



MEMORANDUM

TO: HONORABLE CHAIR AND BOARD MEMBERS
FROM: JOEL ROJAS, DIRECTOR OF PLANNING, BUILDING AND CODE ENFORCEMENT
DATE: SEPTEMBER 16, 2008
SUBJECT: EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE AGENCY AND AMCAL MULTI-HOUSING, INC PERTAINING TO THE DEVELOPMENT OF THE AGENCY'S CRESTRIDGE PROPERTY
REVIEWED: CAROLYN LEHR, EXECUTIVE DIRECTOR

Project Manager: Gregory Pfost, AICP, Deputy Planning Director

RECOMMENDATION

1) Authorize the Chairman to execute an Exclusive Negotiating Agreement on behalf of the Redevelopment Agency ("Agency") with AMCAL Multi-Housing, Inc. ("AMCAL") pertaining to the development of the Agency's Crestridge Property; and 2) Direct Staff to seek consultant assistance with the preparation of traffic, geologic and view/visual studies.

EXECUTIVE SUMMARY

The Crestridge property has been the subject of many affordable housing development proposals in the past, all of which have been unsuccessful for a variety of reasons, and which have led to the delay in its use for affordable housing. Unfortunately, the Agency now has little time to spare and must act relatively quickly in order to see an affordable housing project developed on this site starting in March 2010, which is the deadline to utilize this property or sell it.

After working with this site for the past eight years, Staff is confident that the Agency's best option is to move forward with the expenditure of the Agency's affordable housing funds towards the development of an affordable housing project on the Crestridge site. This direction is consistent with the General Plan Housing Element, prior Council/Board

direction, and given that the existing vacant site is owned by the Agency, this project represents the best opportunity to see something “new” get constructed that is in compliance with the City’s Regional Housing Needs Assessment (RHNA) goals. Staff is of the opinion that if the Board decides not to move forward with such a project, then the Board will be faced with the alternative option of selling the property and expending the proceeds from the sale on affordable housing elsewhere in the City, which represents a host of additional issues to grapple with.

At this time, while Staff has provided information in this report on a “Probable Financing Scenario” for the project, Staff is not requesting Agency direction on the type of financing mechanism to use. Instead, Staff is requesting that the Agency enter into an Exclusive Negotiating Agreement with a Staff-recommended developer. Once a developer is selected and an accurate Proforma is prepared by the developer and is reviewed by Staff and the Agency’s consultant, Staff will return to the Agency to discuss the particular financing option through a Disposition and Development Agreement (DDA)

In addition to entering into an ENA, Staff is also recommending that the Board authorize Staff to move forward with the preparation of traffic, geologic and view/visual studies. While the developer will be involved in the preparation of these studies, Staff will be able to get a head start on them by having the City Geologist and City Traffic Engineer review existing data to determine the potential impacts caused by a proposed 40-unit project on this site, and assisting the developer’s consultants as to what issues should be addressed through the project design.

BACKGROUND

Council Direction and Status on Implementing Affordable Housing Programs

At the September 18, 2007 City Council meeting, the City Council directed Staff to expand its options of programs in utilizing affordable housing funds by moving forward with a combination of programs, which included:

- 1) Set up and implement the purchase of existing units for the purpose of providing affordable housing.
- 2) Release an RFQ to find a reputable affordable housing developer to move forward in the development of only the RDA’s parcel.
- 3) Prepare a First Time Homebuyers/Silent Second Program to assist affordable buyers in purchasing a home.

As the Board is aware, the Agency and the City each have recently purchased one condominium unit thereby addressing Program #1 above. In conjunction with our consultant, Tierra West Advisors, Staff has also developed a First Time Homebuyer/Silent Second Program, which will be used to sell the condominium units. Staff expects that the units soon will be ready to advertise – thereby implementing Program #3.

As directed by the Council and the Agency Board, Staff has also been moving forward with the implementation of Program #2.

The purpose of this report is to take the next step in implementing Program #2, which is to obtain the Board’s approval to enter into an Exclusive Negotiating Agreement (ENA)

with a specific developer that the Agency will solely work with in developing a senior affordable housing project on the Crestridge site.

DISCUSSION

On September 2, 2008, Staff provided a status report of the Agency's Crestridge Property and the actions that Staff has taken to date to move this project forward. The Board may recall that within the Staff Report (see attached), Staff focused upon the approaching March 2010 deadline for use of the Crestridge Property and necessity for moving quickly on this project, for if the Agency does not begin construction on the property with an affordable housing project, the Agency must sell the property with the proceeds from that sale being deposited back into the Agency's 20% Set-aside Affordable Housing Fund.

