



**CITY OF SANTA CLARITA  
AGENDA REPORT**

**NEW BUSINESS**

**CITY MANAGER APPROVAL:** \_\_\_\_\_

**DATE:** June 9, 2015

**SUBJECT:** APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA AND NEWHALL AVENUE HOUSING PARTNERS, L.P., FOR THE DEVELOPMENT OF A 30-UNIT HOUSING COMPLEX WITH 13 INCOME-RESTRICTED UNITS ON NEWHALL AVENUE

**DEPARTMENT:** Community Development

**PRESENTER:** Erin Lay

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**RECOMMENDED ACTION**

City Council:

1. Adopt a resolution approving the Disposition and Development Agreement with National Community Renaissance of California and Newhall Avenue Housing Partners, L.P., and making findings regarding the application of Article XXXIV to the project;
2. Appropriate \$3.8 million from the City Housing Successor fund balance to expenditure account 13405-5161.001; and
3. Authorize the City Manager or his designee to execute all required documentation to execute the Disposition and Development Agreement, subject to review by the City Attorney.

**BACKGROUND**

***Need for Affordable Housing***

There is a need for affordable housing for low- and moderate-income residents in the City of Santa Clarita. This need was quantified when the State of California conducted its Regional Housing Needs Assessment (RHNA) for the years of 2013 to 2021. The RHNA identified a need for over 5,700 housing units for low- and moderate-income residents. The State of California and the federal government require the City to address the need for affordable housing in a number of ways:

- The State of California Department of Housing and Community Development (HCD) requires the City to create policies and programs to address the housing needs of low- and moderate-income residents as part of the Housing Element of the General Plan.
- The Department of Housing and Urban Development (HUD) requires that the Community Development Block Grant (CDBG) 5-Year Consolidated Plan consider and address the housing needs of low- and moderate-income residents in the use of CDBG funds.
- The HUD-required Analysis of Impediments to Fair Housing Choice (AI) identifies a lack of affordable housing as a main impediment to fair housing in the City of Santa Clarita. HUD requires the City to address each impediment identified in the AI.

### Redevelopment Agency

The Redevelopment Agency of the City of Santa Clarita (RDA) was created in 1997 to address the economic and physical blighting conditions in the Newhall Redevelopment Project Area (Project Area) and the lack of affordable housing. In 2008, the RDA issued tax-exempt housing bonds, secured by the Low- and Moderate-Income Housing Fund, to generate funds to develop the needed affordable housing.

### Selection of Affordable Housing Developer

In 2006, the City and RDA issued a Request for Qualifications (RFQ) to identify potential developers to build affordable housing in the Project Area. Because of their extensive experience with producing high-quality projects, The Related Companies of California (Related) and Southern California Housing Development Corporation of Los Angeles (SCHDCLA), were selected to work together with the City. Subsequently, SCHDCLA changed their name to National Community Renaissance of California (CORE).

On November 23, 2010, the City Council and RDA jointly approved an Exclusive Negotiation Agreement (ENA) with CORE and Related (together: the Developers) to develop affordable housing. The ENA called for a more detailed and specific Disposition and Development Agreement (Agreement) detailing the scope and terms for the development of a specific affordable housing project once a location was identified.

### Acquisition of Land for Affordable Housing

In 2010, the City and RDA acquired two adjacent parcels, the Caltrans parcel and the Jang parcel, in the Project Area with the intent of using them for the development of affordable housing. The parcels are in an ideal location for affordable housing given their proximity to transit, schools, a major transportation corridor, and other services. They are also zoned appropriately for multi-family rental housing and are located in an area with housing of a similar density.

The two parcels were acquired using two funding sources: Community Development Block Grant (CDBG) entitlement funds and Neighborhood Stabilization Program (NSP) funds, which the City had received from the State in a competitive process. The CDBG and NSP funds imposed specific deadlines on the development of affordable housing.

**Caltrans Parcel** - A 1.6-acre parcel used as a park-and-ride lot on Newhall Avenue. The terms of the acquisition require this parcel to be used for a public purpose. Acquisition of the parcel used:

- \$1,050,123 in NSP funds  
Deadline for development of affordable housing: December 2013
- \$45,877 in CDBG funds  
Deadline for development of affordable housing: June 2016

**Jang Parcel** - A privately-owned parcel of land. This .45-acre parcel was acquired by the City and RDA through an Assignment and Assumption Agreement in which the Developers negotiated an acquisition agreement with the owner. Acquisition of the parcel used:

- \$45,877 in CDBG funds  
Deadline for development of affordable housing: June 2016
- \$438,249 in RDA housing funds

In 2010, the Developers entered into negotiations with the owner of a third parcel located between the Jang and Caltrans parcels in order to create one contiguous parcel on which to build mixed-use affordable housing development.

#### Newhall Avenue Development Entitlements

In 2011, the Developers worked with staff to create a concept for a two-phase, mixed-use project called Newhall Avenue Development (Project). This project was designed so each phase could be built independently of the other, and yet be complementary and consistent. Phase One was designed as a multi-family housing development on the Caltrans parcel alone. Phase Two was a mixed-use development on the adjacent Jang parcel and the third parcel, which was still under negotiation. Attached are an aerial map showing the property ownership; an illustrative plan showing the two-phase concept; and an architectural illustration of Phase One. Ultimately, the Developers were unable to reach an agreement with the property owner and Phase Two of the Project is on hold.

The Entitlement Application for Phase One, including a 3 percent density bonus and an Oak Tree Permit for encroachment and pruning, was approved by the Planning Commission on July 19, 2011. Phase One consists of 30 units of family rental housing, with 29 affordable units and one unit reserved for an on-site property manager. The Project is comprised of two-story townhomes over single story, three-bedroom flats. Eight of the units are three-bedroom units and 22 are two-bedroom units. Parking includes 75 resident and guest parking spaces, which meets the most stringent City standard for parking in a multi-family development. Phase One also has a recreational amenity package, including a tot-lot, landscaped open space, laundry facilities, and a community center to be used for management and social services.

