

**CITY COUNCIL  
COMMUNITY DEVELOPMENT COMMISSION**

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. CDC \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. CDC \_\_\_\_\_

**Agenda Item No.: 10  
Date: March 16, 2011**

**TO:** Honorable Mayor/Chair  
Members of the City Council/Community Development Commission

**FROM:** Jerry Van Leeuwen, Director of Community Services  
Roni Keiser, Housing Division Manager

**SUBJECT:** Affordable Housing Redevelopment located at:  
1282 N. Broadway 141, 211 and 221 E. El Norte Parkway

**RECOMMENDATION:**

Staff recommends approval of the following resolution as follows:

Adopt Resolution No. CDC 2011-03 authorizing additional encumbrance of FY 2011-2012 and FY 2012-2013 affordable housing Set-aside funds in an amount not to exceed \$1,900,000 as leveraged financing to Community HousingWorks (CHW) for its proposed multi-family development located at Broadway and El Norte Parkway; and authorizing the Chair and Secretary to execute the necessary loan documents, security and supporting agreements with CHW in form acceptable to the City Attorney.

**FISCAL ANALYSIS:**

There will be no impact on the General Fund. Affordable housing funds would be allocated from future FY 2011-2012 and FY 2012-2013 available Housing Set-aside funds.

**BACKGROUND:**

In December of 2009 the City closed escrow on 1282 N. Broadway, a vacant unimproved parcel on the southeast corner of Broadway and El Norte Parkway. The property was purchased with Neighborhood Stabilization Program (NSP) funds. NSP monies were allocated through the State of California as part of the federal Housing and Economic Recovery Act of 2008 (HERA). There is an accelerated timeline for expenditure of these funds based on the national financial crisis that provided the impetus for enactment of the HERA.

On April, 28, 2010, the City Council/Community Development Commission authorized staff to publicly notice the availability of affordable housing funds through a Request for Proposals (RFP) process. The published RFP made available a total of \$441,643 in HOME funds for development and administration purposes reserved exclusively for Community Housing Development Organizations (CHDO); and the disposition of two unimproved parcels of land located on Elm Street purchased with Neighborhood Stabilization Program (NSP) and Housing Set-aside Funds.

On June 9, 2010, Council voted unanimously to approve an allocation of federal HOME administrative funds from the RFP process in the amount of \$45,343 to CHW to allow them to further study the feasibility of a potential multi-family affordable housing development located at 141, 211 and 221 E. El Norte Parkway adjacent to the City acquired property at 1282 N. Broadway (purchased with NSP Funds), directing staff to pursue further discussions with CHW for the potential redevelopment of the four properties together for affordable housing purposes.

On August 18, 2010, The Council/Community Development Commission adopted Resolution No. CDC 2010-136 approving the grant of the City-owned parcel at 1282 N. Broadway (purchased with NSP Funds) to CHW for subsequent redevelopment in exchange for long-term affordability covenants and CDC 2010-10 authorizing an Exclusive Negotiating Agreement (ENA) with CHW for the redevelopment of four residential parcels located at Broadway and El Norte Parkway for affordable housing purposes. The Council/Community Development Commission further authorized encumbrance of available Set-aside funds in an amount not to exceed \$500,000 for development costs (for the purposes of site acquisition, predevelopment, project planning, relocation, demolition and other related activities). Staff indicated at that time that once the terms of the ENA were satisfied, additional affordable housing funds in the form of gap financing, estimated to be \$1.3–\$3 million would be requested by CHW.

#### PROJECT HISTORY:

CHW's initial proposal was for the development of 27 units on the three El Norte Parkway parcels. Total project development costs were projected to reach \$8.4 million. With the City's contribution of the Broadway parcel and CHW's acquisition of an additional parcel at 1260 N. Broadway, which will provide vehicle access to Broadway, CHW now proposes an increase in the number of units to 36. Project development costs for the 36 units on five parcels are estimated at \$10.8 million as evidenced by the pro-forma found at Attachment "A."

CHW has partnered with the City of Escondido since the early 1990s in developing a variety of affordable housing projects. They currently own and operate 117 units on seven different sites. These infill projects have provided affordable, well-designed and well-maintained units for Escondido residents. Residents of various CHW developments are encouraged to become involved in the Escondido community and have actively supported new CHW projects.

### PROPOSED DEVELOPMENT FOR THE SITES:

CHW's proposed development under consideration today is for a total of up to 36 units, using provisions of State Density Bonus Law and CHW's properties developed in conjunction with the City's NSP-purchased property. The proposed multi-family rental development would include an equal mix of 1-bedroom, 2-bedroom and 3-bedroom units. Once completed, the units will be rented to families and individuals with household incomes that are at or below sixty percent (60%) of San Diego Area Median Income (\$47,100). The development will be regulated by requirements set forth in the City's loan documents restricting affordability per State and Federal regulations. These regulations will govern the funds allocated and applied to the property acquisition and development activities.

