



Community Services Department

Connecting People to Opportunities

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CAPITAL LOAN COMMITTEE STAFF REPORT - HOUSING PROJECTS

For the meeting of:

Date: February 13, 2020
Time: 2:00 p.m. – 4:00 p.m.
Location: 706 Laguna St., Santa Barbara, CA

BY: Ted Teyber, Sr. Housing Program Specialist
Division of Housing and Community Development (HCD)

RE: Funding recommendations for housing projects utilizing County administered funds

The purpose of this staff report is to provide information to the Capital Loan Committee (Committee) on proposed affordable housing projects under consideration for funding from County administered funds. The Committee is being requested to review the proposals for feasibility before the projects are presented to the County Board of Supervisors (Board). Final project approvals or funding reservations will be made by the Board at future regularly-scheduled Board meetings.

NOTICE OF FUNDING AVAILABILITY

The County's Community Services Department, Division of Housing and Community Development Division (HCD) issued a Notice of Funding Availability (NOFA) on November 8, 2019 which made available approximately \$5 million in local, state and federal funding. The NOFA was viewable at www.countyofsb.org/housing. In addition to federal entitlement funding such as Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME), No Place Like Home (NPLH) funding from the State of California was included, along with County funds generated from Inclusionary Housing In-Lieu fees. Following are descriptions of funding programs for projects being presented to the Capital Loan Committee:

- HOME Investment Partnerships (HOME) are allocated to the County annually by the U.S. Department of Housing and Urban Development (HUD) and may be used for a variety of purposes, including housing development (acquisition, rehabilitation, and/or new construction) of affordable rental or for-sale housing, rehabilitation of owner-occupied housing, homebuyer assistance (down payment and closing costs assistance), and Tenant-Based Rental Assistance. Occupant incomes are restricted to eighty-percent (80%) or below the area median income (AMI) as published annually by HUD. Most rental housing is restricted to sixty-percent (60%) or below AMI. www.hudexchange.info/programs/home/
- The State of California No Place Like Home (NPLH) program provides funding and tools to address affordability issues associated with creating housing units that are specifically set aside for persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless. Under the program, the State may make loans to reduce the initial cost of acquisition and/or construction or rehabilitation of housing, and may set funds aside to subsidize extremely low rent levels over time. A one-time allocation of non-competitive funds was allocated to the County to be awarded to projects by the County. Competitive funds are awarded by the State via periodic NOFAs until funds are exhausted. <http://www.hcd.ca.gov/grants->

[funding/active-funding/nplh.shtml](#). NPLH requires funded projects to participate in the County’s coordinated entry system (CES) for placements.

- The Low and Moderate Income Housing Asset Fund (LMIHAF) is the result of the dissolution of the Redevelopment Agency of the County of Santa Barbara. Redevelopment Agency assets and loan repayments to the successor agency, the County of Santa Barbara, are held in this account to be used to increase, improve, and preserve the supply of low and moderate income housing within a given territory. LMIHAF funds require a fifty-five (55) year affordability restriction, in which improved units must be affordable to and occupied by households earning 80% or less of AMI.

APPLICATION REVIEW

The NOFA instructed applicants with proposed housing development projects to submit Notices of Intent (NOI) to apply by the stated deadline. This first step enabled County staff to prioritize proposed projects based on readiness to proceed given the limited available resources and strict state and federal timelines for expenditure and project completion. County staff reviewed projects for basic threshold requirements. Proposed projects were placed in the following categories:

1. Projects that will have all financing committed for applicable project costs (acquisition, rehab and/or new construction) or will be ready to apply to the State for low-income housing tax credits (LIHTC) on or before June 30, 2020. These applicants were invited to submit a full housing application by January 10, 2020.
2. Projects that will be ready to apply for LIHTC after June 30 but before December 31, 2020.
3. Projects that do not meet the criteria listed in numbers 1 or 2 above, may apply in the next NOFA cycle. Developers that plan to apply to the County and State for NPLH competitive funds only (no other County-administered funds included), must and work directly with the County Department of Behavioral Wellness to negotiate the required service agreements. NPLH competitive applications are not reviewed by County HCD.

Projects that met the criteria in No. 1 above were reviewed and placed on the agenda for the Capital Loan Committee’s February 13, 2020 meeting. HCD Staff will continue to work with developers on projects that met the criteria in No. 2 above to be placed on the agenda for future Committee meetings.

HCD Staff Review

Staff screened applications for the following:

- ✓ Eligibility for funding based on criteria of the funding source
- ✓ Meets a County Consolidated Plan Priority¹
- ✓ Timing of financial commitments and applications to State for LIHTC, if applicable
- ✓ Construction timeline
- ✓ Itemized development budget and minimum 15-year operating proforma was submitted.
- ✓ Review of income and rent limits as applicable for the funding source.
- ✓ Project readiness by evidence of site control, zoning approvals, completion of architectural, engineering and other pre-development activities
- ✓ Applicant experience and financial capacity

¹ Consolidated Plan Priorities include funding critical community facilities, removing architectural barriers to people with mobility impairments, maintaining or upgrading existing low-income affordable housing stock, improving the physical character of neighborhoods, including complete streets, parks, and other public spaces, and expanding the supply of permanent supportive housing and Single-Room Occupancy (SRO) units to address the needs of the homeless, households at imminent risk of becoming homeless and/or special needs clients.

Capital Loan Committee Review (Committee)

The Committee is being asked to review the projects for construction and long-term feasibility. Project development budgets and operating proformas are provided for each project. The County will record regulatory agreements on each property to ensure the income and rent restrictions for a given funding source are met.

Applicants were invited to attend the Committee meeting to answer any questions the Committee may have on their projects.

County Board of Supervisors (BOS)

Projects that are recommended for funding by staff and Committees' review, will be placed on the agenda of a regularly-scheduled BOS meeting for final funding approval and execution of grant or loan documents. For tax credit projects, the Board will be asked to approve a reservation of funds. Once the project receives an allocation of tax credits, staff will return to the Board for execution of loan documents. Projects will be scheduled as time permits.

HCD STAFF FUNDING RECOMMENDATIONS

The following projects met the criteria in No. 1 above and are recommended for funding by staff. Staff will return to the Capital Loan Committee at a later date with additional projects that meet the criteria in No. 2 above.

