



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: May 5, 2022

HCR22-069

SUBJECT: Final Multifamily Revenue Note Authorization and Tax, Equity and Fiscal Responsibility Act (TEFRA) Resolution for Merge 56 Affordable Apartments

COUNCIL DISTRICT: 5

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Authorize the issuance of a tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Note) in an amount not to exceed \$16,000,000 and a taxable note not to exceed \$2,000,000 to fund Merge 56 Affordable, LP's construction of the Merge 56 Affordable Apartments, a new affordable rental housing development at 8201 Merge Avenue, San Diego, in the Torrey Highlands subarea community plan neighborhood, which will consist of 47 units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI), including one restricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Merge 56 Affordable Apartments (Merge 56) is a proposed 47-unit new construction affordable rental housing development in a larger Sea Breeze Properties Merge 56 master-planned community, which will have offices, retail, and 242 single-family homes.
- The units at Merge 56 will remain affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income (\$36,350 - \$72,720 per year for a family of four).
- Council District 5 includes 1,612 affordable rental housing units currently in service, which represents 6.5 percent of the 24,551 affordable rental housing units in service citywide.
- On July 9, 2021, the Housing Commission Board of Commissioners approved preliminary steps to authorize the issuance of up to \$16,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of Merge 56.
- The developer is the for-profit Rise Urban Partners, a Delaware L.L.C., which will be managed by Trestle Development L.L.C./David Allen and Rob Morgan. Trestle Development has developed two new construction projects utilizing Housing Commission funds and bonds.
- The total development cost (TDC) is estimated at \$29,566,248 (\$629,069 per unit). The TDC includes an estimated \$5,705,874 (\$121,402/unit) for City-required permits and fees, including applicable City Facilities Benefit Assessment (FBA), which provides funds for public facilities in the community plan area, and the City Development Impact Fee (DIF), which is collected to mitigate the public facilities impacts of new development.
- Financing includes a tax-exempt Note up to \$16,000,000 and a taxable Note up to \$2,000,000.
- No Housing Commission loan proceeds will be provided to this development.



REPORT

DATE ISSUED: April 28, 2022

REPORT NO: HCR22-069

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of May 5, 2022

SUBJECT: Final Multifamily Revenue Note Authorization and Tax, Equity and Fiscal
Responsibility Act (TEFRA) Resolution for Merge 56 Affordable Apartments

COUNCIL DISTRICT: 5

REQUESTED ACTION

Authorize the issuance of a tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Note) in an amount not to exceed \$16,000,000 and a taxable note not to exceed \$2,000,000 to fund Merge 56 Affordable, LP's construction of the Merge 56 Affordable Apartments, a new affordable rental housing development at 8201 Merge Avenue, San Diego, in the Torrey Highlands subarea community plan neighborhood, which will consist of 47 units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI), including one restricted manager's unit.

STAFF RECOMMENDATION

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

Housing Authority

- 1) Authorize the issuance of a tax-exempt Housing Authority Multifamily Housing Revenue Note not to exceed \$16,000,000 and a taxable note not to exceed \$2,000,000 to fund Merge 56 Affordable, LP's construction of Merge 56 Affordable Apartments (Merge 56 Affordable), a new affordable rental housing development at 8201 Merge Avenue, San Diego, in the Torrey Highlands subarea community plan neighborhood, which will consist of 47 units that will remain affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI), including one restricted manager's unit.
- 2) Authorize the Housing Commission's Interim 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 the General Counsel of the Housing Authority and of the Housing Commission and the Note Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of both General Counsel and/or the Note Counsel. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the transaction, and other required documents, including amendments to any documents.

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City Council

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt a Multifamily Housing Revenue Note in an amount not to exceed \$16,000,000 to facilitate the development of Merge 56 Affordable Apartments.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 – Development Details

| | |
|---|---|
| Address | 8201 Merge Avenue, San Diego |
| Council District | 5 |
| Community Plan Area | Torrey Highlands Subarea Community Plan |
| Developer | Rise Urban Partners L.L.C. |
| Development Type | New Construction |
| Construction Type | Type V (Four stories) |
| Parking Type | 67 parking spaces (surface parking) |
| Mass Transit | The nearest bus service is the Metropolitan Transit System's Route 20 at Rancho Penasquitos Boulevard and Carmel Mountain Road, approximately two miles from the subject site. |
| Housing Type | Multifamily |
| Lot Size | One parcel totaling .73 acres 31,799 square feet |
| Units | 47 (47 restricted/affordable units) |
| Density | 64.38 dwelling units per acre (64 units ÷ .73 acres) |
| Unit Mix | 47 affordable rental units: seven one-bedroom units, 24 two-bedroom units, 11 three-bedroom units, four four-bedroom units, and one one-bedroom restricted manager's unit |
| Gross Building Area | 56,256 square feet |
| Net Rentable Area | 41,257 square feet |
| Affordable Units in Service by Council District | Council District 5 includes 1,612 affordable rental housing units currently in service, which represents 6.5 percent of the 24,551 affordable rental housing units in service citywide. |

Background

On July 9, 2021, the Housing Commission (Report No. HCR21-077) approved taking certain preliminary steps to authorize the issuance of up to \$16,000,000 of tax-exempt Multifamily Housing Revenue Notes to finance the new construction of Merge 56, and held a TEFRA public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986.

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The Housing Commission Board of Commissioners is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Note Program Policy Amendments that the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

On December 8, 2021, the California Debt Limit Allocation Committee (CDLAC) approved a \$16,000,000 tax-exempt Notes allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Merge 56 Affordable will be a 47-unit, new construction, affordable housing development, including one manager's unit. The Merge 56 Affordable development will be located at 8201 Merge Avenue (Attachment 2 – Site Map).

Merge 56 Affordable will consist of seven one-bedroom units, 24 two-bedroom units, 11 three-bedroom units, four four-bedroom units, and one one-bedroom restricted manager's unit, within one four-story building. The development will provide five units rent restricted to households with income up to 30 percent of AMI (currently \$36,350 per year for a family of four), five units rent restricted to households with income up to 50 percent of AMI (currently \$60,600 per year for a family of four), and 37 units rent restricted to households with income up to 60 percent of AMI (currently \$72,720 per year for a family of four).

The development's units will include air conditioning, refrigerator, oven, dishwasher, disposal, blinds, computer access, and cable television prewiring. Site amenities include a children's play area, a bicycle and walking trail, a community room, a services room, laundry facilities and a leasing office. Merge 56 Affordable will be a four-story, wood-frame building, with exterior stucco and on a concrete slab-on-grade foundation.

The Property

The affordable development will be built on a .73-acre vacant site at 8201 Merge Avenue, San Diego. Merge 56 Affordable is part of the Sea Breeze Properties Merge 56 overall master-planned development. The Merge 56 master development will have approximately 485,000 square feet of office space, 40,000 square feet of retail, 242 single-family market-rate homes, and the 47 affordable units of Merge 56 Affordable multifamily housing. These proposed affordable units are the only multifamily housing development in the master-planned community. The proposed Merge 56 Affordable development will satisfy the master-planned community's affordable housing Master Affordable Housing Agreement requirement. The project is currently in the rough grading stage. Main streets, sidewalks and utilities are in the process of being installed. Merge 56 Affordable's land is being donated by the master developer for zero cost.

Services

All Things Are Possible Family Services (ATAP) will be Merge 56 Affordable's Services Provider. ATAP provides youth, adult, senior, veteran and family supportive services in apartment communities located in 35 California cities, and one city each in Arizona, Florida, Georgia and Nevada. For Merge 56 Affordable, ATAP shall provide 84 hours per year of adult educational classes. Classes and services include but are not limited to financial literacy, computer training, homebuyer education, GED, resume

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building, job search, food distribution, positive and supportive parenting, ESL and community/family-building events. ATAP shall also provide 63 hours per year of health and wellness services and programs. Services will provide individualized support to tenants, including but not limited to referral-based resource programs for families that relate to transportation, document preparation assistance, financial affairs, counseling referrals, crisis intervention, counseling and emotional support, government insurance entitlements, physical and mental health assessment, nutrition, exercise, health information/awareness, smoking cessation and access to local resources for resident families.

CDLAC's allocation approval resolution requires that the development provide the following for 15 years: instructor-led adult educational, health and wellness, or skill building classes for residents. This includes financial literacy, computer training, homebuyer education, GED classes, resume building classes, nutrition class, exercise class, health information/awareness, art class, parenting class, on-site food cultivation and preparation classes, and programs for smoking cessation, health/wellness, and visiting nurses.

Prevailing Wages

The proposed development is not subject to payment of California State nor federal prevailing wages because the developer is not proposing to use either California State or federal financing that requires prevailing wages.

Appraisal

Integra Realty Resources' May 18, 2021, appraisal of the subject site valued the property at \$2,750,000.

Relocation

The subject property is vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The Merge 56 Affordable units will be accessible in accordance with the Americans with Disabilities Act. The same units can satisfy both of these accessibility requirements. The completed development will be fully accessible for visitors.

Project Sustainability

Merge 56 Affordable will comply with the CTCAC minimum energy-efficiency construction standards for new construction. The development's features will include Energy Star-rated efficient appliances and a solar component for the common area's electrical load. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use, native-plants landscaping with water-efficient irrigation controls.

Development Team

The development team will be led by Rise Urban Partners L.L.C. (Rise), a joint venture of Trestle Development L.L.C. (Trestle) and Rob Morgan. Trestle is the developer of the 61-unit Mississippi El Cajon Boulevard new construction development that received Housing Commission tax-exempt Note funding. Trestle and Rob Morgan report that they have developed more than 500 housing units in the

last seven years. Trestle has received two previous Housing Commission financings: a \$700,000 residual receipts loan for the Nook at East Village and a tax-exempt bond issuance for Mississippi ECB. Trestle is in full compliance on its previous Housing Commission-funded loan. Based upon the developer's past experience and performance, Housing Commission staff determined that the developer has the capacity to successfully complete the proposed Merge 56 Affordable project. The proposed borrower will be Merge 56 Affordable, LP, which will include AOF SD MGP LLC as its Managing General Partner, Merge 56 Affordable LLC as the Administrative General Partner, and Redstone Equity Partners as the tax credit investor limited partner (Attachment 3 – Organization Chart).

Table 2 - Development Team Summary

| <u>ROLE</u> | <u>FIRM/CONTACT</u> |
|-------------------------------------|--|
| Developer | Rise Urban Partners L.L.C. |
| Owner/Borrower | Merge 56 Affordable, LP |
| Managing General Partner | AOF SD MGP LLC |
| Administrative General Partner | Merge 56 Affordable LLC |
| Tax Credit Investor Limited Partner | Redstone Equity Partners |
| Architect | Safdie Rabines Architects, San Diego |
| General Contractor | Good and Roberts LLC (an affiliate of CW Driver) |
| Property Management | Hyder & Company Management |
| Construction and Permanent Lender | Pacific Western Bank |
| Tenant Services Provider | All Things Are Possible Family Service (ATAP) |

Property Management

Merge 56 Affordable will be managed by Hyder & Company Management (Hyder). Established in 1973, Hyder is headquartered in San Marcos. It has broad experience implementing a wide range of federal and state housing programs. The company now serves more than 90 properties, 6,000 residential units, and 15,000 residents.

FINANCING STRUCTURE

Merge 56 Affordable has an estimated total development cost of \$29,566,248 (\$629,069 per unit).

Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for Merge 56 Affordable.

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Table 3 – The Merge 56 Affordable Estimated Sources and Uses of Financing

| Financing Sources | Amount | Financing Uses | Amount | Per Unit |
|---|---------------------|---|---------------------|------------------|
| Note financed permanent loan | \$7,405,000 | Land acquisition Off-site improvements | \$0 \$1,235,001 | \$0 \$262,277 |
| Contributed developer fee MGP loan | 2,276,741 | Construction cost | 15,249,683 | 324,461 |
| Sea Breeze 56 L.L.C. master developer's infrastructure work | 5,598,427 | Financing costs | 1,303,870 | 27,742 |
| Solar investment tax credit | 65,000 | Soft costs | 805,800 | 17,145 |
| Accrued interest on soft debt | 245,000 | Permits and fees | 5,705,874 | 121,402 |
| NOI during construction | 150,000 | Reserves | 430,000 | 9,149 |
| Deferred developer fee | 736,080 | Developer's fee | 3,812,821 | 81,124 |
| Four percent tax credit equity | 13,090,000 | Architect & engineer | 1,208,138 | 25,705 |
| Total Sources | \$29,566,248 | Total Uses | \$29,566,248 | \$629,069 |

Developer Fee

\$3,812,821 - gross developer fee

- 736,080 - minus developer's deferred developer fee

\$3,076,741 - net cash developer fee

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and Note issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The proposed developer's fee complies with the HAR 17-011 "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 – Key Performance Indicators

| | | |
|--------------------------------------|--|-----------|
| Development Cost Per Unit | $\$29,566,248 \div 47 \text{ units} =$ | \$629,069 |
| Housing Commission Subsidy Per Unit | No Subsidy. Not Applicable = | \$0 |
| Land Cost Per Unit | Donated land = | \$0 |
| Gross Building Square Foot Hard Cost | $\$15,249,683 \div 56,256 \text{ sq. ft.} =$ | \$271 |
| Net Rentable Square Foot Hard Cost | $\$15,249,683 \div 41,257 \text{ sq. ft.} =$ | \$370 |

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Project Comparison Chart

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

These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to the subject development.

Table 5 – Comparable Development Projects

| New Construction Name | Year | Units | Total Development Cost | Cost Per Unit | SDHC Subsidy Per Unit | Gross Hard Cost Per Square Foot |
|--------------------------------------|-------------|--------------|-------------------------------|----------------------|------------------------------|--|
| Subject – Merge 56 Affordable | 2022 | 47 | \$29,566,248 | \$629,069 | \$0 | \$271 |
| Hilltop Family Housing | 2020 | 113 | \$54,305,415 | \$480,579 | \$73,451 | \$279 |
| East Block Family | 2019 | 78 | \$40,562,897 | \$520,037 | \$0 | \$355 |
| Keeler Court | 2019 | 71 | \$35,692,466 | \$502,711 | \$0 | \$262 |
| Ulric Street I | 2019 | 96 | \$46,427,114 | \$483,616 | \$72,917 | \$264 |

Merge 56 Affordable's total development cost per unit is higher than is usually proposed for affordable multifamily developments due to a number of extenuating factors including: nationwide inflationary price increases for lumber and materials, cost constraints of obtaining necessary materials due to limitations of available trucking/transportation personnel, large three- and four-bedroom units make up one third of the development's units, and an estimated \$5,705,874 (\$121,402/unit) for permits and fees required by the City of San Diego. These fees include the applicable City Facilities Benefit Assessment (FBA), which provides funds for public facilities in the community plan area, and the City Development Impact Fee (DIF), which is collected to mitigate the public facilities impacts of new development. These FBA and DIF fees vary depending upon the applicable community planning area. Merge 56 Affordable is located within the Torrey Highland's community plan area. The FBA fees for the Torrey Highlands community are among the highest in the City. The Merge 56 Torrey Highlands area's FBA is \$65,642 per unit higher than the FBA for the nearby Rancho Penasquitos community area.

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTES

Proposed Housing Note Financings

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 Notes is limited under the U.S. Internal Revenue Code. To issue Notes for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a Note allocation. On July 9, 2021, prior to submitting applications to CDLAC, the proposed development was

presented to the Housing Commission (Report HCR21-077). A Note inducement resolution was obtained prior to the application submittal to CDLAC. On September 9, 2021, an application was submitted to CDLAC for a Note allocation of up to \$16,000,000. On December 8, 2021, CDLAC approved the \$16,000,000 Note allocation, and CTCAC approved an allocation of 4 percent tax credits. The developer proposes that the Notes be issued through a tax-exempt private placement Note issuance. This 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. In addition, the developer proposes that the Housing Authority issue up to \$2,000,000 in taxable obligations, which do not require an allocation from CDLAC.

