond issuance are used to pay for staff and administrative costs.

- 1.8 Due to IRS limitations on bond issuances where the bond purchaser and the tax credit investor are the same entities, the Housing Authority shall not allow bond issuances where the tax credit investor is also the bond purchaser. Exceptions may be granted on a case-by-case basis, in the sole reasonable discretion of the Housing Authority's Executive Director.



**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this 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.

Funding sources approved by this action will be as follows:  
Bond Issuance Fees - \$62,500 (\$25,000,000 x .0025)

Funding uses approved by this action will be as follows:  
Program Administration Costs - \$62,500

The fee payable at closing represents and is traceable in full to actual costs of the Governmental Lender relating to the issuance of the Bond, which costs are “qualified administrative costs” within the meaning of Section 1.148-5(e)(3)(ii) of the Treasury Regulations (“qualified administrative costs”). The ongoing annual fee represents compensation to the Governmental Lender for its cost of monitoring compliance with the requirements of the Regulatory Agreement and the Governmental Lender allocates such ongoing fee to such compliance monitoring costs and is thus a cost of carrying the Bond and also a qualified administrative cost.

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 \$62,500 with a \$25,000,000 bond issue) and the Housing Commission’s annual administrative fee (estimated at \$13,000).

**Development Schedule**

The estimated development timeline is as follows.

<b><u>Milestones</u></b>	<b><u>Estimated Dates</u></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>• December 10, 2019</li><li>• December 2019</li><li>• January 2020</li><li>• August 2021</li></ul>

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

On January 11, 2019, and February 12, 2019, respectively, the Housing Commission (Report No. HCR19-004) and the Housing Authority (Report No. HAR19-001) approved preliminary steps to issue up to \$25,000,000 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 Keeler Court to the Southeastern San Diego Community Planning Group on November 26, 2018.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include Community Housing Works, the Southeastern San Diego community and residents. Development of the property is expected to have a positive impact on the community by increasing the inventory of affordable housing in the City of San Diego for low- and very-low income households, including seven units for Veterans experiencing homelessness who will receive rental assistance and supportive services through VASH vouchers awarded by the Housing Commission.

**ENVIRONMENTAL REVIEW**

On January 26, 2017, the city of San Diego, as Lead Agency, through the Development Services Department, made and issued an Environmental Determination that the project is exempt from the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et seq.) under CEQA Guideline Section 15332 (In-fill Development Project) and there was no appeal of the Environmental Determination filed within the time period provided by San Diego Municipal Code Section 112.0520. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,



Jennifer Kreutter  
Director of Multifamily Housing Finance  
Real Estate Division

Approved by,



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

- Attachments: 1) Development Summary  
2) Site Map  
3) Developer Disclosure Statement  
4) Developer's Project Pro forma  
5) Multifamily Housing Revenue Bond Program  
6) 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	1290-1294 Keeler Court, San Diego, CA 92113
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**Table 2 - Development Team Summary**

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Investor Limited Partner	Union Bank
Developer	Community Housing Works
Architect	BNIM
General Contractor	Highland PM, LLC
Property Management	ConAm Management
Construction Lender	Union Bank
Permanent Lender	Union Bank

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

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
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AHSC	7,188,481	Construction Costs	23,973,177
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<b>Total Development Cost</b>	<b>\$40,891,780</b>	<b>Total Development Cost</b>	<b>\$40,891,780</b>

**Table 4 – Key Performance Indicators**

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Gross Building Square Foot Hard Cost	\$23,973,177 ÷ 78,939 sq. ft. =	\$304

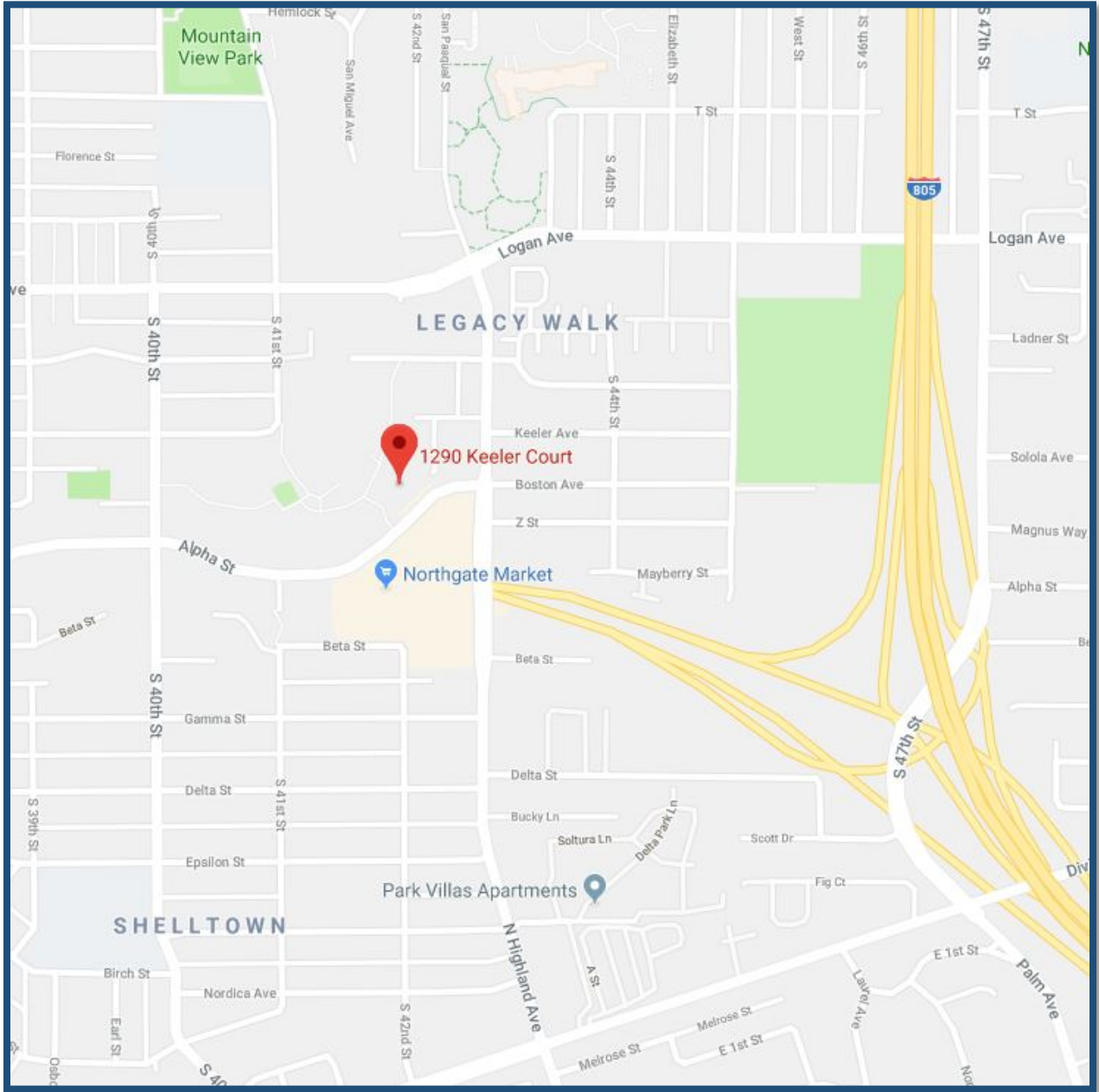
**Table 5 – Comparable Rehabilitation Projects**

Project Name	Year	Construction Type	Units	Total Development Costs	Cost Per Unit	SDHC Subsidy Per Unit*	Gross Hard Cost Per Sq. Ft.
<b>Keeler Court</b>	<b>2019</b>	<b>V</b>	<b>71</b>	<b>\$40,891,780</b>	<b>\$575,941</b>	<b>\$0</b>	<b>\$304</b>
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Ulric Street	2019	V	96	\$46,427,114	\$483,616	\$72,917	\$264

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

Unit Type	AMI	Number of Units	Maximum Gross Rents
1-bedroom	30%	4	\$512
2-bedroom	30%	6	\$608
3-bedroom	30%	5	\$687
Studio	40%	2	\$682
1-bedroom	40%	2	\$695
2-bedroom	40%	2	\$827
3-bedroom	40%	1	\$940
Studio	50%	6	\$822
1-bedroom	50%	8	\$878
2-bedroom	50%	6	\$1,043
3-bedroom	50%	8	\$1,193
Studio	60%	2	\$993
1-bedroom	60%	6	\$1,060
2-bedroom	60%	4	\$1,265
3-bedroom	60%	8	\$1,446
1-bedroom Manager	--	1	--
<b>Total</b>		<b>71</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: Community HousingWorks
2. Address and ZIP Code: 2815 Camino del Rio South, Suite 350
3. Telephone Number: 619-450-8709
4. Name of Principal Contact for CONTRACTOR: Anne B. Wilson, Senior Vice President
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950
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) **See Articles of Incorporation - TAB 9**
  - A partnership known as: \_\_\_\_\_  
(Name)

Check one:

  - General Partnership (Attach Statement of General Partnership)
  - Limited Partnership (Attach Certificate of Limited Partnership)
  - A business association or a joint venture known as: \_\_\_\_\_  
(Attach joint venture or business association agreement)
  - A Federal, State or local government or instrumentality thereof.
  - Other (explain)
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
**1988**
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 percent of any class of stock.
  - (b)** If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: <b>*Please refer to the Board of Directors list included in TAB 1</b>	
Address:	
Name:	
Address:	
Name:	
Address:	

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

**We have had a few board members transition and a few new ones added.  
No change in CHDO status or total number of board members has been made.**

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.