Developer/ Project Title	Population/ Occupants	Amount Requested	HCD Recommendation	Funding Source	Project Location
Cabrillo Economic Development Corporation / Village Senior Apartments	Senior	\$895,941	\$895,941	HOME (\$895,941)	Buellton
Peoples' Self Help Housing / IV Apartments	Family/Farmworker	\$1,000,000	\$1,000,000	LMIHAF (\$1,000,000)	IV/Goleta
Housing Authority of the County of Santa Barbara / Cypress & 7th	Veteran/Special Needs	\$2,000,000	\$2,000,000	Over the Counter NPLH (\$250,000); HOME (\$250,000) Competitive NPLH (\$1,500,000)	Lompoc

PROJECT DESCRIPTIONS

I. Cabrillo Economic Development Corporation – Village Senior Apartments Exhibit 1 – Development Budget and Operating Proforma

CEDC is proposing the development of the property on vacant land located on the northeast corner of Highway 246 and McMurray Road in the City of Buellton. Final Planning Commission Approval was secured on October 2, 2014. CEDC is applying for HOME funds to fund the construction of the project. The project contemplates constructing three (3) buildings with multiple rental units in each, a community

center, community garden, offices, and 76 off-street parking spaces. The 49 affordable units are all private 1-bedroom 1-bath apartments, with one 2-bedroom 1-bath manager's unit. It is contemplated that all 49 of the affordable units will be restricted for seniors (62+) at 30% AMI. Each unit will have energy efficient washer, dryer, dishwasher, refrigerator and kitchen appliances.

The property is .5 miles from a public bus stop, and .8 miles from shopping. CEDC took title of the property in 2015. Total project acquisition and development cost is \$21,262,202. CEDC is seeking an \$895,941 reservation of County administered HOME/In-Lieu funds, so as to apply for State of California Department of Housing and Community Development Multifamily Housing Program (MHP) funds. The Round 2 MHP application is due March 2, 2020.

The developer intends to submit an application to the California Tax Credit Allocation Committee's (CTCAC) for 4% low-income housing tax credits (LIHTC).

Based upon the staff screening criteria listed above, as well as the budget and proforma attached as Exhibit 1, staff has no outstanding concerns for the project which is now before the Capital Loan Committee for recommendations.

II. Peoples' Self Help Housing – IV Apartments

Exhibit 2 – Development Budget and Operating Proforma

In 1999, the County loaned Peoples' Self-Help Housing Corporation ("PSHHC") \$144,821 in federal HOME funds for acquisition and rehab of the 56 rental units (24 one bedroom, 16 two bedroom, 16 three bedroom) at 6660 Abrego in Isla Vista for affordable rental housing. PSHHC is now seeking \$1,000,000 to repair and rehabilitate the three (3) buildings comprising the development. The 56 units are all currently occupied by families and farmworkers, such that tenant relocation is necessary; a relocation plan is currently being prepared by a relocation consultant.

Since 1999, the Property has provided affordable housing to individuals and families in the County, but after almost 20-years, additional repairs and rehabilitation work is needed. The County's existing HOME Loan Regulatory Agreement provides for an affordability period of forty (40) years,² such that no additional HOME funds can be invested for the necessary rehabilitation project. However, as the successor to the Santa Barbara County Redevelopment Agency, the County of Santa Barbara administers the Low and Moderate Income Housing Asset Fund (LMIHAF). For the Isla Vista area, there are sufficient funds in the LMIHAF to complete the necessary rehabilitation project. Use of LMIHAF funds for rehabilitation will subject the property to an additional fifty-five (55) year affordability term, in which the property must be affordable to and occupied by households earning 80% AMI or less. Currently, 20 units are restricted to tenants at 50% AMI, 28 units restricted to tenants at 60% AMI, and 7 units restricted to tenants at 80% AMI, with one unrestricted unit. In addition to approval by the County Board of Supervisors, the use of LMIHAF requires an additional 10-day public comment period and State Department of Finance Review before execution of loan documents and disbursement of funds.

The developer intends to submit an application to the California Tax Credit Allocation Committee's (CTCAC) for 4% low-income housing tax credits (LIHTC) in March. Total project cost is \$23,665,579.

² In addition to the County's HOME Loan Regulatory Agreement, the property is subject to separate affordability restrictions in connection with Regulatory Agreements to provide for farmworker housing with State of California Department of Housing and Community Development (through September 14, 2021), very low income housing with the Housing Authority of the County of Santa Barbara (through March 30, 2031), and low income housing with the County of Santa Barbara (through March 30, 2041).

Based upon the staff screening criteria listed above, as well as the budget and proforma attached as Exhibit 2, staff has no outstanding concerns for the project which is now before the Capital Loan Committee for recommendations.

III. Housing Authority of the County of SB – Cypress & 7th
Exhibit 3 – Development Budget and Operating Proformas

The Housing Authority of the County of Santa Barbara (“Housing Authority”) is proposing to develop the property located at 1401 East Cypress Avenue in the City of Lompoc with fifteen (15) 1-bedroom rental units within one (1) three (3) story building. One of the units will be a manager’s unit without income or rent restrictions. Five (5) of the units will be restricted to tenants earning 50% AMI or less, and nine (9) units will be restricted to tenants earning 60% AMI or less. The building will include a community room for residents, laundry, and bike parking. Each unit will have a covered patio or balcony and kitchen appliances.

The Housing Authority acquired the property on April 20, 2018. City Planning Commission Approval was obtained on October 9, 2019.

The Housing Authority is requesting a total of \$2,000,000, \$250,000 to be NPLH over the counter funds awarded by the County Department of Behavioral Wellness (BeWell), \$1,500,000 to be NPLH competitive funds, for which the Housing Authority will apply as co-applicant with BeWell at the release of the State’s NOFA, and \$250,000 of which is proposed to be HOME funds. The developer also intends to submit an application to the California Tax Credit Allocation Committee (CTCAC) for low-income housing tax credits (LIHTC). Total project cost is approximately \$7,546,535 for 4% non-competitive LIHTCs, or approximately \$7,822,915 for 9% competitive LIHTCs.

Based upon the staff screening criteria listed above, as well as the budget and proforma (both 4% LIHTC and 9% LIHTC) attached as Exhibit 3, staff has no outstanding concerns for the project which is now before the Capital Loan Committee for recommendations.

