



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: December 4, 2019

REPORT NO: HAR19-044

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of December 10, 2019

SUBJECT: Preliminary Bond Authorization for Mercado Apartments

COUNCIL DISTRICT: 8

REQUESTED ACTION

Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of Mercado Apartments, a 144-unit, affordable housing development, located at 2001 Newton Avenue, in the in the Barrio Logan Neighborhood, which will include 142 units that will remain affordable for 55 years.

STAFF RECOMMENDATION

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

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the development of Mercado Apartments, a 144-unit affordable housing development, located in the Barrio Logan Neighborhood, which will include 142 units that will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$35,000,000 in Multifamily Housing Revenue Bonds for the development of Mercado Apartments by a limited partnership formed by MAAC Housing Corporation, (Mercado 2019 LP);
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$35,000,000 for Mercado Apartments; and
 - c. Approve the financing team of Orrick, Herrington and Sutcliffe LLC as Bond Counsel and CSG Advisors as Financial Advisor;
- 2) Authorize the San Diego Housing Commission (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and bond counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the bond counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	2001 Newton Avenue, San Diego, CA 92113
Council District	8
Community Plan Area	Barrio Logan
Development Type	Acquisition & Rehabilitation
Construction Type	Type V
Stories	Two-story buildings
Parking Type	213 surface parking spaces
Housing Type	Affordable Family
Lot Size	Approximately 4.34 acres, 189,113 square feet
Units	144 total residential units
Density	33 dwelling units per acre
Affordable Unit Mix	18 one-bedroom units 60 two-bedroom units <u>64 three-bedroom units</u> 142 total affordable units
Manager's Units	<u>2 three-bedroom units</u> 2 Total manager units
Gross Building Area	square feet
Net Rentable Area	126,910 square feet

The Development

Mercado Apartments is an existing affordable housing development, originally built in 1949 and renovated in 1994, located at 2001 Newton Avenue, San Diego, CA 92113, that is composed of 144 rental units (Attachment 2 – Site Map) in twenty-three two-story garden style buildings. The buildings are wood-frame construction on concrete-slab foundations with painted stucco exteriors and flat roofs. Amenities include a two-story elevator-served, community building that contains a community room with kitchen, computer room, leasing office, service coordination space, and an on-site daycare space. The site also contains a laundry building, playground, electric vehicle charging stations, perimeter fencing and 213 surface parking spaces.

Metropolitan Area Advisory Committee on Anti-Poverty (MAAC) Project's Community Development approach works to build a supportive community that includes quality property management, tenant governance councils, culturally sensitive social services, work skill enhancement programs, community leadership and organization, and intervention strategies for children and youth. A comprehensive residents' program is provided, including but not limited to: a diverse and culturally appropriate library, an After-School Reading Program, on-site childcare (HeadStart), a lunch program, and summer camp participation programs. Experienced Community Development staff, resident volunteers, college, high school and other community volunteers support these on-site programs.

The developer has an executed a Purchase and Sale Agreement with the current owner, Mercado Apartments, L.P., an affiliate of MAAC, for the purchase of the project site.

Project Sustainability

Mercado Apartments will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards. Additionally, the project offers electric vehicle charging stations.

Development Team

Mercado Apartments will be co-owned by an affiliate of MAAC. The development will be renovated by a to-be determined General Contractor. Additionally, the tax credit investor will be identified later in the development process. Mercado Apartments 2019 L.P., (a to-be-formed limited partnership) will own and operate Mercado Apartments. Statements for public disclosure for MAAC are included in Attachment 3.

Founded in 1965, MAAC, based in San Diego, is a nonprofit, mission-driven organization. MAAC's mission statement is "Maximizing self-sufficiency with families and individuals through high-quality programs and advocacy in our communities." To date, MAAC has developed nearly 1,000 units of affordable housing in San Diego County.

Table 2 - Development Team Summary

ROLE	FIRM/CONTRACT
Developer	Mercado Apartments, L.P.,
General Partner	Mercado MGP 2019 LLC,
Limited Partner	MAAC Housing Corporation (Initial Limited Partner)
General Contractor	To Be Determined
Architect	To Be Determined
Property Management	To Be Determined
Relocation Consultant	Laurin Associates / Raney Planning and Management

Financing Structure

Mercado Apartments has an estimated total development cost of \$43,973,053. Financing will include a combination of tax-exempt Multifamily Housing Revenue Bonds, 4 percent tax credits, Seller Note, and deferred developer fee.

No Housing Commission loan proceeds will be provided to this development. Additionally, an existing SDHC loan, will be paid off in full as part of this redevelopment. The loan value is approximately \$3.4 million.

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

Table 3 – Mercado Apartments Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Permanent Loan	\$16,603,469	Acquisition Costs	\$23,190,000
Tax Credit Equity	\$14,778,863	Construction Costs	\$11,880,179
Seller Note	\$10,000,000	Soft Costs	\$2,069,382
Income from Operations	\$1,033,688	Developer Fee	\$3,797,313
Deferred Developer Fee	\$957,032	Financing Cost	\$3,036,179
Residual Receipt Loans Accrued Interest	\$600,000		
Total Development Cost	\$43,973,053	Total Development Cost	\$43,973,053

Developer Fee

The net cash developer fee shall be \$2,840,281 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer is deferring \$957,032 of fee and may

defer additional developer fee. No Housing Commission loan proceeds are to be provided to this development. As such, the developer fee for Mercado Apartments is in compliance with TCAC and CDLAC regulations.

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 is proposing a \$2,840,281 preliminary developer fee associated with the residential portion of development, which 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

The proposed project is not subject to payment of state 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	$\$43,973,053 \div 144 \text{ units} =$	\$305,368
Land Cost Per Unit	$\$23,190,000 \div 144 \text{ units} =$	\$161,041
Gross Building Square Foot Hard Cost	$\$11,880,179 \div 129,000 \text{ sq. ft.} =$	\$92
Net Rentable Square Foot Hard Cost	$\$11,880,179 \div 126,910 \text{ sq. ft.} =$	\$94

Project Comparison Chart

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

Table 5 – Comparable Development Projects

Project Name	Year	Construction Type	Units	Total Development Cost (Residential)	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq.Ft.
Subject – Mercado Apartments	2019	V	144	\$43,973,053	\$305,368	\$0	\$92
Town and Country	2017	V	145	\$48,166,994	\$332,186	\$91,358	\$90

The residential cost per unit for Mercado Apartments is in line with recently constructed comparable affordable housing developments in San Diego.

Proposed Housing Bonds

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

The developer plans to submit a bond allocation application to CDLAC in January 2020 for a March 2020 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$35,000,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt public offering bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure.

The developer proposes that the bonds will be used to provide construction and permanent financing for acquisition and construction of the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

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

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Mercado Apartments would restrict 56 units to households with incomes at or below 35 percent of San Diego Area Median Income (AMI), 5 units with incomes at or below 50% AMI, and the remaining 84 affordable units will be at or below 60 percent of the San Diego Area Median Income (AMI). The affordable units will be restricted for a 55-year term. This represents an additional 25 years of affordability from the current restrictions, set to expire in 2049. Table 6 summarizes the affordability:

Table 6 – Mercado Apartments Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Net Rents
1-bedroom	35%	7	\$647
2-bedroom	35%	21	\$770
3-bedroom	35%	28	\$887
2-bedroom	50%	2	\$1,131
3-bedroom	50%	3	\$1,305
1-bedroom	60%	11	\$1,148
2-bedroom	60%	37	\$1,372
3-bedroom	60%	33	\$1,583
Affordable Unit Subtotal		142	
3-bedroom	Manager's Units	2	Market
Market Rate Unit Subtotal		2	
TOTAL Units		144	

Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
<ul style="list-style-type: none"> Housing Authority Preliminary Bond Consideration TCAC and CDLAC application submittals TCAC and CDLAC allocation meetings Housing Commission final bond authorization Housing Authority final bond authorization Estimated bond issuance and escrow closing Estimated start of construction work Estimated completion of construction work 	<ul style="list-style-type: none"> December 10, 2019 January 2020 March 2020 April 2020 May 2020 June 2020 June 2020 June 2021

FISCAL CONSIDERATIONS

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

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$87,500 (.0025 bond issuer fee x \$35,000,000)

Funding uses approved by this action will be as follows:

Administration Costs - \$87,500

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including

the Housing Commission annual administrative fee, as well as Housing Commission Bond Council and Financial Advisor fees.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

As required by the Housing Commission Bonds Program, the developer must present their proposal for Mercado Apartments to local community boards for review. The project will be presented at the November 20th or December 18th meeting of the Barrio Logan Planning Group.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include MAAC, Mercado Apartments residents and the Barrio Logan Community. Development of the property is expected to have a positive impact on the community because it will redevelop the site and provide continued affordable housing opportunities to tenants.