**Every year, a small number of board members may transition due to term limits and are replaced.**

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 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: <b>* Not Applicable</b>	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: * See List of Board Members - TAB 1	
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 any nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: *No, Not Applicable	
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.

**See 2017 Audited Financials -TAB 2.**

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:

**See Sources and Uses - TAB 3.**

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

- a. In banks/savings and loans: **Community HousingWorks will provide a complete list of these sources and the amount of cash available to meet proposed equity requirements at a later date.**  
 Name:  
 Address:  
 Amount: \$



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

Name:

Address:

Amount: \$

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

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

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

Name and Address	Contact Name
Name: <b>Union Bank, N.A.</b>	<b>Jessica Mackenzie, Vice President</b>
Address: <b>1901 Avenue of the Stars</b>	<b>(310) 551-8969</b>
<b>Los Angeles, CA 90067</b>	<b>Jessica.Mackenzie@unionbank.com</b>
Name: <b>Bank of America</b>	<b>Charmaine Atherton, Senior Vice President</b>
Address: <b>333 South Hope Street, 11<sup>th</sup> Fl</b>	<b>(213) 631-4861</b>
<b>Los Angeles, CA 90017</b>	<b>Charmaine.atherton@baml.com</b>
Name: <b>National Equity Fund</b>	<b>Todd Fabian, Vice President</b>
Address: <b>500 S Grand Ave, #2300</b>	<b>(213) 240-3144</b>
<b>Los Angeles, CA 90017</b>	<b>tfabian@nefinc.org</b>

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
Kalos Public Improvements	Grading and improvement plans to build affordable housing	7/26/2013	\$932,204	Released
North Park Seniors Public Improvements	Grading and improvement plans to build affordable housing	1/30/2018	\$252,058	In process of being released

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

- a. Name and addresses of such contractor or builder: **\*NOT APPLICABLE**

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

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

Yes       No

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

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

General description of such work:

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

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

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

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

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

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

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

**See CHW Developer Qualifications - TAB 4.**

23. Does any member of the governing body of 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 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:

**Not Applicable**

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:

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

- d. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

**See CHW Workers Comp Insurance - TAB 5.**

- Tab Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

**Not Applicable**

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

**See CHW Liability Insurance, \$15,000,000 – TAB 6.**

- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

**Not Applicable**

- 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 SDHC setting forth the provisions of this nondiscrimination clause.
- 28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has, during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

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

Government Complaint	Entity	Making	Date	Resolution
*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                       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:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
City of San Diego	Business License	B2004013671	1/1/2018	Current	No

See Tab 7.

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 SDHC.

\*None

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

**Community HousingWorks has a proud history of successful contract administration that will assure its successful completion of this project. We have developed and currently own and operate five affordable housing projects and are currently in construction of one project in the City. We have met our loan obligations with each.**

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	<b>*See Evidence of Compliance with Previous SDHC Loans – TAB 8</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)?

Yes                       No

If yes, explain:

**Not Applicable. Community HousingWorks is not a General Contractor.**

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

Yes                       No

If yes, explain:

**Not Applicable**

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

1. Name: **Jessica Mackenzie, Vice President – Union Bank**  
 Address: **1901 Avenue of the Stars, Suite 600, Los Angeles, CA 90067**  
 Phone: **310-551-8969**  
 Project Name and Description: **Kalos Apartments (new construction, 83 apts., in San Diego)**
2. Name: **Charmaine Atherton, Senior Vice President – Bank of America**  
 Address: **333 South Hope Street, 11<sup>th</sup> Fl, Los Angeles, CA 90017**  
 Phone: **213-621-4816**  
 Project Name and Description: **Mayberry Townhomes (rehabilitation, 70 apts., in San Diego), Avocado Court Apartments (new construction, 36 apts., in Escondido)**

3. Name: **Todd Fabian, Vice President, National Equity Fund**

Address: **500 S Grand Ave, #2300, Los Angeles, CA 90017**

Phone: **213-240-3144**

Project Name and Description: **Las Serenas Apartments (rehabilitation, 102 apts., in San Diego)**

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.

**Not Applicable**

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

<b>Name</b>	<b>Experience</b>
<b>TBD</b>	



**CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR**

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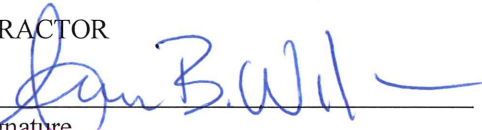
By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop 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 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 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 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 5 day of october, 20 18, at San Diego, California.

CONTRACTOR

By:   
Signature

Senior Vice President  
Title

**CERTIFICATION**

The CONTRACTOR, Community HousingWorks, 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: *Don B. Wick* By: \_\_\_\_\_  
Title: Senior Vice President Title: \_\_\_\_\_  
Dated: 10/5/2018 Dated: \_\_\_\_\_

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

**JURAT**

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

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 5 day of October, 20 18

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

*Adriana McCambridge*  
Signature of Notary

SEAL



**Keeler Court Apartments**

Prepared For: Community HousingWorks  
 Prepared By: California Housing Partnership Corporation  
 Version: 9.0 Closing  
 Revised: October 4, 2019

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**SOURCES OF FUNDS**

<u>PERMANENT</u>	AMOUNT	TOTAL INT COST	OID INT RATE	AMORT TERM (Yr)	COMMENTS
Union Bank Permanent Loan	4,812,700	4.91%		40	17 Year Term / 40 Year Amortization
HCD AHSC	7,188,481	3.00%	1.79%	55	
Civic San Diego	6,814,000	3.00%	1.79%	55	
Accrued/Deferred Interest	246,676				
Recourse GP Loan (HCD IIG)	940,000	0.00%	0.00%	55	
Recourse GP Loan (AHP)	700,000	0.00%	0.00%	55	
Recourse Seller Note	2,115,000	1.86%	1.86%	55	October 2019 AFR
Accrued/Deferred Interest	88,513				
RTCIP Fee Waiver	165,200				
Deferred Developer Fee	175,000	0.00%			
Capital Contributions					
General Partner (Developer Fee)	3,046,464				Federal Credit Pricing (Gross): \$1.00000
Limited Partner (Union Bank)	14,599,746				Credit Rate (October 2019): 3.17%
<b>TOTAL SOURCES</b>	<b>40,891,779</b>				
Surplus/(Shortfall)	0				

<u>CONSTRUCTION</u>	AMOUNT	INT RATE	TERM (Mo.)	
Union Bank Construction Loan	25,008,108	5.41%	27	SDHC TEFRA Limit: 25,000,000
Civic San Diego	6,132,600	3.00%	27	
Accrued/Deferred Interest	246,676			
Recourse GP Loan (HCD IIG)	940,000	0.00%	27	
Recourse GP Loan (AHP)	700,000	0.00%	27	
Recourse Seller Note	2,115,000	1.86%	27	
Accrued/Deferred Interest	88,513			
RTCIP Fee Waiver	165,200			
Costs Deferred Until Conversion	814,244			
Deferred Developer Fee	175,000			
Capital Contributions				
General Partner (Developer Fee)	0			
Limited Partner (Union Bank)	4,506,438			Equity at Closing: 1,459,975
<b>TOTAL SOURCES</b>	<b>40,891,779</b>			
Surplus/(Shortfall)	0			

<u>COSTS DEFERRED UNTIL CONVERSION</u>		<u>DEVELOPER FEE PAY-IN SCHEDULE</u>	
Services Reserve	0	Construction Closing	350,000
Operating Reserve (6 months)	396,644	50% Construction Completion	350,000
Replacement Reserve	42,600	Construction Completion	350,000
Legal - Permanent Closing	0	Construction Completion	3,046,464
Title/Recording/Escrow - Permanent	25,000	Stabilization	49,151
Audit/Cost Certification	0	Form 8609	300,849
Developer Fee	350,000	Deferred Fee from Cash Flow	175,000
<b>TOTAL</b>	<b>814,244</b>	<b>TOTAL</b>	<b>4,621,464</b>

<u>INTEREST RATE STACK</u>	Construction	Permanent
Index (30 Day LIBOR / 30 Day LIBOR)	2.010%	2.010%
Bank spread	1.900%	2.400%
Cushion	1.500%	0.500%
<b>TOTAL</b>	<b>5.410%</b>	<b>4.910%</b>