Prior CDC funding commitments provided to the proposed Project has allowed CHW to conclude due diligence, feasibility and cost analyses. CHW has submitted development plans to the City for a 36-unit multifamily-rental development, featuring a corner community garden and a 1,378 sq. ft. Community Building. On February 23, 2011, the Design Review Board approved the development with contingent conditions that the Developer return with specifics related to minor aesthetic decisions. The proposed Project is consistent with the General Plan and existing zoning. To address issues related to traffic congestion at the El Norte and Broadway intersection, this Project anticipates working with the City in extending the El Norte Parkway median along the Project's northern property line.

CHW is working diligently with their development and design teams in order to be ready to apply for 1st Round 2011 9% Tax Credit Allocation Committee (TCAC) application due this month. The development must demonstrate "readiness to proceed" by demonstrating Design Review approval, environmental clearances, and a commitment of public funds prior to the March 23, 2011 deadline.

The proposed Broadway/El Norte development addresses many of the City of Escondido's Housing Priorities including that it:

- Expands the supply of affordable rental housing.
- Promotes neighborhood stability by increasing the length of tenure of renter households.
- Increases the supply of well-designed multi-family units.
- Expands the supply of 3-bedroom units for families.

### Affordability Analysis:

The site is located at Broadway and El Norte Parkway moving southeast along El Norte Parkway. This location, with its close proximity to schools, public transportation, parks and recreation, medical facilities, various markets and retail outlets, will potentially score well on a competitive Tax Credit application. The site has been previously improved with single-family homes, although the corner lot has been vacant land for several years. The proposed Project proposes constructing up to 36 units

on the site. The parcels carry a zoning land use designation of R-2-12 allowing for multi-family residential. One-hundred percent (100%) of the units will be made available to households whose incomes are at or below 60% of AMI.

CHW has already obtained a commitment from the County of San Diego Continuum of Care Council to provide Supportive Housing Program (SHP) to the proposed Project. These are HUD monies which will assist eight units for disabled veterans and their families in this Project. The commitment is for \$400,000 in construction costs and \$142,099 in operating costs for a minimum of three years. Seven 1-bedroom units and one 2-bedroom will be set aside for disabled veterans.

CHW is actively pursuing additional sources of funding including those available from the 9% Tax Credit program. CHW had anticipated allocation of State of California bond-funded Multifamily Housing Program Supportive Housing Component (MHP-SH); however Governor Brown has proposed a pause in the application process for these funds. CHW will continue to follow State notices and apply if possible.

In order to be competitive in the application process for the March tax credit submittal, CHW must provide documentation of the committed amount of the City/Community Development Commission's contributions of land and funding. Copies of authorizing resolutions regarding funding must be included with 9% Tax Credit application. CHW has indicated there are several reasons to enter the March 2011 TCAC round. It is expected that there will be considerably less competition in March than July (second 2011 round). CHW is aware of at least one large, well-funded project that will be ready in July and may take up the entire San Diego allocation at one time. Most importantly, an earlier start to the project will provide assurance that the timeline for NSP funds which were used to secure one of the parcels can be met. NSP funding requires that at least one beneficiary is able to reside in one of the units by February 2013.

#### CONCLUSION AND RECOMMENDATION:

Federal NSP regulations require that units be constructed and beneficiaries be realized by February of 2013. By providing the additional allocation of \$1,900,000 at this time, staff and CHW will move ahead in preparing the project for an application for Tax Credit financing in March of 2011.

This proposed Project will have a number of positive impacts on the City redeveloping a gateway corner to the redevelopment area. It provides jobs in Escondido. It proposes a higher and better use of the sites and eliminates blight. The proposed Project supports the City's vision for a walkable City following Smart Growth ideals. The proposed Project is consistent with existing zoning. Proposed design and implementation measures will ensure that the proposed Project will not result in significant effects related to traffic, noise, air quality or water quality and minimizes grading. This proposed Project specifically supports a number of the City's General Plan and Housing Element goals:

- Plan for quality, managed growth
- Preserve and enhance existing neighborhoods
- Provide a range of housing opportunities for all income groups
- Create a viable urban downtown
- Create an aesthetically pleasing and culturally diverse community
- Provide a safe and healthy environment for all Escondido residents
- Provide certainty in implementing the general plan

Staff recommends approval of the following resolution as follows:

Adopt Resolution No. CDC 2011-03 authorizing additional encumbrance of FY 2011-2012 and FY 2012-2013 affordable housing Set-aside funds in an amount not to exceed \$1,900,000 as leveraged financing to Community HousingWorks (CHW) for its proposed multi-family development located at Broadway and El Norte Parkway and authorizing the Chair and Secretary to execute the necessary loan documents, security and supporting agreements with CHW in form acceptable to the City Attorney.

ALTERNATIVE:

By not adopting Resolution No. CDC 2011-03, the City shall effectively terminate the ENA with CHW. If the ENA does not result in a Project Development Plan:

- CHW will reconvey title of 1282 N. Broadway back to the City of Escondido.
- City will have the first option to purchase the properties at 141, 211 and 221 E. El Norte Parkway along with all studies, reports and analyses regarding the proposed development.
- Under the terms of the ENA the City shall forgive any portion of the \$500,000 payable to CHW.