ENVIRONMENTAL REVIEW

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

Respectfully submitted,

Approved by,



Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division



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

Attachments: 1) Development Summary
2) Site Map
3) Developer Disclosure Statements
4) Developer’s Project Sources and Uses Pro forma
5) Multifamily Housing Revenue Bond Program

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

Attachment 1

Table 1 – Development Details

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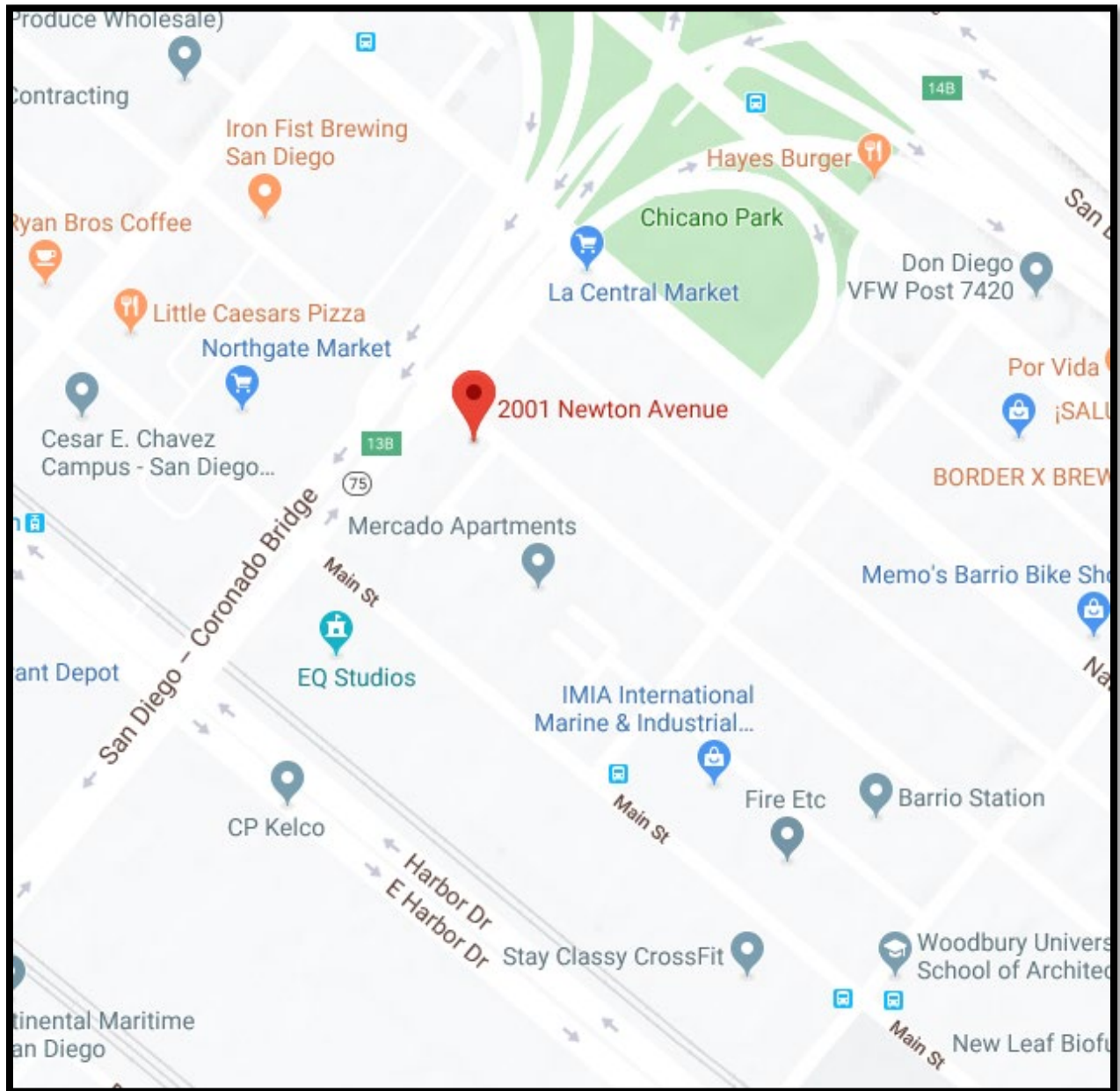
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Attachment 2



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

1. Name of CONTRACTOR: Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County Inc
("MAAC")
2. Address and Zip Code: 1355 Third Ave, Chula Vista, CA 91911
3. Telephone Number: 619-426-3595
4. Name of Principal Contact for CONTRACTOR: Isabel St.Germain Singh
5. Federal Identification Number or Social Security Number of CONTRACTOR: 95-2457354
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)

ATTACHMENT: [DDS 6.1] Articles of Incorporation & 2 Amendments (3 files)

ATTACHMENT: [DDS 6.2] IRS Determination Letter (2019)

☐ 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:

June 14, 1965

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

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

Name and Address		Position Title (if any) and percent of interest or description of character and extent of interest
Name:	Jesse Q. Allen	Board Chairperson
Address:	1078 Vega Way, San Marcos, CA 92078	Interest: 0%
Name:	Rodrigo Guevara	Board Vice Chair
Address:	4508 New Hampshire St. San Diego, CA 92116	Interest: 0%
Name:	Viviana Ochoa	Board Treasurer
Address:	8477 Denton Street La Mesa, CA 91942	Interest: 0%
Name:	Darjene Graham	Board Secretary
Address:	812 Daybreak Place Vista, CA 92084	Interest: 0%
Name:	Rebecca Chaney	Board Member
Address:	611 Norwynn Lane Fallbrook, CA 92028	Interest: 0%
Name:	Teresa Acosta	Board Member
Address:	7185 Estrella de Mar Road, Unit B Carlsbad, CA 92009	Interest: 0%
Name:	Francisco Medrano	Board Member
Address:	7798 Starling Dr, Unit 315 San Diego CA 92123	Interest: 0%
Name:	John Muñoz	Board Member
Address:	2065 Diamond, San Diego, CA 92109	Interest: 0%
Name:	Gustavo Perez	Board Member
Address:	1443 Avenida La Posta Encinitas, CA 92024	Interest: 0%
Name:	Shreya Sasaki	Board Member
Address:	13558 Arroyo Dale Lane San Diego, CA 92130	Interest: 0%
Name:	Jeffrey Dziedzic	Board Member
Address:	16953 New Rochelle Way, Unit 60 San Diego, CA 92127	Interest: 0%

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

NO.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

YES. Board Members Rebecca Chaney, Teresa Acosta, and Francisco Medrano will all be leaving the board of directors within the next 12 months. The board then goes to a screening of applicants to fill the vacant positions.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

N/A

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

N/A

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

Name and Address		Relationship to CONTRACTOR
Name:	Seniors on Broadway LP	MAAC is the general partner of the LP
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	Mercado Apartments LP / MAAC Mercado LLC	MAAC is the general partner of the LP, and the sole member of LLC (which is the limited partner of the LP)
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	Mercado 2019 LP / Mercado MGP 2019 LLC	MAAC is the general partner of the LP, and the sole member of the LLC (the limited partner of the LP)
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	5471 Bayview Heights LP / MAAC Bayview Heights LLC	MAAC is manager of the LLC, which is the general partner of the LP.
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	MAAC San Martin de Porres LLC	MAAC is sole member of the LLC
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	Carlsbad Laurel Tree Apartments LP	MAAC is general partner of the LP
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs
Name:	4132 Beyer LP	MAAC is general partner of the LP
Address:	1355 3 rd Ave, Chula Vista, CA 91911	Commonality: MAAC Board of Directors & Execs

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.

ATTACHMENT: [DDS 14] MAAC Statement of Financial Position 2019-06-30

Statements reflecting financial condition for period 24 months prior to date of the above-referenced report are included in the attached audited financial statements

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:

Mercado Apartments has a projected total development cost of \$43,973,053 (\$305,368/unit). Financing will include a combination of tax-exempt bonds, federal 4% tax credits, seller carryback loan, operating income, deferred developer fee, and accrued interest from the seller carryback loan.

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

- a. In banks/savings and loans:

Name: East West Bank
Address: 19540 Jamboree Rd, Ste 150, Irvine, CA 92612
Amount: \$ 500,000

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

Name:
Address:
Amount: \$

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

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

Name and Address	Contact Name
Name: East West Bank	Maureen Finn
Address: 19540 Jamboree Rd, Ste 150	
Irvine, CA 92612	
Name: California Bank & Trust	Jacob Richards
Address: 4320 La Jolla Village Dr, Ste 130	
San Diego, CA 92122	
Name: Red Stone Equity Partners	Matt Grosz
Address: 5800 Armada Dr, Ste 235	
Carlsbad, CA 92008	

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. N/A

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. N/A

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: NONE / N/A

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

a. Name and addresses of such contractor or builder: N/A

- 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:

N/A

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

General description of such work:

N/A

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): N/A

- d. Construction contracts or developments now being performed by such contractor or builder: N/A

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

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

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

☐ Yes

☒ No

If yes, explain:

N/A

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: NONE.
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: N/A

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:

ATTACHMENT: [DDS 26] Certificate of Liability Insurance (MAAC) 2019-07-02

NOTE: This attachment applies to items a. through f.

- 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)]

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

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

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

COVERAGE TYPE: Abuse Liability: \$1M/\$2M

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.
30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state: **NONE**
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: N/A
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)
None.					

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

NONE.

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

MAAC is proposing to develop MAAC's own project using tax-exempt bond funding. The experience of the development team and consultants will help to ensure timely performance and completion of the project. The developer has a dedicated staff to ensure compliance with program requirements and timely achievement of project goals and outcomes. The general contractor has over 30 years of experience, much of it constructing and rehabilitating affordable housing.