Alternatives for Use of Agency Funds:

Of course there are other alternatives that the Agency can take and based upon feedback from at least one Board member at the September 2, 2008 meeting, Staff felt that it was important to identify the various alternatives that the Agency has, while identifying the opportunities and constraints of each. The Alternatives are as follows:

Alternative 1: Move forward with Program #2 and Begin Development of the Agency's Crestridge Property prior to March 2010

In Staff's opinion, this Alternative provides the best opportunity for the Agency and City to meet its affordable housing requirements (RHNA), expend its affordable housing funds, and is the reason why, in accordance with direction from the Council/Board that Staff has been moving towards its implementation. The opportunities of this alternative include:

- It expends Agency funds that are earmarked only for affordable housing and reduces the Agency's obligation to expend these funds on other programs that may not be as acceptable.
- It eliminates the Agency's current problem of having an excess surplus in its Housing Fund; the Agency has a mandated 3-year deadline to expend or encumber funds once the funds become excess surplus. Recently, the Agency purchased a condominium unit, which expended funds that became surplus in 2005 and 2006. The Agency will need to expend or encumber more funds by July 1, 2010 to address its excess surplus from 2007.
- It does not anticipate using any General Fund monies.
- It will achieve the City's RHNA affordable housing construction goal/need of 26 "new" affordable housing units constructed during the current RHNA planning period as identified in the City's General Plan Housing Element.
- There may be an opportunity to use the City's In-lieu Housing Fund to help support this project thereby satisfying the City's from its obligation to expend its affordable housing monies.

The constraints associated with this alternative include:

- A very tight time schedule – development must begin prior to March 2010.
- An affordable housing development on this site may not be acceptable to neighboring communities. However, it is important to note that moving forward

- with an “age-restricted senior” project will help make the project more acceptable.
- The developer may not be able to obtain the coveted “9% tax credit allocation” that will bring the financial gap that the developer is seeking to have the Agency be responsible for to a level that the Agency can afford. If the developer is unsuccessful, then the project may die for lack of enough Agency assisted funding.
- Given proportionality requirements of State Law, the Agency may only spend approximately 50% of its funds on an “age-restricted senior” project, which reduces the amount of gap that the Agency can fulfill to make the project pencil out.

Alternative 2: Do not move forward with Development of the Crestridge Property and take one of the following Alternative Actions:

A. Sell the Property to a Private Party for development and Purchase existing Condominium Units

Opportunities include:

- Eliminates the Agency’s obligation to have the property developed for an affordable housing project. The Institutional land use designation on the site permits a variety of land uses that may be developed on the site, including, but not limited to, Educational Facilities, Churches, Clinics and Sanitariums, Nursing Homes, Bed and Breakfast Inns, and Cemeteries.
- The Agency may be able to use the sale proceeds to purchase upcoming new units that may be developed as part of the proposed Highridge condominium project (28 units proposed) or the Crestridge Estates LLC senior project (85 units proposed), which would help the City meet its RHNA “new” construction obligations, although the Agency would not be able to purchase the total amount of RHNA need (26 units) due to its limited funds. It should also be noted that the Highridge project is on the Council agenda this evening, and the Crestridge Estates project application is not complete.

Constraints include:

- Proceeds from the sale will be placed back into the Agency’s Affordable Housing Fund, and must be encumbered or expended within a 3-year period.
- Funds would be used to purchase existing condominium units and/or rental units and converting them to affordable housing units, which may not be acceptable to existing owners within the same developments.
- The City/Board would only partially meet its RHNA construction need, as State Law permits a maximum of 25% of its RHNA construction need as conversion units.

B. Sell the Property to the City for use as a Park and Purchase existing Condominium Units

Opportunities include:

- Same as A above.
- The City would obtain a new park.

Constraints include:

- Same as A above

- The City would incur additional maintenance obligations for the Park
- General Fund monies would have to be used to purchase the property at its fair market value as determined by an appraiser. In this case, the property would be utilized as a Park, which is considered open space. Without actually having an appraisal at this point, by using the current value of open space that the City has used in the past, which is approximately \$50,000/acre, Staff estimates that the value of the Agency's 19.63 acre Crestridge Parcel could be approximately \$981,500.