Respectfully submitted,



Jerry VanLeeuwen  
Director of Community Services



Roni Keiser  
Housing Division Manager

Attachment A

Community HousingWorks Pro-forma

Affordable Housing redevelopment located at  
1282 N. Broadway, 141, 211 and 221 E. El Norte Parkway

**Community HousingWorks**  
**36 UNITS El Norte - Escondido, CA**  
**36 Units - 2 Story walk-up**  
**Development Summary**  
**03/03/2011 - SHP | 9% - TCAC**

DEVELOPMENT ASSUMPTIONS			
<b>Site &amp; Structures</b>			
Site (Square Feet / Acres)	96,251	2.21	
Site 1		1.96	
Site 2		0.25	
Assessor's P. Number(s)	229-040-04,-05,-06, -19		
	229-040-18		
	Per Unit	Total	
Total Land Cost	\$32,361	\$1,165,000	
Allocation to Land	100%	\$1,165,000	
Allocation to Building	0%	\$0	
Rehab Costs	\$0	\$0	
Existing Buildings			
New Buildings	2-3 Story Type V	4	
Existing Units		0	
New Units		36	
Total Units		36	
Leverage Score		55.00	
9% TIEBREAKER (2010)	73.169% annual credit	\$697,433	
<b>New Residential/Commercial Space</b>			
Residential - Net Rentable		29,400	
Residential - Corridor Space	0%	0	
Residential - Community Space		1,200	
Residential - Other		0	
Commercial		0	
Allocated Cost of Commercial Construction		0.00%	
Total Residential SF		30,600	
<b>Construction Cost</b>			
	W/O	W/	
	P.Wages	P.Wages	
Site/SF	\$7.50	\$9.00	
Photovoltaic/sf (50% Common Area Served)	\$0.00	\$0.00	
Unit Structures/SF (Net Rentable)	\$85.00	\$102.00	
"Green" upgrades	\$0.00	\$0.00	
Undground Garage/Space Avg		\$0	
Prevailing Wages	Y	20%	
Construction Cost / Net Res. SF		\$186	
Cost per Unit		\$301,371	

OPERATING ASSUMPTIONS	
Income Inflation	2.50%
Expenses Inflation	3.50%
Property Tax Inflation	2.00%
Vacancy - Housing	6.9%
Vacancy - Special Needs Housing	blended rate above
Asset Management Fee	\$12,500
Resident Services Annual Allocation	\$10,000
Partnership Fee	5,000
Discount Rate	0%
Investor Cash Flow Participation	10%
Sponsor Cash Flow Participation	90%

LOCAL AGENCY SUBSIDY SUMMARY	TOTAL
City of Escondido CDC - Committed	\$750,000
City of Escondido CDC - Requested	\$1,900,000

PERMANENT FINANCING SOURCES	PER UNIT	% OF TOTAL
Perm. Loan	\$1,050,000	\$29,167 9.68%
City of Escondido Land Grant	\$250,000	\$6,944 2.30%
City of Escondido CDC - Committed	\$500,000	\$13,889 4.61%
City of Escondido CDC - GAP	\$1,900,000	\$52,778 17.51%
SHP	\$400,000	\$11,111 3.69%
	\$0	0.00%
Deferred Developer Fee		0.00%
Accrued Interest on Soft Debt	\$90,147	\$2,504 0.83%
Refunds	\$34,263	\$952 0.32%
Tax Credit Equity @ 0.95	\$6,624,950	\$184,026 61.06%
<b>TOTAL SOURCES</b>	<b>\$10,849,361</b>	<b>\$301,371 100.00%</b>
Surplus (Gap)	(\$0)	

CONSTRUCTION FINANCING SOURCES AND USES	PER UNIT	% OF TOTAL
Construction Loan	\$5,746,270	\$159,619 52.96%
City of Escondido Land Grant	\$250,000	\$6,944 2.30%
City of Escondido CDC - Committed	\$500,000	\$13,889 4.61%
City of Escondido CDC - GAP	\$1,900,000	\$52,778 17.51%
SHP	\$400,000	\$11,111 3.69%
		0.00%
Deferred Costs	\$1,059,348	\$29,426 9.76%
Tax Credit Equity 15%	\$993,743	\$27,604 9.16%
<b>TOTAL SOURCES</b>	<b>\$10,849,361</b>	<b>\$301,371 100.00%</b>
Excess (Deficit)	(\$0)	

PERMANENT FINANCING USES	PER UNIT	% OF TOTAL
Land Costs	1,294,400	\$35,956 11.93%
Offsites & Site Development	1,890,157	\$52,504 17.42%
Residential Const Cost	3,845,206	\$106,811 35.44%
Financing Costs	858,354	\$10,230 7.91%
Reserves	66,651	\$1,851 0.61%
Local Permits and Fees	902,813	\$24,106 8.32%
Design, Management, Other	\$1,991,780	\$55,327 18.36%
<b>TOTAL USES</b>	<b>\$10,849,361</b>	<b>\$301,371 100.00%</b>
Excess (Deficit)	(\$0)	