Attachments:

- Exhibit 1 – CEDC Village Senior Budget & Proforma
- Exhibit 2 – PSHHC IV Apartments Budget & Proforma
- Exhibit 3 – HACSB Cypress & 7th Budget & Proforma

cc: Laurie Baker, Grants Program Manager
Dinah Lockhart, Deputy Director Housing and Community Development
George Chapjian, Community Services Director

Exhibit 1

CEDC Village Senior Budget & Proforma

TOTAL DEVELOPMENT COST SCHEDULE				
DESCRIPTION OF ITEM	TOTAL COST	DEFERRED DURING CONST	PRE-DEV COSTS	Tax Credit Basis
AQUISITION COSTS:				
Purchase Land & Bldg.	\$ 2,000,100		\$ 2,000,100	XXXXXXXXXXXXXXXXXXXX
Acquisition Escrow, Title, Recording, Appraisal	\$ 25,418		\$ 25,418	XXXXXXXXXXXXXXXXXXXX
Interest & Origination Fees	\$ 230,012		\$ 230,012	XXXXXXXXXXXXXXXXXXXX
Real Estate Taxes (Holding Period) 0.0125%	\$ 50,000		\$ 50,000	XXXXXXXXXXXXXXXXXXXX
Holding Costs	\$ 20,000		\$ 20,000	XXXXXXXXXXXXXXXXXXXX
SUB-TOTAL AQUIS. COSTS	\$ 2,325,530	\$ -	\$ 2,325,530	\$ -
FEES/PERMITS & STUDIES:				
Entitlement Fees and Permits	\$ -		\$ -	\$ -
Entitlements Consultant	\$ -		\$ -	\$ -
Bldg Permit	\$ 150,000		\$ 150,000	\$ 150,000
Impact Fees/City Bonds	\$ 427,369		\$ 427,369	\$ 427,369
Geotechnical (Soils)	\$ 75,000		\$ 75,000	\$ 75,000
ALTA Survey (Pre and Post Construction)	\$ -	\$ -	\$ -	\$ -
Environmental (Phase I & II/Lead Asbestos)	\$ 30,000		\$ 30,000	\$ 30,000
Market Study	\$ 15,000		\$ 15,000	\$ 15,000
Energy Consultant (LEED)	\$ 55,000		\$ 55,000	\$ 55,000
Sound Consultant	\$ -		\$ -	\$ -
PV & Solar	\$ -		\$ -	\$ -
Architectural (inc. Civil, MEP & Landscape) 6.8%	\$ 765,536		\$ 612,429	\$ 765,536
Arch. Reimbursables 5.00%	\$ 38,277		\$ 30,621	\$ 38,277
CASp Consultant	\$ -		\$ -	\$ -
Title 24 / CUAC	\$ -		\$ -	\$ -
SUB-TOTAL Fees/Permits	\$ 1,556,182	\$ -	\$ 1,395,419	\$ 1,556,182
DIRECT/HARD COSTS:				
Construction Contract (inc. demolition)				
Demolition & Abatement	\$ -			XXXXXXXXXXXXXXXXXXXX
Off-Site Improvements	\$ 600,752			
Site Work / Landscape Structures	\$ 1,069,317			\$ 1,069,317
	\$ 7,978,001			\$ 7,978,001
Subtotal Direct Cost	\$ 9,648,070	\$ -	\$ -	\$ 9,047,318
Project General Conditions 4.00%	\$ 385,923			\$ 385,923
Subtotal Construction Cost	\$ 10,033,993	\$ -	\$ -	\$ 9,433,241
Contractor's Overhead 5.00%	\$ 501,700			\$ 501,700
Contractor's Profit 5.00%	\$ 501,700			\$ 501,700
GC Bond (Owner Expense) 1.00%	\$ 110,374			\$ 110,374
GC Insurance (Owner Expense) 1.00%	\$ 110,374			\$ 110,374
Total Construction Contract	\$ 11,258,140	\$ -	\$ -	\$ 10,657,388
Cost Escalation 5.00%	\$ 562,907			\$ 562,907
Hard Cost Contingency 5.00%	\$ 562,907			\$ 562,907
SUB-TOTAL HARD COSTS	\$ 12,383,954	\$ -	\$ -	\$ 11,783,202
INDIRECT/SOFT COSTS:				
Developer's Fee/Org. costs	\$ 2,227,500	\$ 1,826,550		\$ 2,227,500
Syndication Consultant Fee	\$ 60,000		\$ 18,000	\$ -

DESCRIPTION OF ITEM	1	L COST	DEFERRED DURING CONST	PRE-DEV COSTS	Tax Credit Basis
Construction Mgmt.		\$ 80,000			\$ 80,000
Local Hire Consultant		\$ -			\$ -
Soils Monitoring/Deputy/Survey Inspections		\$ 115,000			\$ 115,000
Capital Utility Fees (Gas/DWP/Sewer/Phone)		\$ -			\$ -
Course of Construction Insurance	Inc. in GC Insurance	\$ -			\$ -
Owner's Liability & Property Ins.		\$ 145,000		\$ 145,000	\$ 145,000
Real Estate Taxes During Construction		\$ 50,000			\$ 50,000
Relocation Consultant & Relocation Payment		\$ -			\$ -
Soft Cost Contingency	5.00%	\$ 100,309			\$ 100,309
SUB-TOTAL SOFT COSTS		\$ 2,777,809	\$ 1,826,550	\$ 163,000	\$ 2,717,809
RENT-UP PERIOD:					
Marketing and Lease Up		\$ 20,000	\$ -		XXXXXXXXXXXXXXXXXXXX
Furnishings (Homeless Units) & Common Areas		\$ 175,000			\$ 175,000
Bus Shelter		\$ -			\$ -
Replacement Reserve		\$ -			\$ -
Capitalized Operating Reserve Fund		\$ -	\$ -		XXXXXXXXXXXXXXXXXXXX
Capitalized Operating & Debt Service Reserve		\$ 114,747	\$ 114,747		XXXXXXXXXXXXXXXXXXXX
SUB-TOTAL RENT-UP		\$ 309,747	\$ 114,747	\$ -	\$ 175,000
FINANCE:					
Construction Loan Interest	\$ 16,182,277	\$ 1,136,400			\$ 643,200
Construction Loan Fee		\$ 161,823		\$ 161,823	\$ 19,038
Appraisal		\$ 12,000		\$ 12,000	\$ 1,412
Title and Recording		\$ 30,000		\$ 30,000	\$ 3,529
Legal Fees - Lender		\$ 105,000		\$ 105,000	\$ 105,000
Construction & Env't Review for Loan		\$ -		\$ -	\$ -
Construction Inspections (Lender)		\$ -		\$ -	\$ -
Interim loan Interest		\$ 50,000		\$ 50,000	\$ 50,000
Interim loan origination fee		\$ 7,500		\$ 7,500	\$ 7,500
Owner Legal Fees		\$ -		\$ -	\$ -
LACDC Fees		\$ -		\$ -	\$ -
Cost of Issuance, Legal, Fees		\$ 250,000		\$ 250,000	\$ 15,625
Syndication Legal		\$ 77,500		\$ 77,500	XXXXXXXXXXXXXXXXXXXX
Accounting & Post-Construction Audit		\$ 35,000	\$ 35,000		XXXXXXXXXXXXXXXXXXXX
TCAC Fees(Allocation/Reserv/Monitor)		\$ 26,640		\$ 26,640	XXXXXXXXXXXXXXXXXXXX
Perm. Loan Closing Title & Recording		\$ 5,000	\$ 5,000		XXXXXXXXXXXXXXXXXXXX
Perm. Fin. Orig.Fee		\$ 12,117	\$ 12,117		XXXXXXXXXXXXXXXXXXXX
SUB-TOTAL FINANCING COSTS		\$ 1,908,981	\$ 52,117	\$ 720,463	\$ 845,304
SUBTOTALS					
SUB-TOTAL HARD COSTS		\$ 12,383,954	\$ -	\$ -	\$ 11,783,202
SUB-TOTAL SOFT COST		\$ 6,552,718	\$ 1,993,414	\$ 2,278,882	\$ 5,294,295
SUB-TOTAL ACQUIS. COST		\$ 2,325,530	\$ -	\$ 2,325,530	XXXXXXXXXXXXXXXXXXXX
TOTAL DEVELOPMENT COST		\$ 21,262,202	\$ 1,993,414	\$ 4,604,412	\$ 17,077,497