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
11/2007	SDHC	Repaid 2015	670,000
11/2007	SDHC	Repaid 2015	799,957
1/2007	SDHC	Repaid 2015	799,370
6/2004	County of San Diego HCD	Current	356,000
6/2004	County of SDRA	Current	1,000,000
5/1995	City of San Diego (successor agency to)	Current	1,425,000
5/1995	City of San Diego (success agency to)	Current	1,998,440

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: **NONE.**

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: **NONE.**

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

N/A. Developer is not proposing to perform general contracting duties; general contractor will be a third party.

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.

MAAC has developed, owned, and managed affordable housing communities since 1994. MAAC's own portfolio includes six affordable housing communities (over 700 units) in San Diego County. Over the years, MAAC and its team have formed lasting relationships within the community and industry that enable it to be successful in funding, building, and operating its communities. MAAC's development team has decades of combined experience in their respective fields bringing thousands of affordable housing to market. Most recently, in 2019, MAAC began the renovation of 300 units at Hillside Views which is expected to complete early 2020.

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

Name	Experience
Chance Hudson Project Superintendent Sun Country Builders	<p><u>Summary of Qualifications</u></p> <ul style="list-style-type: none">• Detail oriented, efficient manager of schedules and timelines, great relationships with owners, subs, and site personnel.• Eight years of construction management experience, all managing the renovation of affordable multi-family apartments. <p><u>Employment History</u></p> <p><u>2015-Present Sun Country Builders / Project Superintendent / Vista, CA</u></p> <ul style="list-style-type: none">• Led the construction and rehab of both interior and exterior scopes.• Obtained building permits and scheduled inspections.• Effectively created hourly production schedules.• Made all field decisions through clear and professional communication between owners, architects, and property management.• Create for approval all RFI's, IFD's and other work orders / change orders.• Responsible for the following daily / weekly reports: Daily Construction Report, 3 week look ahead, Site Sub list report, Site Super Inspection Report, Time Cards for all SCB personnel.• Responsible for the overall site safety and safety of the work performed by all contractors on site which includes ensuring all PPE is worn and all procedures are followed daily. <p><u>Successful projects:</u></p> <ul style="list-style-type: none">• Vista Las Flores – Carlsbad, CA Complete interior renovation of 28 unit apartment complex with addition of solar PV.• Cypress Cove Apartments - 260 N. Midway Escondido, CA 200 unit full interior rehab, new roof sheathing, hot mop roofing system, framing and stucco repairs throughout site, installation of new soccer field, solar PV and solar thermal hot water system. Correction of construction defects resulting from the work of another contractor. Work involved correction of challenging water intrusion issues.

<ul style="list-style-type: none"> • Cedar Nettleton Apartments - Vista, CA 68 unit full interior rehab, new flat roof. • Beautiful Light Inn Apartments - San Bernardino, CA 100 unit full interior rehab, new shingle, and TPO roof. • Manzanita Apartments - Escondido, CA 60 unit rehab of kitchen cabinets and flooring. <p>2008-2011 – Portrait Homes / Project Superintendent / Corona, CA</p> <ul style="list-style-type: none"> • Led the construction and rehab of both interior and exterior scopes. • Obtained building permits and scheduled inspections. • Effectively created hourly production schedules. • Made all field decisions through clear and professional communication between owners, <p>Successful Projects:</p> <ul style="list-style-type: none"> • Country Club Apartments 100 unit rehab Oceanside, Ca • Village Green Apartments 150 unit rehab San Diego, Ca • Vista Grande 68 unit rehab with new construction of community bldg. San Diego, Ca • 740 Olive St. 300 unit / 12 story rehab Downtown LA <p><u>2002-2008 – Lowe’s Home Improvement / Operations Manager / Corona, Lake Elsinore, Temecula</u></p> <ul style="list-style-type: none"> • Held positions as an Assistant Store Manager and Sales Manager • Responsible for the budgets, special order/commercial/installed sales, along with the overall appearance of the store. • Outside vendor relations and sales. <p><u>1996-2000 – United States Marine Corps / SGT of Marines, E-5 / Saudi Arabia 2 years. Camp Pendleton, Japan, Kenya</u></p> <p><u>Education, Qualifications and Certificates</u></p> <table> <tr> <td>• United States Marine Corps</td><td>• Microsoft Project</td></tr> <tr> <td>• Escambia HS Pensacola, FL / HS diploma</td><td>• OSHA 10 & OSHA 30</td></tr> <tr> <td>• SMART SAFETY Scaffold Course</td><td>• First Aid / CPR</td></tr> </table>		• United States Marine Corps	• Microsoft Project	• Escambia HS Pensacola, FL / HS diploma	• OSHA 10 & OSHA 30	• SMART SAFETY Scaffold Course	• First Aid / CPR
• United States Marine Corps	• Microsoft Project						
• Escambia HS Pensacola, FL / HS diploma	• OSHA 10 & OSHA 30						
• SMART SAFETY Scaffold Course	• First Aid / CPR						

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 6 day of SEPTEMBER, 20 19, at San Diego, California.

CONTRACTOR

By: 

Signature

President & CEO

Title

CERTIFICATION

The CONTRACTOR, METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: _____

[Signature]

By: _____

Title: PRESIDENT & CEO

Title: _____

Dated: _____

9/6/2019

Dated: _____

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

JURAT

State of California

County of _____

San Diego

Subscribed and sworn to (or affirmed) before me on this 6th day of September, 2019

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



SEAL

Signature of Notary

[Signature]

Mercado 144 Units

" DRAFT ANALYSIS AND SUBJECT TO CHANGE"

Attachment 4

SOURCES AND USES SUMMARY				FINANCING ASSUMPTIONS				PRELIM DEVELOPMENT PROGRAMMING SUMMARY								
Development Costs				Equity				<div>City: San Diego MSA: San Diego CA 4 Person 50% AMI: \$86,300 Site (acres): Construction Type: No. of Stories: Parking Type: No. of Stalls: Extraordinary Cond: Impact Fees per Unit: 1,736 Financing Sources: 4% TCs & Seller Note</div>								
Acquisition								PROJECT UNIT & INCOME MIX								
Land Cost	\$16,181/unit	2,330,000		Equity Pay In	Closing 15%	Completion 0%	Conversion 82%	8,609 3%								
Basis Eligible Acquisition Cost	\$144,861/unit	20,860,000		Federal Tax Credit Price				\$ 0.9750								
Subtotal Acquisition	\$161,042/unit	23,190,000		State Tax Credit Price				\$ 0.8800								
Hard Costs																
Design Assist (excluded from contingency)	\$0/unit	0		Solar Tax Credit Price												
Offsites	\$0/unit	0		9% Credit Rate				9.00%								
Sitework	\$60,000/unit	8,640,000		4% Credit Rate				3.30%								
Commercial	\$0/unit	0		LP Interest				99.99%								
Temporary Relocation Costs	\$6,944/unit	1,000,000		10 Yr Federal Tax Credits				15,159,325								
Overhead, Profit, General Conditions	\$8,688/unit	1,251,072		3 Yr State Credits				0								
Owner Hard Costs Contingency	\$6,869/unit	989,107		Solar Credits				0								
Subtotal Hard Costs	\$82,501/unit	11,880,179		Debt												
				Opr. Exp./Unit/Year				5,500								
A&E	\$1,424/unit	205,000		Services Cost Per Unit - paid by County on 8 units				0								
Financing Fees and Interest	\$21,085/unit	3,036,179		Replacement Reserves/Unit/Year				300								
Legal Fees	\$1,615/unit	232,500		Vacancy Rate				5.00%								
Reserves	\$3,096/unit	445,844		DCR				1.17								
Development Impact and Permit Fees	\$2,569/unit	370,000		Perm Loan Amort				35								
Developer Fee	\$26,370/unit	3,797,313		Interest Rate - Permanent Loan				4.35%								
Remaining Development Soft costs	\$3,395/unit	488,859		Interest Rate - Construction Loan				4.00%								
Owner Soft Costs Contingency	\$2,272/unit	327,179		Tax- Exempt Bonds - Construction/Perm				16,603,469								
Subtotal Soft Costs	\$61,826/unit	8,902,874		Tax- Exempt Bonds - Construction				10,538,747								
				Tax- Exempt Bonds - C Bond				0								
Total Development Costs	\$305,368/unit	43,973,053		Total Bonds				27,142,216								
Cash Developer Fee		2,840,280		Tax Credit Considerations												
Sources				Year 55 Residual Value (market conversion)				85,778,912								
Federal LIHTC Equity	34%	14,778,863		130% Boost				Yes								
State LIHTC Equity	0%	0		Rural Designation				No								
Solar Equity	0%	0		50% Test				63.89%								
Permanent Loan (Tranche A)	38%	16,603,469		CA 9% Site Amenity Score				15								
Subordinate C-Bond	0%	0		CA 9% Tiebreaker				N/A								
Deferred Developer Fee	2%	957,032		Housing Set Aside				N/A								
Seller Note	23%	10,000,000		Prevailing Wage (State, Federal, Both):				No								
Income From Operations	2%	1,033,688														
Local Subsidy : County SD IHTF	\$0/unit	0														
Residual Receipt Loans Accrued Interest	1%	600,000														
Total Development Sources	100%	43,973,053														
CASH FLOW																
	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	Year 16
Net Income	1,940,542	1,989,056	2,038,782	2,089,752	2,141,995	2,195,545	2,250,434	2,306,695	2,364,362	2,423,471	2,484,058	2,546,160	2,609,814	2,675,059	2,741,935	2,810,484
Operating Exp	792,000	819,720	848,410	878,105	908,838	940,648	973,570	1,007,645	1,042,913	1,079,415	1,117,194	1,156,296	1,196,766	1,238,653	1,282,006	1,326,876
NOI	1,148,542	1,169,336	1,190,372	1,211,647	1,233,157	1,254,898	1,276,864	1,299,050	1,321,449	1,344,057	1,366,864	1,389,864	1,413,047	1,436,406	1,459,929	1,483,607
Debt Service	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502
Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves	43,200	44,712	46,277	47,897	49,573	51,308	53,104	54,962	56,886	58,877	60,938	63,071	65,278	67,563	69,928	72,375
Issuer Fees	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675
Managing GP/LP Fee	15,000	15,525	16,068	16,631	17,213	17,815	17,815	17,815	17,815	17,815	18,439	18,439	18,439	18,439	18,439	19,084
Residual CF	142,165	160,922	179,850	198,943	218,194	237,598	257,768	278,095	298,571	319,187	339,310	360,177	381,153	402,227	423,386	443,971
DCR	1.17	1.19	1.21	1.23	1.25	1.28	1.30	1.32	1.34	1.36	1.39	1.41	1.43	1.46	1.48	1.50