PARKING CALCULATION				
Residential	Studio	1 Br	2 Br	3+ Br
Parking Ratio	1.00	1.00	1.25	1.50
Parking Spaces	0.00	12.00	15.00	18.00
Total Residential Spaces Required				45
Guest Parking Spaces	0.25			9
<b>TOTAL Parking</b>				<b>54</b>
New Surface Spaces Created				54
New Under-Building Spaces				0
<b>Total Parking</b>	<b>1.50 spaces/unit</b>			<b>54</b>
<b>Parking Surplus/(Deficit)</b>				<b>0</b>
<b>Total New Covered Pkng</b>	<b>0</b>	<b>400 sf/stall</b>		

DEVELOPER FEE	
Total Developer Fee	\$1,147,600
Deferred Developer Fee	\$400,600
	\$0
Net Developer Fee @ Completion	\$747,000
Fee Earned @ Const Close 40%	\$298,800
Balance of Developer Fee	\$448,200

NOTES	
Assumes 14 MHP-SH Units (9 one-bed, 3 two-bed, 2 three-bed); 8 SHP Units (7 1-Bedroom & 1 2-Bedroom)	
DESIGNATES 50% AMI UNITS as "Lower Income" for RDA Regulatory Purposes - Provides 13 Very Low Income Units / 22 Lower Income Units / 1 Manager's Unit	
<b>Changes from 1/10/11 version:</b>	
1) Revises unit mix to secure TCAC scoring. Adds 1 - 2br unit at 30% AMI, eliminates - 2br @ 60% AMI, makes most 3br @ 60% AMI. 2) Adds an additional \$108,000 to offsite costs to cover Broadway widening	
Proposed 2011 Tiebreaker score is:	44.693%

**36 UNITS El Norte - Escondido, CA**  
**Financing Summary**

FINANCING ASSUMPTIONS		
<b>Predevelopment Loan</b>	<b>\$1,157,372</b>	
Assumed Balance	70%	
Interest Rate	8.00%	
Term (months)	12	
<b>Construction Loan/LTV</b>	<b>\$5,746,270</b>	
Interest Rate	5.00%	
Term (months)	18	
Assumed Balance	50%	
Lease-up and Conversion Term	6	
Interest During Construction	143,657	
Interest During Lease-up	143,657	
<b>Total Constr. Interest</b>	<b>287,314</b>	
<b>Perm. Loan</b>	<b>\$1,050,000</b>	
Interest Rate	7.50%	
Amortization	30	
Debt C. Ratio	1.15	
Term (years)	18	
Annual Debt Svc. - Housing	\$88,101	
Amount Due at end of Term	\$695,751	
<b>City of Escondido Land Grant</b>	<b>\$250,000</b>	
Interest Rate	0.00%	
Amortization	0	
Debt Coverage Ratio	0.00	
Term (years)	0	
Annual Payment		
Amount Due at end of Term		
<b>Residual Loan Funding Sources</b>		
<b>City of Escondido CDC - Commitment</b>	<b>\$500,000</b>	
Interest	3.00%	
Term (years)	55	
Minimum Annual Payment	\$0	
Accrued Interest - During Const	\$22,500	
Residual Payment Y	20.8%	
Total Annual Payment	\$15,000	
<b>City of Escondido CDC - GAP</b>	<b>\$1,503,266</b>	
A. Housing Portion	\$1,900,000	
of which HOME		
Amount per Assisted Unit	\$0	
B. Commercial	\$0	
Amount per SF		
Interest Rate	3.00%	
Term (years)	55	
Accrued Interest - During Const	\$67,647	
Residual Payment Y	79.2%	
HOME Assisted Units	0.0	
<b>SHP</b>	<b>400,000</b>	
Interest Rate	0.00%	
Term (years)	55	
Accrued Interest - During Const	0	
Residual Payment N		
<b>Other Funding Sources</b>		
<b>NONE</b>	<b>N</b>	<b>\$0</b>
Amount per Assisted Unit		\$0
Interest Rate	0.42%	
Term (years)	55	
Minimum Annual Payment		-
Residual Annual Payment Y		
Total Annual Payment		
<b>AHP</b>		<b>0</b>