The financing amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of issuance of the Notes. The financing proceeds will be used for both construction financing and permanent financing. Attachment 5 provides 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.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of a note, will be sold through a private placement, purchased directly by Pacific Western Bank (PWB). PWB is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, PWB will sign an "Investor's Letter" certifying, among other things, that it is buying the Notes for its own account and not for public distribution. Because the Notes are being sold through a private placement, an Official Statement will not be used. In addition, the Notes will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Under the private placement structure for this transaction, PWB will make a loan to the Housing Authority pursuant to the terms of a Bank Loan Agreement among PWB, the Housing Authority, and US Bank as the Fiscal Agent. The loan made by PWB to the Housing Authority (Bank Loan) will be evidenced by the Notes, which will obligate the Housing Authority to pay PWB the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Bank Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Notes. The Housing Authority's obligation to make payments on the Notes is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the note. The transfer of the Notes to any subsequent purchaser will comply with Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301).

Moreover, any subsequent Note holder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Notes for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Notes. The following documents will be executed on behalf of the Housing Authority with respect to the note: the Bank Loan Agreement, the Borrower Loan Agreement, the Assignment Agreement, the Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The Notes will be issued pursuant to the Bank Loan Agreement.

Based upon instructions contained in the Bank Loan Agreement and the Borrower Loan Agreement, PWB will disburse the Note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to PWB. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment Agreement, and other loan documents, will assign the Housing Authority's rights and responsibilities as the issuer to PWB. It will be signed by the Housing Authority for the benefit of PWB. Rights and responsibilities that are assigned to PWB include the right to collect and enforce the collection of loan payments, the right to monitor project construction and related budgets, plus the right to enforce insurance and other requirements. These rights will be used by PWB to protect its financial interests as the Note holder.

Financial Advisor's Recommendation

Quint & Thimmig will be the Note Counsel. CSG Advisors will be the Financial Advisor. The Financial Advisor's analysis and recommendation is included as Attachment 6.

AFFORDABLE HOUSING IMPACT

Affordability

The Merge 56 Affordable development will be subject to applicable tax credit and Note regulatory agreements, which will restrict affordability of 47 units for 55 years. The rent and occupancy restrictions required by the CTCAC will be applicable.

Table 6 – Merge 56 Affordable and Monthly Estimated Rent Table

| Unit Type | AMI | Units | CTCAC Gross Rents |
|-----------------------------------|--|----------|-------------------|
| One bedroom units | 30% (currently \$29,100/year for a two-person household) | 1 | \$682 |
| One bedroom units | 50% (currently \$48,500/year for a two-person household) | 1 | \$1,136 |
| One bedroom units | 60% (currently \$58,200/year for a two-person household) | 5 | \$1,364 |
| Subtotal one bedroom units | -- | 7 | -- |
| Two bedroom units | 30% (currently \$32,750/year for a three-person household) | 2 | \$818 |

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| | | | |
|-------------------------------------|---|-----------|---------|
| | | | |
| Two bedroom units | 50% (currently \$54,550/year for a three- person household) | 2 | \$1,363 |
| Two bedroom units | 60% (currently \$65,460/year for a three- person household) | 20 | \$1,636 |
| Subtotal two bedroom units | -- | 24 | -- |
| Three bedroom units | 30% (currently \$36,350/year for a four- person household) | 1 | \$945 |
| Three bedroom units | 50% (currently \$60,600/year for a four- person household) | 1 | \$1,575 |
| Three bedroom units | 60% (currently \$72,720/year for a four- person household) | 9 | \$1,890 |
| Subtotal three bedroom units | -- | 11 | -- |
| Four bedroom units | 30% (currently \$39,300/year for a five- person household) | 1 | \$1,054 |
| Four bedroom units | 50% (currently \$65,450/year for a five- person household) | 1 | \$1,757 |
| Four bedroom units | 60% (currently \$78,540/year for a five- person household) | 2 | \$2,109 |
| Subtotal four bedroom units | -- | 4 | -- |
| Subtotal residential units | -- | 46 | -- |
| Manager's two bedrooms unit | 60% (currently \$65,460/year for a three- person household) | 1 | \$1,636 |
| Total Units | -- | 47 | -- |

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FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

Funding sources approved by this action will be as follows:

Note Issuer Fee - \$16,000,000 tax-exempt Note amount X .0025 = \$40,000

Issuer Fee – up to \$2,000,000 taxable Note amount X .0025 = \$5,000

Funding uses approved by this action will be as follows:

Administrative Costs - \$45,000

The Notes will not constitute a debt of the City of San Diego. If the Notes are ultimately issued for the project, the Notes will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the Notes will be limited to specific project-related revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the Notes. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee, annual Note administration fee, as well as the Housing Commission's Note counsel fee and Financial Advisor's fee.

Estimated Development Schedule

The estimated development timeline is as follows.

| Milestones | Estimated Dates |
|---|------------------------|
| Housing Authority consideration of final Note authorization | May 24, 2022 |
| City Council IRS-required TEFRA hearing | May 24, 2022 |
| Estimated Note issuance and escrow/loan closing | June 3, 2022 |
| CTCAC construction start milestone | June 22, 2022 |
| Estimated start of construction work | June 22, 2022 |
| Estimated completion of construction work | August 2023 |

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission's Strategic Plan for Fiscal Year 2022 – 2024: Increasing and Preserving Housing Solutions.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is in the Torrey Highlands Sub Area Plan area, which is overseen by the Rancho Peñasquitos Planning Group. On December 12, 2015, the Merge 56 development was presented to the Del Mar Mesa Planning Board and it was approved with a vote of 6-0-2. On May 3, 2017, the Merge 56 development was presented to the Rancho Peñasquitos Planning Board and was approved with a vote of 16-0-0. On February 22, 2018, the Merge 56 development was presented to, and approved by the San Diego City Planning Commission.

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KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Trestle as the developer, the Housing Authority as the proposed multifamily note issuer, Pacific Western Bank as the proposed lender, the Torrey Highlands Subarea neighborhood, and Sea Breeze Properties as the developer of the overall master-planned community. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and create 47 new affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

An Environmental Impact Report (EIR) No. 360009/SCH No. 201407 1065, has been prepared for the project in accordance with State of California Environmental Quality Act (CEQA) Guidelines. A Mitigation, Monitoring, and Reporting Program (MMRP, EIR No. 360009) would be implemented with this project, which would reduce some of the potential impacts to below a level of significance. The Council of the City of San Diego certified Environmental Impact Report No. 360009 on May 22, 2018 (Resolution No. 311775). Pursuant to the provisions of CEQA Guidelines 15162 no additional environmental review is required for this project.

National Environmental Policy Act

Processing under the National Environmental Policy Act is not required because no federal funds are included in these actions.

Respectfully submitted,



Colin Miller
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Organization Chart
4) Developer's Project Pro Forma
5) Bond Program Summary
6) Financial Advisor's Analysis
7) Developer's Disclosure Statement

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 – Development Details

| | |
|---------------------|--|
| Address | 8201 Merge Avenue, San Diego |
| Council District | Council Districts 5 & 6 |
| Community Plan Area | Torrey Highlands Subarea Community Plan |
| Developer | Rise Urban Partners L.L.C. |
| Development Type | New Construction |
| Construction Type | Type V (4-stories) |
| Parking Type | 67 parking spaces (surface parking) |
| Mass Transit | The nearest bus service is the Metropolitan Transit System's Route 20, at Rancho Penasquitos Boulevard and Carmel Mountain Road, which is located approximately two miles from the subject site. |
| Housing Type | Multifamily |
| Lot Size | One parcel totaling .73 acres 31,799 square feet |
| Units | 47 (47 restricted/affordable units) |
| Density | 64.38 dwelling units per acre (64 units ÷ .73 acres) |
| Unit Mix | 47 affordable rental units: 7 one-bedrooms, 24 two-bedrooms, 11 three-bedrooms, 4 four-bedrooms, and one one-bedroom restricted manager's unit |
| Gross Building Area | 56,256 square feet |
| Net Rentable Area | 41,257 square feet |

Table 2 - Development Team Summary

| <u>ROLE</u> | <u>FIRM/CONTACT</u> |
|-------------------------------------|--|
| Developer | Rise Urban Partners L.L.C. |
| Owner/Borrower | Merge 56 Affordable LP |
| Managing General Partner | AOF SD MGP LLC |
| Administrative General Partner | Merge 56 Affordable LLC |
| Tax Credit Investor Limited Partner | Redstone Equity Partners |
| Architect | Safdie Rabines Architects, San Diego |
| General Contractor | Good and Roberts LLC (an affiliate of CW Driver) |
| Property Management | Hyder & Company Management |
| Construction and Permanent Lender | Pacific Western Bank |
| Tenant Services Provider | All Things Are Possible Family Service (ATAP) |

Table 3 – The Merge 56 Affordable Estimated Sources and Uses of Financing

| Financing Sources | Amount | Financing Uses | Amount | Per Unit |
|---|---------------------|-----------------------|---------------------|------------------|
| Note financed permanent loan | \$7,405,000 | Land acquisition | \$0 | \$0 |
| Contributed developer fee MGP loan | 2,276,741 | Offsite improvmt | \$1,235,001 | \$262,277 |
| Sea Breeze 56 L.L.C. master developer's infrastructure work | 5,598,427 | Construction cost | 15,249,683 | 324,461 |
| Solar investment tax credit | 65,000 | Financing costs | 1,303,870 | 27,742 |
| Accrued interest on soft debt | 245,000 | Soft costs | 805,800 | 17,145 |
| NOI during construction | 150,000 | Permits and fees | 5,705,874 | 121,402 |
| Deferred developer fee | 736,080 | Reserves | 430,000 | 9,149 |
| Four percent tax credit equity | 13,090,000 | Developer's fee | 3,812,821 | 81,124 |
| | | Architect & engr | 1,208,138 | 25,705 |
| Total Sources | \$29,566,248 | Total Uses | \$29,566,248 | \$629,069 |

Table 4 – Key Performance Indicators

| | | |
|--------------------------------------|--|-----------|
| Development Cost Per Unit | $\$29,566,248 \div 47 \text{ units} =$ | \$629,069 |
| Housing Commission Subsidy Per Unit | No Subsidy -- Not Applicable | \$0 |
| Land Cost Per Unit | Donated land = | \$0 |
| Gross Building Square Foot Hard Cost | $\$15,249,683 \div 56,256 \text{ sq. ft.} =$ | \$271 |
| Net Rentable Square Foot Hard Cost | $\$15,249,683 \div 41,257 \text{ sq. ft.} =$ | \$370 |

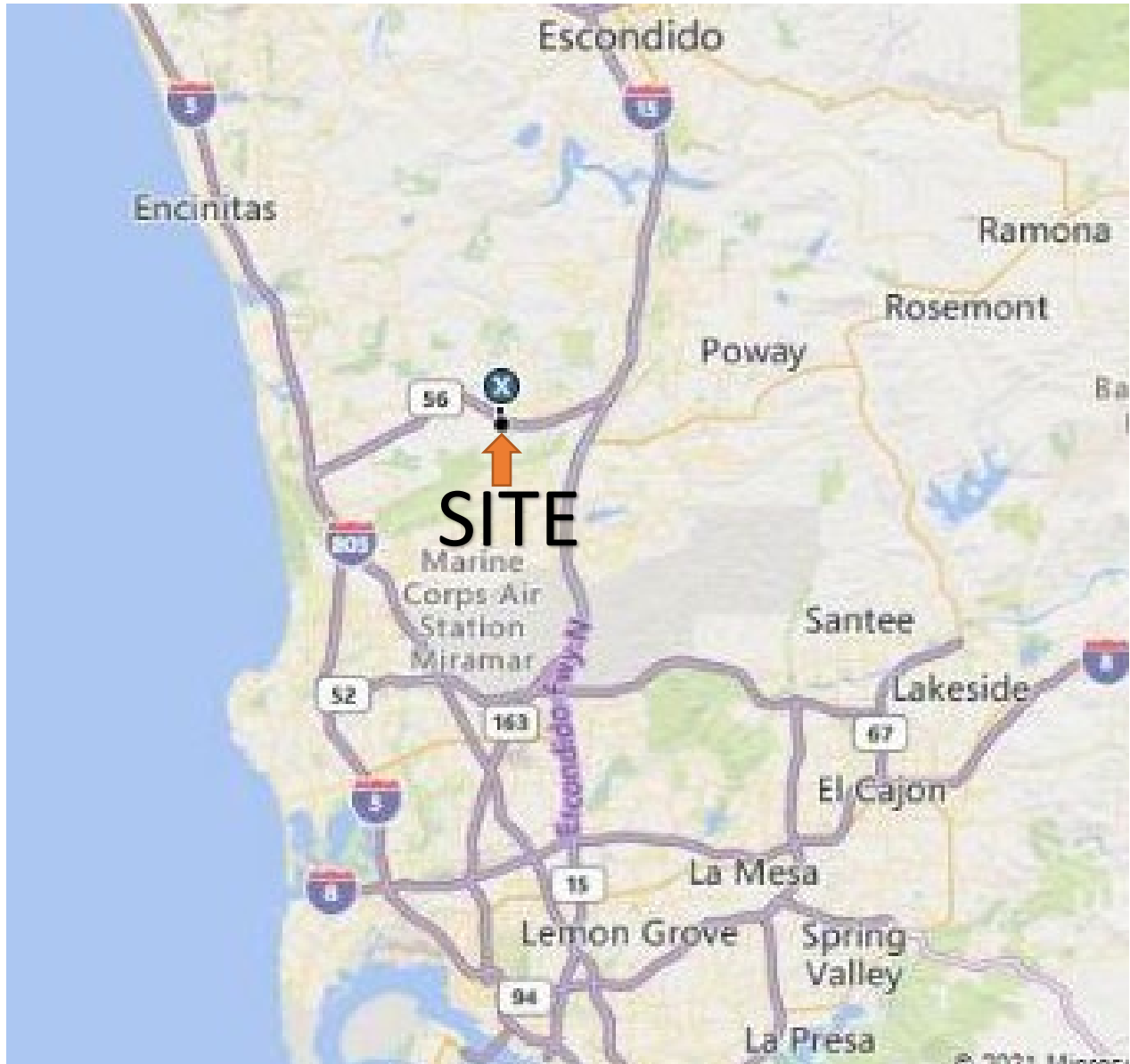
Table 5 – Comparable Development Projects

| New Construction Name | Year | Units | Total Development Cost | Cost Per Unit | SDHC Subsidy Per Unit | Gross Hard Cost Per Square Foot |
|--------------------------------------|-------------|--------------|-------------------------------|----------------------|------------------------------|--|
| Subject – Merge 56 Affordable | 2022 | 47 | \$29,566,248 | \$629,069 | \$0 | \$271 |
| Hilltop Family Housing, | 2020 | 113 | \$54,305,415 | \$480,579 | \$73,451 | \$279 |
| East Block Family | 2019 | 78 | \$40,562,897 | \$520,037 | \$0 | \$355 |
| Keeler Court | 2019 | 71 | \$35,692,466 | \$502,711 | \$0 | \$262 |
| Ulric Street I | 2019 | 96 | \$46,427,114 | \$483,616 | \$72,917 | \$264 |