**Keeler Court Apartments**

**Uses of Funds**

Version: 9.0 Closing

Revised: October 4, 2019

	TOTAL		DEPRECIABLE				TAX CREDIT ELIGIBLE		
	TOTAL	RESIDENTIAL	NON-DEPREC	RESIDENTIAL	NON-RES	EXPENSE	AMORTIZE	CONST/REHAB	ACQUIS.
<b>ACQUISITION COSTS</b>									
<i>Total Purchase Price</i>	2,990,000								
Land	2,990,000	2,990,000	2,990,000						
<b>GENERAL DEVELOPMENT COSTS</b>									
<b><i>Total Construction Budget</i></b>	<b>22,856,612</b>								
Residential Construction	17,627,903	17,627,903		17,627,903	0		0	17,627,903	
Solar Work	401,514	401,514	167,465	234,049	0		0	234,049	
Site Work/Landscape	1,186,392	1,186,392		1,186,392	0			1,186,392	
Personal Property included in Contract	325,192	325,192		325,192	0			325,192	
Contractor General Requirements	1,427,296	1,427,296	0	1,427,296	0			1,427,296	
Contractor Overhead/Profit	940,237	940,237	0	940,237	0			940,237	
Contractor Bonds/Insurance	422,768	422,768	0	422,768	0			422,768	
Non-GC work (offsite, other)	525,310	525,310		525,310	0			525,310	
Construction Contingency (excludes Non-GC work)	1,116,565	1,116,565	0	1,116,565	0			1,116,565	
Local Permits/Fees/Utility Fees	238,900	238,900		238,900	0			238,900	
Local Development Impact Fees	1,405,156	1,405,156	0	1,405,156	0			1,405,156	
RTCIP Fees - Waived	165,200	165,200	165,200	0	0			0	
Environmental/Archaeology/Energy/HERS	97,537	97,537		97,537	0			97,537	
Architect	1,047,600	1,047,600		1,047,600	0			1,047,600	
Survey/Engineering	659,750	659,750		659,750	0			659,750	
Appraisal	12,000	12,000		12,000	0		0	12,000	
Market Study	19,900	19,900		0	0		19,900	0	
Acquisition Loan Interest/Expenses	366,006	366,006	366,006	0	0			0	
Predevelopment Loan Interest/Expenses	221,280	221,280		221,280	0			221,280	
Construction Loan Period Interest (Bank)	1,674,262	1,674,262		1,302,203	0	372,058		1,302,203	
Construction Period Interest (Seller Note)	88,513	88,513		68,843	0	19,670		68,843	
Construction Period Interest (Civic San Diego)	246,676	246,676		191,859	0	54,817		191,859	
Title/Recording/Escrow - Acquisition	15,900	15,900	15,900	0	0			0	0
Title/Recording/Escrow - Construction	40,000	40,000		40,000	0			40,000	0
Title/Recording/Escrow - Permanent	25,000	25,000					25,000		
Real Estate Taxes During Construction	104,650	104,650		104,650	0	0		104,650	0
Insurance During Construction	283,268	283,268		283,268	0	0		283,268	0
Soft Cost Contingency	415,145	415,145		415,145	0			415,145	
TCAC Application/Monitoring Fee	59,902	59,902					59,902		
Sponsor Legal: Acquisition/Bridge	8,145	8,145	8,145	0	0			0	0
Construction Closing/General	56,938	56,938		56,938	0			56,938	0
Permanent Closing	0	0					0		
Organization of Partnership	0	0					0		
Syndication	35,000	35,000	35,000						
Investor Fees	0	0	0						
Syndication Consulting	55,000	55,000	55,000					0	0
Partnership Taxes/Other Syndication	15,126	15,126	15,126	0	0	0		0	
Audit/Cost Certification	35,000	35,000		15,000	0	20,000	0	15,000	
Furnishings	60,000	60,000		60,000	0			60,000	
Replacement Reserve	42,600	42,600	42,600			0			
Operating Reserve (6 months)	396,644	396,644	396,644						
Marketing/Lease-Up/Transitional Costs	206,096	206,096				206,096			
Construction Manager	244,000	244,000		244,000				244,000	
Prevailing Wage Monitoring	164,135	164,135		164,135				164,135	
Public Improvements Bond Premium	5,200	5,200		5,200	0			5,200	
Entitlement	25,996	25,996	25,996	0	0	0		0	
Developer Fee	4,621,464	4,621,464		4,621,464	0			4,621,464	0
<b>Costs of Issuance/Other Financing Costs</b>									
Permanent Lender Counsel	0	0					0	0	
Construction Lender Counsel	60,000	60,000		60,000	0		0	60,000	
Bond Counsel	50,000	50,000					50,000		
Construction Lender Expenses	21,000	21,000		21,000	0			21,000	0
Construction Loan Fees	247,580	247,580		247,580	0			247,580	
Permanent Loan Fees	0	0					0		
Trustee Fee	15,000	15,000					15,000		
CDIAC Fees	3,000	3,000					3,000		
CDLAC Fees	8,753	8,753					8,753		
Issuer Fee at Closing (0.25%)	62,520	62,520					62,520		
Issuer Application Fee	13,000	13,000					13,000		
Issuer Prepaid Annual Fee (0.125%)	31,260	31,260					31,260		
Issuer Expenses (non-legal)	100,000	100,000					100,000		
Soft Lender Loan Fees	116,500	116,500					116,500		
Construction Lender Monitoring	42,000	42,000		42,000			0	42,000	
<i>Subtotal - Costs of Issuance/Other Financing Costs</i>	<i>770,614</i>	<i>770,614</i>	<i>0</i>	<i>370,580</i>	<i>0</i>	<i>0</i>	<i>400,033</i>	<i>370,580</i>	<i>0</i>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>40,891,779</b>	<b>40,891,779</b>	<b>4,283,082</b>	<b>35,431,220</b>	<b>0</b>	<b>672,640</b>	<b>504,836</b>	<b>35,431,220</b>	<b>0</b>
<i>Total Development Cost Per Unit</i>	<i>575.941</i>								

TCAC DEVELOPER FEE CALCULATION			
	Constr	Acq	Total
Eligible Basis	30,809,757	0	30,809,757
Maximum Potential TCAC Fee (per limits)	N/A	N/A	N/A
Maximum Potential TCAC Fee (per basis)	4,621,464	0	4,621,464
Ratio	100.00%	0.00%	100.00%
Maximum Fee Per TCAC @ PIS	4,621,464	0	4,621,464
Fee per TCAC Application			4,574,021
<b>MAXIMUM FEE IN ELIGIBLE BASIS &amp; COSTS</b>	<b>4,621,464</b>	<b>0</b>	<b>4,621,464</b>
<i>Maximum Fee as Cash Fee</i>			<i>2,500,000</i>
<i>Contributed as GP Equity and/or Deferred Fee</i>			<i>2,121,464</i>

City/County Developer Fee Limits	
Maximum Cash Fee Paid From Development Sources	1,400,000
Maximum Deferred Fee	175,000
GP Equity	3,046,464
<b>Total Cash and Deferred Fees</b>	<b>4,621,464</b>

**Keeler Court Apartments**

**Unit Mix & Rental Income**

2019 TCAC Rent Limits

Version: 9.0 Closing

Revised: October 4, 2019

<table border="1"> <tr> <td><b>AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)</b></td> <td><b>47.06%</b></td> </tr> </table>	<b>AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)</b>	<b>47.06%</b>	<b>UTILITY ALLOWANCES</b>	
	<b>AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)</b>	<b>47.06%</b>		
	<b>UNIT MIX</b>			
	0 BR	29		
	1 BR	34		
2 BR	49			
3 BR	70			

**RESIDENTIAL INCOME**

<b>TAX-CREDIT ELIGIBLE - TIER 1:</b>		<b>30%</b>	<b>RDA Rents</b>	<b>Percentage of Targeted Units: 20.0%</b>					
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	
1 BR	4	559	2,236	25.8%	518	484	1,936	23,232	
2 BR	5	752	3,760	24.2%	582	533	2,665	31,980	
3 BR	5	1,118	5,590	24.2%	673	603	3,015	36,180	
<b>TOTAL</b>	<b>14</b>		<b>11,586</b>				<b>7,616</b>	<b>91,392</b>	

<b>TAX-CREDIT ELIGIBLE - TIER 2:</b>		<b>40%</b>		<b>Percentage of Targeted Units: 10.0%</b>					
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	
0 BR	2	432	864	40.0%	749	720	1,440	17,280	
1 BR	2	559	1,118	40.0%	802	768	1,536	18,432	
2 BR	2	752	1,504	40.0%	963	914	1,828	21,936	
3 BR	1	1,118	1,118	40.0%	1,113	1,043	1,043	12,516	
<b>TOTAL</b>	<b>7</b>		<b>4,604</b>				<b>5,847</b>	<b>70,164</b>	

<b>TAX-CREDIT ELIGIBLE - TIER 3:</b>		<b>50%</b>	<b>RDA Rents</b>	<b>Percentage of Targeted Units: 31.4%</b>					
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	
0 BR	5	432	2,160	48.3%	905	876	4,380	52,560	
1 BR	6	559	3,354	50.0%	1,003	969	5,814	69,768	
2 BR	4	752	3,008	48.4%	1,165	1,116	4,464	53,568	
3 BR	7	1,118	7,826	46.5%	1,294	1,224	8,568	102,816	
<b>TOTAL</b>	<b>22</b>		<b>16,348</b>				<b>23,226</b>	<b>278,712</b>	