TAX CREDIT EQUITY			
2010 THRESHOLD BASIS LIMITS - 9%			
# UNITS	UNIT SIZE	LIMIT	TOTAL
0	SRO & Studio	\$150,702	\$0
12	1 Bedroom	\$173,758	\$2,085,096
12	2 Bedroom	\$209,600	\$2,515,200
12	3 Bedroom	\$266,288	\$3,195,456
			\$0
<b>36</b>	<b>T. TH. BASIS LIMIT</b>		<b>\$7,795,752</b>
<b>ADJUSTMENTS:</b>			
Prevailing Wages (1)	20.0%		1,559,150
Parking Beneath Units(1)	7.0%		0
Day Care Center (1)	2.0%		0
100% Special Needs (1)	2.0%		0
Energy Title 24 / Etc.	4.0%		311,830
Seismic/Environmental	at cost		0
Elevator	10.0%		0
Energy Technologies	at cost		0
Impact Fees	at cost		842,613
50% - 36% AMI (4% only)	46%		0
< 35% AMI (4% only)	31%		0
<b>ADJUSTED TH. BASIS LIMIT</b>			<b>\$10,509,345</b>
		<b>New Const/Rehab</b>	<b>Acquisition</b>
Total Eligible Costs		\$8,896,963	\$0
Energy ITC adjustment		-	-
Adjusted Total Eligible Costs		\$8,896,963	\$0
<b>Maximum Eligible Basis</b>		<b>\$8,896,963</b>	
Voluntary Reduction	33.00000%		33.00%
Voluntary Reduction	(\$2,935,998)		\$0
<b>Requested Eligible Basis</b>		<b>\$5,960,965</b>	<b>\$0</b>
Difficult to Develop Area Adjustment	30%		0%
<b>ADJUSTED ELIGIBLE BASIS</b>		<b>\$7,749,255</b>	<b>\$0</b>
Percentage of Affordable Units	100%		100%
Qualified Basis	\$7,749,255		\$0
<b>ADJUSTED QUALIFIED BASIS</b>		<b>\$7,749,255</b>	<b>\$0</b>
<b>SELECT 4% or 9% CREDIT OPTION</b>			<b>9.00%</b>
Tax Credit Rate	9.00%		3.30%
Annual Fed. Credit Amount	\$697,433		\$0
Total Credit			697,433
<b>FEDERAL CREDIT AMOUNT</b>			<b>\$6,974,330</b>
Total State Credit Amount			\$0
Percentage of Credits Sold			100.0%
Price Per Tax Credit Dollar			0.95
Equity from Federal Credit			\$6,624,950
Equity from State Credit			\$0
Total Gross Proceeds			\$6,624,950
Cost of Syndication			
<b>TOTAL TAX CREDIT EQUITY</b>			<b>\$6,624,950</b>
Tax Credit Equity at Constructic	15.00%		\$993,743
Tax Credit Equity at Takeout			\$5,631,208
<b>TCAC FEASIBILITY POINTS (Need 20)</b>			
Cost Efficiency			0
Credit Reduction			33
Public Subsidy			22
<b>TOTAL</b>			<b>55</b>
<b>2010 TIEBREAKER RATIO</b>			<b>0.73169</b>
(1) Public Funds to TDC			0.28112
(2) 1 - (Req'd Unadjusted Basis / TDC)			0.45057





**EL NORTE APARTMENTS**  
**Operating Expenses**

36 units

	ANNUAL TOTAL	Percentage of Total	ANNUAL PER UNIT
<b>ADMINISTRATIVE EXPENSES</b>			
Advertising	500	0.27%	13.89
Legal	900	0.48%	25.00
Accounting/Audit	6,500	3.45%	180.56
Security	0	0.00%	0.00
Credit Checks and Bank Fees	240	0.13%	6.67
Licenses/Fees	1,650	0.88%	45.83
Office Expense	1,500	0.80%	41.67
Other Expense	2,800	1.49%	77.78
<b>SUBTOTAL ADMINISTRATIVE EXPENSES</b>	<b>14,090</b>	<b>7.47%</b>	<b>391.39</b>
<b>MANAGEMENT FEE</b> Per Unit/Month \$ 36	<b>15,552</b>	<b>8.25%</b>	<b>432.00</b>
<b>UTILITY EXPENSES (uses BL #'s)</b>			
Electricity	6,000	3.18%	166.67
Gas	1,600	0.85%	44.44
Water	18,750	9.95%	520.83
Sewer	13,750	7.29%	381.94
<b>SUBTOTAL UTILITY EXPENSES</b>	<b>40,100</b>	<b>21.27%</b>	<b>1,113.89</b>
<b>PAYROLL EXPENSES</b>			
On-Site Manager	25,000	13.26%	694.44
Maintenance Personnel	15,000	7.96%	416.67
Payroll Taxes/Benefits 26%	10,400	5.52%	288.89
<b>SUBTOTAL PAYROLL EXPENSES</b>	<b>50,400</b>	<b>26.74%</b>	<b>1,400.00</b>
<b>INSURANCE</b>	<b>10,000</b>	<b>5.30%</b>	<b>277.78</b>
<b>REPAIRS &amp; MAINTENANCE</b>			
Turnover Expenses	1,800	0.95%	50.00
Repairs	7,500	3.98%	208.33
Trash Removal	10,000	5.30%	277.78
Pest Control	1,500	0.80%	41.67
Landscaping	12,000	6.37%	333.33
Supplies		0.00%	0.00
Elevator	0	0.00%	0.00
Parking deck ops & maint		0.00%	0.00
Fire Protection	2,000	1.06%	55.56
Lock & Keys		0.00%	0.00
Uniforms		0.00%	0.00
Telephone / Cable / Internet	1,800	0.95%	50.00
Other	0	0.00%	0.00
<b>SUBTOTAL REPAIRS &amp; MAINTENANCE</b>	<b>36,600</b>	<b>19.42%</b>	<b>1,016.67</b>
<b>SUBTOTAL RESIDENTIAL OPERATING EXPENSES</b>	<b>166,742</b>	<b>88.46%</b>	<b>4,631.72</b>
<b>SHP Housing Coordination</b>			
Salary & Burden			
Supplies			
Cell Phone			
Mileage			
<b>SUBTOTAL SHP HOUSING COORDINATION</b>			
<b>RESIDENT SERVICES</b>	<b>10,000</b>	<b>5.30%</b>	<b>277.78</b>
<b>REPLACEMENT RESERVES</b> 300	<b>10,800</b>	<b>5.73%</b>	<b>300.00</b>
<b>REAL ESTATE TAXES &amp; ASSESSMENTS</b>	<b>960</b>	<b>0.51%</b>	<b>26.67</b>
<b>TOTAL ANNUAL OPERATING EXPENSES</b>	<b>188,502</b>	<b>100.00%</b>	<b>5,236.17</b>