As provided for by law, the following steps were taken to ensure the public was aware of the Planning Commission Hearing for the Project entitlements:

- Signage was posted on the Caltrans parcel
- Property owners within 1,000 feet of the project were notified by mail
- A legal notice was placed in The Signal

Staff met with residents of the area on May 5 and June 22 of 2011. Residents expressed concerns related to the lack of street parking in the area due to the restriping of Newhall Avenue in 2006. Staff continued to work with residents of the Oak Creek condominiums through the fall of 2011 to help address their concerns regarding the parking in their complex.

### Dissolution of Redevelopment

The negotiation of the Agreement for Phase One was nearing completion when ABx1 26 and 27 were passed and signed into law by the Governor on June 28, 2011. This legislation dissolved Redevelopment Agencies in California and froze the housing bond proceeds which were needed to finance Phase One. Phase One was put on hold, and the Agreement was not brought to the City Council for consideration.

As part of the RDA dissolution process, the City opted to become the Housing Successor to the former RDA, with responsibility for the existing housing bond proceeds and housing assets, and for carrying out housing activities. In 2013, legislation passed which set forth additional regulations for the RDA wind-down process and provided a process to recapture housing bond funds. In 2013, the City completed the recapture process, and on January 1, 2014, a total of \$5,056,509 in housing bond proceeds became available to use on Phase One of the Project.

### Neighborhood Stabilization Fund Repayment

Because the funds needed to construct the Project were unavailable from 2010 to 2013, the City was unable to meet the NSP deadline of December 2013 for the development of affordable housing units on the Caltrans parcel. In 2014, the City paid back the NSP grant using \$1,050,123 of the recaptured housing bond proceeds. This funding shift did not result in any ownership change on the Caltrans parcel since the City was the recipient of the NSP funds and is the Housing Successor with responsibility for the housing bond proceeds. The Housing Successor's deadline for the development of affordable housing using the recaptured housing bond proceeds is August 2017, with an option for a five-year extension to August 2022.

## PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT

When the Housing Successor recaptured the housing bond proceeds in January 2014, staff began a new negotiation process on an Agreement for the development of Phase One. The attached Agreement spells out the terms for Phase One, including:

- Project budget and schedule
- Amounts and conditions for the contribution of City-controlled funds
- Terms of the conveyance of the property
- Requirements for application for other non-City funds
- Maintenance and management of the development
- Levels and length of the affordability for each proposed affordable unit

The key points in the Agreement are described in more detail below.

### Ownership and Project Management

The development will be owned by Newhall Avenue Housing Partners, L.P., a Limited Partnership of Related and CORE. The property will be professionally managed by the

Developer's own management company. The Developers have an excellent track record of long-term management of affordable housing projects. However, the Agreement allows the City to choose a different management company for the Project if it is not being managed to the City's standard.

### Affordability

The Agreement will control 13 of the 30 units through a 55-year affordability covenant. The covenant restricts rent and occupancy to households earning at or below 30 percent, 40 percent, or 50 percent of the Area Median Income (AMI). Currently, 50 percent AMI for a family of four is \$42,500. Rent for a two-bedroom unit for that family of four would be \$641 per month. A table showing the income limits and rental rates for these 13 restricted units is attached. Other non-City funding sources specified in the Agreement will restrict the remaining 16 affordable units in a similar fashion.

Pursuant to section 37001 of the California Health and Safety Code, a project is not subject to Article XXXIV where no more than 49 percent of the units in the project are required to be occupied by persons of low income. The project is exempt from Article XXXIV based on the fact that only 13 of 30 units (43 percent of the units) will be subject to affordability restrictions.

### Tenant Screening

Tenants will be required to complete a thorough application and screening process, including a criminal background check, credit check, landlord references, verification of employment, and verification of other income. Applicants will be required to prove they have sufficient resources to pay the rent, typically a stable monthly income at least twice that of the rent amount. The Agreement also allows the City to inspect the development annually and review tenant eligibility documentation and waiting lists.

### Development Financing

The City-owned parcel will be sold to the Partnership for one dollar for the purpose of developing Phase One. The cost to construct Phase One is \$14,397,605. The Agreement requires the Developers to apply for an allocation of \$9,844,981 in Low Income Housing Tax Credits (Tax Credits) from the State of California Tax Credit Allocation Committee (TCAC). The allocation of Tax Credits is competitive, and the first application does not always result in funding. The Agreement requires the Developers to submit at least three consecutive applications for Tax Credit funding. A permanent loan of \$449,263, repaid from rental income generated by the property, will also be obtained. The size of this loan is limited due to the reduced amount of rental income generated from the affordable rents.

Typical to affordable housing development, there is a gap in the financing structure after other available sources are utilized. The funding gap for the Project is \$4,103,361. The Agreement proposes to fund this gap in part using a \$3,800,000 grant of housing bond proceeds. In addition, the Agreement proposes \$303,361 in a 0 percent interest residual receipts loan of 2015-2016 CDBG funds. Per federal regulations, the CDBG loan will be limited in the Agreement to demolition and off-site improvement costs. The funding structure for the Project is shown below:

<b>Funding Source</b>	<b>Amount</b>
Tax Credit Allocation	\$ 9,844,981
Permanent Loan	\$ 449,263
City Grant (housing bond proceeds)	\$ 3,800,000
City Loan (CDBG)	\$ 303,361
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$14,397,605</b>
Contribution of Caltrans parcel (value)	\$ 1,096,000
<b>TOTAL PROJECT COSTS</b>	<b>\$15,493,605</b>

A full proforma, showing financing, sources and uses, unit numbers and sizes, and calculations for Tax Credits, is attached. A full project budget is included as Exhibit D to the Agreement.