PROJECTED SOURCES AND USES OF FUNDS

Mercado 144 Units

Mercado 144 Units			Construction Period					Construction	Stabilization	2,840,280	8609	Total	
166,182			Pre-Dev	Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Subtotal	6mos	Conversion		
					25%	25%	25%	25%					
SOURCES OF FUNDS													
1	Federal LIHTC Equity			2,216,830	-	-	-	-	2,216,830	-	12,118,668	443,366	14,778,863
2	State LIHTC Equity			-	-	-	-	-	-	-	-	-	-
3	City of NC Loan			-	-	-	-	-	-	-	-	-	-
4	Solar Rebates			-	-	-	-	-	-	-	-	-	-
5	Construction Loan		-	15,433,553	2,921,118	2,804,322	2,835,283	2,927,309	26,921,586	220,630	(27,142,216)	-	16,603,469
6	Permanent Loan (Tranche A)			-	-	-	-	-	-	-	16,603,469	-	-
7	Permanent Loan (Tranche B)			-	-	-	-	-	-	-	-	-	-
8	Deferred Developer Fee			-	-	-	-	-	-	-	957,032	-	957,032
9	C Bond			-	-	-	-	-	-	-	-	-	-
10	Seller Note	\$69,444/unit		10,000,000	-	-	-	-	10,000,000	-	-	-	10,000,000
11	Local Subsidy : County SD	\$0/unit		-	-	-	-	-	-	-	-	-	-
12	NPLH			-	-	-	-	-	-	-	-	-	-
13	Seller Note	\$0/unit		-	-	-	-	-	-	-	-	-	-
14	Residual Receipt Loans Accrued Interest			-	100,000	100,000	100,000	100,000	400,000	200,000	-	-	600,000
15	Income During Operations	\$0/unit		-	172,281	172,281	172,281	172,281	689,125	344,563	-	-	1,033,688
16	Total Sources of Funds		-	27,650,382	3,193,400	3,076,604	3,107,565	3,199,590	40,227,541	765,192	2,536,954	443,366	43,973,053
USES OF FUNDS													
ACQUISITION													
21	Land value	\$16,181/unit		2,330,000	-	-	-	-	2,330,000	-	-	-	2,330,000
26	Basis Eligible Acquisition Cost	\$144,861/unit		20,860,000	-	-	-	-	20,860,000	-	-	-	20,860,000
27	Other: Closing Costs			5,000	-	-	-	-	5,000	-	-	-	5,000
28	Total Land / Acquisiton			23,195,000	-	-	-	-	23,195,000	-	-	-	23,195,000
REHABILITATION													
31	Off-site Improvements	\$0.00/sq ft		-	-	-	-	-	-	-	-	-	-
32	Environmental Remediation			-	-	-	-	-	-	-	-	-	-
33	Site Work	\$0/acre		-	-	-	-	-	-	-	-	-	-
34	Structures	\$60,000.00/unit		-	2,160,000	2,160,000	2,160,000	2,160,000	8,640,000	-	-	-	8,640,000
35	General Requirements	6%		-	129,600	129,600	129,600	129,600	518,400	-	-	-	518,400
36	Contractor Overhead	2%		-	45,792	45,792	45,792	45,792	183,168	-	-	-	183,168
37	Contractor Profit	6%		-	137,376	137,376	137,376	137,376	549,504	-	-	-	549,504
38	Contractor General Liability Insurance			-	-	-	-	-	-	-	-	-	-
39	Other:			-	-	-	-	-	-	-	-	-	-
40	Total Rehabilitation		-	-	2,472,768	2,472,768	2,472,768	2,472,768	9,891,072	-	-	-	9,891,072
RELOCATION													
43	Relocation Admin			150,000	-	-	-	-	150,000	-	-	-	150,000
44	Temporary Relocation Expense			1,000,000	-	-	-	-	1,000,000	-	-	-	1,000,000
45	Total Relocation		-	1,150,000	-	-	-	-	1,150,000	-	-	-	1,150,000
ARCHITECTURAL													
63	Building	0		120,000	60,000	-	-	-	180,000	-	-	-	180,000
64	Landscape	0		-	-	-	-	-	-	-	-	-	-
65	Energy Consultant	0		-	-	-	-	-	-	-	-	-	-
66	Other: Acoustic Study	0		-	-	-	-	-	-	-	-	-	-
67	Other: Traffic Study	0		-	-	-	-	-	-	-	-	-	-
68	Other:	0		-	-	-	-	-	-	-	-	-	-
69	Total Architectural		-	120,000	60,000	-	-	-	180,000	-	-	-	180,000
SURVEY & ENGINEERING													
72	Civil	0		-	25,000	-	-	-	25,000	-	-	-	25,000
73	ALTA	0		-	-	-	-	-	-	-	-	-	-
74	Staking	0		-	-	-	-	-	-	-	-	-	-
75	Structural Testing	0		-	-	-	-	-	-	-	-	-	-
76	Soils	0		-	-	-	-	-	-	-	-	-	-
77	Other:	0		-	-	-	-	-	-	-	-	-	-
78	Other:	0		-	-	-	-	-	-	-	-	-	-
79	Other:	0		-	-	-	-	-	-	-	-	-	-
80	Total Survey & Engineering		-	-	25,000	-	-	-	25,000	-	-	-	25,000
CONTINGENCY COSTS													
83	Hard Cost Contingency	10%		-	247,277	247,277	247,277	247,277	989,107	-	-	-	989,107
84	Soft Cost Contingency	10%		172,908	43,032	32,414	35,229	43,595	327,179	-	-	-	327,179
85	Total Contingency		-	172,908	290,309	279,691	282,506	290,872	1,316,286	-	-	-	1,316,286
CONSTRUCTION PERIOD EXPENSES													
88	Construction Loan Interest			-	164,073	192,894	221,041	249,700	827,708	538,799	-	-	1,366,508
89	Soft Loan Interest			-	100,000	100,000	100,000	100,000	400,000	200,000	48,963	-	648,963
90	C Bond Interest			-	-	-	-	-	-	-	-	-	-
91	Origination Fee	1.00%		271,422	-	-	-	-	271,422	-	-	-	271,422
92	Credit Enhancement & Application Fee			-	-	-	-	-	-	-	-	-	-
93	Owner Paid Bonds			-	-	-	-	-	-	-	-	-	-
94	Lender Inspection Fees			-	7,500	7,500	7,500	7,500	30,000	-	-	-	30,000
95	Taxes During Construction			2,500	-	-	-	-	2,500	-	-	-	2,500
96	Other: Application fee			-	-	-	-	-	-	-	-	-	-
97	Insurance During Construction			35,000	-	-	-	-	35,000	-	-	-	35,000
98	Title and Recording Fees			25,000	-	-	-	-	25,000	-	-	-	25,000
99	Construction Mgmt. and Monitoring	0		20,000	9,375	9,375	9,375	9,375	57,500	-	-	-	57,500
100	Predevelopment Loan Interest			-	-	-	-	-	-	-	-	-	-
101	Other: Accounting & Admin			350,000	5,000	5,000	5,000	5,000	370,000	-	-	-	370,000