**EL NORTE APARTMENTS**  
**SHP OPERATIONS**  
**Sources**

8 Units

SHP	Project Cash Flow	TOTAL
	111	111
	200	200
	1,444	1,444
	0	0
	53	53
	367	367
	333	333
	622	622
	<b>3,131</b>	<b>3,131</b>
	<b>3,456</b>	<b>3,456</b>
		0
1,333		1,333
356		356
4,167		4,167
3,056		3,056
<b>8,911</b>		<b>8,911</b>
		0
5,556		5,556
3,333		3,333
2,311		2,311
<b>11,200</b>		<b>11,200</b>
	<b>2,222</b>	<b>2,222</b>
		0
	400	400
	1,667	1,667
		2,222
2,222		333
333		2,667
2,667		0
0		0
0		0
0		0
444		444
0		0
0		0
0		0
400		400
0		0
<b>6,067</b>	<b>2,067</b>	<b>8,133</b>
<b>26,178</b>	<b>10,876</b>	<b>37,054</b>
19,980		19,980
300		300
120		120
400		400
<b>20,800</b>		<b>20,800</b>
	<b>2,222</b>	<b>2,222</b>
	<b>2,400</b>	<b>2,400</b>
<b>213</b>		<b>213</b>
<b>47,191</b>	<b>15,498</b>	<b>62,689</b>
<b>75%</b>	<b>25%</b>	<b>100%</b>

SHP 3 YEAR SUBSIDY	
Inflation Rate:	3.50%
Year 1	47,191
Year 2	48,843
Year 3	50,552
<b>TOTAL</b>	<b>146,586</b>