<b>TAX-CREDIT ELIGIBLE - TIER 4:</b>		<b>60%</b>		<b>Percentage of Targeted Units: 38.6%</b>					
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	
0 BR	3	432	1,296	60.0%	1,123	1,094	3,282	39,384	
1 BR	8	559	4,472	60.0%	1,203	1,169	9,352	112,224	
2 BR	7	752	5,264	60.0%	1,444	1,395	9,762	117,146	
3 BR	9	1,118	10,062	60.0%	1,669	1,599	14,393	172,714	
<b>TOTAL</b>	<b>27</b>		<b>21,094</b>				<b>36,789</b>	<b>441,468</b>	

<b>MANAGER UNITS</b>								
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	1	559	559	0.0%	0	0	0	0
<b>TOTAL</b>	<b>1</b>		<b>559</b>				<b>0</b>	<b>0</b>

<b>RENTAL SUBSIDY INCOME (VASH)</b>								
UNIT TYPE	NUMBER	INCOME TIER	PER-UNIT MONTHLY NET RENT	PER UNIT S8 NET RENT	PER-UNIT MONTHLY S8 PREMIUM	TOTAL MONTHLY S8 PREMIUM	TOTAL ANNUAL S8 PREMIUM	
0 BR	2	40%	720	1,219	499	998	11,976	
0 BR	5	50%	876	1,219	343	1,715	20,580	
<b>TOTAL</b>	<b>7</b>					<b>2,713</b>	<b>32,556</b>	

<b>RENTAL SUBSIDY PREMIUM</b> (annual subsidy income less total annual base rents)	2,713	32,556
<b>TOTAL - BASE RENT PLUS SECTION 8 PREMIUM</b>	76,191	914,292

<b>TOTAL RESIDENTIAL INCOME</b>			
	<b>TOTAL UNITS</b>	<b>TOTAL MONTHLY (Net)</b>	<b>TOTAL ANNUAL</b>
TOTAL SQ FT - TAX CREDIT ELIGIBLE	71	76,191	914,292
TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE	0		
TOTAL RENTABLE SQ FT			

<b>MISCELLANEOUS INCOME</b>			
Laundry/Vending		8.00	568
			6,816

**Keeler Court Apartments**  
**Tax Credit Calculation**

Version: 9.0 Closing  
 Revised: October 4, 2019

	FEDERAL			CALIFORNIA		
	ACQUIS	CONST/ REHAB	TOTAL	ACQUIS	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	0	35,431,220	35,431,220	0	0	0
Less:						
Solar Investment Tax Credit (Residential Portion)	0	0	0	0	0	0
Excess parking per TCAC Regulations	0	0	0	0	0	0
ELIGIBLE BASIS	0	35,431,220	35,431,220	0	0	0
THRESHOLD BASIS LIMIT			52,370,909			
REQUESTED ELIGIBLE BASIS	0	35,431,220	35,431,220	0	0	0
LESS: Voluntary Reduction for Tiebreaker		0				
TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS	0	35,431,220			0	
HIGH COST ADJUSTMENT (Y/N)	Y	100.0%	130.0%	100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	0	46,060,587	46,060,587	0	0	0
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	0	46,060,587	46,060,587	0	0	0
LESS: Credit Reduction for Leveraging	0.00%	0	0			
ADJUSTED QUALIFIED CREDIT BASIS	0	46,060,587	46,060,587			
CREDIT RATE	Federal Annual/Yr 1-3 State Year 4 - State	3.17%	3.17%	3.17% 3.49%	3.17% 3.49%	
MAXIMUM CREDIT AMOUNT PER COSTS	Federal Annual/Yr 1-3 State Year 4 - State Total	0	1,460,121	0 0 0	0 0 0	0 0 0
ACTUAL TCAC CREDIT RESERVATION	Federal Annual/Total State	N/A	N/A	N/A	N/A	N/A
MAXIMUM ALLOWABLE CREDITS	Federal Annual/Total State	0	1,460,121			0
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			14,601,206			0

# Keeler Court Apartments

PAGE 4

## Base Year Income & Expense

Version: 9.0 Closing

Revised: October 4, 2019

INCOME		
Scheduled Gross Income		881,736
Section 8 Premium		32,556
Misc. Income		6,816
Vacancy Loss	5.0%	(44,428)
Vacancy Loss - Section 8 Premium	5.0%	(1,628)
<b>EFFECTIVE GROSS INCOME</b>		<b>875,053</b>
EXPENSES - RESIDENTIAL		
<b>Administrative</b>		
Advertising	400	
Legal	6,632	
Accounting/Audit	17,560	
Security	0	
Phone, Credit Checks	9,264	
<b>Total Administrative</b>		<b>33,856</b>
<b>Management Fee</b>		<b>46,860</b>
<b>Utilities</b>		
Fuel	0	
Electricity	17,124	
Gas	14,620	
<b>Total Utilities</b>		<b>31,744</b>
<b>Water/Sewer</b>		<b>28,168</b>
<b>Payroll/Payroll Taxes</b>		
On-Site Managers	45,880	
Maintenance/Janitorial Payroll	57,572	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	23,976	
<b>Total Payroll/Payroll Taxes</b>		<b>127,428</b>
<b>Insurance</b>		<b>29,700</b>
<b>Real Estate Taxes</b>		<b>3,000</b>
<b>Maintenance</b>		
Painting	13,936	
Repairs	11,074	
Trash Removal	12,000	
Exterminating	3,600	
Grounds	12,200	
Elevator	7,492	
Supplies, Fire Protection, Other	15,688	
<b>Total Maintenance</b>		<b>75,990</b>
<b>Replacement Reserve</b>	500 PUPA	<b>35,500</b>
<b>Operating Reserve</b>		<b>0</b>
<b>Other</b>		
SDHC/County Monitoring Fees	10,500	
Supportive Services	55,500	
Misc Taxes/Licenses/Permits	9,804	
<b>Total Other</b>		<b>75,804</b>
<b>TOTAL EXPENSES - RESIDENTIAL</b>		<b>488,050</b>
<i>Per Unit Per Year</i>	<i>6,874</i>	
<i>Per Unit Per Year (w/o Services, Taxes, Reserves, Monitoring Fee)</i>	<i>5,402</i>	
<b>TOTAL EXPENSES - COMMERCIAL</b>		<b>0</b>
<b>NET AVAILABLE INCOME</b>		<b>387,003</b>
SDHC Annual Issuer Fee		13,000
HCD Mandatory Interest Payment		30,192
<b>NET AVAILABLE INCOME</b>		<b>343,811</b>
Debt Service Coverage Ratio		1.25
<b>AVAILABLE FOR DEBT SERVICE</b>		<b>275,049</b>

**Keeler Court Apartments**  
**Mortgage Calculation & Bond Ratios**

**Version:** 9.0 Closing  
**Revised:** October 4, 2019

**MAXIMUM MORTGAGE CALCULATION**

**Union Bank Permanent Loan**

Net Operating Income (including Rental Subsidy)	387,003
<i>Less: HCD AHSC Interest Payment</i>	<i>(30,192)</i>
<i>Less: SDHC Issuer Monitoring Fee</i>	<i>(13,000)</i>
Net Available for Debt Service	343,811
Debt Service Coverage	1.25
Available for Debt Service	275,049

	<u>Underwriting</u> <u>Constraint</u>	<u>Maximum</u> <u>Loan Amount</u>
Debt Service Coverage	1.25	4,812,700
<b>MAXIMUM MORTGAGE</b>		<b>4,812,700</b>

**LOAN CONSTANT/TIC CALCULATION**

	<i>Tax-Exempt</i> <i>Permanent</i>				
Bond or Loan Rate	4.91000%				
Term (Yr)	40.00				
Amort (P&I)	<u>0.80501%</u>				
Loan Constant	5.71501%				
Imputed Total Interest Cost (TIC)	4.91000%				

**BOND/REHABILITATION RATIOS**

**Tax-Exempt Financing Ratio**

Union Bank Construction Loan	<u>25,008,108</u>
<b>TOTAL TAX-EXEMPT FINANCING</b>	<b>25,008,108</b>
<b>AGGREGATE BASIS</b>	<b>38,803,126</b>
<i>Depreciable Basis (residential)</i>	<i>35,431,220</i>
<i>Depreciable basis (commercial)</i>	<i>0</i>
<i>Land</i>	<i>2,990,000</i>
<i>Acquisition Loan Interest/Fees</i>	<i>366,006</i>
<i>Title/Recording/Escrow - Acquisition</i>	<i>15,900</i>
<i>Relocation (Permanent)</i>	<i>0</i>
<b>Percent Tax-Exempt Financing</b>	<b>64.45%</b>



**Keeler Court Apartments**  
**Lease-up/Placed-in-Service Schedule**

**Version:** 9.0 Closing  
**Revised:** October 4, 2019

<b>LIHTC LEASE-UP SCHEDULE</b>		
Lease-Up Start (Year):		2021
<b>Lease Up/Mo</b>		
<i>Month</i>	<i># Units</i>	<i>Percent</i>
Jan-21	0	0.0%
Feb-21	0	0.0%
Mar-21	0	0.0%
Apr-21	0	0.0%
May-21	0	0.0%
Jun-21	0	0.0%
Jul-21	0	0.0%
Aug-21	0	0.0%
Sep-21	0	0.0%
Oct-21	22	31.4%
Nov-21	24	34.3%
Dec-21	24	34.3%
<b>TOTAL</b>	<b>70</b>	<b>100.0%</b>
<b>% Q.O. in First Year</b>		<b>16.4%</b>