**FUNDING SHIFT**

As previously noted, the City owns the Jang parcel, which was intended to be part of Phase Two of the Project. The Jang parcel is not scheduled to be developed at this time and is not included as part of the Agreement. However, the Jang parcel is still subject to a June 2016 deadline for development, based on the use of CDBG funds for the original acquisition. In order to best meet development deadlines imposed by the funding-source and provide the greatest flexibility to the City, a funding shift to move the CDBG obligation into the Caltrans property is proposed as shown below:

	<i>Housing Bond Proceeds</i>	<i>CDBG</i>	<b>TOTAL</b>
<i>Current Funding Split</i>			
Caltrans Acquisition	\$1,050,123	\$ 45,877	<b>\$1,096,000</b>
Jang Acquisition	\$ 438,249	\$293,123	<b>\$ 731,372</b>
<i>Proposed NEW Funding Split</i>			
Caltrans Acquisition	\$ 757,000	\$339,000	<b>\$1,096,000</b>
Jang Acquisition	\$ 731,372	\$ 0	<b>\$ 731,372</b>

This shift will result in the deadline for development of the Jang parcel to be extended to 2017, with the potential for a five-year extension to 2022. This shift will not affect the ownership on either parcel; both parcels will be owned by the City. Staff has consulted the City’s bond counsel, the City Attorney, HUD (for the CDBG funds), and the City’s Finance Manager, and all parties are confident the funding shift meets all statutory and regulatory guidelines.

**ALTERNATIVE ACTION**

Other action as directed by the City Council

## FISCAL IMPACT

A total of \$303,361 in 2015-2016 Community Development Block Grant (CDBG) funds will be appropriated for this project with the approval of the proposed 2015-2016 City budget (account 13343-5161.001). Upon approval of the recommended appropriation of \$3.8 million in City Housing Successor fund balance, there will be adequate funds for the obligations contained in the Agreement.

## ATTACHMENTS

Resolution

Ownership Map/Two-Phase Concept/Phase One Illustrative

Newhall Avenue Development Income Limits and Rental Rates

Project Proforma

Disposition and Development Agreement (available in the City Clerk's Reading File)

## RESOLUTION NO. 15- \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARITA, CALIFORNIA, ACTING IN ITS ROLE AS HOUSING SUCCESSOR TO THE FORMER REDEVELOPMENT AGENCY, APPROVING AND AUTHORIZING EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA AND NEWHALL AVENUE HOUSING PARTNERS, L.P.

WHEREAS, in 2006, the City conducted a Request for Qualifications for developers to assist in identifying a site and financing plan to construct a family affordable housing development, and identified National Community Renaissance of California (CORE) and The Related Companies of California, LLC, (Related) (together: the Developers) to assist in the execution of the Redevelopment Plan through the development of affordable housing at 23610 Newhall Avenue (Site); and

WHEREAS, on November 23, 2010, the City and the Former Redevelopment Agency entered into an Exclusive Negotiation Agreement (ENA) with the Developers for the negotiation of a Disposition and Development Agreement (Agreement); and

WHEREAS, the City owns property located at the Site that was purchased with Neighborhood Stabilization Program funds made available as part of the Housing and Economic Recovery Act of 2008, and which the City wishes to use for the construction of an affordable housing development; and

WHEREAS, on June 27, 2012, the California Legislature passed, and the Governor signed, Assembly Bill 1484 (AB 1484), which, among other things, made certain revisions to certain of the statutes added by Assembly Bill x1 26 (ABx1 26) (together with AB 1484: the Dissolution Act). AB 1484 amended Health and Safety Code Section 34176, added by Part 1.85, by, among other things, adding subdivision (g) thereto, which sets forth a process by which housing bond proceeds from bonds issued prior to January 1, 2011, for affordable housing purposes, and backed by an agency's low- and moderate-income housing fund that remains after satisfaction of enforceable obligations approved in a Recognized Obligation Payment Schedule (ROPS) (Excess Housing Bond Proceeds), may be used by the Housing Successor for affordable housing purposes, but which states that no such intended use or commitment is valid and binding on the Housing Successor until the intended use and commitment is included in an approved and valid ROPS; and

WHEREAS, the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita (Successor Agency) took to its Oversight Board on September 26, 2014, a Transfer Agreement whereby the Oversight Board agreed that the Housing Successor could utilize Excess Housing Bond Proceeds and report back to the Oversight Board rather than having to place each expenditure of Excess Housing Bond Proceeds on the ROPS, and the transfer of Excess Housing Bond Proceeds, pursuant to the Transfer Agreement, was itself placed on the appropriate ROPS, approved by the Oversight Board, and tacitly approved by the California Department of Finance; and



WHEREAS, the Housing Successor will report the use of Excess Housing Bond Proceeds to the Oversight Board via a resolution brought to it by the Successor Agency consistent with the terms of the Transfer Agreement; and

WHEREAS, the Housing Successor has already utilized Excess Housing Bond Proceeds to “buy out” certain Federal Neighborhood Stabilization Program funds that were originally used to purchase the Site but which had to be refunded due to the lengthy delays in Site disposition caused by the effects of the Dissolution Act; and

WHEREAS, The Related Companies of California, LLC, and National Community Renaissance of California have formed Newhall Avenue Housing Partners, L.P., to construct, own, and operate the affordable housing development at the Site (Project); and

WHEREAS, Newhall Avenue Housing Partners, L.P., is a single-purpose affiliate of the Developers with whom the ENA was entered into and the City is willing to work with this affiliate on the development of the Site; and

WHEREAS, Newhall Avenue Housing Partners, L.P., has proposed a project that consists of a 30-unit housing community, with 29 rental housing units and one manager’s unit, on approximately 1.62 acres, with eight (8) of the units being three-bedroom units and twenty-two (22) being two-bedroom units, comprised predominantly of two-story townhomes over single story three-bedroom flats; and