C. Sell the Property to a Private Party or the City, and give the Excess Surplus Funds to the Los Angeles County Housing Authority

State Law allows the Agency to voluntarily disperse to the County Housing Authority excess surplus funds within one year after they become excess surplus.

Opportunities include:

- Same as A and/or B above

Constraints include:

- Per State Law, the County Housing Authority would be subject to expending these funds within an additional two years on a project(s) within the City. State Law also provides that if the Agency has disbursed excess surplus funds, the City must not disapprove a low or moderate income housing project, funded in whole or in part by the excess surplus funds, if the project is consistent with the building code and the land use designation in the General Plan as it existed on the date the application was deemed complete. The City may require compliance with local development standards and policies appropriate to and consistent with meeting the quantified objectives relative to the development of housing as required in the Housing Element pursuant to Government Code Section 65583(b). As such, the City/Agency might end up getting a project that they do not wish to approve, but must approve based upon State Law. In other words, the Agency would be giving both the funds and the majority of control over the project to the County.

Moving Forward with Alternative #1 – Probable Financing Scenario

The following discussion will provide the Board with the probable development/financing scenario for the Crestridge project. It is important to keep in mind that this is a "probable" scenario that may change. Financing projects such as this is a very complicated matter, involving a host of funding mechanisms, including the Agency's funds. After the Agency enters into an Exclusive Negotiating Agreement (ENA) with a developer, a more detailed proforma will be prepared by the developer that will include all proposed financing mechanisms and which will be reviewed by Staff and the Agency's consultant. Staff will present that proforma to the Board at a later meeting. Given the preliminary status of this project and its financing, it would be premature to devote a significant amount of time to discuss the probable financing scenario in detail, but Staff thought it still is important to present it so that the Board may begin to have an understanding of how this project could unfold.

As reported at the September 2, 2008 meeting, after going through the RFQ/RFP process, Staff received proposals from 4 developers: AMCAL, Jamboree, Related, and

National Core. All of the developers are proposing to finance the project with Federal Low Income Housing Tax Credits, which come as either 9% or 4% versions. Tax Credits are allocated on behalf of the Federal government by the State of California Tax Credit Allocation Committee ("TCAC"). The 9% tax credits provide more money, and therefore the allocation process is very competitive; generally about 30% of the developers that apply receive an allocation. The 4% credits provide less money, around half as much as 9% credits, but are much less competitive.

The 4% credits go along with an allocation of tax-exempt bonds that is managed by a separate California department, the California Debt Limit Allocation Committee. Generally all those developers who put together a credible application for bonds and 4% tax credits receive an allocation, that's why developers prefer 4% tax credits. However 4% tax credit financing usually requires much more gap financing from the participating redevelopment agencies to cover the shortfall from what the developer would have received with 9% tax credits. The tax-exempt bonds, which act like a mortgage against the property, may be issued by the participating redevelopment agency, such as the Rancho Palos Verdes Redevelopment Agency ("Agency"), or by another entity such as the California Statewide Communities Development Authority.

All of the developers are requesting financial assistance from the Agency to cover the financing gap. The financial assistance may be in the form of a combination of cash, the contribution of land, or the forgiveness of development fees by the City. Forgiveness by the City of its development fees however is not advisable, because it would require the developer to pay prevailing wages to construct the project. All of the assistance will be provided through the Agency, which will provide the assistance to the developer as a loan. Therefore, the loan will include the fair reuse value of the land as well as cash and other assistance that the Agency will provide.

The loan will be evidenced by a promissory note, which will be secured by a trust deed recorded against the property. The transaction between the Agency and the developer will be memorialized through a Disposition and Development Agreement (DDA), which is sometimes also called an Affordable Housing Agreement ("Agreement" or "Contract"). The Agreement will identify all of the terms of the assistance, the sale of the land, a schedule, the obligations of the developer to develop the project, the affordability levels of the units, and any other details of the development. In the future, the Board will need to approve the DDA.

One of the other documents will be called a Regulatory Agreement or something similar. This will be the equivalent of Covenants, Restrictions, and Conditions, and will specify the affordability restrictions that the Agency will impose against the project. This Regulatory Agreement will be recorded against the property. TCAC will also record a separate Regulatory Agreement against the project to secure its own restrictions, which may be slightly different than the Agency's.