Table 6 – Merge 56 Affordable and Monthly Estimated Rent Table

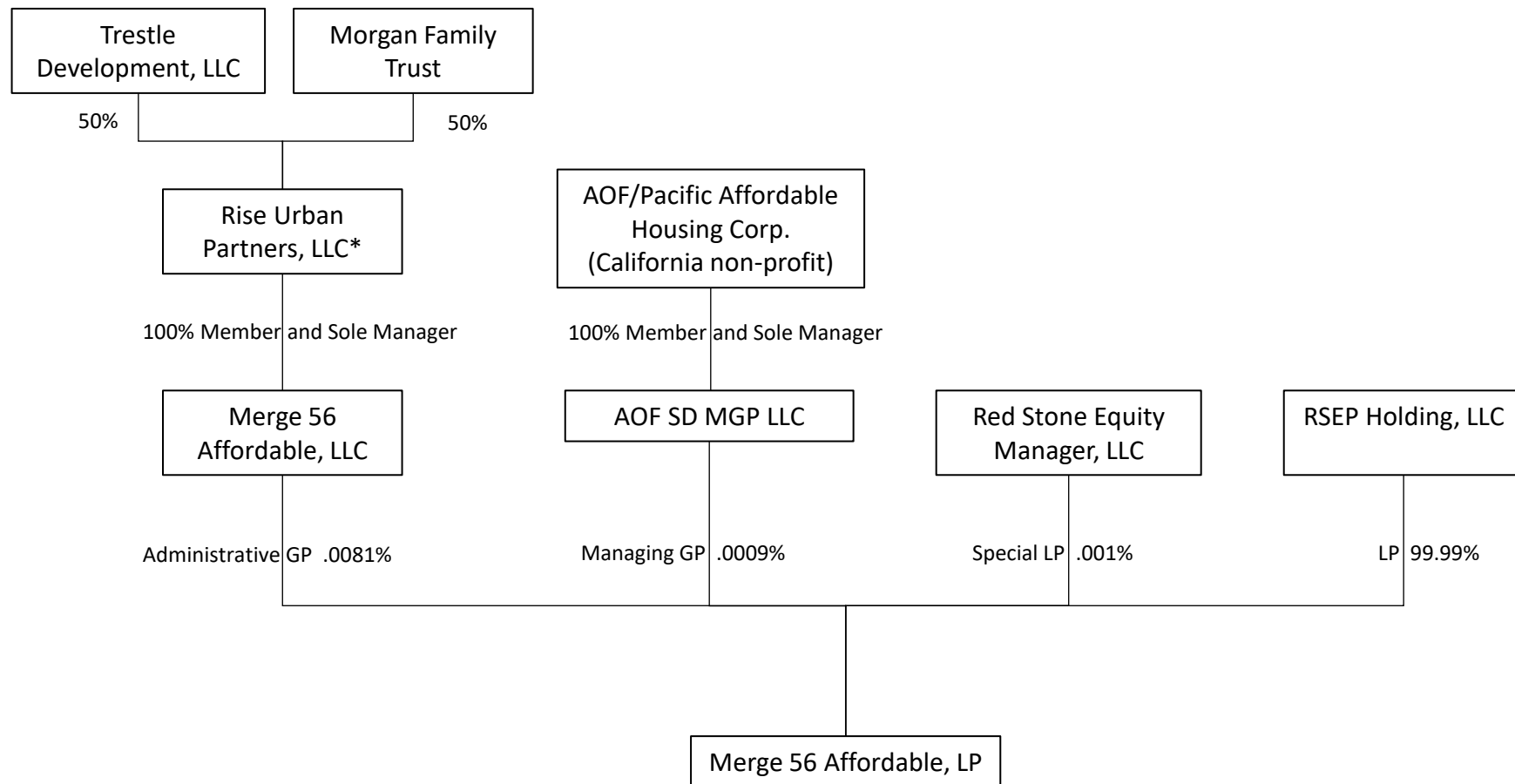
| Unit Type | AMI | Units | CTCAC Gross Rents |
|-------------------------------------|------------|--------------|------------------------------|
| One bedroom units | 30% | 1 | \$682 |
| One bedroom units | 50% | 1 | \$1,136 |
| One bedroom units | 60% | 5 | \$1,364 |
| Subtotal one bedroom units | -- | 7 | -- |
| Two bedroom units | 30% | 2 | \$818 |
| Two bedroom units | 50% | 2 | \$1,363 |
| Two bedroom units | 60% | 20 | \$1,636 |
| Subtotal two bedroom units | -- | 24 | -- |
| Three bedroom units | 30% | 1 | \$945 |
| Three bedroom units | 50% | 1 | \$1,575 |
| Three bedroom units | 60% | 9 | \$1,890 |
| Subtotal three bedroom units | -- | 11 | -- |
| Four bedroom units | 30% | 1 | \$1,054 |
| Four bedroom units | 50% | 1 | \$1,757 |
| Four bedroom units | 60% | 2 | \$2,109 |
| Subtotal four bedroom units | -- | 4 | -- |
| Subtotal residential units | -- | 46 | -- |
| Manager's one bedroom unit | 60% | 1 | \$1,364 |
| Total Units | -- | 47 | -- |

ATTACHMENT 2 – SITE MAP



ATTACHMENT 3 - ORGANIZATION CHART

Merge 56 Affordable, LP – Org Chart (Proposed)



*David Allen and Robert Morgan are managers

Merge 56 Affordable

PROJECT SUMMARY

GENERAL INFORMATION

| | | |
|---------------------|-----------------------------------|---------|
| PROJECT NAME | Merge 56 Affordable | |
| OWNER/CLIENT | TRESTLE | |
| PROJECT DESCRIPTION | 4 Story Type V | |
| PROJECT TYPE | New Construction - 4% | |
| DRAFT VERSION | 2/22/22 | |
| ADDRESS | TBD, San Diego | |
| YEAR BUILT | 2023 | |
| SITE ACREAGE | 1.00 | |
| TOTAL UNITS/ACRE | 47 (approximately 47 units/acre) | |
| MSA / County | San Diego | VLI x 2 |
| AREA MEDIAN INCOME | 92,700 | 90,900 |
| LAST AMGI INCREASE | 4/1/21 | |

INCOME & EXPENSE

INCOME:

| | TOTAL | PER UNIT |
|--|------------------|-----------------|
| GROSS POTENTIAL INCOME | \$841,271 | \$17,899 |
| TOTAL OTHER INCOME | \$12,250 | \$261 |
| VACANCY/RENT ADJUSTMENTS (RESIDENTIAL) | (\$42,676) | (\$908) |
| EFFECTIVE GROSS INCOME (RESIDENTIAL) | \$810,845 | \$17,252 |
| COMMERCIAL INCOME | \$0 | \$0 |
| VACANCY/RENT ADJUSTMENTS (COMMERCIAL) | \$0 | \$0 |
| EFFECTIVE GROSS INCOME (BUILDING) | \$810,845 | \$17,252 |

EXPENSES:

| PROFESSIONAL MANAGEMENT | \$31,020 | \$660 | 8.3% |
|-------------------------------|------------------|----------------|---------------|
| ADMINISTRATIVE | \$32,500 | \$691 | 8.7% |
| PAYROLL AND BENEFITS | \$137,395 | \$2,923 | 36.8% |
| UTILITIES | \$92,300 | \$1,964 | 24.7% |
| OPERATING & MAINTENANCE | \$33,475 | \$712 | 9.0% |
| REAL ESTATE TAXES | \$5,000 | \$106 | 1.3% |
| INSURANCE | \$18,450 | \$393 | 4.9% |
| REPLACEMENT RESERVES | \$16,450 | \$350 | 4.4% |
| OTHER (TAX CREDIT MONITORING) | \$7,050 | \$150 | 1.9% |
| TOTAL EXPENSES | \$373,640 | \$7,950 | 100.0% |

NET OPERATING INCOME

\$437,205 **\$9,302**

DEBT SERVICE

\$380,236 **\$8,090**

NET PARTNERSHIP CASH FLOW

\$56,969 **\$1,212**

DSCR 1.1498

ATTACHMENT 4 - DEVELOPER'S PRO FORMA

UNIT MIX & RENTS

UNIT MIX

MICRO/STUDIO
ONE BEDROOM
TWO BEDROOM
THREE BEDROOM
FOUR BEDROOM

| MANAGER | 30% AMI | 50% AMI | 60% AMI | TOTAL |
|---------|---------|---------|---------|-------|
| - | - | - | - | - |
| - | 1 | 1 | 6 | 8 |
| - | 2 | 2 | 20 | 24 |
| - | 1 | 1 | 9 | 11 |
| - | 1 | 1 | 2 | 4 |
| - | 5 | 5 | 37 | 47 |

RENTS

MICRO/STUDIO
ONE BEDROOM
TWO BEDROOM
THREE BEDROOM
FOUR BEDROOM

| 30% AMI | 50% AMI | 60% AMI | MARKET |
|---------|---------|---------|--------|
| N/A | N/A | N/A | - |
| 619 | 1,073 | 1,364 | 2,100 |
| 748 | 1,363 | 1,636 | 2,800 |
| 856 | 1,575 | 1,890 | 3,500 |
| 957 | 1,757 | 2,109 | 4,000 |

*Rents are net of Utility Allowances

SOURCES AND USES

SOURCES:

LIHTEQUITY (\$0.880 per credit)
PRIVATE PLACEMENT PERM LOAN
SEA BREEZE 56, LLC
SUBORDINATE DEVELOPER FEE (MGP LOAN)
SOLAR INVESTMENT TAX CREDIT
ACCRUED INTEREST ON SOFT DEBT
NOI DURING CONSTRUCTION
DEFERRED DEVELOPER FEE (\$800,000 PAID)

GRAND TOTAL SOURCES

| TOTAL | PER UNIT | % OF TOTAL |
|---------------------|------------------|---------------|
| \$13,090,000 | \$278,511 | 44.3% |
| \$7,405,000 | \$157,553 | 25.0% |
| \$5,598,427 | \$119,115 | 18.9% |
| \$2,276,741 | \$48,441 | 7.7% |
| \$65,000 | \$1,383 | 0.2% |
| \$245,000 | \$5,213 | 0.8% |
| \$150,000 | \$3,191 | 0.5% |
| \$736,080 | \$15,661 | 2.5% |
| \$29,566,248 | \$629,069 | 100.0% |

USES:

OFFSITE IMPROVEMENTS
CONSTRUCTION COSTS
PERMITS & FEES
ARCHITECTURE & ENGINEERING
TECHNICAL STUDIES
BORROWER LEGAL
OTHER SOFT COSTS
RESERVES
FINANCING COSTS
INTEREST DURING CONSTRUCTION
ACCRUED INTEREST ON SOFT DEBT
TAX EXEMPT BOND COSTS
TAX CREDIT COSTS
SOFT COST CONTINGENCY
DEVELOPER FEE
TOTAL USES

| TOTAL | PER UNIT | % OF TOTAL |
|---------------------|------------------|-------------|
| \$1,235,001 | \$26,277 | 4.2% |
| \$15,249,683 | \$324,461 | 51.6% |
| \$5,705,874 | \$121,402 | 19.3% |
| \$1,208,138 | \$25,705 | 4.1% |
| \$25,800 | \$549 | 0.1% |
| \$100,000 | \$2,128 | 0.3% |
| \$430,000 | \$9,149 | 1.5% |
| \$245,060 | \$5,214 | 0.8% |
| \$240,500 | \$5,117 | 0.8% |
| \$575,000 | \$12,234 | 1.9% |
| \$245,000 | \$5,213 | 0.8% |
| \$133,100 | \$2,832 | 0.5% |
| \$110,270 | \$2,346 | 0.4% |
| \$250,000 | \$5,319 | 0.8% |
| \$3,812,821 | \$81,124 | 12.9% |
| \$29,566,248 | \$629,069 | 100% |

Merge 56 Affordable

GENERAL PROJECT ASSUMPTIONS

GENERAL INFORMATION

GENERAL INFORMATION

DRAFT DATE

2/22/22

PROJECT NAME

Merge 56 Affordable

ADDRESS

TBD, San Diego

MSA/COUNTY

SAN DIEGO

AREA MEDIAN INCOME

\$92,700 VLI x 2 = 115,500

LAST AMGI INCREASE

4/1/21

SPONSOR

TRESTLE

CONSTURCITON TYPE

4 Story Type V

PROJECT TYPE

LIHTC

YEAR BUILT

2023

SITE ACERAGE

1.00

FAR/ZONING

N/A

TOTAL UNITS/ACRE

47 (approximately 47 units/acre)

SITE YIELD ESTIMATE

SITE SF

43,560

LOT COVERAGE

32%

BUILDING FLOORPLATE

14,000

NUMBER OF FLOORS

4.00

GROSS BUILDING AREA

56,000

COMMON AREA EFFICIENCY

75%

TARGET NET RENTABLE

Actual NRSF

41,900

OFFICE/RETAIL

0%

-

RESIDENTIAL

100%

41,900

ACQUISITION PRICE

\$1

0.00

UNIT MIX & AFFORDABILITY

UNIT MIX

| | | | |
|--------------|----|---|----|
| MICRO/STUDIO | - | - | - |
| 1 BEDROOM | 8 | - | 8 |
| 2 BEDROOM | 24 | - | 24 |
| 3 BEDROOM | 11 | - | 11 |
| 4 BEDROOM | 4 | - | 4 |
| TOTAL/AVG | 47 | 0 | 47 |

| Total Units | Unrct. Manager | Rentable Units |
|-------------|----------------|----------------|
| - | - | - |
| 8 | - | 8 |
| 24 | - | 24 |
| 11 | - | 11 |
| 4 | - | 4 |
| 47 | 0 | 47 |

AFFORDABILITY

| | | | |
|--------------|---|---|---|
| MICRO/STUDIO | - | - | - |
| 1 BEDROOM | - | 1 | - |
| 2 BEDROOM | - | 2 | - |
| 3 BEDROOM | - | 1 | - |
| 4 BEDROOM | - | 1 | - |
| TOTAL AVG | - | 5 | - |

| LIHTC UNITS | | | | | | | | |
|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Proj Based Voucher | Units @ 30% | Units @ 35% | Units @ 40% | Units @ 45% | Units @ 50% | Units @ 60% | Units @ 80% |
| | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | - | - | - | - | - | - | - | - |
| | - | 1 | - | - | - | 1 | 6 | - |
| | - | 2 | - | - | - | 2 | 20 | - |
| | - | 1 | - | - | - | 1 | 9 | - |
| | - | 1 | - | - | - | 1 | 2 | - |
| | - | 5 | - | - | - | 5 | 37 | - |