<b>BUILDING PLACED-IN-SERVICE SCHEDULE</b>				
Start Year:				2021
<b>Bldg. PIS by Month</b>				
<i>Month</i>	<i>Building(s)</i>	<i># Units</i>	<i>Percent</i>	
Jan-21	0	0	0.0%	
Feb-21	0	0	0.0%	
Mar-21	0	0	0.0%	
Apr-21	0	0	0.0%	
May-21	0	0	0.0%	
Jun-21	0	0	0.0%	
Jul-21	0	0	0.0%	
Aug-21	0	0	0.0%	
Sep-21	2	0	0.0%	
Oct-21	0	23	32.4%	
Nov-21	0	24	33.8%	
Dec-21	0	24	33.8%	
<b>TOTAL</b>		<b>71</b>	<b>100.0%</b>	
<b>% PIS in First Year</b>				<b>16.5%</b>

<b>OPERATIONS SCHEDULE</b>		
Start Year:		2021
<b>Completed Lease Up/Mo</b>		
<i>Month</i>	<i>No. Units</i>	<i>Percent</i>
Jan-21	0	0.0%
Feb-21	0	0.0%
Mar-21	0	0.0%
Apr-21	0	0.0%
May-21	0	0.0%
Jun-21	0	0.0%
Jul-21	0	0.0%
Aug-21	0	0.0%
Sep-21	0	0.0%
Oct-21	23	32.4%
Nov-21	24	33.8%
Dec-21	24	33.8%
<b>TOTAL</b>	<b>71</b>	<b>100.0%</b>
<b>% Operating in First Year</b>		<b>16.5%</b>

<b>DEVELOPMENT SCHEDULE</b>	
CDLAC Application	August-19
TCAC Application	August-19
CDLAC Reservation	October-19
TCAC Reservation	October-19
Start Construction	December-19
Complete Construction	September-21
Placed In Service	September-21
Start of Lease-Up	October-21
100% Occupied	December-21
Perm Conversion/Stabilization	April-22
Form 8609	October-22

**Keeler Court Apartments**  
**Threshold Basis Limit Calculation**

Version: 9.0 Closing  
 Revised: October 4, 2019

County:	San Diego
9% or 4% credits:	4%

BASE LIMITS			THRESHOLD BASIS LIMIT FOR THIS PROJECT			
Unit Type	9%	4%	Unit Type	# Units	Per Unit Basis Limit	TOTAL
0 BR	207,647	237,558	0 BR	10	237,558	2,375,580
1 BR	239,415	273,902	1 BR	21	273,902	5,751,942
2 BR	288,800	330,400	2 BR	18	330,400	5,947,200
3 BR	369,664	422,912	3 BR	22	422,912	9,304,064
4 BR	411,829	471,150	4 BR	0	471,150	0
				71		23,378,786
<b>Additional Basis Adjustments:</b>						
Local Development Impact Fees ( <i>less waivers</i> )						1,405,156
Prevailing Wage						20% 4,675,757
Parking beneath Units						7% 1,636,515
Childcare						2% 0
100% Special Needs						2% 0
Elevator Service						10% 2,337,879
Energy/Resource Efficiency (up to 10%)						0% 0
High or Highest Resource Area						10% 0
Toxic/Seismic Abatement Costs						0
Bonds: 1% each % units @ 36% - 50% AMI						29 41% 9,585,302
Bonds: 2% each % units @ or below 35% AMI						14 20% 9,351,514
<b>TOTAL THRESHOLD BASIS LIMIT</b>						52,370,909
<b>TOTAL ELIGIBLE BASIS</b>						35,431,220
Surplus/(Deficit):						16,939,689
TCAC 130% High Cost Test:						67.65%

**Keeler Court Apartments**

**15-Year Cash Flow**

**Version:** 9.0 Closing  
**Revised:** October 4, 2019

ASSUMPTIONS:																	
Rent Increase:	2.50%	Permanent Loan - % Debt Service Year 1	0.0%														
Expenses Increase:	3.50%	Percent Qualified Occupancy - Lease-Up Year 1	16.4%														
Real Estate Tax Increase:	2.00%	Permanent Loan - % Debt Service Year 2	66.7%														
Reserve Increase:	0.00%																
		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>	<i>Year 11</i>	<i>Year 12</i>	<i>Year 13</i>	<i>Year 14</i>	<i>Year 15</i>	
		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	
GROSS POTENTIAL INCOME - RESIDENTIAL		881,736	144,857	903,779	926,374	949,533	973,272	997,603	1,022,543	1,048,107	1,074,310	1,101,167	1,128,697	1,156,914	1,185,837	1,215,483	1,245,870
Rental Subsidy Premium		32,556	5,348	33,370	34,204	35,059	35,936	36,834	37,755	38,699	39,666	40,658	41,674	42,716	43,784	44,879	46,001
Misc. Income		6,816	1,120	6,986	7,161	7,340	7,524	7,712	7,904	8,102	8,305	8,512	8,725	8,943	9,167	9,396	9,631
Vacancy Loss - Residential	5.0%	(44,428)	(7,299)	(45,538)	(46,677)	(47,844)	(49,040)	(50,266)	(51,522)	(52,810)	(54,131)	(55,484)	(56,871)	(58,293)	(59,750)	(61,244)	(62,775)
Vacancy Loss - Rental Subsidy Premium	5.0%	(1,628)	(267)	(1,668)	(1,710)	(1,753)	(1,797)	(1,842)	(1,888)	(1,935)	(1,983)	(2,033)	(2,084)	(2,136)	(2,189)	(2,244)	(2,300)
<b>GROSS EFFECTIVE INCOME</b>		<b>875,053</b>	<b>143,759</b>	<b>896,929</b>	<b>919,352</b>	<b>942,336</b>	<b>965,894</b>	<b>990,042</b>	<b>1,014,793</b>	<b>1,040,163</b>	<b>1,066,167</b>	<b>1,092,821</b>	<b>1,120,141</b>	<b>1,148,145</b>	<b>1,176,848</b>	<b>1,206,270</b>	<b>1,236,426</b>
Operating Expenses (excl. reserves, taxes)		449,550	74,397	465,284	481,569	498,424	515,869	533,924	552,612	571,953	591,972	612,691	634,135	656,329	679,301	703,076	727,684
Real Estate Taxes		3,000	496	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	3,730	3,805	3,881	3,958
<b>TOTAL OPERATING EXPENSES</b>		<b>452,550</b>	<b>74,894</b>	<b>468,344</b>	<b>484,690</b>	<b>501,608</b>	<b>519,116</b>	<b>537,237</b>	<b>555,990</b>	<b>575,399</b>	<b>595,486</b>	<b>616,276</b>	<b>637,792</b>	<b>660,060</b>	<b>683,106</b>	<b>706,957</b>	<b>731,643</b>
<b>NET OPERATING INCOME</b>		<b>422,503</b>	<b>68,865</b>	<b>428,585</b>	<b>434,662</b>	<b>440,728</b>	<b>446,778</b>	<b>452,805</b>	<b>458,803</b>	<b>464,763</b>	<b>470,680</b>	<b>476,545</b>	<b>482,350</b>	<b>488,085</b>	<b>493,743</b>	<b>499,312</b>	<b>504,784</b>
REPLACEMENT RESERVE		35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
HCD MANDATORY INTEREST PAYMENT		30,192	0	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192	30,192
SDHC ANNUAL ISSUER FEE		13,000	0	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
<b>NET INCOME AVAILABLE FOR DEBT SERVICE</b>		<b>343,811</b>	<b>33,365</b>	<b>349,893</b>	<b>355,970</b>	<b>362,037</b>	<b>368,086</b>	<b>374,113</b>	<b>380,111</b>	<b>386,072</b>	<b>391,989</b>	<b>397,853</b>	<b>403,658</b>	<b>409,394</b>	<b>415,051</b>	<b>420,621</b>	<b>426,092</b>
<b>Union Bank Permanent Loan</b>																	
Principal Balance		4,812,700	4,812,700	4,773,073	4,731,456	4,687,750	4,641,848	4,593,641	4,543,013	4,489,842	4,434,002	4,375,357	4,313,766	4,249,083	4,181,151	4,109,808	4,034,882
Principal Payment		0	0	39,627	41,617	43,707	45,902	48,207	50,628	53,170	55,841	58,645	61,590	64,683	67,932	71,343	74,926
Interest Payment		0	0	235,420	233,430	231,340	229,145	226,839	224,419	221,876	219,206	216,401	213,456	210,363	207,115	203,703	200,120
TOTAL DEBT SERVICE		0	0	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046	275,046
<b>NET CASH FLOW</b>			<b>33,365</b>	<b>74,847</b>	<b>80,924</b>	<b>86,990</b>	<b>93,040</b>	<b>99,067</b>	<b>105,064</b>	<b>111,025</b>	<b>116,942</b>	<b>122,807</b>	<b>128,612</b>	<b>134,347</b>	<b>140,005</b>	<b>145,574</b>	<b>151,046</b>
Debt Service Coverage Ratio				1.272	1.294	1.316	1.338	1.360	1.382	1.404	1.425	1.446	1.468	1.488	1.509	1.529	1.549
<b>DISTRIBUTION OF CASH FLOW</b>																	
LP Investor Services Fee - Current		7,500	7,500	7,537	7,763	7,996	8,236	8,483	8,738	9,000	9,270	9,548	9,834	10,129	10,433	10,746	11,069
LP Investor Services Fee - Deferred		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee		175,000	25,865	67,309	73,160	8,666	0	0	0	0	0	0	0	0	0	0	0
GP Partnership Management Fee - Current		12,500	0	0	0	13,327	13,727	14,139	14,563	15,000	15,450	15,913	16,391	16,882	17,389	17,910	18,448
GP Partnership Management Fee - Deferred		0	0	0	0	38,001	0	0	0	0	0	0	0	0	0	0	0
HCD AHSC	25.67%	0	0	0	4,877	18,244	19,622	20,988	22,338	23,672	24,987	26,281	27,552	28,796	30,011	31,195	
Civic San Diego	24.33%	0	0	0	4,623	17,294	18,600	19,894	21,175	22,439	23,686	24,912	26,116	27,296	28,448	29,570	
Sponsor Distribution/Seller Note	100.00%	0	0	0	9,500	35,538	38,223	40,882	43,513	46,111	48,673	51,193	53,668	56,091	58,459	60,765	
General Partners	0.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner	99.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Keeler Court Apartments**  
**Schedule of Outstanding Debt & Reserves**