Basis NIC developer fee	\$ 14,849,997	TCAC Fees	1,000	
15% of basis limit	\$ 2,227,500	Application	5,550	\$ 17,077,497
Max developer fee in basis (4% project 100 or less u	\$ 2,500,000	Reservation	20,090	\$ 19,516,412
		Monitoring Fee	26,640	\$ 25,371,335
Required deferral		Total		87.5033%
				\$ 8,293,838

\$ 110,197

	1	2	3	4	5
Gross Rental Income					
Rental Income	\$ 515,184	\$ 528,064	\$ 541,265	\$ 554,797	\$ 568,667
(Plus) Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
(Plus) HUD Rental Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -
(Plus) Operating Subsidy Fund	\$ -	\$ -	\$ -	\$ -	\$ -
(Less) Vacancy Loss Factor	\$ (32,457)	\$ (33,268)	\$ (34,100)	\$ (34,952)	\$ (35,826)
Effective Gross Income	\$ 482,727	\$ 494,796	\$ 507,165	\$ 519,845	\$ 532,841
(Less) Operating Expenses	\$ 331,001	\$ 342,586	\$ 354,577	\$ 366,987	\$ 379,831
(Less) Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
(Less) Replacement Reserves	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
(Less) Transition Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Income	\$ 126,726	\$ 127,210	\$ 127,589	\$ 127,858	\$ 128,009
(less) AHSC Minimum Payment	\$ -	\$ -	\$ -	\$ -	\$ -
(less) VHHP/MHP Minimum Payment	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195
(less) USDA Guarantee fee	\$ 7,209	\$ 7,139	\$ 7,066	\$ 6,990	\$ 6,910
(less) Bond Payment & Trustee Fee	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741
Income Available for Debt Service	\$ 79,582	\$ 87,274	\$ 87,654	\$ 87,923	\$ 88,074
(less) Debt Service on Permanent Loan	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052
(less)					
* (less) Partnership Management Fee					
* (less) Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow	\$ 16,530	\$ 17,083	\$ 17,535	\$ 17,881	\$ 18,112
DCR	1.26	1.38	1.39	1.39	1.40
TCAC limit of 8% gross/ or	38,618	39,584	40,573		
TCAC limit of 25% debt service	15,763	15,763	15,763		
check (higher of)	\$ (22,088.66)	\$ (22,500.87)	\$ (23,037.96)		
Preferred Deferred Developer Fee (15 Years)	\$ (11,530)	\$ (11,933)	\$ (12,231)	\$ (12,417)	\$ (12,484)
Cumulative Deferred Developer Fee	\$ 11,530	\$ 23,462	\$ 35,693	\$ 48,110	\$ 60,594
Partnership Management Fee					
Asset Management Fee	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Operating Subsidy Fund	\$ -				
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Balance of RDR	\$ -				

1.230503548

20 YEAR PROJECT CASH FLOW									
	6	7	8	9	10	11	12		
Gross Rental Income									
Rental Income	\$ 582,883	\$ 597,455	\$ 612,392	\$ 627,702	\$ 643,394	\$ 659,479	\$ 675,966		
(Plus) Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(Plus) HUD Rental Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(Plus) Operating Subsidy Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(Less) Vacancy Loss Factor	\$ (36,722)	\$ (37,640)	\$ (38,581)	\$ (39,545)	\$ (40,534)	\$ (41,547)	\$ (42,586)		
Effective Gross Income	\$ 546,162	\$ 559,816	\$ 573,811	\$ 588,156	\$ 602,860	\$ 617,932	\$ 633,380		
(Less) Operating Expenses	\$ 393,125	\$ 406,885	\$ 421,126	\$ 435,865	\$ 451,120	\$ 466,910	\$ 483,251		
(Less) Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(Less) Replacement Reserves	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000		
(Less) Transition Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Operating Income	\$ 128,036	\$ 127,931	\$ 127,685	\$ 127,291	\$ 126,740	\$ 126,022	\$ 125,129		
(less) AHSC Minimum Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(less) VHHP/MHP Minimum Payment	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195		
(less) USDA Guantee fee	\$ 6,827	\$ 6,741	\$ 6,650	\$ 6,556	\$ 6,457	\$ 6,457	\$ 6,355		
(less) Bond Payment & Trustee Fee	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741		
Income Available for Debt Service	\$ 88,101	\$ 87,996	\$ 87,750	\$ 87,356	\$ 86,805	\$ 86,087	\$ 85,193		
(less) Debt Service on Permanent Loan	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052		
(less)									
<i>*(less) Partnership Management Fee</i>									
<i>*(less) Asset Management Fee</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Cash Flow	\$ 18,222	\$ 18,203	\$ 18,048	\$ 17,748	\$ 17,295	\$ 16,577	\$ 15,787		
DCR	1.40	1.40	1.39	1.39	1.38	1.37	1.35		
TCAC limit of 8% gross/ or									
TCAC limit of 25% debt service									
check (higher of)									
Preferred Deferred Developer Fee (15 Years)	\$ (12,425)	\$ (12,233)	\$ (11,898)	\$ (11,414)	\$ (10,771)	\$ (9,858)	\$ (8,865)		
Cumulative Deferred Developer Fee	\$ 73,020	\$ 85,252	\$ 97,151	\$ 108,565	\$ 119,336	\$ 129,194	\$ 138,059		
<i>Partnership Management Fee</i>									
<i>Asset Management Fee</i>	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720	\$ 6,921		
Operating Subsidy Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Balance of RDR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