PROJECT INCOME ASSUMPTIONS

RESIDENTIAL INCOME

| NUMBER OF BEDS | NUMBER OF BATHS | NUMBER OF UNITS | RENT LEVEL | UNIT AREA (SF) | TOTAL AREA (SF) | GROSS LIHTC MAX RENT | UTILITY ALLOWANCE | NET LIHTC MAX RENT | ELECTED RENT | % BELOW MARKET | RENT PER SF | MONTHLY INCOME |
|----------------|-----------------|-----------------|------------|----------------|-----------------|----------------------|-------------------|--------------------|--------------|----------------|-------------|----------------|
| 1BD | 1 | 1 | 30% | 625 | 625 | \$682 | \$63 | \$619 | \$619 | 0.00% | \$0.99 | \$619 |
| 1BD | 1 | 1 | 50% | 625 | 625 | \$1,136 | \$63 | \$1,073 | \$1,073 | 0.00% | \$1.72 | \$1,073 |
| 1BD | 1 | 6 | 60% | 625 | 3,750 | \$1,364 | \$63 | \$1,301 | \$1,301 | 0.00% | \$2.08 | \$7,807 |
| 2BD | 1 | 2 | 30% | 825 | 1,650 | \$818 | \$70 | \$748 | \$748 | 0.00% | \$0.91 | \$1,497 |
| 2BD | 1 | 2 | 50% | 825 | 1,650 | \$1,363 | \$70 | \$1,293 | \$1,293 | 0.00% | \$1.57 | \$2,587 |
| 2BD | 1 | 20 | 60% | 825 | 16,500 | \$1,636 | \$70 | \$1,566 | \$1,566 | 0.00% | \$1.90 | \$31,330 |
| 3BD | 2 | 1 | 30% | 1,100 | 1,100 | \$945 | \$89 | \$856 | \$856 | 0.00% | \$0.78 | \$856 |
| 3BD | 2 | 1 | 50% | 1,100 | 1,100 | \$1,575 | \$89 | \$1,486 | \$1,486 | 0.00% | \$1.35 | \$1,486 |
| 3BD | 2 | 9 | 60% | 1,100 | 9,900 | \$1,890 | \$89 | \$1,801 | \$1,801 | 0.00% | \$1.64 | \$16,210 |
| 4BD | 2 | 1 | 30% | 1,250 | 1,250 | \$1,054 | \$97 | \$957 | \$957 | 0.00% | \$0.77 | \$957 |
| 4BD | 2 | 1 | 50% | 1,250 | 1,250 | \$1,757 | \$97 | \$1,660 | \$1,660 | 0.00% | \$1.33 | \$1,660 |
| 4BD | 2 | 2 | 60% | 1,250 | 2,500 | \$2,109 | \$97 | \$2,012 | \$2,012 | 0.00% | \$1.61 | \$4,024 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | - | - | - | - | - | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0.00 | \$0 |
| - | 62 | 47 | - | 891 | 41,900 | \$1,567 | \$75 | 15,374 | \$1,492 | - | \$1.67 | \$70,106 |
| ANNAUL INCOME: | | | | | | | | | | | | \$841,271 |

| UTILITY ALLOWANCE | 0BD | 1BD | 2BD | 3BD | 4BD |
|-------------------|-----|------|------|------|------|
| HEATING (G) | | \$0 | \$0 | \$0 | \$0 |
| HEATING (E) | | \$22 | \$27 | \$30 | \$32 |
| COOKING (G) | | \$0 | \$0 | \$0 | \$0 |
| COOKING (E) | | \$10 | \$15 | \$22 | \$30 |
| WATER (G) | | \$0 | \$0 | \$0 | \$0 |
| WATER (E) | | \$0 | \$0 | \$0 | \$0 |
| OTHER (E) | | \$38 | \$53 | \$68 | \$85 |
| TOTAL | \$0 | \$63 | \$70 | \$89 | \$97 |

https://www.sdhc.org/wp-content/uploads/2021/02/Utility-Allowance-Chart.pdf

| UNIT TYPE | CURRENT RENTS | POST REHAB RENTS | MARKET RENTS |
|-----------|---------------|------------------|--------------|
| STUDIO | \$0.00 | \$0.00 | \$0.00 |
| 1 BEDROOM | \$0.00 | \$0.00 | \$2,100.00 |
| 2 BEDROOM | \$0.00 | \$0.00 | \$2,800.00 |
| 3 BEDROOM | \$0.00 | \$0.00 | \$3,500.00 |
| 4 BEDROOM | \$0.00 | \$0.00 | \$4,000.00 |

| | START MONTH | RENT GROWTH | RES. VACANCY | COMM. VACANCY |
|--------|-------------|-------------|--------------|---------------|
| YEAR 1 | 1/1/21 | 3.00% | 5.00% | 5.00% |
| YEAR 2 | 1/1/22 | 3.00% | 5.00% | 5.00% |
| YEAR 3 | 1/1/23 | 3.00% | 5.00% | 5.00% |
| YEAR 4 | 1/1/24 | 3.00% | 5.00% | 5.00% |
| YEAR 5 | 1/1/25 | 3.00% | 5.00% | 5.00% |

Merge 56 Affordable

GENERAL PROJECT ASSUMPTIONS

| | | | |
|------------------------------------|----------|--|--------|
| EQUITY ASSUMPTIONS | | | |
| LIHTC EQUITY | | | |
| INVESTOR | Redstone | | |
| CREDIT PRICE | | | \$0.88 |
| INVESTOR SHARE OF CREDITS & LOSSES | | | 99.99% |
| | | | |
| DDA/QCT | | | Yes |
| TAX CREDIT FACTOR | | | 4.00% |
| TAX CREDIT FACTOR AS OF DATE | | | 1/1/21 |

DEBT ASSUMPTIONS

| | CONSTRUCTIO | | PERMANENT | | | |
|--------------------|------------------|---------------|-------------------|--------------------|--------------|--------|
| | Tax-Exempt Bonds | Taxable Bonds | PRIVATE PLACEMENT | SEA BREEZE 56, LLC | DDF MGP LOAN | |
| LENDER | | | | | | |
| LOAN AMOUNT | \$16,000,000 | \$1,000,000 | \$7,405,000 | \$5,598,427 | \$2,276,741 | |
| | | | | | | |
| INDEX | 3.250% | 0.000% | 3.750% | 2.250% | 2.250% | 0.000% |
| SPREAD | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| FLOOR SPREAD | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| TRUSTEE FEE | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| ISSUER FEE | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| ALL-IN RATE | 3.250% | 0.000% | 3.750% | 2.250% | 2.250% | 0.000% |
| | | | | | | |
| AMORTIZATION | - | - | 35 | 0 | 0 | 0 |
| TERM | - | - | 15 | 55 | 55 | 15 |
| | | | | | | |
| MONTHLY PAYMENT | | | \$31,686 | \$10,497 | \$0 | \$0 |
| ANNUAL PAYMENT | \$520,000 | \$0 | \$380,236 | \$125,965 | \$51,227 | \$0 |
| | | | | | | |
| FIRST PAYMENT DATE | May 2022 | | Jan 2024 | May 2022 | | |

| | | | | |
|--------------------------|--------|--------|----------------------|--------------|
| | | 0.156% | | |
| CONSTRUCTION RATE SIZING | | | 50% TEST | |
| TAXABLE WEIGHTED AVG | 0.00% | | LAND | \$1 |
| TAX EXEMPT WEIGHTED AVG | 3.06% | | TOTAL ELIGIBLE BASIS | \$28,610,653 |
| BLENDED CONST RATE | 3.06% | | AGGREGATE BASIS | \$28,610,654 |
| | | | TOTAL BONDS | \$16,000,000 |
| PER RATE SIZING | | | % OF AGGREGATE BASIS | 55.92% |
| TAXABLE WEIGHTED AVG | 0.000% | | | |
| TAX EXEMPT WEIGHTED AVG | 2.811% | | | |
| BLENDED PERM RATE | 2.811% | | | |

SOURCES AND USES

| | | | |
|---|--------------|-----------|------------|
| SOURCES: | TOTAL | PER UNIT | % OF TOTAL |
| LIHTC EQUITY (\$0.880 per credit) | \$13,090,000 | \$278,511 | 44.3% |
| PRIVATE PLACEMENT PERM LOAN | \$7,405,000 | \$157,553 | 25.0% |
| SEA BREEZE 56, LLC | \$5,598,427 | \$119,115 | 18.9% |
| SUBORDINATE DEVELOPER FEE (MGP LOAN) | \$2,276,741 | \$48,441 | 7.7% |
| SOLAR INVESTMENT TAX CREDIT | \$65,000 | \$1,383 | 0.2% |
| ACCRUED INTEREST ON SOFT DEBT | \$245,000 | \$5,213 | 0.8% |
| NOI DURING CONSTRUCTION | \$150,000 | \$3,191 | 0.5% |
| DEFERRED DEVELOPER FEE (\$800,000 PAID) | \$736,080 | \$15,661 | 2.5% |
| GRAND TOTAL SOURCES | \$29,566,248 | \$629,069 | 100.0% |

| | | | |
|-------------------------------|--------------|-----------|------------|
| USES: | TOTAL | PER UNIT | % OF TOTAL |
| OFFSITE IMPROVEMENTS | \$1,235,001 | \$26,277 | 4.2% |
| CONSTRUCTION COSTS | \$15,249,683 | \$324,461 | 51.6% |
| PERMITS & FEES | \$5,705,874 | \$121,402 | 19.3% |
| ARCHITECTURE & ENGINEERING | \$1,208,138 | \$25,705 | 4.1% |
| TECHNICAL STUDIES | \$25,800 | \$549 | 0.1% |
| BORROWER LEGAL | \$100,000 | \$2,128 | 0.3% |
| OTHER SOFT COSTS | \$430,000 | \$9,149 | 1.5% |
| RESERVES | \$245,060 | \$5,214 | 0.8% |
| FINANCING COSTS | \$240,500 | \$5,117 | 0.8% |
| INTEREST DURING CONSTRUCTION | \$575,000 | \$12,234 | 1.9% |
| ACCRUED INTEREST ON SOFT DEBT | \$245,000 | \$5,213 | 0.8% |
| TAX EXEMPT BOND COSTS | \$133,100 | \$2,832 | 0.5% |
| TAX CREDIT COSTS | \$110,270 | \$2,346 | 0.4% |
| SOFT COST CONTINGENCY | \$250,000 | \$5,319 | 0.8% |
| DEVELOPER FEE | \$3,812,821 | \$81,124 | 12.9% |
| TOTAL USES | \$29,566,248 | \$629,069 | 100.0% |

| | | |
|-------------------|--------------|-------------|
| DSCR TEST | PROFORMA | STABILIZED |
| NOI | \$437,205 | \$497,763 |
| DCSR | 1.15 | 1.15 |
| AMORTIZATION | 35.00 | 35.00 |
| UNDERWRITING RATE | 3.75% | 3.75% |
| MAX PAYMENT | \$380,178 | \$432,838 |
| MAX LOAN (DSCR) | \$7,403,870 | \$8,429,395 |
| | | |
| LTV TEST | | |
| NOI | \$437,205 | \$497,763 |
| CAP RATE | 4.75% | 5.00% |
| VALUE | \$9,204,318 | \$9,955,265 |
| LTV CONSTRAINT | 90.00% | 90.00% |
| MAX LOAN (LTV) | \$8,283,886 | \$8,959,739 |
| | | |
| LTC TEST | | |
| TOTAL COST | \$29,566,248 | |
| LTC CONSTRAINT | 90.00% | |
| MAX LOAN (LTC) | \$26,609,623 | |
| | | |
| MAX LOAN | \$7,405,000 | \$8,429,395 |

PROJECT SCHEDULE

| MILESTONE | MONTH | INCOME/PIS | | EXPENSES | | EQUITY | | DEVELOPER FEE | |
|------------------------|--------|------------|--|----------|-------|-------------|--------------|---------------|--------------|
| | | PERCENT | | PERCENT | | PERCENT | INCOME | PERCENT | INCOME |
| LIHTC APP | Jan-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Feb-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Mar-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Apr-21 | 0% | | 0% | | | \$0 | | \$0 |
| | May-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Jun-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Jul-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Aug-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Sep-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Oct-21 | 0% | | 0% | | | \$0 | | \$0 |
| LIHTC AWARD | Nov-21 | 0% | | 0% | | | \$0 | | \$0 |
| | Dec-21 | 0% | | 0% | | | \$0 | | \$0 |
| | | | | | | TOTAL: | \$0 | TOTAL: | \$0 |
| CLOSING | Jan-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Feb-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Mar-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Apr-22 | 0% | | 0% | 10.0% | | \$1,309,000 | 25.0% | \$200,000 |
| | May-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Jun-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Jul-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Aug-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Sep-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Oct-22 | 0% | | 0% | | | \$0 | | \$0 |
| 50% COMP. | Nov-22 | 0% | | 0% | | | \$0 | | \$0 |
| | Dec-22 | 0% | | 0% | | | \$0 | | \$0 |
| | | | | | | TOTAL: | \$1,309,000 | TOTAL: | \$200,000 |
| COMPLETION 100% Q/O | Jan-23 | 0% | | 0% | | | \$0 | | \$0 |
| | Feb-23 | 0% | | 0% | | | \$0 | | \$0 |
| | Mar-23 | 0% | | 0% | | | \$0 | | \$0 |
| | Apr-23 | 0% | | 0% | | | \$0 | | \$0 |
| | May-23 | 0% | | 0% | | | \$0 | | \$0 |
| | Jun-23 | 0% | | 0% | | | \$0 | | \$0 |
| | Jul-23 | 25% | | 75% | 65.0% | | \$8,508,500 | | \$0 |
| | Aug-23 | 50% | | 100% | | | \$0 | 5.0% | \$40,000 |
| | Sep-23 | 75% | | 100% | | | \$0 | | \$0 |
| | Oct-23 | 100% | | 100% | | | \$0 | | \$0 |
| | Nov-23 | 100% | | 100% | | | \$0 | | \$0 |
| | Dec-23 | 100% | | 100% | | | \$0 | | \$0 |
| | | | | | | TOTAL: | \$8,508,500 | TOTAL: | \$40,000 |
| CONVERSION 8609s | Jan-24 | 100% | | 100% | 23.8% | | \$3,119,347 | 65.0% | \$520,000 |
| | Feb-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Mar-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Apr-24 | 100% | | 100% | 1.2% | | \$153,153 | 5.0% | \$40,000 |
| | May-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Jun-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Jul-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Aug-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Sep-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Oct-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Nov-24 | 100% | | 100% | | | \$0 | | \$0 |
| | Dec-24 | 100% | | 100% | | | \$0 | | \$0 |
| | | | | | | TOTAL: | \$3,272,500 | TOTAL: | \$560,000 |
| | | | | | | Grand Total | \$13,090,000 | | \$800,000 |
| | | | | | | Check | \$0 | | -\$2,276,741 |

| DEVELOPER FEE PAYMENTS | |
|------------------------|----------|
| LIHTC APP | 0.0% |
| LIHTC AWARD | 0.0% |
| CLOSING | 25.0% |
| 50% COMP. | 0.0% |
| COMPLETION | 0.0% |
| 100% Q/O | 5.0% |
| CONVERSION | 65.0% |
| 8609s | 5.0% |
| TOTAL | 100.000% |

| TAX CREDIT EQUITY PAYMENTS | |
|----------------------------|--------|
| LIHTC APP | 0.0% |
| LIHTC AWARD | 0.0% |
| CLOSING | 10.0% |
| 50% COMP. | 0.0% |
| COMPLETION | 65.0% |
| 100% Q/O | 0.0% |
| CONVERSION | 23.8% |
| 8609s | 1.2% |
| TOTAL | 100.0% |

| SCHEDULE SUMMARY | |
|------------------|----------|
| LIHTC APP | Sep 2021 |
| LIHTC AWARD | Dec 2021 |
| CLOSING | Apr 2022 |
| 50% COMP. | Oct 2022 |
| COMPLETION | Jul 2023 |
| 100% Q/O | Aug 2023 |
| CONVERSION | Jan 2024 |
| 8609s | Apr 2024 |

Merge 56 Affordable
DEVELOPMENT COSTS

ACQUISITION & CLOSING COSTS

LAND
RESIDENTIAL BUILDINGS
ENTITLEMENT VALUE (ARCH & ENG.)
BROKER FEES
INFRASTRUCTURE / PARKING

TOTAL ACQUISITION & CLOSING COSTS

CONSTRUCTION COSTS

DIRECT COSTS - RESIDENTIAL
DIRECT COSTS - COMMERCIAL
GENERAL CONDITIONS
GL INSURANCE
GC FEE
GC CONTINGENCY
COMPLETION BOND
SUBTOTAL [GC Cost Estimate]
GC's COST INFLATION/PLAN CONTINGENCY

TOTAL GMAX

ALLOWANCES

APPLICATION ADJUSTMENT
DEMOLITION
ENVIRONMENTAL REMEDIATION
EV CHARGING STATIONS
SECURITY
WATER SUBMETERS
COMPLETION BOND
SOLAR
OTHER
OTHER

TOTAL ALLOWANCES

OWNER CONTINGENCY

TOTAL CONSTRUCTION COSTS

PERMITS & FEES

CITY PERMIT FEES
DIF/FBA FEES
RTCIP
WATER SEWER FEES
SDCWA
SEWER CAPACITY
SCHOOL FEES
PREPAID SCHOOL CFD FEES
PUBLIC ART FEE
SDHC DENSITY BONUS APP
SDGE FEES
CONTINGENCY
RESERVED