WHEREAS, the Project will feature at least seventy-five (75) on-grade and tuck-under resident and guest parking spaces distributed about the Site, as well as a recreational amenity package including a tot-lot, landscaped open space, and a community center that will be used for management, social services, and laundry facilities; and

WHEREAS, the Housing Successor, in exchange for its contribution of grant funds to the Project, will require thirteen (13) of the twenty-nine (29) rental units to be restricted through the use of affordable housing covenants, which covenants will operate to restrict the rent on the units for a period of at least fifty-five (55) years from the issuance of the Certificate of Occupancy, in compliance with the Community Redevelopment Law of the State of California; and

WHEREAS, an Initial Study was prepared on the Project, in accordance with the California Environmental Quality Act (CEQA), which included the publication of a Mitigated Negative Declaration that was adopted along with the land use approvals for the Project; and

WHEREAS, an Environmental Assessment was prepared on the Project in accordance with the National Environmental Policy Act (NEPA), including a Finding of No Significant Impact.

NOW, THEREFORE, the City Council of the City of Santa Clarita, acting in its role as Housing Successor to the former Redevelopment Agency, does hereby resolve as follows:

SECTION 1. The City Council hereby finds and determines that the Project is consistent with the authority of the former Redevelopment Agency under Community Redevelopment Law, as it will provide affordable housing within the Project Area. Further, that the Project, as contemplated in the Agreement, is consistent with the Implementation Plan for the Project Area, as the goals and programs in that plan provide for the production and rehabilitation of affordable housing in a manner consistent with the affordable housing projects as set forth in the Agreement.

SECTION 2. The City hereby finds and determines that the Project proposed by the Agreement is exempt from the requirements of Article XXXIV of the California Constitution. This exemption is based on the fact that, under the Agreement, only thirteen (13) of the thirty (30) units (43 percent of the units) will be subject to affordability restrictions. Pursuant to Section 37001 of the California Health and Safety Code, a project is not subject to Article XXXIV where no more than 49 percent of the units in the project are required to be occupied by persons of low income.

SECTION 3. The City hereby approves the Agreement, and hereby authorizes and directs the City Manager to execute the Agreement on behalf of the City, subject to any minor, technical, or clarifying changes that may be approved by the City Attorney. The City Council hereby further authorizes and directs the City Manager to take all actions and execute all documents as necessary to carry out the Agreement and accomplish the Project, including, but not limited to, execution of all subsequent documentation called for by the Agreement.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this \_\_\_<sup>th</sup> day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

DATE:\_\_\_\_\_

Attachment: Resolution [Revision 3] (1231 : Disposition and Development Agreement)

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.  
CITY OF SANTA CLARITA )

I, Kevin Tonoian, City Clerk of the City of Santa Clarita, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Santa Clarita at a regular meeting thereof, held on the \_\_\_<sup>th</sup> day of \_\_\_\_\_ 2015, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

\_\_\_\_\_  
CITY CLERK

Attachment: Resolution [Revision 3] (1231 : Disposition and Development Agreement)

# Three Parcel Ownership

City-Owned Jang Parcel  
(Potential Phase 2)

City-Owned Caltrans  
(Phase 1)

Privately -Owned Parcel  
(Potential Phase 2)



Attachment: Ownership Map/Two-Phase Concept/Phase One Illustrative (1231 : Disposition and