36 UNITS El Norte - Escondido, CA								
Development Cost								
ELIGIBLE BASIS								
ACCT CODE	Enter as Non-PW	Notes	PREDEV	TOTAL COST PW	Rehab Related	Acquisition Related	CONSTR	DEFER TO PERM.
1200		<b>LAND ACQUISITION</b>						
1210		Land Cost	365,000	1,165,000		0	1,165,000	0
1225	26,000	Demolition	24,000	31,200	0		31,200	0
1200	12,000	Abatement		14,400	0		14,400	0
1240	17,000	Legal	15,000	17,000	0		17,000	0
1270	5,000	Title Escrow and Recording	5,000	5,000	5,000		5,000	0
		Land Extension Payment	3,000	3,000	3,000		3,000	0
1285	0	Land Interest Cost Assumes 18 mo hold	58,800	58,800	58,800		58,800	0
	0%	Land Cost Contingency		0	0		0	0
1200		<b>TOTAL ACQUISITION COST</b>	<b>482,800</b>	<b>1,294,400</b>	<b>66,800</b>	<b>0</b>	<b>1,294,400</b>	<b>0</b>
1300		<b>CONSTRUCTION WORK</b>						
1310	7.50	On Site Work	-	1,366,263	1,366,263		1,366,263	0
1315	140,000	Offsites allowance		168,000	168,000		168,000	0
1316	0	Landscaping, tot lot in on-site work		0	0		0	0
	0	REHABILITATION		0	0		0	0
1318	0	Off-Site Improvements cost share		0	0		0	0
1320	85	Direct Construction (cost per gba)		3,121,200	3,121,200		3,121,200	0
1322	0	Photovoltaic system		0	0		0	0
1323	0	"Green" upgrades - (\$ per gross SF) included above		0	0		0	0
1324	0	Structured Parking (price per sf)		\$0	0		0	0
1326	0	Structures-Elevator (Enter as Lump Sum) included in const.		0	0		0	0
1330	1.00%	GC Contingency		46,867	46,867		46,867	0
1335	9	General Conditions (number of months) \$30,000		270,000	270,000		270,000	0
1340	6.50%	GC Fee		307,679	307,679		307,679	0
1350	1.10%	Contractor Bonds		52,069	52,069		52,069	0
1360	1.50%	General Contractor (GC) Liability Insurance		71,003	71,003		71,003	0
1365	0.50%	Builder's Risk		23,668	23,668		23,668	0
1370	0.75%	Prevailing Wage Monitoring		35,501	35,501		35,501	0
1300		<b>TOTAL CONSTRUCTION</b>	<b>-</b>	<b>5,462,250</b>	<b>5,462,250</b>	<b>0</b>	<b>5,462,250</b>	<b>0</b>
1670	5.0%	<b>CONSTRUCTION CONTINGENCY</b>		<b>273,113</b>	<b>273,113</b>	<b>0</b>	<b>273,113</b>	<b>0</b>
1400		<b>ARCHITECTURAL FEES</b>						
1410		Design and Con Supervision	225,000	375,000	375,000		375,000	0
		Peer Review/Owner's Rep	7,500	15,000	15,000		15,000	0
		Design / Green Certification	2,500	5,000	5,000		5,000	0
1420		Expenses	17,500	22,500	22,500		22,500	0
1400		<b>TOTAL ARCHITECTURAL COSTS</b>	<b>252,500</b>	<b>417,500</b>	<b>417,500</b>	<b>0</b>	<b>417,500</b>	<b>0</b>
1450		<b>SURVEY &amp; ENGINEERING COSTS</b>	<b>111,900</b>	<b>186,500</b>	<b>186,500</b>	<b>0</b>	<b>186,500</b>	<b>0</b>
1501		<b>CONSTRUCTION FINANCING</b>						
1510		Construction Loan Interest		287,314	143,657		287,314	0
1520	1.00%	Construction Loan Fee	-	57,463	57,463		57,463	0
1502	40,000	Construction Management	-	40,000	40,000		40,000	0
1535	400	Bank Construction Monitoring		7,200	7,200		7,200	0
1540		Accrued Interest on Soft Debt		90,147	90,147		0	90,147
1545	2,500	Real Estate Taxes		2,500	2,500		2,500	0
1503	det. Below	Insurance	2,000	10,800	10,800		10,800	0
	15,000	Construction Loan - Other	10,000	15,000	15,000		15,000	0
1565	15,000	Title Escrow & Recording - Construction (LUMP SUM)		15,000	15,000		15,000	0
1500		<b>TOTAL CONSTRUCTION INTEREST &amp; FEES</b>	<b>12,000</b>	<b>525,423</b>	<b>381,766</b>	<b>-</b>	<b>435,276</b>	<b>90,147</b>
1570		<b>PERMANENT FINANCING</b>						
1572	2.00%	Permanent Loan Fee - Housing		21,000	0		0	21,000
1575	0.00%	Rate Lock Fee - Housing		0	0		0	0
1578	1.50%	Permanent Loan Fee - Commercial		3,750	0		0	3,750
1580	0.00%	Rate Lock Fee - Commercial		0	0		0	0
1582	det. Below	Cost of Issuance PRIVATE		0	0		0	0
1585		Low Floater Cap		0	0		0	0
1588	5,000	Title Escrow & Recording - Permanent		5,000	0		0	5,000
1570		<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>-</b>	<b>29,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,750</b>
1590		<b>PREDEVELOPMENT FINANCING</b>						
1592	1.00%	Predevelopment Loan Fee	11,574	11,574	11,574		11,574	0
1595		Predevelopment Loan Interest	64,813	64,813	64,813		64,813	0
1590		<b>TOTAL PREDEVELOPMENT FINANCING</b>	<b>76,387</b>	<b>76,387</b>	<b>76,387</b>	<b>-</b>	<b>76,387</b>	<b>-</b>
1600		<b>LEGAL FEES - (ENTER AS LUMP SUM)</b>						
1610	30,000	Bank Legal - Construction + Fees	4,000	30,000	30,000		30,000	0
1620	35,000	Owner Legal - Construction	15,000	35,000	35,000		35,000	0
1630	10,000	Bank Legal - Permanent		10,000	0		0	10,000
1640	5,000	Owner Legal - Permanent		5,000	0		0	5,000
1600		<b>TOTAL LEGAL COSTS</b>	<b>19,000</b>	<b>80,000</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>15,000</b>
1650		<b>RESERVES</b>						
1652	0	Construction Defect Reserve		0	0		0	0
1655	0	Replacement Reserve - Initial Deposit (Enter per unit)		0	0		0	0
	0	Reserve for AM Fee		0	0		0	0
1658	3	Operating Reserve - ENTER # of MONTHS		66,651	0		0	66,651
1650		<b>TOTAL RESERVE COSTS</b>	<b>-</b>	<b>66,651</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,651</b>
1660	9,000	<b>APPRAISAL COSTS</b>	<b>9,000</b>	<b>9,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,000</b>
1700		<b>OTHER</b>						
1701	det. Below	Tax Credit Fees	61,795	61,795	0		61,795	0
1702	det. Below	Environmental Consultants	2,230	33,500	33,500		33,500	0
1732	6,500	Accounting/Audit (non-tax credit)	6,500	6,500	6,500		6,500	0
1735	700	Building Permit Fees (Per New Unit)	25,200	25,200	25,200		25,200	0
	0	Building Permit Fees (Per Rehab Unit)		0	0		0	0
	35,000	Planning Processing Fees (Lump Sum)	35,000	35,000	35,000		35,000	0
1738	23,406	Development Impact Fees - (PER NEW UNIT)		842,613	842,613		842,613	0
1740	7,500	Signage		7,500	7,500		7,500	0
1742	35,000	Marketing/Rent-Up		35,000	0		35,000	0
1745	12,500	Market Study	12,500	12,500	12,500		12,500	0
1748	35,000	FFE		35,000	35,000		35,000	0
1750	det. Below	Utility Deposits		0	0		0	0
1703	det. Below	Relocation	35,000	35,000	35,000		35,000	0
	5,000	Legal / General	5,000	5,000	5,000		5,000	0
	0	Entitlement Consultant		0	0		0	0
1768	5%	Soft Cost Contingency	10,561	61,180	55,062		61,180	0
1700		<b>TOTAL OTHER COSTS</b>	<b>193,786</b>	<b>1,195,788</b>	<b>1,092,875</b>	<b>0</b>	<b>1,195,788</b>	<b>0</b>
1119		<b>SUBTOTAL DEVELOPMENT COST</b>	<b>1,157,372</b>	<b>9,616,761</b>	<b>8,022,191</b>	<b>0</b>	<b>9,406,213</b>	<b>210,548</b>
1801		<b>DEVELOPER COSTS</b>						
1810		Developer Fee		1,147,600	874,772		298,800	848,800
1802	det. Below	Syndication		85,000	0		85,000	0
		Development Consulting		0	0		0	0
1820		Project Administration/Other		0	0		0	0
1800		<b>TOTAL DEVELOPER COSTS</b>	<b>-</b>	<b>1,232,600</b>	<b>874,772</b>	<b>0</b>	<b>383,800</b>	<b>848,800</b>
		<b>TOTAL PROJECT COST</b>	<b>1,157,372</b>	<b>10,849,361</b>	<b>8,896,963</b>	<b>-</b>	<b>9,790,013</b>	<b>1,059,348</b>