TOTAL PERMITS & FEES

ARCHITECTURE & ENGINEERING

A&E [A/MEP/Struct.]
A&E CONSTRUCTION ADMIN
INTERIOR DESIGN
CIVIL ENGINEERING
ALTA SURVEY
GEOTECHNICAL DESIGN & OBSERVATION
BUILDING ENVELOPE
UTILITY DESIGN
ACCESS CONSULTANT
SPECIAL INSPECTIONS
LEED/GREEN BUILDING CONSULTANT
ROOF TIE OFF (OSHA)
OTHER CONSULTANTS
A&E REIMBURSABLES
PERMIT EXPEDITE

TOTAL ARCHITECTURE & ENGINEERING

TECHNICAL STUDIES

PHASE I
PHASE II
APPRAISAL
LAND VALUE APPRAISAL
MARKET STUDY
AUP REPORT
ARCHEOLOGICAL REPORT
RELOCATION STUDY
HISTORICAL REPORT
RESERVED
ACOUSTIC
ACM/LBP SURVEY
ERRCS ANALYSIS

TOTAL TECHNICAL STUDIES

BORROWER LEGAL

BORROWER LEGAL (ORG)
BORROWER LEGAL (PSA)
BORROWER LEGAL (LAND USE)
BORROWER LEGAL (CONSTRUCTION LOAN)
BORROWER LEGAL (CONST. CONTRACT)
NON PROFIT LEGAL
BORROWER LEGAL

| Unit Cost | Cost Driver | Total | Per Unit | % of Total |
|-------------|--------------|--------------------|-----------------|-------------|
| \$1 | of Acq Price | \$1 | \$0 | 0.0% |
| \$0 | Fixed (calc) | \$0 | \$0 | 0.0% |
| \$0 | Fixed (calc) | \$0 | \$0 | 0.0% |
| \$0 | Fixed (calc) | \$0 | \$0 | 0.0% |
| \$1,235,000 | Total | \$1,235,000 | \$26,277 | 4.2% |
| | | \$1,235,001 | \$26,277 | 4.2% |

| Sec. 42 Acquisition | Sec. 42 New Con/Rehab | Sec. 42 Ineligible |
|---------------------|-----------------------|--------------------|
| \$0 | \$0 | \$1 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$1,235,000 | \$0 |
| \$0 | \$1,235,000 | \$1 |

| | | | | |
|--------------|-------|---------------------|------------------|--------------|
| \$11,024,499 | total | \$11,024,499 | \$234,564 | 37.3% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$886,426 | total | \$886,426 | \$18,860 | 3.0% |
| \$148,887 | total | \$148,887 | \$3,168 | 0.5% |
| \$476,437 | total | \$476,437 | \$10,137 | 1.6% |
| \$595,546 | total | \$595,546 | \$12,671 | 2.0% |
| \$208,411 | total | \$208,411 | \$4,434 | 0.7% |
| \$13,340,206 | | \$13,340,206 | \$283,834 | 45.1% |
| \$595,546 | | \$595,546 | \$12,671 | 2.0% |
| | | \$13,935,752 | \$296,505 | 47.1% |

| | | |
|-----|--------------|-----|
| \$0 | \$11,024,499 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$886,426 | \$0 |
| \$0 | \$148,887 | \$0 |
| \$0 | \$476,437 | \$0 |
| \$0 | \$595,546 | \$0 |
| \$0 | \$208,411 | \$0 |
| \$0 | \$595,546 | \$0 |

| | | | | |
|---------------------|---------------|---------------------|------------------|--------------|
| \$0 | per com. nrsf | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$250,000 | total | \$250,000 | \$5,319 | 0.8% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$250,000 | | \$250,000 | \$5,319 | 0.8% |
| \$1,063,931 | of hard costs | \$1,063,931 | \$22,637 | 3.6% |
| \$15,249,683 | | \$15,249,683 | \$324,461 | 51.6% |
| \$272.32 | | \$272.32 | | \$363.95 |

| | | |
|------------|---------------------|------------------|
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$125,000 | \$125,000 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$1,063,931 | \$0 |
| \$0 | \$15,124,683 | \$125,000 |

| | | | | |
|--------------------|----------|--------------------|------------------|--------------|
| \$150,000 | total | \$150,000 | \$3,191 | 0.5% |
| \$4,461,663 | Per Unit | \$4,461,663 | \$94,929 | 15.1% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$96,666 | total | \$96,666 | \$2,057 | 0.3% |
| \$56,784 | total | \$56,784 | \$1,208 | 0.2% |
| \$130,834 | total | \$130,834 | \$2,784 | 0.4% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$535,838 | total | \$535,838 | \$11,401 | 1.8% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$264,089 | total | \$264,089 | \$5,619 | 0.9% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$5,705,874 | | \$5,705,874 | \$121,402 | 19.3% |

| | | |
|------------|--------------------|------------|
| \$0 | \$150,000 | \$0 |
| \$0 | \$4,461,663 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$96,666 | \$0 |
| \$0 | \$56,784 | \$0 |
| \$0 | \$130,834 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$535,838 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$10,000 | \$0 |
| \$0 | \$264,089 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$5,705,874 | \$0 |

| | | | | |
|--------------------|-------|--------------------|-----------------|-------------|
| \$716,638 | total | \$716,638 | \$15,248 | 2.4% |
| \$200,000 | total | \$200,000 | \$4,255 | 0.7% |
| \$15,000 | total | \$15,000 | \$319 | 0.1% |
| \$100,000 | total | \$100,000 | \$2,128 | 0.3% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$25,000 | total | \$25,000 | \$532 | 0.1% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$75,000 | total | \$75,000 | \$1,596 | 0.3% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$50,000 | total | \$50,000 | \$1,064 | 0.2% |
| \$15,000 | total | \$15,000 | \$319 | 0.1% |
| \$1,500 | total | \$1,500 | \$32 | 0.0% |
| \$1,208,138 | | \$1,208,138 | \$25,705 | 4.1% |

| | | |
|------------|--------------------|------------|
| \$0 | \$716,638 | \$0 |
| \$0 | \$200,000 | \$0 |
| \$0 | \$15,000 | \$0 |
| \$0 | \$100,000 | \$0 |
| \$0 | \$10,000 | \$0 |
| \$0 | \$25,000 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$75,000 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$50,000 | \$0 |
| \$0 | \$15,000 | \$0 |
| \$0 | \$1,500 | \$0 |
| \$0 | \$1,208,138 | \$0 |

| | | | | |
|-----------------|-------|-----------------|--------------|-------------|
| \$3,500 | total | \$3,500 | \$74 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$4,800 | total | \$4,800 | \$102 | 0.0% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$7,500 | total | \$7,500 | \$160 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$25,800 | | \$25,800 | \$549 | 0.1% |

| | | |
|------------|-----------------|----------------|
| \$0 | \$3,500 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$4,800 |
| \$0 | \$10,000 | \$0 |
| \$0 | \$7,500 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 |
| \$0 | \$21,000 | \$4,800 |

| | | | | |
|------------------|-------|------------------|----------------|--------------|
| \$5,000 | total | \$5,000 | \$106 | 0.0% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$0 | total | \$0 | \$0 | 0.0% |
| \$65,000 | total | \$65,000 | \$1,383 | 0.2% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$10,000 | total | \$10,000 | \$213 | 0.0% |
| \$100,000 | | \$100,000 | \$2,128 | 0.34% |

| | | |
|------------|-----------------|-----------------|
| \$0 | \$0 | \$5,000 |
| \$0 | \$0 | \$10,000 |
| \$0 | \$0 | \$0 |
| \$0 | \$65,000 | \$0 |
| \$0 | \$10,000 | \$0 |
| \$0 | \$0 | \$10,000 |
| \$0 | \$75,000 | \$25,000 |

Merge 56 Affordable
DEVELOPMENT COSTS

| | Unit Cost | Cost Driver | Total | Per Unit | % of Total | Sec. 42 Acquisition | Sec. 42 New Con/Rehab | Sec. 42 Ineligible |
|---------------------------------------|------------------|----------------------|---------------------|------------------|--------------|---------------------|-----------------------|--------------------|
| OTHER SOFT COSTS | | | | | | | | |
| NON PROFIT ADMISSION FEE | \$5,000 | total | \$5,000 | \$106 | 0.0% | \$0 | \$5,000 | \$0 |
| INSURANCE (BUILDER'S RISK) | \$75,000 | total | \$75,000 | \$1,596 | 0.3% | \$0 | \$75,000 | \$0 |
| INSURANCE (GL) | \$25,000 | total | \$25,000 | \$532 | 0.1% | \$0 | \$25,000 | \$0 |
| REAL ESTATE TAXES | \$25,000 | total | \$25,000 | \$532 | 0.1% | \$0 | \$25,000 | \$0 |
| CONSTRUCTION PRE-CON | \$60,000 | total | \$60,000 | \$1,277 | 0.2% | \$0 | \$60,000 | \$0 |
| CONSTRUCTION MANAGER [CONSTRUCTION P | \$125,000 | total | \$125,000 | \$2,660 | 0.4% | \$0 | \$125,000 | \$0 |
| TITLE/ESCROW/RECORDING | \$40,000 | total | \$40,000 | \$851 | 0.1% | \$0 | \$0 | \$40,000 |
| MARKETING & LEASE-UP | \$25,000 | total | \$25,000 | \$532 | 0.1% | \$0 | \$0 | \$25,000 |
| JOB SITE SECURITY | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| UNIT & COMMON AREA FURNISHINGS | \$50,000 | total | \$50,000 | \$1,064 | 0.2% | \$0 | \$50,000 | \$0 |
| SCAFFOLDING ACCESS AGREEMENT | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PROPERTY MAINTENANCE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| TOTAL OTHER SOFT COSTS | | | \$430,000 | \$9,149 | 1.45% | \$0 | \$365,000 | \$65,000 |
| RESERVES | | | | | | | | |
| REPLACEMENT RESERVE - INITIAL DEPOSIT | \$0 | Per Unit | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OPERATING RESERVE | \$245,060 | total | \$245,060 | \$5,214 | 0.8% | \$0 | \$0 | \$245,060 |
| NEGATIVE ARBITRAGE RESERVE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| TOTAL RESERVES | | | \$245,060 | \$5,214 | 0.8% | \$0 | \$0 | \$245,060 |
| FINANCING COSTS | | | | | | | | |
| CONSTRUCTION LOAN ORIGATION FEE | 0.75% | of Cost. Loan | \$120,000 | \$2,553 | 0.4% | \$0 | \$120,000 | \$0 |
| CONSTRUCTION LENDER LEGAL | \$70,000 | total | \$70,000 | \$1,489 | 0.2% | \$0 | \$70,000 | \$0 |
| CONSTRUCTION LENDER INSPECTION FEES | \$18,000 | total | \$18,000 | \$383 | 0.1% | \$0 | \$18,000 | \$0 |
| CONSTRUCTION LENDER TECHNICAL STUDIES | \$25,000 | total | \$25,000 | \$532 | 0.1% | \$0 | \$25,000 | \$0 |
| PERMANENT LOAN CONVERSION FEE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PERMANENT LENDER CLOSING COSTS | \$7,500 | total | \$7,500 | \$160 | 0.0% | \$0 | \$0 | \$7,500 |
| MORTGAGE BROKER FEE (CONSTRUCTION) | 0.00% | of Cost. Loan | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| MORTGAGE BROKER FEE (PERM) | 0.00% | of Perm Loan | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PREDEVELOPMENT LOAN FEE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PREDEVELOPMENT LENDER LEGAL | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PREDEVELOPMENT LOAN INTEREST | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PREDEVELOPMENT ADMIN FEE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PREDEVELOPMENT APP FEE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| FINANCING CONTINGENCY | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| TOTAL FINANCING COSTS | | | \$240,500 | \$5,117 | 0.8% | \$0 | \$233,000 | \$7,500 |
| INTEREST DURING CONSTRUCTION | \$575,000 | FIXED FOR APP | \$575,000 | \$18,908 | 2.9% | \$0 | \$420,597 | \$154,403 |
| ACCRUED INTEREST ON SOFT DEBT | \$245,000 | FIXED FOR APP | \$245,000 | \$7,132 | 1.1% | \$0 | \$159,539 | \$85,461 |
| TAX EXEMPT BOND COSTS | | | | | | | | |
| CDLAC FEE | 0.0350% | of Bond Amt | \$5,600 | \$119 | 0.0% | \$0 | \$0 | \$5,600 |
| CDLIC FEE | 0.0250% | of Bond Amt | \$4,000 | \$85 | 0.0% | \$0 | \$0 | \$4,000 |
| ISSUER APPLICATION FEE (SDHC) | \$3,000 | total | \$3,000 | \$64 | 0.0% | \$0 | \$0 | \$3,000 |
| UP-FRONT ISSUER FEE (SDHC) | 0.2500% | of Bond Amt | \$40,000 | \$851 | 0.1% | \$0 | \$0 | \$40,000 |
| TRUSTEE FEE | \$2,500 | total | \$2,500 | \$53 | 0.0% | \$0 | \$0 | \$2,500 |
| BOND COUNSEL | \$39,000 | total | \$39,000 | \$830 | 0.1% | \$0 | \$0 | \$39,000 |
| FINANCIAL ADVISOR | \$39,000 | total | \$39,000 | \$830 | 0.1% | \$0 | \$0 | \$39,000 |
| RATING AGENCY | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| BOND CLEARANCE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| AGENCY LEGAL | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| BOND UNDERWRITER | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| UNDERWRITER'S COUNSEL | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| PLACEMENT FEE | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| TOTAL TAX EXEMPT BOND COSTS | | | \$133,100 | \$2,832 | 0.5% | \$0 | \$0 | \$133,100 |
| TAX CREDIT COSTS | | | | | | | | |
| TAX CREDIT RESERVATION FEE (ESTIMATE) | \$14,000 | total | \$14,000 | \$298 | 0.0% | \$0 | \$0 | \$14,000 |
| TAX CREDIT APPLICATION FEE | \$2,000 | total | \$2,000 | \$43 | 0.0% | \$0 | \$0 | \$2,000 |
| COMPLIANCE MONITORING FEE | \$410 | per unit | \$19,270 | \$410 | 0.1% | \$0 | \$0 | \$19,270 |
| AUDIT & TAX RETURN | \$15,000 | total | \$15,000 | \$319 | 0.1% | \$0 | \$0 | \$15,000 |
| COST CERTIFICATION | \$10,000 | total | \$10,000 | \$213 | 0.0% | \$0 | \$0 | \$10,000 |
| SYNDICATION FEES | \$50,000 | total | \$50,000 | \$1,064 | 0.2% | \$0 | \$0 | \$50,000 |
| OTHER (SPECIFY) | \$0 | total | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| TOTAL TAX CREDIT COSTS | | | \$110,270 | \$2,346 | 0.4% | \$0 | \$0 | \$110,270 |
| SOFT COST CONTINGENCY | 7.50% | Rounded | \$250,000 | \$5,319 | 0.8% | \$0 | \$250,000 | \$0 |
| DEVELOPER FEE | | | | | | | | |
| DEVELOPER FEE ON ACQUISITION | 0.00% | of Elig. Acq. Cost | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 |
| DEVELOPER FEE ON REHAB/NEW CONST. | 15.00% | FIXED FOR APP | \$3,812,821 | \$81,124 | 12.5% | \$0 | \$3,812,821 | \$0 |
| TOTAL DEVELOPER FEE | | | \$3,812,821 | \$81,124 | 12.5% | \$0 | \$3,812,821 | \$0 |
| GRAND TOTAL DEVELOPMENT COSTS | | | | | | | | |
| | | | \$29,566,248 | \$637,663 | 101% | \$0 | \$28,610,653 | \$955,595 |

Merge 56 Affordable
OPERATING BUDGET

| UNTRENDED | | | | |
|-----------|-------------|-------|----------|----------|
| Input | Cost Driver | Total | Per Unit | Comments |

INCOME:

GROSS POTENTIAL INCOME

| | | | | |
|-----------|-------|-----------|----------|--------------|
| \$841,271 | Total | \$841,271 | \$17,899 | PER UNIT MIX |
| | | \$856,799 | | |

OTHER INCOME

LAUNDRY & VENDING
LATE/NSF FEES
FOREFITTED SECURITY DEPOSITS
PARKING
STORAGE
INTEREST INCOME
PET FEES
OTHER MISC INCOME
TOTAL OTHER INCOME

| | | | | |
|----------|-------|---------|-------|--|
| \$7,500 | Total | \$7,500 | \$160 | |
| \$550 | Total | \$550 | \$12 | |
| \$1,200 | Total | \$1,200 | \$26 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$3,000 | Total | \$3,000 | \$64 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$12,250 | | \$261 | | |

VACANCY/RENT ADJUSTMENTS (RESIDENTIAL)

VACANCIES (RESIDENTIAL) 5.000% % of GPR
CONCESSIONS (RESIDENTIAL) 0.000% % of GPR
TOTAL VACANCIES/CONCESSIONS (RESID.)

| | |
|----------|-------|
| \$42,676 | \$908 |
| \$0 | \$0 |
| \$42,676 | \$908 |

EFFECTIVE GROSS INCOME (RESIDENTIAL)

| | |
|-----------|----------|
| \$810,845 | \$17,252 |
|-----------|----------|

COMMERCIAL INCOME

COMMERCIAL SPACE 1
RESERVED
RESERVED
RESERVED
RESERVED
TOTAL COMMERCIAL

| | | | | |
|-----|-------|-----|-----|--|
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | Total | \$0 | \$0 | |
| \$0 | | \$0 | \$0 | |

VACANCY/RENT ADJUSTMENTS (COMMERCIAL)

VACANCIES (COMMERCIAL) 5.000% % of GPR
CONCESSIONS (COMMERCIAL) 0.000% % of GPR
TOTAL VACANCIES/CONCESSIONS (COM.)

| | |
|-----|-----|
| \$0 | \$0 |
| \$0 | \$0 |
| \$0 | \$0 |

EFFECTIVE GROSS INCOME (COMMERCIAL)

| | |
|-----|-----|
| \$0 | \$0 |
|-----|-----|

EFFECTIVE GROSS INCOME (BUILDING)

| | |
|-----------|----------|
| \$810,845 | \$17,252 |
|-----------|----------|

**Merge 56 Affordable
OPERATING BUDGET**

| UNTRENDED | | | | |
|-----------|-------------|-------|----------|----------|
| Input | Cost Driver | Total | Per Unit | Comments |

EXPENSES:

PROFESSIONAL MANAGEMENT

| | | | | |
|---------|-------|----------|-------|--|
| \$55.00 | PU/PM | \$31,020 | \$660 | |
| | | | 3.83% | |

ADMINISTRATIVE

| | | | | | |
|----------------------------|-----------------|-------|-----------------|--------------|--|
| AUDIT | \$11,500 | Total | \$11,500 | \$245 | |
| ADVERTISING | \$600 | Total | \$600 | \$13 | |
| OFFICE SUPPLIES | \$2,500 | Total | \$2,500 | \$53 | |
| TELEPHONE | \$3,500 | Total | \$3,500 | \$74 | |
| LEGAL | \$1,000 | Total | \$1,000 | \$21 | |
| ISSUER FEE & TRUSTEE FEE | \$11,400 | Total | \$11,400 | \$243 | |
| MISC ADMIN | \$2,000 | Total | \$2,000 | \$43 | |
| TOTAL ADMINSTRATIVE | \$32,500 | | \$32,500 | \$691 | |

PAYROLL AND BENEFITS

| | | | | | |
|-----------------------------------|------------------|-------|------------------|----------------|---------|
| MANAGER SALARY | \$39,520 | Total | \$39,520 | \$841 | 1.0 FTE |
| MAINTENANCE SALARY | \$37,440 | Total | \$37,440 | \$797 | 1.0 FTE |
| MANAGER'S RENT FREE UNIT | \$18,942 | Total | \$18,942 | \$403 | |
| PAYROLL TAXES & WORKER'S COMP | \$16,460 | Total | \$16,460 | \$350 | |
| SERVICE AMENITIES | \$10,875 | Total | \$10,875 | \$231 | |
| EMPLOYEE BENEFITS | \$14,158 | Total | \$14,158 | \$301 | |
| TOTAL PAYROLL AND BENEFITS | \$137,395 | | \$137,395 | \$2,923 | |

\$118,453

\$107,578

UTILITES

| | | | | | |
|------------------------|-----------------|----------|-----------------|----------------|---------------------|
| CABLE | \$0 | Per mo. | \$0 | \$0 | |
| GAS | \$0 | Per mo. | \$0 | \$0 | |
| ELECTRICITY | \$30,000 | Total | \$0 | \$0 | 90% offset by solar |
| WATER | \$700 | Per unit | \$35,900 | \$764 | |
| SEWER | \$600 | Per unit | \$28,200 | \$600 | |
| GARBAGE | \$600 | Per unit | \$28,200 | \$600 | |
| TOTAL UTILITIES | \$31,900 | | \$92,300 | \$1,964 | |

\$64,100

OPERATING & MAINTENANCE

| | | | | | |
|--|----------------|----------|-----------------|--------------|--|
| REPAIR - CONTRACT | \$100 | Per unit | \$4,700 | \$100 | |
| REPAIR - SUPPLIES | \$125 | Per unit | \$5,875 | \$125 | |
| JANITORIAL | \$0 | Per mo. | \$0 | \$0 | |
| TURNOVER | \$0 | Per unit | \$0 | \$0 | |
| ELEVATOR | \$5,000 | Total | \$5,000 | \$106 | |
| LANDSCAPING | \$900 | Per mo. | \$10,800 | \$230 | |
| PEST CONTROL | \$200 | Per mo. | \$2,400 | \$51 | |
| ALARM MONITORING | \$50 | Per unit | \$2,350 | \$50 | |
| MISC O&M | \$50 | Per unit | \$2,350 | \$50 | |
| TOTAL OPERATING AND MAINTENANCE | \$6,425 | | \$33,475 | \$712 | |

\$61,675

TAXES AND INSURANCE

| | | | | | |
|----------------------------------|----------------|----------|-----------------|--------------|--|
| REAL ESTATE TAXES | \$5,000 | Total | \$5,000 | \$106 | |
| INSURANCE | \$350 | Per unit | \$16,450 | \$350 | |
| MISC TAXES AND INSURANCE | \$2,000 | Total | \$2,000 | \$43 | |
| TOTAL TAXES AND INSURANCE | \$7,350 | | \$23,450 | \$499 | |

REPLACEMENT RESERVES

| | | | | |
|-------|----------|----------|-------|--|
| \$350 | Per Unit | \$16,450 | \$350 | |
|-------|----------|----------|-------|--|

OTHER (TAX CREDIT MONITORING)

| | | | | |
|-------|----------|---------|-------|--|
| \$150 | Per Unit | \$7,050 | \$150 | |
|-------|----------|---------|-------|--|

TOTAL EXPENSES

| | |
|------------------|----------------|
| \$373,640 | \$7,950 |
|------------------|----------------|

NET OPERATING INCOME

| | |
|------------------|----------------|
| \$437,205 | \$9,302 |
|------------------|----------------|

Mississippi ECB
ANNUAL CASH FLOW

| | PARTIAL | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2022 | | | | | | | | | | | | | | | |
| INCOME: | | | | | | | | | | | | | | | | | |
| GROSS POTENTIAL INCOME | \$841,271 | \$866,509 | \$892,505 | \$919,280 | \$946,858 | \$975,264 | \$1,004,522 | \$1,034,657 | \$1,065,697 | \$1,097,668 | \$1,130,598 | \$1,164,516 | \$1,199,452 | \$1,235,435 | \$1,272,498 | \$1,310,673 | \$1,349,993 |
| TOTAL VACANCIES/CONCESSIONS (RESID.) | (\$42,439) | (\$43,325) | (\$44,625) | (\$45,964) | (\$47,343) | (\$48,763) | (\$50,226) | (\$51,733) | (\$53,285) | (\$54,883) | (\$56,530) | (\$58,226) | (\$59,973) | (\$61,772) | (\$63,625) | (\$65,534) | (\$67,500) |
| TOTAL OTHER INCOME | \$12,250 | \$7,725 | \$7,957 | \$8,195 | \$8,441 | \$8,695 | \$8,955 | \$9,224 | \$9,501 | \$9,786 | \$10,079 | \$10,382 | \$10,693 | \$11,014 | \$11,344 | \$11,685 | \$12,035 |
| COMMERCIAL INCOME | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VACANCY/RENT ADJUSTMENTS (COMMERCIAL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EFFECTIVE GROSS INCOME (BUILDING) | \$811,083 | \$830,909 | \$855,836 | \$881,511 | \$907,957 | \$935,195 | \$963,251 | \$992,149 | \$1,021,913 | \$1,052,570 | \$1,084,148 | \$1,116,672 | \$1,150,172 | \$1,184,677 | \$1,220,218 | \$1,256,824 | \$1,294,529 |
| EXPENSES: | | | | | | | | | | | | | | | | | |
| PROFESSIONAL MANAGEMENT | \$31,020 | \$31,951 | \$32,909 | \$33,896 | \$34,913 | \$35,961 | \$37,040 | \$38,151 | \$39,295 | \$40,474 | \$41,688 | \$42,939 | \$44,227 | \$45,554 | \$46,921 | \$48,328 | \$49,778 |
| TOTAL ADMINSTRATIVE | \$32,500 | \$33,475 | \$34,479 | \$35,514 | \$36,579 | \$37,676 | \$38,807 | \$39,971 | \$41,170 | \$42,405 | \$43,677 | \$44,988 | \$46,337 | \$47,727 | \$49,159 | \$50,634 | \$52,153 |
| TOTAL PAYROLL AND BENEFITS | \$137,395 | \$141,517 | \$145,762 | \$150,135 | \$154,639 | \$159,278 | \$164,057 | \$168,979 | \$174,048 | \$179,269 | \$184,647 | \$190,187 | \$195,892 | \$201,769 | \$207,822 | \$214,057 | \$220,479 |
| TOTAL UTILITIES | \$92,300 | \$95,069 | \$97,921 | \$100,859 | \$103,884 | \$107,001 | \$110,211 | \$113,517 | \$116,923 | \$120,431 | \$124,043 | \$127,765 | \$131,598 | \$135,546 | \$139,612 | \$143,800 | \$148,114 |
| TOTAL OPERATING AND MAINTENANCE | \$33,475 | \$34,479 | \$35,514 | \$36,579 | \$37,676 | \$38,807 | \$39,971 | \$41,170 | \$42,405 | \$43,677 | \$44,988 | \$46,337 | \$47,727 | \$49,159 | \$50,634 | \$52,153 | \$53,718 |
| TOTAL TAXES AND INSURANCE | \$23,450 | \$24,154 | \$24,878 | \$25,624 | \$26,393 | \$27,185 | \$28,001 | \$28,841 | \$29,706 | \$30,597 | \$31,515 | \$32,460 | \$33,434 | \$34,437 | \$35,470 | \$36,534 | \$37,630 |
| REPLACEMENT RESERVES | \$16,450 | \$16,944 | \$17,452 | \$17,975 | \$18,515 | \$19,070 | \$19,642 | \$20,231 | \$20,838 | \$21,464 | \$22,107 | \$22,771 | \$23,454 | \$24,157 | \$24,882 | \$25,629 | \$26,397 |
| OTHER (TAX CREDIT MONITORING) | \$7,050 | \$7,262 | \$7,479 | \$7,704 | \$7,935 | \$8,173 | \$8,418 | \$8,671 | \$8,931 | \$9,199 | \$9,475 | \$9,759 | \$10,052 | \$10,353 | \$10,664 | \$10,984 | \$11,313 |
| TOTAL EXPENSES | \$373,640 | \$384,849 | \$396,395 | \$408,287 | \$420,535 | \$433,151 | \$446,146 | \$459,530 | \$473,316 | \$487,515 | \$502,141 | \$517,205 | \$532,721 | \$548,703 | \$565,164 | \$582,119 | \$599,583 |
| NET OPERATING INCOME | \$437,443 | \$446,060 | \$459,441 | \$473,225 | \$487,421 | \$502,044 | \$517,105 | \$532,619 | \$548,597 | \$565,055 | \$582,007 | \$599,467 | \$617,451 | \$635,974 | \$655,054 | \$674,705 | \$694,946 |
| TOTAL HARD DEBT SERVICE | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 | \$380,236 |
| DSCR | 1.1504 | 1.1731 | 1.21 | 1.24 | 1.28 | 1.32 | 1.36 | 1.40 | 1.44 | 1.49 | 1.53 | 1.58 | 1.62 | 1.67 | 1.72 | 1.77 | 1.83 |
| NET PARTNERSHIP CASH FLOW | \$0 | \$0 | \$79,205 | \$92,988 | \$107,185 | \$121,808 | \$136,869 | \$152,382 | \$168,361 | \$184,819 | \$201,770 | \$219,230 | \$237,214 | \$255,738 | \$274,817 | \$294,469 | \$314,710 |