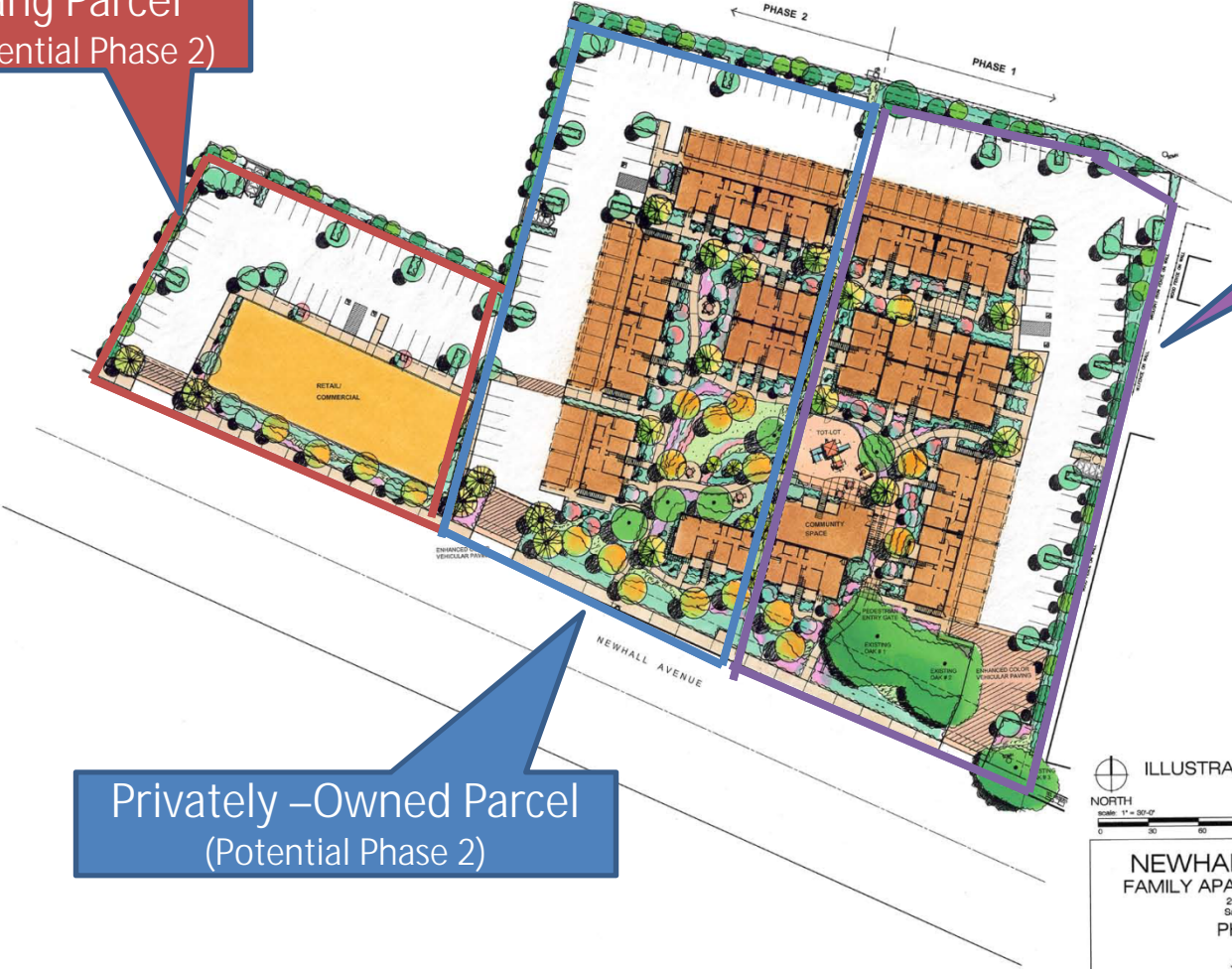


# Two-Phase Development Concept

Jang Parcel  
(Potential Phase 2)

Caltrans Parcel  
(Phase 1)

Privately -Owned Parcel  
(Potential Phase 2)



ILLUSTRATIVE PLAN  
 NORTH  
 scale: 1" = 50'-0"

**NEWHALL AVE. FAMILY APARTMENTS**  
 23640 Newhall Avenue  
 Santa Clarita, CA 91321  
**PHASE 1 + 2**

JOB NO: 81206  
 DATE: March 14, 2011  
 PRINTED: March 28, 2011

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Attachment: Ownership Map/Two-Phase Concept/Phase One Illustrative (1231 : Disposition and



# Phase One Illustrative



Attachment: Ownership Map/Two-Phase Concept/Phase One Illustrative (1231 : Disposition and

**NEWHALL AVENUE DEVELOPMENT  
INCOME LIMITS AND RENTAL RATES**

<i>Household Income Limit</i> (% of area median)	<b>Monthly Rental Rate for Unit Size</b>	
	<i>Two-Bedroom</i>	<i>Three-Bedroom</i>
50% AMI	\$641	\$740
40% AMI	\$513	\$592
30% AMI	\$384	\$444

<i>Household Income Limit</i> (% of area median)	<b>Maximum Allowable Income for Household Size</b>				
	<i>Two-Person</i>	<i>Three-Person</i>	<i>Four-Person</i>	<i>Five-Person</i>	<i>Six-Person</i>
50% AMI	\$33,200	\$37,350	\$42,500	\$44,850	\$48,150
40% AMI	\$26,560	\$29,880	\$33,200	\$35,880	\$38,520
30% AMI	\$19,920	\$22,410	\$24,900	\$26,910	\$28,890

Attachment: Newhall Avenue Development Income Limits and Rental Rates (1231 : Disposition and

## PROJECT SUMMARY

Santa Clarita  
 Development Profoma 2011 V1.2 - ILP  
 Related Companies of California  
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**Project Data**

Project Type	Family
County	Los Angeles
Total Units	30
Parking Spaces	75
Land Area	1.62 Acres
Net Residential Area	30,720 SF
Construction Months	12 Months

**Operating Economic Assumptions**

Residential Vacancy Rate	5.0%
Retail Vacancy Rate	10.0%
Income Inflater	2.5%
Expense Inflater	3.5%
Property Tax Inflater	2.0%
Replacement Reserve Inflater	0.0%
CPI	3.0%

**Stabilized Cash Flow**

	Year 1
Gross Scheduled Rent	\$307,524
Laundry Income	2,160
Other Income	0
Vacancy & Collection @ 5.00%	(15,484)
Retail Income	0
Retail Vacancy @ 10.00%	0
<b>Effective Gross Income</b>	<b>294,200</b>
Operating Expenses	(228,200)
<b>Net Operating Income</b>	<b>66,000</b>

**Basis Calculations**

Total Eligible Basis	\$13,456,174
Adjusted Threshold Basis Limit	\$10,616,042
Total Eligible Basis as a % of Threshold Basis Limit	126.75%

**Permanent Sources**

	Amount	Debt Service
Tax Credit Equity	9,844,981	n/a
Permanent Financing	\$449,263	\$32,323
CDBG (Loan)	303,361	n/a

City Grant (Housing Bond Proceeds)	3,800,000	n/a
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Total	\$14,397,605	\$32,323
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**Sources and Uses**

Total Permanent Sources	\$14,397,605
Total Development Cost	14,397,605
Over/(Under)	(\$0)

Attachment: Project Proforma (1231 : Disposition and Development Agreement)