	13	14	15	16	17	18	19	20
Gross Rental Income								
Rental Income	\$ 692,865	\$ 710,187	\$ 727,942	\$ 746,140	\$ 764,794	\$ 783,913	\$ 803,511	\$ 823,599
(Plus) Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Plus) HUD Rental Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Plus) Operating Subsidy Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Less) Vacancy Loss Factor	\$ (43,651)	\$ (44,742)	\$ (45,860)	\$ (47,007)	\$ (48,182)	\$ (49,387)	\$ (50,621)	\$ (51,887)
Effective Gross Income	\$ 649,215	\$ 665,445	\$ 682,081	\$ 699,133	\$ 716,612	\$ 734,527	\$ 752,890	\$ 771,712
(Less) Operating Expenses	\$ 500,165	\$ 517,671	\$ 535,790	\$ 554,542	\$ 573,951	\$ 594,039	\$ 614,831	\$ 636,350
(Less) Operating Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Less) Replacement Reserves	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
(Less) Transition Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Income	\$ 124,049	\$ 122,774	\$ 121,292	\$ 119,591	\$ 117,660	\$ 115,487	\$ 113,059	\$ 110,362
(less) AHSC Minimum Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(less) VHHP/MHP Minimum Payment	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195	\$ 36,195
(less) USDA Guarantee fee	\$ 6,248	\$ 6,136	\$ 6,019	\$ 5,898	\$ 5,771	\$ 5,638	\$ 5,500	\$ 5,356
(less) Bond Payment & Trustee Fee	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741
Income Available for Debt Service	\$ 84,114	\$ 82,839	\$ 81,356	\$ 79,656	\$ 77,725	\$ 75,552	\$ 73,124	\$ 70,427
(less) Debt Service on Permanent Loan	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052	\$ 63,052
(less)								
<i>*(less) Partnership Management Fee</i>				\$ -	\$ -	\$ -	\$ -	\$ -
<i>*(less) Asset Management Fee</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow	\$ 14,814	\$ 13,651	\$ 12,285	\$ 10,706	\$ 8,902	\$ 6,862	\$ 4,572	\$ 2,019
DCR	1.33	1.31	1.29	1.26	1.23	1.20	1.16	1.12
TCAC limit of 8% gross/ or								
TCAC limit of 25% debt service								
check (higher of)								
Preferred Deferred Developer Fee (15 Years)	\$ (7,686)	\$ -	\$ -					
Cumulative Deferred Developer Fee	\$ 145,745	\$ 145,745	\$ 145,745					
<i>Partnership Management Fee</i>								
<i>Asset Management Fee</i>	\$ 7,129	\$ 7,343	\$ 7,563	\$ 7,790	\$ 8,024	\$ 8,264	\$ 8,512	\$ 8,768
Operating Subsidy Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance of RDR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit 2

PSHHC IV Apartments Budget & Proforma

	B	E	K	L	M	N
7		Isla	TOTAL	Construction	ELIGIBLE	ELIGIBLE
8	SOURCES AND USES OF FUNDS	Vista	COSTS	Period	BASIS	ACQUIS BASIS
9						
10	<i>LAND COST/ACQUISITION</i>					
11	Land Cost or Value	123,000	123,000	123,000		
12	Demolition	31,360	31,360	31,360		
13	Carrying Costs	0	0	0		
14	Legal & Closing Costs	25,000	25,000	25,000		25,000
15	Total Land Cost or Value	179,360	179,360	179,360		
16	Acquisition of Improvements	8,327,000	8,327,000	8,327,000		8,327,000
17	Permanent Relocation (9 over income households)	450,000	450,000	450,000		
18	Total Acquisition Cost	8,956,360	8,956,360	8,956,360		
19	<i>REHABILITATION</i>		0			
20	Site Work	53,769	53,769	53,769	53,769	
21	Structures - ADJUST HERE	7,272,658	7,272,658	7,272,658	7,272,658	
22	General Requirements	659,378	659,378	659,378	659,378	
23	Contractor Overhead	199,645	199,645	199,645	199,645	
24	Contractor Profit	199,645	199,645	199,645	199,645	
25	Total Rehabilitation Cost	8,385,096	8,385,096	8,385,096		
26	<i>NEW CONSTRUCTION</i>		0			
27	Site Work and Utilities	0	0	0	0	
28	Structures-Housing	0	0	0	0	
29	Structures - Commercial	0	0	0	0	
30	Parking	0	0	0	0	
31	Escalation	0	0	0	0	
32	General Requirements	0	0	0	0	
33	Contractor Insurance & Bond	0	0	0	0	
34	Contractor Overhead & Profit	0	0	0	0	
35	Contractor Fee	0	0	0	0	
36	Total New Construction Costs	0	0	0		
37	<i>ARCHITECTURAL FEES</i>		0			
38	Design	252,550	252,550	252,550	252,550	
39	Supervision	0	0	0	0	
40	Total Architectural Costs	252,550	252,550	252,550	252,550	
41	Survey & Engineering	50,510	50,510	50,510	50,510	
42	<i>CONSTR. INTEREST & FEES</i>		0			
43	Const. Loan Interest	501,626	501,626	501,626	295,195	
44	Const. Loan Interest (Soft Loans)	0	0	0	0	
45	Costs of Issuance (see detail below)	329,345	329,345	329,345	329,345	
46	Commercial Construction Lender Fees & Expenses	0	0	0	0	
47	Construction Lender Fees & Expenses	0	0	0	0	
48	Predevelopment Loan Costs	0	0	0	0	
49	Taxes	0	0	0	0	
50	Insurance	50,000	50,000	50,000	50,000	
51	Title and Recording	10,000	10,000	10,000	10,000	
52	Total Construction Interest and Fees	890,971	890,971	890,971		
53	<i>PERMANENT FINANCING</i>		0			
54	Loan Fees	10,000	10,000	10,000		
55	Credit Enhancement & Application Fee	0	0	0		
56	Title and Recording	10,000	10,000			
57	NMTC Financing Costs	0	0			
58	NMTC Consultant	0	0			
59	Legal	7,500	7,500	7,500		
60	Total Permanent Financing Costs	27,500	27,500	17,500		
61	<i>LEGAL FEES</i>		0			
62	Lender Legal Costs Paid by Applicant	0	0	0	0	
63	Other - Owner Legal	12,500	12,500	12,500	12,500	
64	Total Attorney Costs	12,500	12,500	12,500		
65	<i>RESERVES</i>		0			
66	Capitalized Reserves	105,127	105,127			
67	Capitalized Replacement Reserve	0	0			
68	Leaseup Reserve		0	0		
69	Total Reserve Costs	105,127	105,127	0		
70	Total Appraisal Costs	10,000	10,000	10,000	10,000	
71	Total Construction Contingency Costs (15%)	1,262,468	1,262,468	1,262,468	1,262,468	
72	<i>OTHER</i>		0			
73	Tax Credit App./Alloc./Monitoring fees	31,114	31,114	31,114		
74	Printing	10,000	10,000	10,000	10,000	
75	Local Development Impact Fees	0	0	0	0	
76	Permit Processing Fees	55,000	55,000	55,000	55,000	
77	Market Study	5,000	5,000	5,000		