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**SCHEDULE OF OUTSTANDING DEBT AND FEE ACCRUALS**

	<u>Construction</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	
Union Bank Permanent Loan	4,812,700	4,812,700	4,812,700	4,773,073	4,731,456	4,687,750	4,641,848	4,593,641	4,543,013	4,489,842	4,434,002	4,375,357	4,313,766	4,249,083	4,181,151	4,109,808	4,034,882
Civic San Diego	6,814,000	7,060,676	7,094,506	7,307,341	7,526,561	7,747,735	7,962,873	8,183,159	8,408,759	8,639,848	8,876,604	9,119,217	9,367,881	9,622,801	9,884,190	10,152,268	10,427,266
HCD AHSC	7,188,481	7,188,481	7,224,170	7,440,895	7,664,122	7,889,169	8,107,599	8,331,205	8,560,154	8,794,620	9,034,786	9,280,843	9,532,987	9,791,425	10,056,372	10,328,052	10,606,699
Recourse GP Loan (HCD IIG)	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000
Recourse GP Loan (AHP)	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Recourse Seller Note	2,115,000	2,203,513	2,210,023	2,251,130	2,293,001	2,326,150	2,333,878	2,339,066	2,341,690	2,341,733	2,339,178	2,334,014	2,326,233	2,315,833	2,302,817	2,287,190	2,268,967
Deferred Developer Fee		175,000	175,000	149,135	81,826	8,666	0	0	0	0	0	0	0	0	0	0	0
Deferred Partnership Mgmt Fees		0	12,500	25,062	38,001	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OUTSTANDING DEBT</b>	<b>23,080,369</b>	<b>23,168,899</b>	<b>23,586,636</b>	<b>23,974,967</b>	<b>24,299,469</b>	<b>24,686,198</b>	<b>25,087,071</b>	<b>25,493,616</b>	<b>25,906,043</b>	<b>26,324,570</b>	<b>26,749,430</b>	<b>27,180,867</b>	<b>27,619,142</b>	<b>28,064,529</b>	<b>28,517,318</b>	<b>28,977,814</b>	

**OPERATING RESERVE BALANCE**

Previous Balance		396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644	396,644

**REPLACEMENT RESERVE BALANCE**

Previous Balance		42,600	78,100	113,600	149,100	184,600	220,100	255,600	291,100	326,600	362,100	397,600	433,100	468,600	504,100	539,600
Deposit to Reserve		35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Interest on Reserve	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		78,100	113,600	149,100	184,600	220,100	255,600	291,100	326,600	362,100	397,600	433,100	468,600	504,100	539,600	575,100

**Keeler Court Apartments**  
**Schedule of Deductions**

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ASSUMPTIONS	Depreciation		Residential				Bonus Depreciation for Site Work/Personal Property				Site Improvements			Personal Property			
	ADS	100.00%	30.0 straight line				Bonus Depreciation? No				90.0% 20 Yr SL			90.0% 12 Yr SL			
	MACRS	0.00%	30.0 straight line								10.0% 15 Yr 150% DB			10.0% 5 Yr DDB			
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	AMOUNT		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>DEPRECIATION SCHEDULE</b>																	
30 years straight line - Residential	33,458,122		184,569	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271	1,115,271
Site Improvements (20 yr 150% bal.)	1,067,753		13,253	79,087	73,156	67,669	62,594	57,899	53,557	49,540	45,825	42,388	39,209	36,268	33,548	31,032	28,705
Site Improvements (15 yr 150% DB)	118,639		1,963	11,668	10,501	9,451	8,506	7,655	6,890	6,201	5,581	5,023	4,520	4,068	3,661	3,295	2,966
Personal Property & Solar (12 yr SL)	708,035		9,765	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003
Personal Property & Solar (5 yr 200% DB)	78,671		5,208	29,385	17,631	10,860	8,496	7,090									
SUBTOTAL	35,431,220		214,758	1,294,414	1,275,562	1,262,254	1,253,870	1,246,919	1,234,720	1,230,015	1,225,679	1,221,684	1,218,003	1,214,610	1,201,719	1,149,598	1,146,941
<b>AMORTIZATION SCHEDULE</b>																	
TCAC Application/Monitoring Fee	59,902		984	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,006	0	0	0	0
Market Study	19,900		327	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,663	0	0	0	0
Costs of Issuance - Tax-Exempt Bonds	400,033		0	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531	23,531
Title/Recording/Escrow - Permanent	25,000		242	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Legal: Organization of Partnership	0		0														
SUBTOTAL	504,836		1,553	32,982	32,982	32,982	32,982	32,982	32,982	32,982	32,982	32,982	31,671	25,002	25,002	25,002	25,002
<b>COSTS EXPENSED</b>																	
Audit/Cost Certification	20,000		20,000														
Entitlement	0		0														
Marketing/Lease-Up/Transitional Costs	206,096		206,096														
Investor Services Fee (Accrual)	7,500		7,500	7,537	7,763	7,996	8,236	8,483	8,738	9,000	9,270	9,548	9,834	10,129	10,433	10,746	11,069
GP Incentive Management Fee	0		0	0	0	9,500	35,538	38,223	40,882	43,513	46,111	48,673	51,193	53,668	56,091	58,459	60,765
Partnership Management (Accrual)	12,500		12,500	12,562	12,939	13,327	13,727	14,139	14,563	15,000	15,450	15,913	16,391	16,882	17,389	17,910	18,448
Annual Issuer Fee	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	226,096		246,096	20,099	20,702	30,823	57,502	60,844	64,183	67,512	70,831	74,134	77,418	80,680	83,913	87,116	90,281
<b>INTEREST PAYMENT SCHEDULE</b>																	
Interest - Tax Exempt Permanent Loan	<i>Union Bank Permanent Loan</i>		0	235,420	233,430	231,340	229,145	226,839	224,419	221,876	219,206	216,401	213,456	210,363	207,115	203,703	200,120
Interest - Soft Second	<i>HCD AHSC</i>		0	128,510	130,807	133,146	135,439	137,534	139,642	141,763	143,898	146,047	148,211	150,391	152,587	154,800	157,031
Interest - Soft Second	<i>Civic San Diego</i>		0	121,815	123,993	126,209	128,383	130,369	132,367	134,378	136,402	138,439	140,490	142,557	144,638	146,736	148,851
Interest - Soft Second	<i>Recourse GP Loan (HCD IIG)</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest - Soft Second	<i>Recourse GP Loan (AHP)</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest - Soft Second	<i>Recourse Seller Note</i>		0	39,339	40,071	40,816	41,398	41,507	41,569	41,581	41,545	41,461	41,326	41,143	40,910	40,628	40,296
Interest - Deferred Developer Fee			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest- Expensed Construction Loan Interest			186,029	186,029	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL			186,029	711,113	528,300	531,511	534,365	536,250	537,996	539,598	541,051	542,348	543,484	544,454	545,250	545,867	546,298
<b>TOTAL DEDUCTIONS</b>			648,436	2,058,608	1,857,546	1,857,570	1,878,719	1,876,995	1,869,881	1,870,107	1,870,543	1,871,148	1,870,577	1,864,745	1,855,884	1,807,582	1,808,522