Mercado 144 Units

Mercado 144 Units			Construction Period				Construction	Stabilization	2,840,280			Total	
166,182			Pre-Dev	Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Subtotal	6mos	Conversion	8609	
					25%	25%	25%	25%					
102	Other:			150,000	50,000	-	-	-	200,000	-	-	-	200,000
103	Total Construction Period Expense	-		853,922	335,948	314,769	342,916	371,575	2,219,131	738,799	48,963	-	3,006,893
104													
105	PERMANENT FINANCING EXPENSES												
106	Loan Origination Fees	0.00%		-	-	-	-	-	-	-	15,000	-	15,000
107	Credit Enhancement & Application Fee			-	-	-	-	-	-	-	-	-	-
108	Title and Recording Fees			-	-	-	-	-	-	-	7,500	-	7,500
109	Property Taxes			-	-	-	-	-	-	-	-	-	-
110	Insurance			-	-	-	-	-	-	-	-	-	-
111	Other: Issuer Fee	0.0125%		3,393	-	-	-	-	3,393	3,393	-	-	6,786
112	Other:			-	-	-	-	-	-	-	-	-	-
113	Total Permanent Financing			3,393	-	-	-	-	3,393	3,393	22,500	-	29,286
114													
115	LEGAL FEES												
116	Construction Lender Legal			50,000	-	-	-	-	50,000	-	-	-	50,000
117	Permanent Lender Legal (Citi sub loan)			-	-	-	-	-	-	-	7,500	-	7,500
118	Sponsor Legal	0		50,000	-	-	-	-	50,000	-	-	-	50,000
119	Organizational Legal			50,000	-	-	-	-	50,000	-	-	-	50,000
120	Other Legal (Issuer Legal, Bond Counsel)			50,000	-	-	-	-	50,000	-	-	-	50,000
121	Other:			-	-	-	-	-	-	-	-	-	-
122	Other: GP Legal	0		25,000	-	-	-	-	25,000	-	-	-	25,000
123	Total Legal Fees			225,000	-	-	-	-	225,000	-	7,500	-	232,500
124													
125	CAPITALIZED RESERVES												
126	Operating Reserve	3 months		-	-	-	-	-	-	-	445,844	-	445,844
127	Replacement Reserve			-	-	-	-	-	-	-	-	-	-
128	Rent-up Reserve			-	-	-	-	-	-	-	-	-	-
129	Transition Reserve (2 years)			-	-	-	-	-	-	-	-	-	-
130	Other: Prepaid HOA			-	-	-	-	-	-	-	-	-	-
131	Other: Capitalized LP Fee			-	-	-	-	-	-	-	-	-	-
132	Total Reserves			-	-	-	-	-	-	-	445,844	-	445,844
133													
134	REPORTS & STUDIES												
135	Market Study	0		10,000	-	-	-	-	10,000	-	-	-	10,000
136	Relocation Plan & consulting	0		65,000	-	-	-	-	65,000	-	-	-	65,000
137	Appraisal	0		10,000	-	-	-	-	10,000	-	-	-	10,000
138	Environmental	0		20,000	-	-	-	-	20,000	-	-	-	20,000
139	Other: Lender Deposit	0		-	-	-	-	-	-	-	-	-	-
140	Other: Investor Deposit	0		-	-	-	-	-	-	-	-	-	-
141	Other: Soils Report	0		-	-	-	-	-	-	-	-	-	-
142	Other: Phase I	0		-	-	-	-	-	-	-	-	-	-
143	Total Reports & Studies			105,000	-	-	-	-	105,000	-	-	-	105,000
144													
145	OTHER												
146	TCAC App./Alloc/Monitoring Fees	0		17,659	-	-	-	-	17,659	-	58,200	-	75,859
147	CDLAC/CDIAC Fees	0.05%		0	-	-	-	-	-	-	-	-	-
148	Local Permit Fees	\$833/unit		0	120,000	-	-	-	120,000	-	-	-	120,000
149	Local Development Impact Fees	\$1,736/unit		0	250,000	-	-	-	250,000	-	-	-	250,000
150	CFD Prepayment			-	-	-	-	-	-	-	-	-	-
151	Syndicator/Investor Fees & Expenses			-	-	-	-	-	-	-	-	-	-
152	Furnishings			-	-	-	-	25,000	25,000	-	-	-	25,000
153	Final Cost Audit Expense			-	-	-	-	-	-	15,000	-	-	15,000
154	Marketing			-	-	-	-	30,000	30,000	8,000	-	-	38,000
155	MGP Services Fee			25,000	-	-	-	-	25,000	-	-	-	25,000
156	SDHC Ap, Orig, Servicing, Legal, Const Review			-	-	-	-	-	-	-	-	-	-
157	Accounting/Finance/Admin	0		12,500	9,375	9,375	9,375	9,375	50,000	-	-	-	50,000
158	Other: CPA Opinion	0		-	-	-	-	-	-	-	-	-	-
159	Bond Performance Deposit	0		-	-	-	-	-	-	-	-	-	-
160	Total Other Costs			425,159	9,375	9,375	9,375	64,375	517,659	23,000	58,200	-	598,859
161													
162	DEVELOPER COSTS												
163	Developer Fee			1,400,000	-	-	-	-	1,400,000	-	1,953,947	443,366	3,797,313
164	Consultant/Processing Agent			-	-	-	-	-	-	-	-	-	-
165	Project Administration			-	-	-	-	-	-	-	-	-	-
166	Syndication Consultant			-	-	-	-	-	-	-	-	-	-
167	Guarantee Fees			-	-	-	-	-	-	-	-	-	-
168	Broker Fees Paid to Related Party			-	-	-	-	-	-	-	-	-	-
169	Construction Oversight & Mgmt			-	-	-	-	-	-	-	-	-	-
170	Total Developer Costs			1,400,000	-	-	-	-	1,400,000	-	1,953,947	443,366	3,797,313
171													
172													
173	Total Uses of Funds			27,650,382	3,193,400	3,076,604	3,107,565	3,199,590	40,227,541	765,192	2,536,954	443,366	43,973,053
174	Net Source & Use			-	-	-	-	-	-	-	-	-	-
175	Distributions			-	-	-	-	-	-	-	-	-	-
176	Balance of Funds			-	-	-	-	-	-	-	-	-	-

OPERATING BUDGET & INCOME ANALYSIS

Mercado 144 Units

Year	2019 San Diego County
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				Square	Total	Gross	Utility	Monthly	Annual
Rent:	Restriction	%AMI	Units	Feet/Unit	Sq. Ft.	Rents	Allowance	Net Rent	Rent
1BR/1BA	LIHTC	60%	11	550	6,050	\$ 1,203	\$ 55	\$ 1,148	\$ 151,536
1BR/1BA	LIHTC	50%	0	550	0	\$ 1,003	\$ 55	\$ 948	\$ -
1BR/1BA	LIHTC	45%	0	550	0	\$ 902	\$ 55	\$ 847	\$ -
1BR/1BA	LIHTC	40%	0	550	0	\$ 802	\$ 55	\$ 747	\$ -
1BR/1BA	LIHTC	35%	7	550	3,850	\$ 702	\$ 55	\$ 647	\$ 54,348
2BR/1BA	LIHTC	60%	37	750	27,750	\$ 1,444	\$ 72	\$ 1,372	\$ 609,168
2BR/1BA	LIHTC	50%	2	750	1,500	\$ 1,203	\$ 72	\$ 1,131	\$ 27,144
2BR/1BA	LIHTC	45%	0	750	0	\$ 1,083	\$ 72	\$ 1,011	\$ -
2BR/1BA	LIHTC	40%	0	750	0	\$ 963	\$ 72	\$ 891	\$ -
2BR/1BA	LIHTC	35%	21	750	15,750	\$ 842	\$ 72	\$ 770	\$ 194,040
3BR/2BA	LIHTC	60%	33	1,200	39,600	\$ 1,669	\$ 86	\$ 1,583	\$ 626,868
3BR/2BA	LIHTC	50%	3	1,200	3,600	\$ 1,391	\$ 86	\$ 1,305	\$ 46,980
3BR/2BA	LIHTC	45%	0	1,200	0	\$ 1,252	\$ 86	\$ 1,166	\$ -
3BR/2BA	LIHTC	40%	0	1,200	0	\$ 1,113	\$ 86	\$ 1,027	\$ -
3BR/2BA	LIHTC	35%	28	1,200	33,600	\$ 973	\$ 86	\$ 887	\$ 298,032
3BR/2BA	n/a	MGR	2	1,200	2,400	\$ -	\$ -	\$ -	\$ -
					0	\$ -			
Total Rents			144		134,100				2,008,116
Community Room/Office					3,000				
% Loss to Efficiency				18%	29,082				
Construction Square Feet, excluding commercial					166,182				
RA Overhang									0
Income from Operations			PUPM						
Laundry				\$ 16.00					27,648
Other Income (App. Fees, Late, etc.)				\$ 4.00					6,912
Garage				\$ -		0 Garages			0
Cable & Highspeed Data Income				\$ -					0
Telephone Income				\$ -					0
Sub-Total				\$ 20.00					2,042,676
Less: Vacancies @			5%						102,134
Commercial Income				-	\$2.00/sq ft	Childcare			0
Less: Vacancies @			50%						0
Total Income									1,940,542
Operating Expenses			PUPA				Notes		
Admin									0
Management Fee									0
Utilities									0
Payroll									0
Repair & Maintenance									0
Insurance									0
Taxes (HOA, CFD)				\$ -					
Other				\$ 5,500					792,000
Total Expenses				\$ 5,500					792,000
Net Operating Income									1,148,542
Reserves				\$300/unit					43,200
Services				\$0/unit					0
Issuer and Monitoring Fee				0.0125%					23,675
Mandatory Debt Service				0.420%					0
Net Income Available for Debt Service									1,081,667

DSC TEST

1.17

Loan Sizing	Tranche A	Tranche B	Tranche C
Loan Amount	16,603,469	0	0
Interest	4.35%	4.35%	16,603,469
Term	35	18	
Amortization	35	35	
Debt Service Coverage	1.17	1.17	
Monthly Payment	77,042	0	
Annual Payment	924,502	0	
Cash Flow After D/S	157,165		