Mississippi ECB
ANNUAL CASH FLOW

| | PARTIAL | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2022 | | | | | | | | | | | | | | | |
| NET OPERATING INCOME | \$437,443 | \$446,060 | \$459,441 | \$473,225 | \$487,421 | \$502,044 | \$517,105 | \$532,619 | \$548,597 | \$565,055 | \$582,007 | \$599,467 | \$617,451 | \$635,974 | \$655,054 | \$674,705 | \$694,946 |
| CASH FLOW WATERFALL | | | | | | | | | | | | | | | | | |
| 1 ASSET MANAGEMENT FEE TO LP | | | | | | | | | | | | | | | | | |
| 3.00% growth rate | | | | | | | | | | | | | | | | | |
| BEGINNING BALANCE | \$0 | \$7,500 | \$15,225 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ASSET MANAGEMENT FEE | \$7,500 | \$7,725 | \$7,957 | \$8,195 | \$8,441 | \$8,695 | \$8,955 | \$9,224 | \$9,501 | \$9,786 | \$10,079 | \$10,382 | \$10,693 | \$11,014 | \$11,344 | \$11,685 | \$12,035 |
| PAYMENTS | \$0 | \$0 | \$23,182 | \$8,195 | \$8,441 | \$8,695 | \$8,955 | \$9,224 | \$9,501 | \$9,786 | \$10,079 | \$10,382 | \$10,693 | \$11,014 | \$11,344 | \$11,685 | \$12,035 |
| ENDING BALANCE | \$7,500 | \$15,225 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Remaining Balance After LP AM Fee | \$0 | \$0 | \$56,023 | \$84,793 | \$98,744 | \$113,113 | \$127,914 | \$143,158 | \$158,860 | \$175,033 | \$191,691 | \$208,849 | \$226,521 | \$244,724 | \$263,473 | \$282,784 | \$302,675 |
| 2 PARTNERSHIP MANAGEMENT FEE TO MGP | | | | | | | | | | | | | | | | | |
| 3.00% growth rate | | | | | | | | | | | | | | | | | |
| BEGINNING BALANCE | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INTEREST ON BALANCE | | | \$5,640 | \$5,809 | \$5,983 | \$6,163 | \$6,348 | \$6,538 | \$6,734 | \$6,936 | \$7,145 | \$7,359 | \$7,580 | \$7,807 | \$8,041 | \$8,283 | \$8,531 |
| PAYMENTS | | | \$5,640 | \$5,809 | \$5,983 | \$6,163 | \$6,348 | \$6,538 | \$6,734 | \$6,936 | \$7,145 | \$7,359 | \$7,580 | \$7,807 | \$8,041 | \$8,283 | \$8,531 |
| ENDING BALANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Remaining Balance After MGP Fee | \$0 | \$0 | \$50,383 | \$78,984 | \$92,760 | \$106,950 | \$121,566 | \$136,620 | \$152,125 | \$168,096 | \$184,546 | \$201,490 | \$218,942 | \$236,917 | \$255,432 | \$274,502 | \$294,144 |
| 3 PARTNERSHIP MANAGEMENT FEE TO AGP | | | | | | | | | | | | | | | | | |
| 3.00% growth rate | | | | | | | | | | | | | | | | | |
| BEGINNING BALANCE | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INTEREST ON BALANCE | | | \$15,000 | \$15,450 | \$15,914 | \$16,391 | \$16,883 | \$17,389 | \$17,911 | \$18,448 | \$19,002 | \$19,572 | \$20,159 | \$20,764 | \$21,386 | \$22,028 | \$22,689 |
| PAYMENTS | | | \$15,000 | \$15,450 | \$15,914 | \$16,391 | \$16,883 | \$17,389 | \$17,911 | \$18,448 | \$19,002 | \$19,572 | \$20,159 | \$20,764 | \$21,386 | \$22,028 | \$22,689 |
| ENDING BALANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Remaining Balance After AGP Fee | \$0 | \$0 | \$35,383 | \$63,534 | \$76,847 | \$90,559 | \$104,683 | \$119,231 | \$134,215 | \$149,648 | \$165,545 | \$181,918 | \$198,783 | \$216,153 | \$234,045 | \$252,474 | \$271,455 |
| 4 DEFERRED DEVELOPER FEE TO GP | | | | | | | | | | | | | | | | | |
| 50.00% of Net Cash Flow | | | | | | | | | | | | | | | | | |
| BEGINNING BALANCE | \$0 | \$0 | \$736,080 | \$718,388 | \$686,622 | \$648,198 | \$602,919 | \$550,577 | \$490,962 | \$423,854 | \$349,030 | \$266,258 | \$175,299 | \$75,907 | \$0 | \$0 | \$0 |
| BALANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PAYMENTS | \$0 | \$0 | \$17,692 | \$31,767 | \$38,423 | \$45,280 | \$52,342 | \$59,615 | \$67,107 | \$74,824 | \$82,772 | \$90,959 | \$99,391 | \$75,907 | \$0 | \$0 | \$0 |
| ENDING BALANCE | \$0 | \$0 | \$718,388 | \$686,622 | \$648,198 | \$602,919 | \$550,577 | \$490,962 | \$423,854 | \$349,030 | \$266,258 | \$175,299 | \$75,907 | \$0 | \$0 | \$0 | \$0 |
| Remaining Balance After Deferred Dev. Fee | \$0 | \$0 | \$17,692 | \$31,767 | \$38,423 | \$45,280 | \$52,342 | \$59,615 | \$67,107 | \$74,824 | \$82,772 | \$90,959 | \$99,391 | \$140,246 | \$234,045 | \$252,474 | \$271,455 |
| 5 SEA BREEZE 56, LLC LOAN | | | | | | | | | | | | | | | | | |
| 50.00% of Net Cash Flow | | | | | | | | | | | | | | | | | |
| BEGINNING PRINCIPAL BALANCE | \$5,598,427 | \$5,724,391 | \$5,853,190 | \$5,967,195 | \$6,069,691 | \$6,167,835 | \$6,261,332 | \$6,349,870 | \$6,433,127 | \$6,510,765 | \$6,582,433 | \$6,647,766 | \$6,706,381 | \$6,757,883 | \$6,769,690 | \$6,804,985 | \$6,831,861 |
| CURRENT INTEREST | \$125,965 | \$128,799 | \$131,697 | \$134,262 | \$136,568 | \$138,776 | \$140,880 | \$142,872 | \$144,745 | \$146,492 | \$148,105 | \$149,575 | \$150,894 | \$152,052 | \$152,318 | \$153,112 | \$153,717 |
| PAYMENT APPLIED | \$0 | \$0 | \$17,692 | \$31,767 | \$38,423 | \$45,280 | \$52,342 | \$59,615 | \$67,107 | \$74,824 | \$82,772 | \$90,959 | \$99,391 | \$140,246 | \$117,023 | \$126,237 | \$135,727 |
| NET ACCRUAL/PAYDOWN | \$125,965 | \$128,799 | \$114,005 | \$102,495 | \$98,145 | \$93,497 | \$88,538 | \$83,257 | \$77,638 | \$71,668 | \$65,332 | \$58,616 | \$51,502 | \$11,806 | \$35,295 | \$26,875 | \$17,989 |
| BALANCE OF INTEREST ACCRUED | \$125,965 | \$254,763 | \$368,769 | \$471,264 | \$569,408 | \$662,905 | \$751,443 | \$834,700 | \$912,338 | \$984,006 | \$1,049,339 | \$1,107,954 | \$1,159,456 | \$1,171,263 | \$1,206,558 | \$1,233,434 | \$1,251,423 |
| APPLIED TO PRINCIPAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ENDING BALANCE (PRINCIPAL AND INTEREST) | \$5,724,391 | \$5,853,190 | \$5,967,195 | \$6,069,691 | \$6,167,835 | \$6,261,332 | \$6,349,870 | \$6,433,127 | \$6,510,765 | \$6,582,433 | \$6,647,766 | \$6,706,381 | \$6,757,883 | \$6,769,690 | \$6,804,985 | \$6,831,861 | \$6,849,850 |
| Remaining Balance After Conduit Loan | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$117,023 | \$126,237 | \$135,727 |
| 6 SUBORDINATE DEVELOPER FEE MGP LOAN | | | | | | | | | | | | | | | | | |
| 100.00% of Net Cash Flow | | | | | | | | | | | | | | | | | |
| BEGINNING PRINCIPAL BALANCE | \$0 | \$0 | \$2,276,741 | \$2,327,968 | \$2,380,347 | \$2,433,905 | \$2,488,668 | \$2,544,663 | \$2,601,917 | \$2,660,461 | \$2,720,321 | \$2,781,528 | \$2,844,113 | \$2,908,105 | \$2,973,537 | \$2,923,420 | \$2,862,960 |
| CURRENT INTEREST | \$0 | \$0 | \$51,227 | \$52,379 | \$53,558 | \$54,763 | \$55,995 | \$57,255 | \$58,543 | \$59,860 | \$61,207 | \$62,584 | \$63,993 | \$65,432 | \$66,905 | \$65,777 | \$64,417 |
| PAYMENT APPLIED | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$117,023 | \$126,237 | \$135,727 |
| NET ACCRUAL/PAYDOWN | \$0 | \$0 | \$51,227 | \$52,379 | \$53,558 | \$54,763 | \$55,995 | \$57,255 | \$58,543 | \$59,860 | \$61,207 | \$62,584 | \$63,993 | \$65,432 | (\$50,118) | (\$60,460) | (\$71,311) |
| BALANCE OF INTEREST ACCRUED | \$0 | \$0 | \$51,227 | \$103,606 | \$157,164 | \$211,927 | \$267,922 | \$325,177 | \$383,720 | \$443,580 | \$504,787 | \$567,372 | \$631,364 | \$696,797 | \$646,679 | \$586,219 | \$514,908 |
| APPLIED TO PRINCIPAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ENDING BALANCE (PRINCIPAL AND INTEREST) | \$0 | \$0 | \$2,327,968 | \$2,380,347 | \$2,433,905 | \$2,488,668 | \$2,544,663 | \$2,601,917 | \$2,660,461 | \$2,720,321 | \$2,781,528 | \$2,844,113 | \$2,908,105 | \$2,973,537 | \$2,923,420 | \$2,862,960 | \$2,791,649 |

Mississippi ECB
ANNUAL CASH FLOW[illegible]

CACULATION OF TAX CREDITS

TOTAL ELEGIBLE BASIS (FROM COST PAGE)

THRESHOLD BASIS CALCULATION

BASIS ADJUSTMENTS

TOTAL ADJUSTMENT TO THRESHOLD BASIS LIMIT**TOTAL ELIGIBLE BASIS (LESSER OF ADJUSTED THRESHOLD BASIS OR ELIGIBLE BASIS)****(LESS) INELIGIBLE AMOUNTS****TOTAL ELIGIBLE BASIS FOR STATE CREDITS****TOTAL STATE & FEDERAL CREDITS**

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 and 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 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 San Diego Housing Commission (Housing Commission) 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, or the 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. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- 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 Commission 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.

April 15, 2022

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

RE: Merge 56 Apartments

Dear Mr. Miller:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed tax-exempt financing for the Merge 56 Apartments (the "Project"). Our findings are organized as follows:

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

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

CURRENT PROJECT STATUS AND THE PROPOSED DEVELOPMENT

The Project will consist of a 47-unit development (the "Development") to be newly-constructed at Carmel Mountain Road and Merger Avenue (Lot 88 and of Merge 56 Unit 2) in the Torrey Highlands neighborhood in the City of San Diego, 92129 (the "Site"). Acquisition of the Site and construction of the Development would be financed from, among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt and taxable debt issued by the Housing Authority of the City of San Diego (the "Housing Authority"). 47 units will be subject to affordability restrictions as further described herein. The Developer, in lieu of providing a manager's unit, has elected – as provided for in CTCAC Regulation Section 10325(f)(7)(J), "...to employ an equivalent number

of on-site full-time property management staff (at least one of whom is a property manager) and provide an equivalent number of desk or security staff who are not tenants and are capable of responding to emergencies for the hours when property management staff is not working..." The Developer, initially, will house an income-qualified onsite manager in a 2-bedroom unit. Should that initial manager cease to be employed in the capacity of manager but continue to occupy the unit, the Developer either will: i) provide onsite management staff during business hours and an after-hours "key-holder" for unit access during other than business hours; or ii) occupy another unit with an income-qualified manager. If the former manager employee vacates the unit, the Developer expect to re-occupy the unit (or another available unit) with an income qualified manager.

The affordable units to be constructed in the Development satisfy certain inclusionary affordable unit obligations contained in a "[Master Affordable Housing Agreement And Agreement Authorizing Affordable Housing Density Bonus and Imposing Covenants, Conditions, and Restrictions on Real Property...](#)" As such, the Site is currently subject to a "[Declaration Covenants, Conditions and Restrictions](#)" and "[Deed of Trust](#)" in favor of the San Diego Housing Commission to effect the Developer's obligations to create the affordable units.

The Site is currently owned by Sea Breeze 56, LLC (the "Seller"). The Site currently consists of a single parcel subject to a lot line adjustment to be recorded prior to financial close. The parcel is currently vacant. The Developer has secured site control via a Purchase and Sale Agreement with the Seller. A portion of the Development's parking will be located on an immediately adjacent parcel; the Development will be subject to a Reciprocal Easement Agreement in order to effect the rights of the residents of the Development to access the parking on the adjacent parcel.

On June 16, 2021, the Housing Authority approved a resolution evidencing its official intent to conduct a tax-exempt issuance in the not-to-exceed amount of \$16,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of private activity tax-exempt authority for the Project.

The public hearing required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances ("TEFRA") is expected to be held on May 24, 2022. The TEFRA hearing will remain valid for a period of one year.

On September 9, 2021, the Housing Authority submitted an application to CDLAC for \$16,000,000 in private activity tax-exempt issuance authority for the Project.

On December 08, 2021, CDLAC awarded \$16,000,000 in private activity tax-exempt allocation to the Housing Authority for the Project.

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up to \$16,000,000 in a tax-exempt note (the “Note”)¹ for the Project and up to \$2,000,000 in a taxable note (the “Taxable Note,” collectively the “Notes”). The Notes would be issued pursuant to a Loan Agreement between the Housing Authority and the Lender, and separate Loan Agreement between the Housing Authority and the Borrower.

The Developer proposes, pursuant to a Commitment letter, dated September 02, 2021, from Pacific Western Bank (the “Lender”), that the Notes would be purchased on a private-placement basis by the Lender. Construction draws of tax-exempt Note proceeds would be funded on and as-needed “draw-down” basis. Pacific Western Bank would remain the as Lender for the Project upon stabilization and conversion to permanent financing.

According to projections provided by the Developer, the total development cost (“TDC”) totals approximately \$29,566,000.

Merge 56 Apartments: Construction and Permanent Source Summary²

| | <u>Construction</u> | <u>Permanent</u> |
|---------------------------------------|---------------------|-------------------|
| Tax-Exempt Note | 16,000,000 | 7,405,000 |
| Taxable Note | 2,000,000 | 0 |
| Tax Credit Equity (Federal and Solar) | 8,508,500 | 13,155,000 |
| Sea Breeze 56, LLC | 0 | 5,598,430 |
| Accrued Interest | 245,000 | 245,000 |
| Construction Period NOI | 150,000 | 150,000 |
| Deferred Developer Fee | 0 | 736,080 |
| Developer Fee/MGP Loan | 0 | 2,276,740 |
| Deferred Costs and Fees | <u>2,662,750</u> | <u>0</u> |
| Total Sources | 29,566,250 | 29,566,250 |

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

² Source: Developer projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

Merge 56 Apartments: Permanent Use Summary³

| | <u>Permanent</u> |
|--|-------------------|
| Land and Acquisition Costs | 1 |
| Construction Costs (includes infrastructure and parking) | 15,170,750 |
| Construction Contingency (Owner + Contractor's) | 2,255,020 |
| Developer Fee | 3,812,820 |
| Operating Reserve | 245,060 |
| Capitalized Construction Loan Interest | 575,000 |
| Other Hard and Soft Costs | <u>7,507,600</u> |
| Total Uses | 29,566,251 |

Ownership

The Project will be owned by Merge 56 Affordable, LP (the “Borrower”). The Borrower will consist of: AOF SD MGP LLC as the Managing General Partner (with AOF/Pacific Affordable Housing Corporation as its Sole Member); Merge 56 Affordable LLC as the Administrative General Partner (with Rise Urban Partners, LLC as its Managing Member); an entity of the Redstone Equity Partners (the “Tax Credit Investor”) will be the tax credit investor limited partner.

Tax-Exempt Bond Structure and Credit Enhancement

Construction Loan

The Developer proposes that the Housing Authority issue tax-exempt Notes in the combined maximum amount of \$18,000,000 in order to finance the acquisition and construction of the Project. Solely revenues pledged under the respective Loan Agreements will secure the payment of principal and interest to the bondholder.

The Notes would be unrated, without credit enhancement, and would be purchased by the Lender on a private placement basis. The Notes would be funded on a draw-down basis through the construction period. Upon stabilization and conversion, all of the taxable Note and a portion of the tax-exempt Note will be redeemed (from tax credit equity and other sources).

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

³ Source: Developer/Tax Credit Investor projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

The construction period would be 24 months. The Lender's Commitment provides an indicative construction period fixed interest rate for the Notes of 3.25% for the tax-exempt and 3.70% for the taxable. Payments during the construction period would be interest-only on a 365/360 basis.

Permanent Loan

Upon conversion to the permanent loan, the Borrower proposes to redeem all of the taxable Note and a portion of the outstanding tax-exempt Note with available sources (e.g., tax credit equity). The remaining outstanding tax-exempt Note will convert to a permanent loan.

According to the Lender's Commitment, the permanent loan would have a term of 18 years following the Conversion and an amortization period of 35 years. The Lender also provides an indicative fixed rate of 3.75%.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Note on or about May 30, 2022. The Authority received an allocation tax-exempt authority in the amount of \$16,000,000 from CDLAC at its December 08, 2021 allocation meeting date. The allocation expiration date provided by CDLAC is June 20, 2022 (with a separate "Readiness" deadline of June 06, 2022).

Commission Financial Involvement

The Commission has no other financial involvement in the transaction

Affordability Restrictions

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

| Source of Restriction | Restriction | Expiration Date |
|--------------------------|---------------------|-----------------|
| CDLAC Debt Limit | 5 units at 30% AMI | 55 years |
| Allocation Committee and | 5 units at 50% AMI | |
| California Tax Credit | 37 units at 60% AMI | |
| Allocation Committee | | |

In addition, the existing [Declaration Covenants, Conditions and Restrictions](#) requires that all 47 units are restricted to 60% AMI or less.