**Keeler Court Apartments**

**Analysis of Taxable Income**

Version: 9.0 Closing  
Revised: October 4, 2019

ASSUMPTIONS:																
Marginal Tax Rate - Federal	21.0%															
Marginal Tax Rate - State	0.0%															
Effective Combined Marginal Tax Rate	21.0%															
Number of Pay-Ins	4															
	<u>2019</u>	<u>Year 1</u> <u>2021</u>	<u>Year 2</u> <u>2022</u>	<u>Year 3</u> <u>2023</u>	<u>Year 4</u> <u>2024</u>	<u>Year 5</u> <u>2025</u>	<u>Year 6</u> <u>2026</u>	<u>Year 7</u> <u>2027</u>	<u>Year 8</u> <u>2028</u>	<u>Year 9</u> <u>2029</u>	<u>Year 10</u> <u>2030</u>	<u>Year 11</u> <u>2031</u>	<u>Year 12</u> <u>2032</u>	<u>Year 13</u> <u>2033</u>	<u>Year 14</u> <u>2034</u>	<u>Year 15</u> <u>2035</u>
<b>LOSSES</b>																
Net Operating Income		68,865	428,585	434,662	440,728	446,778	452,805	458,803	464,763	470,680	476,545	482,350	488,085	493,743	499,312	504,784
Total Deductions		648,436	2,058,608	1,857,546	1,857,570	1,878,719	1,876,995	1,869,881	1,870,107	1,870,543	1,871,148	1,870,577	1,864,745	1,855,884	1,807,582	1,808,522
Total Taxable Income (Loss)		(579,571)	(1,630,023)	(1,422,885)	(1,416,842)	(1,431,940)	(1,424,190)	(1,411,079)	(1,405,344)	(1,399,863)	(1,394,603)	(1,388,227)	(1,376,660)	(1,362,141)	(1,308,270)	(1,303,738)
<b>AFTER TAX VALUE OF LOSSES</b>																
Allowable Losses (adj. for min. gain)		(157,068)	(1,630,023)	(1,422,885)	(1,416,842)	(1,431,940)	(1,424,190)	(1,411,079)	(1,405,344)	(1,399,863)	(1,394,603)	(1,388,227)	(119,141)	0	0	(359,704)
After Tax Value of Losses	21.0%	32,984	342,305	298,806	297,537	300,707	299,080	296,326	295,122	293,971	292,867	291,528	25,020	0	0	75,538
General Partner Share	0.01%	3	34	30	30	30	30	30	30	29	29	29	3	0	0	8
Limited Partner Share	99.99%	32,981	342,271	298,776	297,507	300,677	299,050	296,297	295,093	293,942	292,837	291,499	25,017	0	0	75,530
<b>TAX CREDITS</b>																
Solar Investment Tax Credit		0														
Federal Tax Credits-Acquisition		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Tax Credits-Construction/Rehab		239,877	1,460,121	1,460,121	1,460,121	1,460,121	1,460,121	1,460,121	1,460,121	1,460,121	1,460,121	1,220,244	0	0	0	0
State Tax Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(deduct state credit @ Federal MTR)	21.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL TAX CREDITS</b>		<u>239,877</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,460,121</u>	<u>1,220,244</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Partner Share	0.01%	24	146	146	146	146	146	146	146	146	146	122	0	0	0	0
Limited Partner Share	99.99%	239,853	1,459,975	1,459,975	1,459,975	1,459,975	1,459,975	1,459,975	1,459,975	1,459,975	1,459,975	1,220,122	0	0	0	0
<b>TOTAL AFTER TAX BENEFITS</b>																
General Partner Share	0.01%	272,861	1,802,426	1,758,926	1,757,657	1,760,828	1,759,201	1,756,447	1,755,243	1,754,092	1,752,987	1,511,771	25,020	0	0	75,538
Limited Partner Share	99.99%	27	180	176	176	176	176	176	176	175	175	151	3	0	0	8
		272,834	1,802,245	1,758,750	1,757,482	1,760,652	1,759,025	1,756,271	1,755,067	1,753,916	1,752,812	1,511,620	25,017	0	0	75,530
<b>LIMITED PARTNER CAPITAL CONTRIBUTIONS</b>		1,459,975	3,046,464	10,093,308												

**Keeler Court Apartments**

**Capital Account Analysis and Tax Liability (sale price equals debt)**

Version: 9.0 Closing  
Revised: October 4, 2019

	Year 1 <u>2021</u>	Year 2 <u>2022</u>	Year 3 <u>2023</u>	Year 4 <u>2024</u>	Year 5 <u>2025</u>	Year 6 <u>2026</u>	Year 7 <u>2027</u>	Year 8 <u>2028</u>	Year 9 <u>2029</u>	Year 10 <u>2030</u>	Year 11 <u>2031</u>	Year 12 <u>2032</u>	Year 13 <u>2033</u>	Year 14 <u>2034</u>	Year 15 <u>2035</u>
<b>LIMITED PARTNER SHARE</b>															
Adjusted Basis @ 99.9%	38,202,642	36,908,357	35,632,923	34,370,796	33,117,051	31,870,258	30,635,661	29,405,769	28,180,213	26,958,651	25,740,770	24,526,281	23,324,683	22,175,200	21,028,374
* Outstanding Nonrecourse Debt @ 99.9%	18,813,299	19,023,977	19,237,138	19,443,266	19,625,629	19,807,085	19,987,566	20,167,005	20,345,335	20,522,486	20,698,386	20,872,966	21,046,151	21,217,868	21,388,042
Minimum Gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	359,669
<b>CAPITAL ACCOUNT</b>															
Beg. of Yr Capital Account Balance	0	4,349,385	12,812,833	11,390,090	9,973,390	8,541,593	7,117,545	5,706,608	4,301,404	2,901,682	1,507,218	119,130	0	0	0
Capital Contributions	4,506,438	10,093,308	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Losses @ 99.9%	(157,053)	(1,629,860)	(1,422,742)	(1,416,700)	(1,431,797)	(1,424,048)	(1,410,937)	(1,405,203)	(1,399,723)	(1,394,464)	(1,388,088)	(1,376,522)	(1,362,005)	(1,308,139)	(1,303,608)
Allowable Losses (to extent of minimum gain)	(157,053)	(1,629,860)	(1,422,742)	(1,416,700)	(1,431,797)	(1,424,048)	(1,410,937)	(1,405,203)	(1,399,723)	(1,394,464)	(1,388,088)	(119,130)	0	0	(359,669)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(cap acct before min gain adjustment)	4,349,385	12,812,833	11,390,090	9,973,390	8,541,593	7,117,545	5,706,608	4,301,404	2,901,682	1,507,218	119,130	(1,257,393)	(1,362,005)	(1,308,139)	(1,303,608)
End of Year Capital Account Balance	4,349,385	12,812,833	11,390,090	9,973,390	8,541,593	7,117,545	5,706,608	4,301,404	2,901,682	1,507,218	119,130	0	0	0	(359,669)
Marginal Tax Rate	21.0%														
Tax Benefit/(Liability) on Sale	913,371	2,690,695	2,391,919	2,094,412	1,793,735	1,494,685	1,198,388	903,295	609,353	316,516	25,017	0	0	0	(75,530)

\* Excludes Recourse Seller Note and Recourse GP Loans (IIG and AHP)

**Keeler Court Apartments**  
**Investment Summary**

**Version:** 9.0 Closing  
**Revised:** October 4, 2019

ASSUMPTIONS:							
	Marginal Tax Rate	21.0%					
YEAR	LIMITED PARTNER PAY-INS	AFTER-TAX VALUE OF LOSSES	TOTAL LTD PTR FED TAX CREDITS	TOTAL LTD PTR CAL. TAX CREDITS	TAX BENEFIT/ (LIABILITY) UPON SALE	TOTAL LTD PTR TAX BENEFITS	CUMULATIVE RATIO OF BENEFITS TO LTD PTR PAY-INS
2019	1,459,975	0	0	0		0	0.00
2020	0	0	0	0		0	0.00
2021	3,046,464	32,981	239,853	0		272,834	0.06
2022	10,093,308	342,271	1,459,975	0		1,802,245	0.14
2023	0	298,776	1,459,975	0		1,758,750	0.26
2024	0	297,507	1,459,975	0		1,757,482	0.38
2025	0	300,677	1,459,975	0		1,760,652	0.50
2026	0	299,050	1,459,975	0		1,759,025	0.62
2027	0	296,297	1,459,975			1,756,271	0.74
2028	0	295,093	1,459,975			1,755,067	0.86
2029		293,942	1,459,975			1,753,916	0.98
2030		292,837	1,459,975			1,752,812	1.10
2031		291,499	1,220,122			1,511,620	1.21
2032		25,017	0			25,017	1.21
2033		0				0	1.21
2034		0				0	1.21
2035		75,530				75,530	1.22
2036					(75,530)	(75,530)	1.21
<b>TOTAL</b>	<b>14,599,746</b>	<b>3,141,477</b>	<b>14,599,746</b>	<b>0</b>		<b>17,665,692</b>	