TAX CREDITS & BASIS CALCULATION

Mercado 144 Units

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	70% ELIGIBLE BASIS	30% ELIGIBLE BASIS
ACQUISITION			
Land Cost	\$ 2,330,000	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Demolition	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Legal & Carrying Costs	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Land Lease Rent Prepayment	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Verifiable Carrying Costs	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Existing Improvement Costs	\$ 20,860,000	XXXXXXXXXXXXX	\$ 20,860,000
Other: Closing Costs	\$ 5,000	XXXXXXXXXXXXX	XXXXXXXXXXXXX
TOTAL LAND/AQUISITION COSTS	\$ 23,195,000	\$ -	\$ 20,860,000
REHABILITATION			
Off-Site Improvements	\$ -		\$ -
Environmental Remediation	\$ -		\$ -
Site Work	\$ -		\$ -
Structures	\$ 8,640,000		\$ 8,640,000
General Requirements	\$ 518,400		\$ 518,400
Contractor Overhead	\$ 183,168		\$ 183,168
Contractor Profit	\$ 549,504		\$ 549,504
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL REHABILITATION COSTS	\$ 9,891,072	\$ -	\$ 9,891,072
RELOCATION			
Temporary Relocation	\$ 150,000		\$ 150,000
Permanent Relocation	\$ 1,000,000		\$ 1,000,000
TOTAL RELOCATION COSTS	\$ 1,150,000	\$ -	\$ 1,150,000
NEW CONSTRUCTION			
Design Assist (excluded from contingency)	\$ -		\$ -
Off-site Improvements	\$ -		\$ -
Commercial / Retail Cost	\$ -		\$ -
Site Work	\$ -		\$ -
Parking Garage	\$ -		\$ -
Vertical	\$ -		\$ -
GC Contingency	\$ -		\$ -
General Requirements	\$ -		\$ -
Contractor Overhead	\$ -		\$ -
Contractor Profit	\$ -		\$ -
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL CONSTRUCTION	\$ -	\$ -	\$ -
ARCHITECTURAL FEES			
Building	\$ 180,000		\$ 180,000
Landscape	\$ -		\$ -
Energy Consultant	\$ -		\$ -
Other: Acoustic Study	\$ -		\$ -
Other: Traffic Study	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL ARCHITECTURAL COSTS	\$ 180,000	\$ -	\$ 180,000
SURVEY & ENGINEERING			
Civil	\$ 25,000		\$ 25,000
ALTA	\$ -		\$ -
Staking	\$ -		\$ -
Structural Testing	\$ -		\$ -
Soils	\$ -		\$ -
Other:	\$ -		\$ -
Other:	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL SURVEY & ENGINEERING	\$ 25,000	\$ -	\$ 25,000
CONTINGENCY COSTS			
Hard Cost Contingency	\$ 989,107		\$ 989,107
Soft Cost Contingency	\$ 327,179		\$ 327,179
TOTAL CONTINGENCY COSTS	\$ 1,316,286	\$ -	\$ 1,316,286
CONSTRUCTION PERIOD EXPENSES			
Construction Loan Interest	\$ 1,366,508		\$ 827,708
C Bond Loan Interest	\$ 648,963		\$ 400,000
C Bond Interest	\$ -		\$ -
Origination Fee	\$ 271,422		\$ 271,422
Credit Enhancement & Application Fee	\$ -		\$ -
Owner Paid Bonds	\$ -		\$ -
Lender Inspection Fees	\$ 30,000		\$ 30,000
Taxes During Construction	\$ 2,500		\$ 2,500
Prevailing Wage Monitoring	\$ -		\$ -
Insurance During Construction	\$ 35,000		\$ 35,000
Title and Recording Fees	\$ 25,000		\$ 25,000
Construction Management & Testing	\$ 57,500		\$ 57,500
Predevelopment Loan Interest	\$ -		\$ -
Other: Accounting & Admin	\$ 370,000		\$ 370,000
Other:	\$ 200,000		\$ 200,000
TOTAL CONSTRUCTION PERIOD EXPENSE	\$ 3,006,893	\$ -	\$ 2,219,131
PERMANENT FINANCING EXPENSES			
Loan Origination Fee	\$ 15,000	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Credit Enhancement & Application Fee	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Title and Recording Fees	\$ 7,500	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Property Taxes	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Insurance	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other: Issuer Fee	\$ 6,786	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other:	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
TOTAL PERMANENT FINANCING COSTS	\$ 29,286	\$ -	\$ -
LEGAL FEES			
Construction Lender Legal	\$ 50,000		\$ 50,000

Permanent Lender Legal	\$ 7,500		XXXXXXXXXXXX
Sponsor Legal	\$ 50,000		\$ 50,000
Organizational Legal	\$ 50,000		XXXXXXXXXXXX
Bond Legal	\$ 50,000		XXXXXXXXXXXX
CPA, Opinion	\$ -		\$ -
Other: GP Legal	\$ 25,000		\$ 25,000
TOTAL LEGAL	\$ 232,500	\$ -	\$ 125,000
CAPITALIZED RESERVES			
Operating Reserve	\$ 445,844	XXXXXXXXXXXX	XXXXXXXXXXXX
Replacement Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Rent-up Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Transition Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Prepaid HOA	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Capitalized LP Fee	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
TOTAL RESERVE COSTS	\$ 445,844	\$ -	XXXXXXXXXXXX
REPORTS & STUDIES			
Appraisal	\$ 10,000		\$ 10,000
Market Study	\$ 65,000		\$ 65,000
Physical Needs Assessment	\$ 10,000		\$ 10,000
Environmental Studies	\$ 20,000		\$ 20,000
Other: Lender Deposit	\$ -		\$ -
Other: Investor Deposit	\$ -		\$ -
Other: Soils Report	\$ -		\$ -
Other: Phase I	\$ -		\$ -
TOTAL REPORTS & STUDIES	\$ 105,000	\$ -	\$ 105,000
OTHER EXPENSES			
TCAC App./Alloc/Monitoring Fees	\$ 75,859	XXXXXXXXXXXX	XXXXXXXXXXXX
CDLAC/CDIAC Fees	\$ -		XXXXXXXXXXXX
Local Permit Fees	\$ 120,000		\$ 120,000
Local Development Impact Fees	\$ 250,000		\$ 250,000
CFD Prepayment	\$ -		\$ -
Syndicator/Investor Fees & Expenses	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Furnishings	\$ 25,000		\$ 25,000
Final Cost Audit Expense	\$ 15,000		\$ 15,000
Marketing	\$ 38,000	XXXXXXXXXXXX	XXXXXXXXXXXX
MGP Services Fee	\$ 25,000		\$ 25,000
SDHC Ap, Orig, Servicing, Legal, Const Review	\$ -		\$ -
Accounting/Finance/Admin	\$ 50,000		\$ 50,000
Other: CPA Opinion	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL OTHER COSTS	\$ 598,859	\$ -	\$ 485,000
DEVELOPER COSTS			
Developer Fee Limit - Per Application	\$ 2,500,000	\$ -	\$ 2,500,000
Developer Fee Calculation	\$ 3,797,313	\$ -	\$ 3,797,313
Developer Fee	\$ 3,797,313	\$ -	\$ 3,797,313
Consultants/Processing Agent	\$ -		\$ -
Project Administration	\$ -		\$ -
Syndication Consultant	\$ -		\$ -
Guarantee Fees	\$ -		\$ -
Broker Fees Paid to Related Party	\$ -		\$ -
Construction Oversight & Mgmt	\$ -		\$ -
TOTAL DEVELOPER FEE	\$ 3,797,313	\$ -	\$ 3,797,313
TOTAL RESIDENTIAL COSTS	\$ 43,973,053	\$ -	\$ 40,153,801

TOTAL COMMERCIAL COSTS	\$ -	\$ -
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TOTAL PROJECT AND BASIS COSTS	\$ 43,973,053	\$ -	\$ 40,153,801
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Adjustment for Excess Basis / Commercial&Retail			\$ -
Additional Amount Voluntarily Excluded From Basis			\$ -
Requested Undadjusted Eligible Basis	\$ -	\$ -	\$ 19,293,801

N/A
957,032

130% DIFFICULT DEVELOPMENT FACTOR?	Tract #: Not Avail.	y	\$ 45,941,942
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Credit Reduction	20.00%	\$ -
Total Adjusted Qualified Basis		\$ 45,941,942

TX CREDITS @ % LI Eligible@ Tx Credit Rt	99.99%	3.30%	3.30%
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TCAC Application Rate			
TX CREDITS @ % LI Eligible	\$ -	\$ -	\$ 1,515,932

TX CREDITS OVER TEN YEARS	\$ -	\$ -	\$ 15,159,325
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TX CREDIT EQ'Y@\$/Credit@% Investment	\$ 0.9750	99.99%	\$ 14,778,863
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State Tax Credits - 13% of Eligible Basis & Over 4 Yrs	0.00%		\$ -
State Tax Credits Equity	\$ 0.8800	99.99%	\$ -

0

Solar Credits - 30% of Eligible Basis	30.00%	\$ 1,458,956.01
Solar Equity	99.99%	\$ -
Solar Rebates		\$ -