	B	E	K	L	M	N
78	Marketing	5,000	5,000	5,000		
79	Environmental Fees	15,000	15,000	15,000	15,000	
80	Furnishings	0	0	0	0	
81	Temporary Relocation	437,000	437,000	437,000	437,000	
82	Soft Cost Contingency	50,000	50,000	50,000	50,000	
83	Total Other Costs	608,114	608,114	608,114		
84	Total Project Cost	20,561,197	20,561,197	20,446,069	11,477,215	8,352,000
85			0			
86	DEVELOPER COSTS		0			
87	Developer Overhead/Profit	2,974,382	2,974,382	500,000	1,721,582	1,252,800
88	Consultant/Processing Agent	0	0			
89	Project Administration		0			
90	Broker Fees paid by owner		0			
91	Construction Management Oversight		0			
92	Other		0			
93	Total Developer Costs	2,974,382	2,974,382	500,000	1,721,582	1,252,800
94			0			
95	TOTAL PROJECT COST	23,535,579	23,535,579	20,946,069	13,198,797	9,604,800
96	<i>Syndication Costs</i>		0			
97	Legal - Syndication	50,000	50,000	50,000		
98	Organization	10,000	10,000	10,000		
99	Audit	15,000	15,000	15,000		
100	Consultant - Syndication	55,000	55,000	55,000		
101	Bridge Loan Interest	0	0	0		
102	Total Syndication Costs	130,000	130,000	130,000		
103	TOTAL PROJECT COSTS INCL. SYNDICATION	23,665,579	23,665,579	21,076,069	13,198,797	9,604,800
104			0			
105	LOAN FEES AND EXPENSES		0			
106	Issuer Fee (.1875%)	39,518	39,518	39,518		
107	Annual Issuer Fee (.005%)	6,193	6,193	6,193		
108	Bond Counsel	55,000	55,000	55,000		
109	Issuer Financial Advisor	25,000	25,000	25,000		
110	Loan Fee (1%)	123,858	123,858	123,858		
111	HUD Inspection Fee		29,757	0		
112	HUD Mortgage Insurance Premium		35,058	0		
113	HUD Exam Fee		15,025	0		
114	Lender Legal	45,000	45,000	45,000		
115	Other Lender Expenses	25,000	0	25,000		
116	CDLAC Fee	6,777	6,777	6,777		
117	CDIAC Fee	3,000	3,000	3,000		
118			0			
119	Total Loan Fees & Expenses	329,345	329,345	329,345	0	0

	D	E	F	G	H	I	J	K	P	T	U	V	W			
	Unit Size	# of Units	AMI	100% AMI	Maximum Net Rent	Utility Allowance	Net Actual Rent	Total Annual Actual Rent		THRESHOLD BASIS Unit Size	Basis Limits	Number Units	Project Basis			
7																
8	Unit Size	# of Units	AMI	100% AMI	Maximum Net Rent	Utility Allowance	Net Actual Rent	Total Annual Actual Rent		THRESHOLD BASIS Unit Size	Basis Limits	Number Units	Project Basis			
9	ISLA VISTA															
10	1 BR	8	50%	2,070	984	51	965	92,610		1 BR	257,985	8	2,063,880			
11	1 BR	12	60%	2,070	1,191	51	1,045	150,408		1 BR	257,985	12	3,095,820			
12	1 BR	4	80%	2,070	1,605	51	1,107	53,112		1 BR	257,985	4	1,031,940			
13	1 BR	0	100%	2,070	2,019	51	0	0		1 BR	257,985					
14	2 BR	7	50%	2,482	1,181	60	1,065	89,426		2 BR	311,200	7	2,178,400			
15	2 BR	8	60%	2,482	1,429	60	1,223	117,391		2 BR	311,200	8	2,489,600			
16	2 BR	1	80%	2,482	1,925	60	1,318	15,816		2 BR	311,200	1	311,200			
17	2 BR	0	100%	2,482	2,422	60	0	0		2 BR	311,200					
18	3 BR	5	50%	2,868	1,365	69	1,292	77,537		3 BR	398,336	5	1,991,680			
19	3 BR	8	60%	2,868	1,651	69	1,599	153,536		3 BR	398,336	8	3,186,688			
20	3 BR	2	80%	2,868	2,225	69	1,571	37,699		3 BR	398,336	2	796,672			
21	3 BR	0	100%	2,868	2,799	69	0	0		3 BR	398,336					
22																
23	Subtotal	55	58.91% average affordability													
24	Manager's Unit (2BR)	1														
25	TOTAL	56											787,536			17,457,080
26																
71																
72	Total Annual Income	56											787,536	Basis Limits		17,457,080
73	Laundry Income	\$3.50/unit											2,352	Prevailing Wage	20%	0
74	Gross Residential Income												789,888			
75	Vacancy Reserve	5.00%											-39,494	Plus Impact Fees	residential only	0
76																
77	TOTAL EFFECTIVE INCOME												750,394	Plus Energy	4%	0
78																
79	OPERATING EXPENSES													Plus Affordability	0%	0
80	Isla Vista		6,909 PUPA										386,909	Plus Elevator	10%	0
81																
82																
83																
84																
85																
86	TOTAL EXPENSES												386,909	Plus Solar		0
87																
88	RESERVES												0	Plus Remediation		0
89	Isla Vista		500										33,600	Total Maximum Basis		17,457,080
94																
95	TOTAL RESERVES												33,600	Actual Basis per Costs		13,198,797
96																
97	NET OPERATING INCOME												329,885	Elevator		No
98	Tranche A 30 year Debt Service												281,128			
99	Tranche B 30 year Debt Service												0			
100	Trustee and Issuer Fees												6,588			
101																
102	Cash Flow												42,169			
103	Debt Service Coverage												1.15			