UNIT DISTRIBUTION

Santa Clarita  
 Development Profoma 2011 V1.2 - ILP  
 Related Companies of California  
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Number Of Units	Income Category	SF	Gross Rent	Utility Allowance	Net Rent	Net Rent Per SqFt	Monthly Rent	Annual Rent	Unit %	Total Square Footage
<b>Studio</b>										
0	30% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	35% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	40% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	45% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	50% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	60% TC	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	Market	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	Manager	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0										
0										
<b>2 Bedroom - Carriage</b>										
1	30% TC	907	\$560	\$44	\$516	\$0.57	\$516	\$6,192	3%	907
0	35% TC	907	\$0	\$44	0	n/a	\$0	\$0	0%	0
1	40% TC	907	\$747	\$44	\$703	\$0.78	\$703	\$8,436	3%	907
0	45% TC	907	\$0	\$44	0	n/a	\$0	\$0	0%	0
1	50% TC	907	\$933	\$44	\$889	\$0.98	\$889	\$10,668	3%	907
1	60% TC	907	\$1,120	\$44	\$1,076	\$1.19	\$1,076	\$12,912	3%	907
0	Market	907	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	Manager	907	\$0	\$0	0	n/a	\$0	\$0	0%	0
4										
<b>2 Bedrooms - Townhomes</b>										
2	30% TC	1,006	\$560	\$44	\$516	\$0.51	\$1,032	\$12,384	7%	2,012
0	35% TC	1,006	\$0	\$44	0	n/a	\$0	\$0	0%	0
3	40% TC	1,006	\$747	\$44	\$703	\$0.70	\$2,109	\$25,308	10%	3,018
0	45% TC	1,006	\$0	\$44	0	n/a	\$0	\$0	0%	0
7	50% TC	1,006	\$933	\$44	\$889	\$0.88	\$6,223	\$74,676	23%	7,042
4	60% TC	1,006	\$1,120	\$44	\$1,076	\$1.07	\$4,304	\$51,648	13%	4,024
0	Market	1,006	\$0	\$0	0	n/a	\$0	\$0	0%	0
1	Manager	1,006	\$0	\$0	0	n/a	\$0	\$0	3%	1,006
17										
<b>3 Bedrooms - Carriage</b>										
0	30% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	35% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	40% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	45% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	50% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	60% TC	0	\$0	\$56	0	n/a	\$0	\$0	0%	0
0	Market	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	Manager	0	\$0	\$0	0	n/a	\$0	\$0	0%	0
0										
<b>3-Bedrooms - Flats</b>										
1	30% TC	1,110	\$647	\$56	\$591	\$0.53	\$591	\$7,092	3%	1,110
0	35% TC	1,110	\$0	\$56	0	n/a	\$0	\$0	0%	0
2	40% TC	1,110	\$863	\$56	\$807	\$0.73	\$1,614	\$19,368	7%	2,220
0	45% TC	1,110	\$0	\$56	0	n/a	\$0	\$0	0%	0
4	50% TC	1,110	\$1,079	\$56	\$1,023	\$0.92	\$4,092	\$49,104	13%	4,440
2	60% TC	1,110	\$1,295	\$56	\$1,239	\$1.12	\$2,478	\$29,736	7%	2,220
0	Market	1,110	\$0	\$0	0	n/a	\$0	\$0	0%	0
0	Manager	1,110	\$0	\$0	0	n/a	\$0	\$0	0%	0
9										

Attachment: Project Proforma (1231 : Disposition and Development Agreement)

Unit Distribution Summary

Summary	Income	Units	Total %	Unit Size	Units	Total %
Total SF	30,720	30	14%	Studio	0	0%
Avg. Unit SF	1,024	35	0%	2 Bedroom - Carriage	4	13%
Monthly Rent	\$25,627	40	21%	2 Bedrooms - Townhomes	17	57%
Annual Rent	\$307,524	45	0%	3 Bedrooms - Carriage	0	0%
Avg. Rent (excl. manager's)	\$884	50	41%	3-Bedrooms - Flats	9	30%
Avg. Rent PSF (excl. manager's)	\$0.86	60	24%	Total	30	100%
Bedrooms	74	Market	0			
		Subtotal	29			
		Manager	1			
		Total	30			

## ANNUAL OPERATING EXPENSE BUDGET

Santa Clarita  
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	<b>Project Budget (30 units)</b>
<b>RENTING</b>	
Advertising	\$800
Misc. Renting	0
<b>TOTAL RENTING</b>	<u>800</u>
<b>ADMINISTRATION</b>	
Office	25,000
Legal	0
Audit	0
Telephone/Computer	0
Tenant Relations	0
Misc. Administrative	0
<b>TOTAL ADMINISTRATION</b>	<u>25,000</u>
<b>MANAGEMENT FEE</b>	
Contract Management	17,480
<b>TOTAL MANAGEMENT</b>	<u>17,480</u>
<b>OPERATING</b>	
Electricity	15,832
Water	13,347
Gas	5,301
Sewer	0
Exterminating	0
Rubbish Removal	6,960
Misc. Operating	0
<b>TOTAL OPERATING</b>	<u>41,440</u>
<b>MAINTENANCE</b>	
Security	
Grounds	11,725
Repairs	0
Elevator	0
Unit Turns	14,000
Misc. Maintenance	4,000
<b>TOTAL MAINTENANCE</b>	<u>29,725</u>
<b>SALARIES AND BENEFITS</b>	
Office Salaries	65,000
Maintenance Salaries	0
Payroll Taxes and Benefits	0
<b>TOTAL SALARIES AND BENEFITS</b>	<u>65,000</u>
<b>TAXES AND INSURANCE</b>	
Real Estate Taxes	13,400
Business Taxes and Licenses	0
Insurance	10,500
Misc. Taxes and Insurance	0
<b>TOTAL TAXES AND INSURANCE</b>	<u>23,900</u>
<b>RESERVES AND OTHER EXPENSES</b>	
Replacement Reserves	9,000
Operating Reserves	0
Social Programs	15,855
<b>TOTAL RESERVES AND OTHER COSTS</b>	<u>24,855</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$228,200</u>