**Keeler Court Apartments**  
**Net Quarterly Benefit Schedule**

Version: 9.0 Closing  
 Revised: October 4, 2019

<b>INTERNAL RATE OF RETURN: 4.13%</b>					
<u>MONTH</u>	<u>YEAR</u>	<u>INVESTMENT</u>	<u>TOTAL QUART. BENEFITS</u>	<u>NET QUART. BENEFITS</u>	<u>INSTALLMENT MILESTONE</u>
	2019	0	0	0	
		0	0	0	
		0	0	0	
Dec-19		(1,459,975)	0	(1,459,975)	LP Admission
	2020	0	0	0	
		0	0	0	
		0	0	0	
	2021	0	0	0	
		0	90,945	90,945	
Sep-21		(3,046,464)	90,945	(2,955,519)	* Construction Completion
		0	90,945	90,945	
	2022	0	450,561	450,561	
Apr-22		(9,792,459)	450,561	(9,341,897)	Conversion/Stabilization
		0	450,561	450,561	
Oct-22		(300,849)	450,561	149,712	8609/Tax Returns
	2023	0	439,688	439,688	
		0	439,688	439,688	
		0	439,688	439,688	
		0	439,688	439,688	
	2024	0	439,370	439,370	
		0	439,370	439,370	
		0	439,370	439,370	
		0	439,370	439,370	
	2025	0	440,163	440,163	
		0	440,163	440,163	
		0	440,163	440,163	
		0	440,163	440,163	
	2026	0	439,756	439,756	
		0	439,756	439,756	
		0	439,756	439,756	
		0	439,756	439,756	
	2027		439,068	439,068	
			439,068	439,068	
			439,068	439,068	
			439,068	439,068	
	2028		438,767	438,767	
			438,767	438,767	
			438,767	438,767	
			438,767	438,767	
	2029		438,479	438,479	
			438,479	438,479	
			438,479	438,479	
			438,479	438,479	
	2030		438,203	438,203	
			438,203	438,203	
			438,203	438,203	
			438,203	438,203	
	2031		377,905	377,905	
			377,905	377,905	
			377,905	377,905	
			377,905	377,905	
	2032		6,254	6,254	
			6,254	6,254	
			6,254	6,254	
			6,254	6,254	
	2033		0	0	
			0	0	
			0	0	
			0	0	
	2034		0	0	
			0	0	
			0	0	
			0	0	
	2035		18,883	18,883	
			18,883	18,883	
			18,883	18,883	
			18,883	18,883	
	2036		(75,530)	(75,530)	
TOTAL		14,599,746	17,665,692	3,065,947	

\* Construction completion equity payment will pay for developer fee that will be contributed as GP Equity.

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

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

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

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

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

Approval Process:

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

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

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

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

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

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



November 6, 2019

## Memorandum

**To:** Colin Miller, Jennifer Kreutter - San Diego Housing Commission

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

**RE:** Actions related to the proposed issuance of up to \$25 million Multifamily Housing Revenue Bonds (Keeler Court) Series 2019

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Dear Mr. Miller,

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

The specific findings this report addresses are:

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

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

### Description of the Project

Keeler Court Apartments will provide 71 studio, one-, two-, and three-bedroom apartment homes on a 1.61-acre site. On a hillside location with bay views, Keeler Court Apartments will serve households of all sizes, particularly large families, in a transit-oriented, walkable neighborhood close to downtown job centers. The subject property is approximately half a mile west of the I-805 corridor. The site is located along the Keeler Court cul-de-sac in a central area in the Southcrest neighborhood, immediately adjacent to many amenities – CVS, Northgate Market, Southcrest Community Park and Recreation Center, schools, and public transportation. The subject property is currently a vacant lot. Originally zoned for industrial development, the site was re-zoned to allow residential development of 29 units per acre with the adoption of the Southeast Community Plan in January, 2016.



The current estimate of land acquisition and hard construction costs are \$2,990,000 (\$42,113 per unit) and \$22,856,612 (\$321,924 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$40,830,153 in total project costs (\$575,073 per unit).

### **The Developer**

Community HousingWorks (“CHW”) is a non-profit organization developing and owning affordable apartment homes and providing onsite services and opportunities for residents living on low wages and fixed incomes in San Diego and across California. CHW is a member of the national NeighborWorks Network, an affiliate of the national Council of La Raza, and member of the Housing Partnership Network.

### **The Financing**

An aggregate amount not exceeding \$25,000,000 of the Housing Authority’s Bonds will initially be issued to support the financing of the Project. Union Bank, (the “Lender”) will serve as the bond purchaser and also as equity investor. Tax credits and tax exemption were allocated to the project by California Tax Credit Allocation Committee (“TCAC”) and California Debt Limit Allocation Committee (“CDLAC”) in an amount of \$25,000,000 on October 16<sup>th</sup>, 2019. The transaction is scheduled to close in mid-December.

The Bonds will bear a fixed interest rate locked at closing, estimated at 4.73%, and will amortize over 40 years. The Bonds will be purchased by the Lender through a permanent loan, which will be repaid by the Borrower. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources. Table 1 below lays out the Project’s estimated total Sources and Uses of \$40,830,153:



**Table 1**  
**Sources and Uses of Funds**

**Sources:**

Permanent Loan	\$ 4,751,600
HCD AHSC	7,188,481
Civic San Diego	7,060,676
HCD IIG	940,000
AHP	700,000
Seller Note	2,203,513
RTCIP Fee Waiver	165,200
Deferred Developer Fee	175,000
Developer Equity	3,046,337
Tax Credit Equity	14,599,346
<b>Total Sources</b>	<b>\$40,830,153</b>

**Uses:**

Acquisition Costs	\$ 2,990,000
Construction Costs - Hard Costs	22,856,612
Construction Costs - Soft Costs	8,475,218
Construction Contingency	1,116,565
Cost of Issuance	770,421
Developer Fee	4,621,337
<b>Total Uses</b>	<b>\$40,830,153</b>

**Achieving Public Purpose**

Through the proposed bond issuance, the Project will provide housing for low income households. The Project proposes to restrict all 70 non-manager units for households earning no greater than 60% of Area Median Income (“AMI”), with 28 of the units targeted at households earning no greater than 50% of AMI, 4 of the units targeted at households earning no greater than 40% of AMI, and 15 of the units targeted at households earning no greater than 30% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below:



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

Unit Type	Area Median Income	Units	Proposed Gross Rents	Estimated Market Rents	Savings
0 Bedroom	40.0%	1	749	1,242	493
	50.0%	7	906	1,242	336
	60.0%	2	1,123	1,242	119
1 Bedroom	30.0%	4	518	1,406	888
	40.0%	1	802	1,406	604
	50.0%	9	1,003	1,406	403
	60.0%	6	1,203	1,406	203
2 Bedroom	30.0%	6	582	1,615	1,033
	40.0%	1	963	1,615	652
	50.0%	6	1,165	1,615	450
	60.0%	5	1,444	1,615	171
3 Bedroom	30.0%	5	673	2,058	1,385
	40.0%	1	1,113	2,058	945
	50.0%	6	1,294	2,058	764
	60.0%	10	1,669	2,058	389
Manager	-	1	0	0	0
<b>Total</b>		<b>71</b>			<b>\$38,833</b>
<b>Total Annual Savings for All Units</b>					<b>\$465,996</b>

**Meeting Debt Service After Financing**

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there would be \$336,799 of net income (net of reserve deposits) available for debt service in the first full year. Debt service coverage in the first full year is approximately 1.27 times. By the fourth full year of debt service, assuming a 2.5% annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage would increase to 1.36 times.





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

Year:	2022	2023	2024	2025	2026
Rental Income	\$893,570	\$915,910	\$938,807	\$962,278	\$986,335
Plus: Rental Subsidy Premium	31,451	32,237	33,043	33,869	34,716
Plus: Other Income	6,986	7,161	7,340	7,524	7,712
Less: Vacancy @ 5%	(45,028)	(46,154)	(47,307)	(48,490)	(49,702)
Less: Vacancy Subsidy @ 10%	(3,145)	(3,224)	(3,304)	(3,387)	(3,472)
Effective Gross Income	\$883,835	\$905,931	\$928,579	\$951,794	\$975,588
Less: Operating and Insurance	(465,284)	(481,569)	(498,424)	(515,869)	(533,924)
Less: Property Taxes	(3,060)	(3,121)	(3,184)	(3,247)	(3,312)
Less: Replacement Reserve	(35,500)	(35,500)	(35,500)	(35,500)	(35,500)
Less: HCD Mandatory Interest	(30,192)	(30,192)	(30,192)	(30,192)	(30,192)
Less: SDHC Issuer Fee	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Net Income	\$336,799	\$342,548	\$348,279	\$353,985	\$359,660
Permanent Loan Debt Service	(\$264,827)	(\$264,827)	(\$264,827)	(\$264,827)	(\$264,827)
Debt Service Coverage <sup>1</sup>	1.27	1.29	1.32	1.34	1.36

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

### Conclusion

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

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

- The financing would achieve a public purpose by providing 70 affordable units, all affordable at 60% of AMI, 28 targeted at 50% of AMI, 4 targeted at 40% of AMI, and 15 targeted at 30% of AMI, for a period of 55 years.
- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.



- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

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

Sincerely,  
**PFM Financial Advisors, LLC**

Robert T. Gamble  
Managing Director