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
3	Income From Tenant Rents	787,536	807,224	827,405	848,090	869,292	891,025	913,300	936,133	959,536	983,524	1,008,113	1,033,315	1,059,148	1,085,627	1,112,768	1,140,587	1,169,102	1,198,329	1,228,287	1,258,994
4	Other Income	2,352	2,411	2,471	2,533	2,596	2,661	2,728	2,796	2,866	2,937	3,011	3,086	3,163	3,242	3,323	3,406	3,492	3,579	3,668	3,760
5	Less Vacancy (5%)	-39,494	-40,482	-41,494	-42,531	-43,594	-44,684	-45,801	-46,946	-48,120	-49,323	-50,556	-51,820	-53,116	-54,443	-55,805	-57,200	-58,630	-60,095	-61,598	-63,138
6	Effective Gross Income (EGI)	750,394	769,153	788,382	808,092	828,294	849,001	870,226	891,982	914,282	937,139	960,567	984,581	1,009,196	1,034,426	1,060,286	1,086,794	1,113,963	1,141,813	1,170,358	1,199,617
8	Section 8 Increment Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Less Vacancy (5%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Effective Gross Income (EGI)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	TOTAL EFFECTIVE INCOME	750,394	769,153	788,382	808,092	828,294	849,001	870,226	891,982	914,282	937,139	960,567	984,581	1,009,196	1,034,426	1,060,286	1,086,794	1,113,963	1,141,813	1,170,358	1,199,617
14	Less Annual Operating Expenses	-386,909	-400,450	-414,466	-428,973	-443,987	-459,526	-475,610	-492,256	-509,485	-527,317	-545,773	-564,875	-584,646	-605,108	-626,287	-648,207	-670,894	-694,375	-718,679	-743,832
16	NET OPERATING INCOME	363,485	368,703	373,916	379,119	384,308	389,475	394,617	399,726	404,797	409,822	414,794	419,706	424,550	429,318	434,000	438,587	443,069	447,437	451,679	455,784
18	Less Tranche A Debt Service	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128	-281,128
19	Less Tranche B Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Less Annual Issuer Fee	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588	-6,588
21	Less Reserves	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600	-33,600
22	Less Investor Services Fee	-5,000	-5,175	-5,356	-5,544	-5,738	-5,938	-6,146	-6,361	-6,584	-6,814	-7,053	-7,300	-7,555	-7,820	-8,093					
23	Less Deferred Developer Fee	-37,169	-42,212	-47,244	-52,260	-57,254	-62,221	-67,155	-72,049	-76,897	-81,692	-86,426	-91,091								
24	Less Partnership Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25																					
26	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	95,679	100,182	104,590	117,271	121,754	126,121	130,363	134,469

Exhibit 3.A
HACSB Cypress & 7th
Sources & Uses 4% Tax Credits

CYPRESS & 7TH
 FINANCIAL PROJECTION
 PROJECT COSTS

	Project Costs	Land and Non-Amort./Depr. Costs	Amortizable Costs	Expensed Costs	Reserves	Syndication	Depreciable Costs	Depreciable but Noneligible costs	Eligible Basis
LAND COST/ACQUISITION									
Land	\$ 500,000	\$ 500,000					\$ -	\$ -	
Demolition	-	-					-	-	
Commissions	-	-					-	-	
FMV Above Purchase Price	-	-					-	-	
Acquisition	-	-					-	-	
Subtotal	500,000	500,000							
SITE WORK									
Grading, Drainage, Utilities, Curb, Gutter, Paving, Site Lands	-	-					-	-	
Remediation	-	-					-	-	
Off-sites	-	-					-	-	
Construction Contingency	-	-					-	-	
Subtotal	-	-					-	-	
STRUCTURES									
Construction/Rehabilitation	3,509,510						3,509,510		3,509,510
Parking Structure	-						-		-
Solar Panels	200,000						200,000		200,000
Commercial Rehabilitation & Tenant Improvements	-						-		-
Construction Contingency	213,942						213,942		213,942
Subtotal	3,923,452						3,923,452		3,923,452
CONTRACTOR FEES									
General Requirements	182,571						182,571		182,571
Performance Bond	40,000						40,000		40,000
General Liability Insurance	50,000						50,000		50,000
Contractor Profit & Overhead	296,761						296,761		296,761
Subtotal	569,331						569,331		569,331
FINANCING COSTS									
Title, Escrow, Recording (construction term)	35,000						35,000		35,000
Title and Recording (permanent loan)	10,000		10,000				-		-
Bridge Loan Interest-Prior to Rehabilitation	-						-		-
Bridge Loan Interest-During Rehabilitation	-						-		-
Construction Interest	120,000						120,000		120,000
Post-Construction Period Interest	60,000			60,000			-		-
Negative Arbitrage	-						-		-
Underwriter Fee-Tax-Exempt Bonds	-						-		-
Bridge Loan Fees	-						-		-
Construction Loan Fees	40,000						40,000		40,000
Construction Loan Fees-FHA Loan	-						-		-
Gap Lender Costs	-						-		-
Other Construction Loan Costs	40,000						40,000		40,000
Lender Legal	50,000		25,000				25,000		25,000
Permanent Loan Fees	-						-		-
Permanent Loan Fees-FHA Loan	-						-		-
Bond Issuance Costs and Related Legal Fees	120,000		120,000				-		-
City Review	-						-		-
FHA Mortgage Insurance Premium	-						-		-
FHA Application Fee	-						-		-
FHA Inspection Fee	-						-		-
FHA Processing Fee (third party reports, etc.)	-						-		-
FHA Legal Fees & Additional Borrower Legal	-						-		-
Tax Credit Agency Fees	9,819		9,819				-		-
Subtotal	484,819		164,819	60,000			260,000		260,000
SOFT COSTS									
Architectural and Engineering	300,000						300,000		300,000
Partnership Legal	60,000		60,000				-		-
HUD Legal	-						-		-
Accounting Fees	20,670						20,670		20,670
Consulting/Professional Fees	50,000						50,000		50,000
Construction Management	-						-		-
Energy Consultant	15,000						15,000		15,000
Taxes	15,000						15,000		15,000
Environmental Audit	15,000						15,000		15,000
Capital Needs Assessment	-						-		-
Appraisal	10,000						10,000		10,000
Impact Fees/Permit Processing Fees	350,000						350,000		350,000
Relocation Costs & Relocation Consulting	-						-		-
Furniture, Fixtures, and Equipment	25,000						25,000		25,000
Soft Cost Contingency	125,000						125,000		125,000
Miscellaneous	-						-		-
Insurance During Construction	30,000						30,000		30,000
Tax Credit Investor Due Diligence	50,000		50,000				-		-
Marketing	-						-		-
Market Study	10,000						10,000		10,000
Subtotal	1,075,670		110,000				965,670		965,670
RESERVES									
Section 8 Transition Reserve	-						-		-
Working Capital-HUD	-						-		-
HUD Operating Reserve	-						-		-
Additional Operating Reserve for Tax Credit Investor	135,495				135,495		-		-
Subtotal	135,495				135,495				
DEVELOPER FEE									
Developer fee	857,768						857,768		857,768
	\$ 7,546,535	\$ 500,000	\$ 274,819	\$ 60,000	\$ 135,495	\$ -	\$ 6,576,221	\$ -	\$ 6,576,221

CYPRESS & 7TH
FINANCIAL PROJECTION

Permanent Financing Sources:

Permanent Loan	\$ 2,625,000	Conventional Loan	
Tax Credit Equity-LIHC	1,953,670		
Solar Tax Credit Equity	74,829	\$0.9399	credit price
Solar Rebates	-		
Seller Carryback Note	-	-	Equity in property:
Net Operating Income Through Permanent Loan Conversion	-		
Below-Market Sale	-		
Public Loan-HOME & NPLH	2,000,000		
Second Public Loan	-		
Funding Gap	600,000		
Contractor Note	-		
Affordable Housing Program	-		
Developer Equity	-		
Deferred Developer Fee	293,036	564,732	paid
Total	<u>\$ 7,546,535</u>		

Construction Financing Sources:

Construction Loan	\$ 4,000,000		
Bridge Loan	-		
Tax Credit Equity-LIHC	221,467	11.34%	
Solar Tax Credit Equity	8,483	11.34%	
Solar Rebates	-		
Seller Carryback Note	-		
Net Operating Income Through Permanent Loan Conversion	-		
Below-Market Sale	-		
Public Loan-HOME & NPLH	2,000,000		
Second Public Loan	-		
Funding Gap	600,000		
Contractor Note	-		
Developer Equity	-		
Deferred Developer Fee	716,585	25%	paid at closing
Total	<u>\$ 7,546,535</u>		

Exhibit 3.B
HACSB Cypress & 7th
Sources & Uses 9% Tax Credits

CYPRESS & 7TH
 FINANCIAL PROJECTION
 PROJECT COSTS

	Project Costs	Land and Non-Amort./Depr. Costs	Amortizable Costs	Expensed Costs	Reserves	Syndication	Depreciable Costs	Depreciable but Noneligible costs	Eligible Basis
LAND COST/ACQUISITION									
Land	\$ 500,000	\$ 500,000					\$ -	\$ -	-
Demolition	-	-					-	-	-
Commissions	-	-					-	-	-
FMV Above Purchase Price	-	-					-	-	-
Acquisition	-	-					-	-	-
Subtotal	500,000	500,000	-	-	-	-	-	-	-
SITE WORK									
Grading, Drainage, Utilities, Curb, Gutter, Paving, Site Lands	-	-					-	-	-
Remediation	-	-					-	-	-
Off-sites	-	-					-	-	-
Construction Contingency	-	-					-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
STRUCTURES									
Construction/Rehabilitation	3,509,510						3,509,510		3,509,510
Parking Structure	-						-		-
Solar Panels	200,000						200,000		200,000
Commercial Rehabilitation & Tenant Improvements	-						-		-
Construction Contingency	213,942						213,942		213,942
Subtotal	3,923,452	-	-	-	-	-	3,923,452	-	3,923,452
CONTRACTOR FEES									
General Requirements	182,571						182,571		182,571
Performance Bond	40,000						40,000		40,000
General Liability Insurance	50,000						50,000		50,000
Contractor Profit & Overhead	296,761						296,761		296,761
Subtotal	569,331	-	-	-	-	-	569,331	-	569,331
FINANCING COSTS									
Title, Escrow, Recording (construction term)	35,000						35,000		35,000
Title and Recording (permanent loan)	10,000		10,000				-		-
Bridge Loan Interest-Prior to Rehabilitation	-						-		-
Bridge Loan Interest-During Rehabilitation	-						-		-
Construction Interest	150,000						150,000		150,000
Post-Construction Period Interest	75,000			75,000			-		-
Negative Arbitrage	-						-		-
Underwriter Fee-Tax-Exempt Bonds	-						-		-
Bridge Loan Fees	-						-		-
Construction Loan Fees	45,000						45,000		45,000
Construction Loan Fees-FHA Loan	-						-		-
Gap Lender Costs	-						-		-
Other Construction Loan Costs	40,000						40,000		40,000
Lender Legal	50,000		25,000				25,000		25,000
Permanent Loan Fees	-						-		-
Permanent Loan Fees-FHA Loan	-						-		-
Bond Issuance Costs and Related Legal Fees	-						-		-
City Review	-						-		-
FHA Mortgage Insurance Premium	-						-		-
FHA Application Fee	-						-		-
FHA Inspection Fee	-						-		-
FHA Processing Fee (third party reports, etc.)	-						-		-
FHA Legal Fees & Additional Borrower Legal	-						-		-
Tax Credit Agency Fees	22,542		22,542				-		-
Subtotal	427,542	-	57,542	75,000	-	-	295,000	-	295,000
SOFT COSTS									
Architectural and Engineering	300,000						300,000		300,000
Partnership Legal	60,000		60,000				-		-
HUD Legal	-						-		-
Accounting Fees	20,670						20,670		20,670
Consulting/Professional Fees	50,000						50,000		50,000
Construction Management	-						-		-
Energy Consultant	15,000						15,000		15,000
Taxes	15,000						15,000		15,000
Environmental Audit	15,000						15,000		15,000
Capital Needs Assessment	-						-		-
Appraisal	10,000						10,000		10,000
Impact Fees/Permit Processing Fees	350,000						350,000		350,000
Relocation Costs & Relocation Consulting	-						-		-
Furniture, Fixtures, and Equipment	25,000						25,000		25,000
Soft Cost Contingency	150,000						150,000		150,000
Miscellaneous	-						-		-
Insurance During Construction	30,000						30,000		30,000
Tax Credit Investor Due Diligence	50,000		50,000				-		-
Marketing	-						-		-
Market Study	10,000						10,000		10,000
Subtotal	1,100,670	-	110,000	-	-	-	990,670	-	990,670
RESERVES									
Section 8 Transition Reserve	300,000				300,000		-		-
Working Capital-HUD	-						-		-
HUD Operating Reserve	-						-		-
Additional Operating Reserve for Tax Credit Investor	135,152				135,152		-		-
Subtotal	435,152	-	-	-	435,152	-	-	-	-
DEVELOPER FEE									
Developer fee	866,768						866,768		866,768
	\$ 7,822,915	\$ 500,000	\$ 167,542	\$ 75,000	\$ 435,152	\$ -	\$ 6,645,221	\$ -	\$ 6,645,221

CYPRESS & 7TH
FINANCIAL PROJECTION

Permanent Financing Sources:

Permanent Loan	\$ 2,250,000		Conventional Loan
Tax Credit Equity-LIHC	3,478,207		
Solar Tax Credit Equity	75,688	\$0.9399	credit price
Public Loan-HOME & NPLH	2,000,000		
Second Public Loan	-		
Affordable Housing Program	-		
Deferred Developer Fee	19,020	847,748	paid
Total	<u>\$ 7,822,915</u>		

Construction Financing Sources:

Construction Loan	\$ 4,500,000		
Tax Credit Equity-LIHC	653,856	18.80%	
Solar Tax Credit Equity	14,228	18.80%	
Public Loan-HOME & NPLH	2,000,000		
Second Public Loan	-		
Deferred Developer Fee	654,831	25%	paid at closing
Total	<u>\$ 7,822,915</u>		