## DEVELOPMENT COSTS &amp; ELIGIBLE BASIS DETERMINATION

Santa Clarita  
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	30 units Budget	TCAC % Eligible	TCAC Eligible Basis
<b>ACQUISITION COSTS</b>			
Purchase Price	\$1	0%	0
Other Acquisition Costs	0	0%	0
<b>TOTAL ACQUISITION COSTS</b>	<b>1</b>	<b>0%</b>	<b>0</b>
<b>PROFESSIONAL FEES</b>			
Architecture & Engineering	935,000	100%	935,000
Other Professional / Consulting	72,500	100%	72,500
<b>TOTAL PROFESSIONAL FEES</b>	<b>1,007,500</b>	<b>0%</b>	<b>1,007,500</b>
<b>FEES AND PERMITS</b>			
City/County Fees and Permits	1,410,151	100%	1,410,151
Utility Fees/Costs	418,789	100%	418,789
<b>TOTAL FEES AND PERMITS</b>	<b>1,828,940</b>	<b>0%</b>	<b>1,828,940</b>
<b>CONSTRUCTION COSTS</b>			
	0	0%	0
Demolition	100,000	0%	0
Offsite Improvements	166,500	100%	166,500
Non-Residential Structures	0	0%	0
Site Improvements	809,927	100%	809,927
Parking Facilities	80,000	100%	80,000
Landscaping / Common Areas	504,351	100%	504,351
Residential Structures	3,813,867	100%	3,813,867
Other Construction - Green Building	337,211	100%	337,211
Retail Core + Shell	0	0%	0
General Conditions	674,867	100%	674,867
Contractor Overhead	0	100%	0
Contractor Profit	253,509	100%	253,509
Contractor Insurance	79,452	100%	79,452
Construction Bond Premiums	63,562	100%	63,562
Construction Contingency	443,454	100%	443,454
Residential Structures - Non GC	0	100%	0
Prevailing Wage Costs	0	100%	0
<b>TOTAL CONSTRUCTION COSTS</b>	<b>8,494,244</b>	<b>0%</b>	<b>8,394,244</b>
<b>FINANCING COSTS</b>			
Acquisition Loan Costs	0	0%	0
Gap Loan Costs	30,000	100%	30,000
Construction Loan Costs	60,000	11%	6,600
Construction Loan Fees	84,000	11%	9,240
Construction Period Interest	250,000	100%	250,000
Post-Construction Interest	135,000	0%	0
Permanent Loan Costs	0	0%	0
Permanent Loan Fees	0	0%	0
Bond Issuance Costs	0	0%	0
TCAC Fees	51,890	0%	0
Misc. Finance Costs	0	0%	0
<b>TOTAL FINANCING COSTS</b>	<b>610,890</b>	<b>0%</b>	<b>295,840</b>
<b>OTHER COSTS</b>			
Furnishings, Fixtures & Equipment	175,000	100%	175,000
Marketing Costs	47,900	0%	0
Legal Fees	150,000	30%	45,000
Property Taxes	35,000	75%	26,250
Soft Cost Contingency	125,000	100%	125,000
Relocation Expenses	0	0%	0
Accounting / Audit / Insurance	198,000	80%	158,400
Developer Overhead	0	100%	0
Developer Fees	1,660,000	84%	1,400,000
Other Costs / Reserves	65,131	0%	0
<b>TOTAL OTHER COSTS</b>	<b>2,456,031</b>	<b>0%</b>	<b>1,929,650</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$14,397,605</b>		<b>\$13,456,174</b>
<b>/ TOTAL ELIGIBLE BASIS</b>			
<b>TOTAL BASIS REDUCTION (Amount over Adjusted Threshold Basis Limit or Voluntary Exclusion)</b>			<b>(3,800,000)</b>
<b>TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS</b>			<b>9,656,174</b>
High Cost Area Adjustment			130%
<b>TOTAL ADJUSTED ELIGIBLE BASIS</b>			<b>12,553,026</b>
Applicable Fraction			100%
<b>TOTAL QUALIFIED BASIS</b>			<b>12,553,026</b>
Total Credit Reduction	0%		0
<b>TOTAL ADJUSTED QUALIFIED BASIS</b>			<b>12,553,026</b>

Attachment: Project Proforma (1231 : Disposition and Development Agreement)

## TAX CREDIT CALCULATION

Santa Clarita  
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 Related Companies of California  
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Total Project Cost	\$14,397,605
Total Permanent Sources	(4,552,624)
Funding Shortfall	\$9,844,981
Total Qualified Basis	\$12,553,026
Annual Federal Credits - Calculated	\$937,711
Annual Federal Credits - Awarded	\$0
Total Federal Credits (10 Years)	\$9,377,110
<b>Federal Tax Credit Investor Equity</b>	<b>\$9,844,981</b>
Total Requested Unadjusted Basis	\$9,656,174
Total 4 -Year State Credits - Calculated	\$0
Total 4 -Year State Credits - Awarded	\$0
<b>State Tax Credit Investor Equity</b>	<b>\$0</b>
Calculated Acquisition Basis	\$0
Available Acquisition Basis	\$0
Annual Acquisition Credits - Calculated	\$0
Annual Acquisition Credits - Awarded	\$0
Total Acquisition Credits (10 Years)	\$0
<b>Acquisition Tax Credit Investor Equity</b>	<b>\$0</b>
<b>Total Tax Credit Investor Equity (Federal + State+ Acquisition)</b>	<b>\$9,844,981</b>