Mercado 144 Units

			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Gross Revenue	Inflation @	2.50%	2,042,676	2,093,743	2,146,086	2,199,739	2,254,732	2,311,100	2,368,878	2,428,100	2,488,802	2,551,022	2,614,798	2,680,168	2,747,172	2,815,851	2,886,248	2,958,404
Vacancy		5%	(102,134)	(104,687)	(107,304)	(109,987)	(112,737)	(115,555)	(118,444)	(121,405)	(124,440)	(127,551)	(130,740)	(134,008)	(137,359)	(140,793)	(144,312)	(147,920)
Net Revenue			1,940,542	1,989,056	2,038,782	2,089,752	2,141,995	2,195,545	2,250,434	2,306,695	2,364,362	2,423,471	2,484,058	2,546,160	2,609,814	2,675,059	2,741,935	2,810,484
Operating Expenses	Inflation @	3.50%	792,000	819,720	848,410	878,105	908,838	940,648	973,570	1,007,645	1,042,913	1,079,415	1,117,194	1,156,296	1,196,766	1,238,653	1,282,006	1,326,876
Net Operating Income			1,148,542	1,169,336	1,190,372	1,211,647	1,233,157	1,254,898	1,276,864	1,299,050	1,321,449	1,344,057	1,366,864	1,389,864	1,413,047	1,436,406	1,459,929	1,483,607
Replacement Reserves		3.50%	43,200	44,712	46,277	47,897	49,573	51,308	53,104	54,962	56,886	58,877	60,938	63,071	65,278	67,563	69,928	72,375
Services	Inflation @	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available to Debt Service			1,105,342	1,124,624	1,144,095	1,163,751	1,183,584	1,203,590	1,223,760	1,244,087	1,264,563	1,285,179	1,305,926	1,326,793	1,347,769	1,368,843	1,390,002	1,411,232
Principal and Interest	0	4.35%	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502
Issuer and Monitoring Fee		0.00%	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675
Managing GP Fee/LP Fees	15,000	3.50%	15,000	15,525	16,068	16,631	17,213	17,815	17,815	17,815	17,815	17,815	18,439	18,439	18,439	18,439	18,439	19,084
Net Project Cash Flow			142,165	160,922	179,850	198,943	218,194	237,598	257,768	278,095	298,571	319,187	339,310	360,177	381,153	402,227	423,386	443,971
			DSCR															
LP Fee	5,000	3.00%	1.17	1.19	1.21	1.23	1.25	1.28	1.30	1.32	1.34	1.36	1.39	1.41	1.43	1.46	1.48	1.50
	35.0%		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
Deferred Developer Fee	35.0% of Avail Cashflow	2.40%	48,008	54,520	61,091	67,718	74,398	81,130	88,129	95,181	102,283	109,432	116,407	123,640	84,521	0	0	0
	Deferred fee		957,032	33.8%														
Cash Available After Deferred Fee Payment			89,157	101,252	113,454	125,761	138,169	150,671	163,668	176,765	189,954	203,231	216,184	229,616	289,503	394,884	415,823	436,181
	65.0%																	
C Bond	100.0% of Avail Cashflow	8.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	C Bond		0.0%															
Cash Available AfterC Bond Payment			89,157	101,252	113,454	125,761	138,169	150,671	163,668	176,765	189,954	203,231	216,184	229,616	289,503	394,884	415,823	436,181
	100.0%																	
Local Subsidy	50.0% of Avail Cashflow	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH	0.0% of Avail Cashflow	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land note	50.0% of Avail Cashflow	5.00%	44,579	50,626	56,727	62,881	69,084	75,335	81,834	88,382	94,977	101,616	108,092	114,808	144,752	197,442	207,911	218,091
Cash Flow Available After Soft Loan Loans		0.00%	44,579	50,626	56,727	62,881	69,084	75,335	81,834	88,382	94,977	101,616	108,092	114,808	144,752	197,442	207,911	218,091
Partnership Admin Fee (90% of Cash Flow)		90.00%	40,121	45,563	51,054	56,593	62,176	67,802	73,651	79,544	85,479	91,454	97,283	103,327	130,277	177,698	187,120	196,282
Cash Flow Available after Partnership Admin Fee			4,458	5,063	5,673	6,288	6,908	7,534	8,183	8,838	9,498	10,162	10,809	11,481	14,475	19,744	20,791	21,809
LP Distribution		99.99%	4,457	5,062	5,672	6,287	6,908	7,533	8,183	8,837	9,497	10,161	10,808	11,480	14,474	19,742	20,789	21,807
GP Distribution		0.01%	0	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2
Remaining Cash Flow After Partnership Distribution			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mercado 144 Units

			17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Gross Revenue	Inflation @	2.50%	3,032,364	3,108,173	3,185,877	3,265,524	3,347,162	3,430,842	3,516,613	3,604,528	3,694,641	3,787,007	3,881,682	3,978,724	4,078,192	4,180,147	4,284,651	4,391,767
Vacancy		5%	(151,618)	(155,409)	(159,294)	(163,276)	(167,358)	(171,542)	(175,831)	(180,226)	(184,732)	(189,350)	(194,084)	(198,936)	(203,910)	(209,007)	(214,233)	(219,588)
Net Revenue			2,880,746	2,952,764	3,026,584	3,102,248	3,179,804	3,259,299	3,340,782	3,424,301	3,509,909	3,597,657	3,687,598	3,779,788	3,874,283	3,971,140	4,070,418	4,172,179
Operating Expenses	Inflation @	3.50%	1,373,317	1,421,383	1,471,131	1,522,621	1,575,913	1,631,070	1,688,157	1,747,243	1,808,396	1,871,690	1,937,199	2,005,001	2,075,176	2,147,807	2,222,981	2,300,785
Net Operating Income			1,507,429	1,531,381	1,555,452	1,579,627	1,603,892	1,628,230	1,652,625	1,677,059	1,701,513	1,725,967	1,750,399	1,774,787	1,799,107	1,823,333	1,847,438	1,871,394
Replacement Reserves		3.50%	74,908	77,530	80,244	83,052	85,959	88,967	92,081	95,304	98,640	102,092	105,665	109,364	113,191	117,153	121,253	125,497
Services	Inflation @	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available to Debt Service			1,432,521	1,453,851	1,475,209	1,496,575	1,517,933	1,539,262	1,560,543	1,581,755	1,602,873	1,623,875	1,644,734	1,665,423	1,685,915	1,706,179	1,726,184	1,745,897
Principal and Interest		0	4.35%	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502	924,502
Issuer and Monitoring Fee			0.00%	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675
Managing GP Fee/LP Fees	15,000		3.50%	19,084	19,084	19,084	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280	25,130	26,010	26,920	27,862
Net Project Cash Flow			465,260	486,590	507,947	529,314	550,004	570,642	591,208	611,678	632,030	652,238	672,276	692,116	711,728	731,082	750,145	768,882
LP Fee	5,000 35.0%		DSCR	1.52	1.55	1.57	1.59	1.62	1.64	1.66	1.69	1.71	1.73	1.75	1.78	1.80	1.82	1.84
Deferred Developer Fee	Deffered fee	35.0% of Avail Cashflow	2.40%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			957,032															
Cash Available After Deferred Fee Payment			465,260	486,590	507,947	529,314	550,004	570,642	591,208	611,678	632,030	652,238	672,276	692,116	711,728	731,082	750,145	768,882
C Bond	C Bond	100.0% of Avail Cashflow	8.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available AfterC Bond Payment			465,260	486,590	507,947	529,314	550,004	570,642	591,208	611,678	632,030	652,238	672,276	692,116	711,728	731,082	750,145	768,882
Local Subsidy		100.0%	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH		50.0% of Avail Cashflow	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land note		50.0% of Avail Cashflow	5.00%	232,630	243,295	253,974	264,657	275,002	285,321	295,604	305,839	316,015	326,119	336,138	346,058	355,864	365,541	375,073
Cash Flow Available After Soft Loan Loans			0.00%	232,630	243,295	253,974	264,657	275,002	285,321	295,604	305,839	316,015	326,119	336,138	346,058	355,864	365,541	375,073
Partnership Admin Fee (90% of Cash Flow)			90.00%	209,367	218,966	228,576	238,191	247,502	256,789	266,043	275,255	284,414	293,507	302,524	311,452	320,278	328,987	337,565
Cash Flow Available after Partnership Admin Fee				23,263	24,330	25,397	26,466	27,500	28,532	29,560	30,584	31,602	32,612	33,614	34,606	35,586	36,554	37,507
LP Distribution		99.99%	23,261	24,327	25,395	26,463	27,497	28,529	29,557	30,581	31,598	32,609	33,610	34,602	35,583	36,550	37,504	38,440
GP Distribution		0.01%	2	2	3	3	3	3	3	3	3	3	3	3	4	4	4	4
Remaining Cash Flow After Partnership Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mercado 144 Units