PROJECT'S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual permanent debt service on the proposed senior permanent loan of \$7,405,000 would total approximately \$281,544. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$172,120 at a debt coverage ratio (DCR) of 1.61. Cash flow after reserves would total approximately \$155,670 at a DCR of 1.55. *Note that this DCR is in excess of CTCAC maximums (1.20 DCR or not to exceed 8% of GPI) for the first 3 operating years.*

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides for financing for the acquisition and construction of the Project. By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed tax-exempt Note financing, the Commission will not obligate the Commission or the Housing Authority to issue the Bonds.

As proposed, the financing will create 47 affordable units in the City of San Diego. These units will remain long-term affordable for approximately 55 years under the CDLAC, CTCAC restrictions and the [Declaration Covenants, Conditions and Restrictions](#).

If the Authority issues the Notes, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$45,000) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Note.

PUBLIC PURPOSE

The proposed financing will result in the creation of 47 affordable family housing units in the City of San Diego. The proposed financing will result in new CDLAC and CTCAC regulatory restrictions as follows (most restrictive) for 55 years:

- 5 units at 30% AMI
- 5 units at 50% AMI
- 37 units at 60% AMI

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 47 units within the Project.

RECOMMENDATIONS

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

- The financing will create 47 affordable family units in the City of San Diego with long-term affordability covenants.
- The Commission has received tax-exempt authority of \$16,000,000 from CDLAC for the Project.
- The Lender and the Tax Credit Investor are currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately \$45,000, and a long-term annual fee equal to the greater of \$10,000 and 0.125% the outstanding Notes.
- The net Tax-Exempt Note financing and tax credit equity will provide approximately \$20,560,000 for development costs.

Contingent Items

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

- The Project's financial underwriting must be consistent among the Developer, the Lender and the Tax Credit Investor.
- As of this writing, neither the Lender nor the Tax Credit Investor has provided final credit approval for the financing. The Notes cannot be issued without these final approvals.
- Final Notes documents and approving resolution must be approved by the Housing Authority.

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

Sincerely,
CSG Advisors

A handwritten signature in blue ink, appearing to read 'John Hamilton', with a long horizontal stroke extending to the right.

John Hamilton

Exhibit A

Merge 56

date of rev:

4/4/22

Long-Term Tax-Exempt Loan Loan

| | Tranche A | Tranche B | Total |
|--------------------------------------|--------------|-----------|--------------|
| Principal Amount ¹ | \$ 7,405,000 | \$ - | \$ 7,405,000 |
| Mortgage Rate ² | 3.750% | 0.000% | |
| Amortization Term (yrs) ² | 35 | 0 | |
| Underwriting Monthly Debt Service | \$ 23,462 | \$ - | \$ 23,462 |
| Underwriting Annual Debt Service | \$ 281,544 | \$ - | \$ 281,544 |

¹ Source: Developer projections dated 02-24-22. Pacific Western Bank Commitment dated 9/2/21 shows then-supported amount of \$7,240,000

² Pacific Western Bank Commitment 9/21/21: Subject to adjust but terms/index not provided.

Post-Financing Operations Analysis ¹

| Income | | | | Stabilized Year | | | | |
|--|-----------------|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | 1 | 2 | 3 | 4 | 5 |
| Gross Tax Credit Rental Income ¹ | 2.50% Inflation | | | \$ 841,270 | \$ 862,302 | \$ 883,859 | \$ 905,956 | \$ 928,605 |
| Other Income | 2.50% Inflation | | | \$ 12,250 | \$ 12,556 | \$ 12,870 | \$ 13,192 | \$ 13,522 |
| Gross Potential Income (GPI) | | | | \$ 853,520 | \$ 874,858 | \$ 896,729 | \$ 919,148 | \$ 942,126 |
| Vacancy Collection Loss ² | 5.00% | | | <u>(42,670)</u> | <u>(43,743)</u> | <u>(44,836)</u> | <u>(45,957)</u> | <u>(47,106)</u> |
| Effective Gross Income | | | | \$ 810,850 | \$ 831,115 | \$ 851,893 | \$ 873,190 | \$ 895,020 |
| Expenses | | | | | | | | |
| Operating Expenses | 3.50% Inflation | | | \$ (339,690) | \$ (351,579) | \$ (363,884) | \$ (376,620) | \$ (389,802) |
| RE Taxes | 2.00% Inflation | | | \$ (5,000) | \$ (5,100) | \$ (5,202) | \$ (5,306) | \$ (5,412) |
| Issuer Fee | \$ 10,000 min | 0.125% | | \$ (10,000) | \$ (10,000) | \$ (10,000) | \$ (10,000) | \$ (10,000) |
| Trustee Fee ³ | \$ 2,500 min | 0.004% | | <u>(2,500)</u> | <u>(2,500)</u> | <u>(2,500)</u> | <u>(2,500)</u> | <u>(2,500)</u> |
| Total Expenses | | | | \$ (357,190) | \$ (369,179) | \$ (381,586) | \$ (394,426) | \$ (407,714) |
| Net Operating Income | | | | \$ 453,660 | \$ 461,936 | \$ 470,307 | \$ 478,764 | \$ 487,306 |
| Required Debt Service | | | | \$ (373,640) | | | | |
| Senior | | | | | | | | |
| Real Estate Loan | | | | \$ (281,540) | \$ (281,540) | \$ (281,540) | \$ (281,540) | \$ (281,540) |
| Cash Flow before Reserves | | | | \$ 172,120 | \$ 180,396 | \$ 188,767 | \$ 197,224 | \$ 205,766 |
| Debt Coverage Ratio Before Reserves | | | | 1.61 | 1.64 | 1.67 | 1.70 | 1.73 |
| Reserves | 350 per unit | 0% Inflation | | \$ (16,450) | \$ (16,450) | \$ (16,450) | \$ (16,450) | \$ (16,450) |
| Cash Flow After Reserves | | | | \$ 155,670 | \$ 163,946 | \$ 172,317 | \$ 180,774 | \$ 189,316 |
| Overall Debt Coverage Ratio (DCR) | | | | 1.55 | 1.58 | 1.61 | 1.64 | 1.67 |
| Cash Flow Including Commercial Income | | | | 155,670 | 163,946 | 172,317 | 180,774 | 189,316 |
| Debt Coverage Ratio Including Commercial Income ⁴ | | | | 1.55 | 1.58 | 1.61 | 1.64 | 1.67 |

¹ Source: Per Developer Projections 02-24-22: Not inflated to placed-in-service (PIS). Rounding by CSG Advisors

² Of Gross Potential Income.

³ Per Fiscal Agent proposal accepted by SDHC

⁴ CTCAC will limit non-declining DSCR to 1.2 or Cash Flow no greater than 8% GPI in years 1-3

Exhibit A

Merge 56 Permanent Sources and Uses of Funds ¹

Sources

| | | |
|---------------------------------------|----|------------------|
| Tax-Exempt Note | \$ | 7,405,000 |
| Tax Credit Equity (Federal and Solar) | \$ | 13,155,000 |
| Sea Breeze 56, LLC | \$ | 5,598,430 |
| Accrued Interest | \$ | 245,000 |
| Construction Period NOI | \$ | 150,000 |
| Deferred Developer Fee | \$ | 736,080 |
| Developer Fee/MGP Loan | \$ | <u>2,276,740</u> |
| Total Sources | \$ | 29,566,250 |

Uses

| | | |
|--|----|------------------|
| Land and Acquisition Costs | \$ | 1 |
| Construction Costs (includes infrastructure and parking) | \$ | 15,170,750 |
| Construction Contingency (Owner + Contractor's) | \$ | 2,255,020 |
| Developer Fee | \$ | 3,812,820 |
| Operating Reserve | \$ | 245,060 |
| Capitalized Construction Loan Interest | \$ | 575,000 |
| Other Hard and Soft Costs | \$ | <u>7,507,600</u> |
| Total Uses | \$ | 29,566,251 |

| | | |
|-------------------------------|----|-----|
| Surplus(Deficit) ² | \$ | (1) |
|-------------------------------|----|-----|

¹ Source: Information provided by Developer. Rounding by CSG

² Deficit due to rounding

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE**

1. Name of CONTRACTOR: **Rise Urban Partners, LLC**
2. Address and Zip Code: **3525 Del Mar Heights Rd #211 San Diego, CA 92130**
3. Telephone Number: **509-280-5469**
4. Name of Principal Contact for CONTRACTOR: **David Allen**
5. Federal Identification Number or Social Security Number of CONTRACTOR:
84-3976037
6. If the CONTRACTOR is not an individual doing business under his own name,
the CONTRACTOR has the status indicated below and is organized or
operating under the laws of California as:

___ A corporation (Attach Articles of Incorporation)

___ A nonprofit or charitable institution or corporation. (Attach copy of
Articles of Incorporation and documentary evidence verifying current
valid nonprofit or charitable status).
___ A partnership known as: _____
(Name)
Check one
() General Partnership (Attach statement of General Partnership)
() Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:

(Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: **November 26, 2019**
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%.

| | |
|---|--|
| Name, Address and <u>Zip Code</u> David Allen 3260 S. Jefferson Street Spokane, WA 99203 | Position Title (if any) and percent of interest or description <u>of character and extent of interest</u> Manager of Trestle Development, LLC its co-manager and 50% owner |
|---|--|

| | |
|---|---------------------------------|
| Morgan Family Trust dated 10/6/15 3971 Montefrio Court San Diego, CA | Co-manager and 50% owner |
|---|---------------------------------|

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.
No.

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

No

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

Name, Address and
Zip Code _____

Position Title (if any) and
extent of interest _____

N/A

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.

**Trestle Development, LLC
600 West Broadway, Suite 700
San Diego, CA 92101**

50% owner of Rise Urban Partners, LLC

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.

Rise Urban Partners, LLC is a new venture between Trestle Development, LLC and Morgan Family Trust dated 10/6/15. Rise has one project under construction which is expected to deliver approximately \$2M of developer fees over the next 24 months.

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:

The project will be financed with a tax-exempt bond, an allocation of 4% LITHCs and funding assistance from the master developer of the Merge 56 projects. A General Partner contribution and deferred developer fee will round out the project sources.

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

a. Name, Address & Zip Code of Bank/Savings & Loan:

**First Republic Bank
1280 4th Avenue
San Diego, CA 92101
Amount: \$ 500,000**

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

Name, Address & Zip Code of Bank/Savings & Loan:

**Chase Bank
101 W. Broadway, Suite 100
San Diego, CA 92101
Amount: \$ 175,000**

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

| <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--------------------|---------------------|---------------------------|
| N/A | \$ | \$ |

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

| Name and Address | Contact Name |
|-------------------------|---------------------|
| First Republic Bank | Brittany Griffin |

| | |
|-----------------------------|-------------|
| 1280 4 th Avenue | |
| San Diego, CA 92101 | |
| | |
| Chase Bank | John Foster |
| 909-771-8263 | |

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
___ Yes X No

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

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
___ Yes X No

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

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

| <u>Bond</u> <u>Type</u> | <u>Project</u> <u>Description</u> | <u>Date of</u> <u>Completion</u> | <u>Amount</u> <u>of Bond</u> | <u>Action on</u> <u>Bond</u> |
|----------------------------|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|
|----------------------------|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|

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:

Not Applicable.

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:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ 80,m
General description of such work:

Ground-up development of four apartment communities in San Diego and Oakland, California. Rise Urban Partners, LLC and its affiliates and principal members act as the General Partner and Developer. General contracting is performed by a third-party general contractor.

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.

Project Name: One Mississippi
Project Owner Contract Information: David Allen
Project Location: 2139 El Cajon Blvd San Diego, CA 92104
Project Details: 61 apartments over 2,000 sf retail space
Bonding Company Involved: N/A
Change Order Details: Under Construction, On Budget
Change Order Cost: N/A
Litigation Details: N/A

Project Name: Nook East Village
Project Owner Contract Information: David Allen
Project Location: 330 15th St., San Diego, CA 92101
Project Details: 91 apartments over 2,000 sf retail space
Bonding Company Involved: N/A
Change Order Details: Completed on budget
Change Order Cost: N/A
Litigation Details: N/A

Project Name: Electric Lofts
Project Owner Contract Information: David Allen
Project Location: 2415 Valdez St. Oakland, CA 94612
Project Details: 89 market rate micro units
Bonding Company Involved: N/A

Change Order Details: Project was on budget
Change Order Cost: N/A
Litigation Details: N/A

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

| <u>Identification of Contract or Development</u> | <u>Location</u> | <u>Amount</u> | <u>Date to be Completed</u> |
|--|--------------------|---------------|---------------------------------|
| Mississippi ECB | 2139 El Cajon Blvd | \$24M | September 2022 |

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

| <u>Awarding Agency</u> | <u>Amount</u> | <u>Date Opened</u> |
|------------------------|---------------|--------------------|
|------------------------|---------------|--------------------|

22. Provide a detailed and complete statement respecting 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:

The developer will hire a 3rd party general contractor to build the project

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), 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 COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

___ Yes X No

If yes, explain

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

See attached financial statement and biographies of principals involved in the transaction.

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

___ Yes X No

If yes, explain:

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

**Cavignac
Matthew Slakoff
451 A Street 18th Floor San Diego, CA 92101**

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

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

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
See attached
 - d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
None carried for Rise Urban Partners, LLC
 - e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
None carried for Rise Urban Partners, LLC
 - f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
N/A
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 COMMISSION setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, 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 COMMISSION, 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 Commission 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 so state:

Government Entity
Making Complaint

Date

Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

NONE

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:

Governmental Description
Revocation

License

Date Issued

Status

Agency
(yes/no)

License

Number

(original)

(current)

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 COMMISSION.

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 COMMISSION.

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

| <u>Date</u> | <u>Entity Involved</u> (i.e., CITY COMMISSION, etc.) | <u>Status</u> (Current, delinquent repaid, etc.) | <u>Dollar</u> <u>Amount</u> |
|------------------|--|--|--------------------------------|
| 4/5/2020 | SDHC Bond Issuance | Currently in construction | \$12,500,000 |
| 6/10/2017 | SDHC Subordinate Loan | Current in repayment | \$750,000 |

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ☐ Yes ☒ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
☐ Yes ☒ No

If yes, explain:

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

Name: **Rick Allgire, Allgire General Contractors**

Address: **_3278 Grey Hawk Ct, Carlsbad CA**

Phone: **760-477-8455**

Project Name and Description: **Nook East Village**

Name: **Debbie Ruane, Norwood Development Strategies**

Phone: **619-992-8844**

Project Name and Description: **Various Development and consulting projects.**

Name: **Matt Grosz_**

Phone: **619-535-3903**

Project Name and Description: **Cordova Trolley, Mississippi ECB_**

39. Give a brief statement respecting 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.

Each of the principals involved in the transaction have been involved in multifamily housing construction and finance for over 15 years. The team has been responsible for the development of 400 multifamily units in the last 5 years and has extensive experience in tax credit and tax exempt and financing.

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

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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 15 day of April, 2022, at San Diego, California.

CONTRACTOR

By:


Signature

Manager
Title

CERTIFICATION

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

By: D. Deane

By: _____

Title: Manager

Title: _____

Dated: 4/15/22

Dated: _____

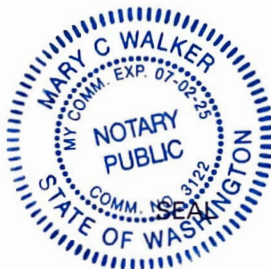
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not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

ATTEST:

State of California Washington

County of Spothane

Subscribed and sworn to before me this 15th day of April, 2022.



Mary C. Walker
Signature of Notary

MARY C. WALKER

Name of Notary