Threshold Basis Limits	2015 9%	Limits	Units	Limit	Total
Efficiency			0	170,834	0
1 Bedroom			0	196,970	0
2 Bedrooms			21	237,600	4,989,600
3 Bedrooms			9	304,128	2,737,152
4 Bedrooms			0	338,818	0
			<b>30</b>		<b>7,726,752</b>
<b>Special Features Threshold Basis Limit Increases</b>					
<hr/>					
10% Increase: 95% of the project's upper floor units are serviced by an elevator					0
20% Increase: State or Federal Prevailing Wage Requirement					1,545,350
7% Increase: New Construction with Parking beneath Residential Units					0
2% Increase: Day Care Center					0
2% Increase: Special Needs Populations					0
<b>Total Percentage Increase to Unadjusted Eligible Basis (Combined not to exceed 39%)</b>					<b>1,545,350</b>
10% Increase: Energy Efficiency/Resource Conservation/Indoor Air Quality					0
Seismic Upgrading or Environmental Mitigation (15% unadj. eligible basis max.)					0
Development Impact Fees					1,343,940
<b>Bond Deals</b>					
<hr/>					
1% Increase: Every 1% of the project's units between 35% and 50% AMI					0
2% Increase: Every 1% of the project's units at or below 35% AMI					0
<b>Adjusted Threshold Basis Limit</b>					<b>\$10,616,042</b>
<b>Total Eligible Basis</b>					<b>\$13,456,174</b>
<b>Over /(Under) Basis Limit</b>					<b>\$2,840,131</b>

Attachment: Project Proforma (1231 : Disposition and Development Agreement)



**STABILIZED CASH FLOW ANALYSIS**

**Santa Clarita  
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Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>INCOME</b>															
Gross Rental Income	307,524	315,212	323,092	331,170	339,449	347,935	356,634	365,549	374,688	384,055	393,657	403,498	413,586	423,925	434,523
Laundry Income	2,160	2,214	2,269	2,326	2,384	2,444	2,505	2,568	2,632	2,698	2,765	2,834	2,905	2,978	3,052
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy @ 5.0%	(15,484)	(15,871)	(16,268)	(16,675)	(17,092)	(17,519)	(17,957)	(18,406)	(18,866)	(19,338)	(19,821)	(20,317)	(20,825)	(21,345)	(21,879)
Retail Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy @ 10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>294,200</b>	<b>301,555</b>	<b>309,094</b>	<b>316,821</b>	<b>324,742</b>	<b>332,860</b>	<b>341,182</b>	<b>349,711</b>	<b>358,454</b>	<b>367,415</b>	<b>376,601</b>	<b>386,016</b>	<b>395,666</b>	<b>405,558</b>	<b>415,697</b>
<b>EXPENSES</b>															
Administrative	(25,000)	(25,875)	(26,781)	(27,718)	(28,688)	(29,692)	(30,731)	(31,807)	(32,920)	(34,072)	(35,265)	(36,499)	(37,777)	(39,099)	(40,467)
Management Fee @ 5.9%	(17,480)	(18,092)	(18,725)	(19,380)	(20,059)	(20,761)	(21,487)	(22,239)	(23,018)	(23,823)	(24,657)	(25,520)	(26,413)	(27,338)	(28,295)
Operating	(41,440)	(42,890)	(44,392)	(45,945)	(47,553)	(49,218)	(50,940)	(52,723)	(54,569)	(56,478)	(58,455)	(60,501)	(62,619)	(64,810)	(67,079)
Maintenance	(29,725)	(30,765)	(31,842)	(32,957)	(34,110)	(35,304)	(36,540)	(37,819)	(39,142)	(40,512)	(41,930)	(43,398)	(44,917)	(46,489)	(48,116)
Salaries	(65,000)	(67,275)	(69,630)	(72,067)	(74,589)	(77,200)	(79,902)	(82,698)	(85,593)	(88,588)	(91,689)	(94,898)	(98,219)	(101,657)	(105,215)
Taxes (escalated at 2.00%)	(13,400)	(13,668)	(13,941)	(14,220)	(14,505)	(14,795)	(15,091)	(15,392)	(15,700)	(16,014)	(16,335)	(16,661)	(16,994)	(17,334)	(17,681)
Insurance	(10,500)	(10,868)	(11,248)	(11,642)	(12,049)	(12,471)	(12,907)	(13,359)	(13,826)	(14,310)	(14,811)	(15,330)	(15,866)	(16,422)	(16,996)
Renting	(800)	(828)	(857)	(887)	(918)	(950)	(983)	(1,018)	(1,053)	(1,090)	(1,128)	(1,168)	(1,209)	(1,251)	(1,295)
Social Programs	(10,500)	(10,868)	(11,248)	(11,642)	(12,049)	(12,471)	(12,907)	(13,359)	(13,826)	(14,310)	(14,811)	(15,330)	(15,866)	(16,422)	(16,996)
Replacement Reserves	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
<b>TOTAL OPERATING EXPENSES</b>	<b>(228,200)</b>	<b>(235,671)</b>	<b>(243,399)</b>	<b>(251,394)</b>	<b>(259,665)</b>	<b>(268,221)</b>	<b>(277,071)</b>	<b>(286,227)</b>	<b>(295,700)</b>	<b>(305,499)</b>	<b>(315,636)</b>	<b>(326,123)</b>	<b>(336,972)</b>	<b>(348,196)</b>	<b>(359,808)</b>
<b>NET OPERATING INCOME</b>	<b>66,000</b>	<b>65,884</b>	<b>65,694</b>	<b>65,427</b>	<b>65,077</b>	<b>64,640</b>	<b>64,110</b>	<b>63,484</b>	<b>62,754</b>	<b>61,917</b>	<b>60,965</b>	<b>59,893</b>	<b>58,694</b>	<b>57,361</b>	<b>55,888</b>
<b>DEBT SERVICE</b>															
Permanent Financing	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)	(32,323)
<b>Cash Flow After Debt Service</b>	<b>33,677</b>	<b>33,561</b>	<b>33,371</b>	<b>33,104</b>	<b>32,754</b>	<b>32,317</b>	<b>31,788</b>	<b>31,161</b>	<b>30,432</b>	<b>29,594</b>	<b>28,642</b>	<b>27,570</b>	<b>26,371</b>	<b>25,038</b>	<b>23,566</b>
DCR	2.04	2.04	2.03	2.02	2.01	2.00	1.98	1.96	1.94	1.92	1.89	1.85	1.82	1.77	1.73