Maximum developer fee lesser of 15% of eligible basis or \$2.5 million

1,334,544

[illegible]

estimate. Need to confirm

RESOLUTION NO. CDC 2011-03

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ESCONDIDO, CALIFORNIA AUTHORIZING ADDITIONAL ENCUMBRANCE OF FY 2011-2012 AND FY 2012-2013 AFFORDABLE HOUSING SET-ASIDE FUNDS IN AN AMOUNT NOT TO EXCEED \$1,900,000 AS LEVERAGED FINANCING TO COMMUNITY HOUSINGWORKS FOR ITS PROPOSED MULTI-FAMILY DEVELOPMENT LOCATED AT BROADWAY AND EL NORTE PARKWAY AND AUTHORIZING THE CHAIR AND SECRETARY TO EXECUTE THE NECESSARY LOAN AND SUPPORTING AGREEMENTS WITH COMMUNITY HOUSINGWORKS

WHEREAS, the Community Development Commission ("CDC") of the City of Escondido, California has a State mandate to provide affordable housing; and

WHEREAS, in a public hearing of June 9, 2010, the CDC directed staff to pursue further discussions with Community HousingWorks ("CHW") for the potential redevelopment of a City-owned parcel located at 1282 N. Broadway purchased with Neighborhood Stabilization Program ("NSP") funds, in conjunction with three contiguous parcels for which the CHW has acquired site control, addressed as 141, 211 and 221 E. El Norte Parkway, in addition to a fourth contiguous parcel addressed as 1260 N. Broadway which CHW has been successful in obtaining site control since that time (collectively, the "Properties"); and

WHEREAS, on August 18, 2010, the City Council/CDC approved entering into an Exclusive Negotiating Agreement with the CHW for the development/redevelopment of the Properties for affordable housing purposes, the commitment of an amount up to

\$500,000 in present fiscal year Affordable Housing Set-Aside Funds for development/redevelopment of the Properties for affordable housing purposes, and the disposition of the vacant property located at 1282 N. Broadway in Escondido to CHW for the provision of affordable housing units; and

WHEREAS, the Exclusive Negotiating Agreement was executed, and the Housing Set-Aside funds committed, for the purposes of site acquisition, predevelopment, project planning, relocation, demolition and other related activities necessary for the redevelopment of the Properties; and

WHEREAS, this request for additional funding in an amount not to exceed \$1,900,000 is within the estimated gap financing of \$1.3–\$3 million previously indicated as necessary to construct the project; and

WHEREAS, proof of commitment of CDC funding, in the form of an approved Resolution from the CDC is required to be submitted with a completed TCAC 9% tax credit application; and

WHEREAS, the use of these funds to assist CHW will be required to be in compliance with relevant Articles of the Escondido Zoning Code, relevant provisions of the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), and all other federal, state, and local regulations governing the use of Affordable Housing Set-Aside funds and the redevelopment/development of real property; and

WHEREAS, the ENA will be replaced with the necessary loan documents and supporting agreements in a form acceptable to the City Attorney to be executed by the Chair and Secretary and funds disbursed for purposes of project development; and

WHEREAS, the CDC desires at this time, and deems it to be in the best public interest, to authorize execution of Agreements necessary to provide such funds for multi-family affordable housing, to approve the request for a loan of Affordable Housing Set-Aside funds in an amount not to exceed \$1,900,000, with the following considerations: a) effective with the approval of this resolution, development fees for the Project shall be frozen at levels in compliance with the City's Building Development Guide for Development Projects (Revised 7-1-2010) for the duration of the project; and b) payment of the City's fair/proportional development fees to be deferred until paid prior to final inspection.

NOW, THEREFORE, BE IT RESOLVED by the Community Development Commission of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the amount designated for this project is appropriate.
3. That the Chair and Secretary are hereby authorized to execute on behalf of the CDC, in form acceptable to the City Attorney, all necessary loan and supporting agreements for a loan not to exceed \$1,900,000 of future fiscal year 2011-2012 and 2012-2013 available Affordable Housing Set-Aside Funds, on behalf of the CDC.