			33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Gross Revenue	Inflation @	2.50%	4,501,561	4,614,100	4,729,453	4,847,689	4,968,882	5,093,104	5,220,431	5,350,942	5,484,715	5,621,833	5,762,379	5,906,439	6,054,100	6,205,452	6,360,588	6,519,603
Vacancy		5%	(225,078)	(230,705)	(236,473)	(242,384)	(248,444)	(254,655)	(261,022)	(267,547)	(274,236)	(281,092)	(288,119)	(295,322)	(302,705)	(310,273)	(318,029)	(325,980)
Net Revenue			4,276,483	4,383,395	4,492,980	4,605,305	4,720,437	4,838,448	4,959,410	5,083,395	5,210,480	5,340,742	5,474,260	5,611,117	5,751,395	5,895,180	6,042,559	6,193,623
Operating Expenses	Inflation @	3.50%	2,381,312	2,464,658	2,550,921	2,640,204	2,732,611	2,828,252	2,927,241	3,029,694	3,135,734	3,245,484	3,359,076	3,476,644	3,598,327	3,724,268	3,854,617	3,989,529
Net Operating Income			1,895,171	1,918,737	1,942,059	1,965,101	1,987,827	2,010,196	2,032,169	2,053,700	2,074,746	2,095,257	2,115,184	2,134,473	2,153,068	2,170,912	2,187,942	2,204,094
Replacement Reserves		3.50%	129,890	134,436	139,141	144,011	149,051	154,268	159,668	165,256	171,040	177,026	183,222	189,635	196,272	203,142	210,252	217,611
Services	Inflation @	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available to Debt Service			1,765,281	1,784,301	1,802,918	1,821,090	1,838,775	1,855,928	1,872,501	1,888,444	1,903,706	1,918,231	1,931,962	1,944,838	1,956,796	1,967,770	1,977,690	1,986,483
Principal and Interest		0	4.35%	924,502	741,866	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuer and Monitoring Fee			0.00%	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675	23,675
Managing GP Fee/LP Fees	15,000		3.50%	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974	39,303	40,678	42,102	43,575	45,101	46,679	48,313
Net Project Cash Flow			787,257	987,868	1,747,270	1,764,323	1,780,850	1,796,804	1,812,136	1,826,795	1,840,728	1,853,877	1,866,184	1,877,587	1,888,020	1,897,415	1,905,701	1,912,804
LP Fee	5,000		DSCR	1.88	2.37	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	35.0%		3.00%															
Deferred Developer Fee	35.0% of Avail Cashflow		2.40%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Deferred fee		957,032															
Cash Available After Deferred Fee Payment			787,257	987,868	1,747,270	1,764,323	1,780,850	1,796,804	1,812,136	1,826,795	1,840,728	1,853,877	1,866,184	1,877,587	1,888,020	1,897,415	1,905,701	1,912,804
C Bond	100.0% of Avail Cashflow		8.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	C Bond		-															
Cash Available AfterC Bond Payment			787,257	987,868	1,747,270	1,764,323	1,780,850	1,796,804	1,812,136	1,826,795	1,840,728	1,853,877	1,866,184	1,877,587	1,888,020	1,897,415	1,905,701	1,912,804
Local Subsidy	50.0% of Avail Cashflow		100.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH	0.0% of Avail Cashflow		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land note	50.0% of Avail Cashflow		5.00%	393,629	493,934	873,635	882,161	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available After Soft Loan Loans			0.00%	393,629	493,934	873,635	882,161	1,780,850	1,796,804	1,812,136	1,826,795	1,840,728	1,853,877	1,866,184	1,877,587	1,888,020	1,897,415	1,905,701
Partnership Admin Fee (90% of Cash Flow)		90.00%	354,266	444,541	786,271	793,945	1,602,765	1,617,123	1,630,923	1,644,116	1,656,655	1,668,490	1,679,566	1,689,828	1,699,218	1,707,674	1,715,131	1,721,524
Cash Flow Available after Partnership Admin Fee			39,363	49,393	87,363	88,216	178,085	179,680	181,214	182,680	184,073	185,388	186,618	187,759	188,802	189,742	190,570	191,280
LP Distribution		99.99%	39,359	49,388	87,355	88,207	178,067	179,662	181,195	182,661	184,054	185,369	186,600	187,740	188,783	189,723	190,551	191,261
GP Distribution		0.01%	4	5	9	9	18	18	18	18	18	19	19	19	19	19	19	19
Remaining Cash Flow After Partnership Distribution			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mercado 144 Units

[illegible]

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.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE MERCADO APARTMENTS AND
AUTHORIZING RELATED ACTIONS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS, MAAC Housing Corporation (MAAC) has requested that the Authority issue and sell multifamily housing revenue bonds or notes (Bonds) pursuant to the Act for the purpose of making a loan to Mercado 2019 LP, or an affiliate or other limited partnership formed by MAAC (Borrower), to be used by the Borrower to finance the acquisition, rehabilitation and equipping of a multifamily rental housing development to be located at 2001 Newton Avenue, in San Diego, California, as identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in

connection with the Project within the period from the date sixty (60) days prior to the date of the adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations (Treasury Regulations) require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing the costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser or underwriter of the Bonds) in an aggregate principal amount not to exceed \$35,000,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority hereby determines that it is necessary and desirable to provide financing for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in an aggregate principal amount not to exceed \$35,000,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issuance of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from amounts paid by the Borrower, expected to consist of revenues derived from the Project,

and/or proceeds of the Bonds issued for capitalized interest. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with planning, zoning, subdivision, environmental and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, rehabilitation and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$35,000,000 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits, the provision of certificates, and the submittal of additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 5. Approval of Bond Counsel and Financial Advisor. The financing team of Orrick, Herrington & Sutcliffe LLP as bond counsel and CSG Advisors, as financial advisor, is approved for the Project.

Section 6. Authority of President & Chief Executive Officer of Housing Commission.

The President & Chief Executive Officer of the Housing Commission, or designee, is authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
11/20/19
Or.Dept: Housing Authority
Doc. No.: 2232266

EXHIBIT A

DESCRIPTION OF PROJECT

Name: Mercado Apartments

Location: 2001 Newton Avenue, San Diego, California

Number of Units: 144

Maximum Bond Amount: \$35,000,000



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE CITY COUNCIL

DATE ISSUED: December 4, 2019

REPORT NO: CCR19-020

ATTENTION: Council President and Members of the City Council
For the Agenda of December 10, 2019

SUBJECT: Tax Equity & Fiscal Responsibility Act Public Hearing – Mercado Apartments

COUNCIL DISTRICT: 8

REQUESTED ACTION

That the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$35,000,000 to facilitate the acquisition and rehabilitation of Mercado Apartments, a 144-unit, affordable housing development, located at 2001 Newton Avenue, in the in the Barrio Logan Neighborhood, which will include 142 units that will remain affordable for 55 years.

SUMMARY

The Housing Authority of the City of San Diego intends to issue up to \$35,000,000 of Multifamily Housing Revenue Bonds to facilitate the acquisition and rehabilitation of a multifamily rental housing project in the city of San Diego described in the Notice of Public Hearing.

In order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 requires that the Bonds be approved by the City Council as the applicable elected representative of the City after public hearing following reasonable public notice.

Respectfully submitted,

Approved by,

Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division

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

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

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO PURSUANT TO SECTION 147(f) OF THE
INTERNAL REVENUE CODE OF 1986 APPROVING THE
ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO FOR MERCADO APARTMENTS

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue not to exceed \$35,000,000 aggregate principal amount of multifamily housing revenue bonds (Bonds) in one or more series, pursuant to a plan of finance, to finance or refinance the acquisition, rehabilitation and equipping of “Mercado Apartments,” a 144-unit multifamily rental housing development to be located in the City of San Diego (City) described in the Notice of Public Hearing attached as Exhibit A hereto (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Bonds be approved by the City Council as the applicable elected representative after a public hearing following reasonable public notice; and

WHEREAS, one or more notice(s) of a public hearing with respect to the proposed issuance of the Bonds were timely published in accordance with said section 147(f); and

WHEREAS, the public hearing was held on December 10, 2019, and an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that this City Council, as the applicable elected representative under section 147(f) of the Code, approves the issuance of the Bonds by the Authority.

BE IT FURTHER RESOLVED, that the City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
11/20/19
Or. Dept: Housing Authority
Doc. No.: 2232265

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND,
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, December 10, 2019, at the hour of 2:00 p.m., or as soon thereafter as the matter may be heard, in the City Administration Building, Council Chambers, 12th Floor, 202 “C” Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed plan of financing for the issuance by the Housing Authority of the City of San Diego of its tax-exempt multifamily housing revenue bonds in one or more series, pursuant to a plan of finance, to finance or refinance the acquisition, rehabilitation and equipping of a multifamily rental housing development described below (the “Project”):

Name	Location	Number of Units	Aggregate Maximum Bond Amount
Mercado Apartments	2001 Newton Avenue, San Diego, California	144	\$35,000,000

The facilities are to be owned by Mercado 2019 LP, or a partnership of which MAAC Housing Corporation (the “Developer”), or a related person to the Developer is the general partner.

Notice is further given that at said hearing, all interested parties will have an opportunity to be heard on the question of whether or not such multifamily housing revenue bonds should be issued. Written comments may also be submitted prior to the hearing, c/o Colin Miller, Vice President Multifamily Housing Finance, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

Dated: November 25, 2019

CITY COUNCIL OF THE CITY OF SAN DIEGO



The City of San Diego
Item Approvals

Item Subject: Preliminary Bond Authorization for Mercado Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	11/19/2019

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	11/14/2019
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	11/19/2019
CITY ATTORNEY	MIDDAUGH, MARGUERITE	11/22/2019