The Agency's trust deed will provide the Agency the right to foreclose against the property if the developer defaults on any of its obligations. However the Agency could be in a subordinated position compared to the construction or permanent lender, which frequently will have a higher priority loan than the Agency's. Upon completion of construction, there will be a separate permanent lender who will provide some of the funds that will be used to pay off the construction lender. If the developer defaults on a loan with a higher priority, the lender will be able to foreclose on the property and wipe out the Agency's position in the property.

The developer will form a limited partnership that will own the property and develop the project. In addition to the developer, there will be a non-profit managing partner and an investor partner. The investor partner will be a taxable entity, which will acquire essentially all of the tax advantages flowing from the project and use these to offset its income tax obligations generated from its own operating activities. Typical tax credit investors have been large corporations such as Chevron, Fannie Mae, Freddie Mac, and commercial banks. With recent setbacks to many of these entities the market for tax credits has softened.

The tax credit investor may invest some of its funds at the beginning of the project, make additional payments during construction, and make the largest payment upon completion once the tax credits have been vested. Usually the amount of the permanent loan is less than the construction loan, so the final payment from the tax credit investor is coupled with the funding of the permanent loan to pay off the construction loan.

It is preferable that the Agency contribute its assistance as a loan. If it were to provide any of its assistance as a grant or gift, that would reduce the taxable basis of the project, which would in turn reduce the tax benefits to the tax credit investor. With fewer tax benefits the investor would provide fewer funds to the project, and there would be a bigger gap that would have to be covered by the Agency.

As mentioned earlier, there is typically a non-profit managing partner in the limited partnership. The non-profit applies for a welfare exemption from the obligation to pay property taxes on the project, which is only provided to non-profit owners. Therefore, the project will not be paying property taxes. This reduces the operating expenses of the property, which frees up more cash flow that can be devoted to making mortgage payments. This in turn will provide a larger mortgage, which reduces the gap assistance required from the Agency compared to what would be required if the project paid property taxes. The non-profit partner may also be responsible for providing services to the tenants such as financial counseling, organizing shuttle services, social services or other benefits to the tenants.

The Agency's loan needs to be considered a viable loan by the Internal Revenue Service ("IRS"), with a good likelihood of being paid back. The loan is paid back from "residual receipts", which is the cash flow left after the owner pays operating expenses and mortgage payments. There may also be some miscellaneous fees deducted out of the cash flow such as asset management fees or non-profit administrative fees before the cash flow is divided.

Typically the residual receipts are divided 50-50 between the developer and the Agency. The interest rate on the Agency loan is likely to be in the range of 3% to 4%. The Agency loan is a "soft" loan which means that the developer/owner only makes payments if and when there is cash flow available to make the payment. Any interest accrued but not paid on the Agency loan is added to the principal balance. Developers earn a fee for the development of the project, which is 15% of the basis of the project, as set out in TCAC regulations. This fee is capped by the regulations at \$1.5 million in the case of 9% tax credits or \$2.5 million in the case of a larger 4% tax credit project. Sometimes the developer will defer a portion of its fees ("deferred developer fee") and is paid back from the cash flow of the project. The deferred developer fee payment takes first priority from residual receipts, sometimes taking all of

the cash flow for many years until the developer is paid back.

The Crestridge project is a relatively small project at 40 units and will probably be generating a relatively small developer fee of between \$500,000 and \$1 million. In this case it may be better not to defer any of the developer fee. In the event there are cost overruns, the developer will be expected to cover those by deferring a portion of its fees. Therefore, the developer fee acts like a reserve. The tax credit investor is also motivated to see that things go smoothly and its tax credits are vested by having some of its funds invested in the project at the beginning.

Preliminary estimates by the developers indicate that the project has a larger financial gap (\$2.6 to \$5.5 million depending upon the type of the primary funding mechanism - 9% or 4% allocation) than the Agency currently has on hand, which is approximately \$1.4 million. Any such gap will likely be due to the variables related to development of this project. As the Board may be aware, the subject site is a difficult site given its large amount of un-compacted fill, steep topography, and relatively small developable area (1.5 to 2 acres). When Staff released the RFP for this project, Staff made note of these issues, including the need to consider views over the site and the potential visual impacts of being located on this particular corner.

One possible way to cover this additional gap would be to pledge future 20% set aside tax increment revenue to the project. If this pledge is memorialized in the Agreement, the developer may be able to take the pledge to its permanent lender and borrow against it. Another alternative would be for the Agency to approach a separate commercial bank, borrow against the future tax increment revenue, and provide these funds to the developer through the Agency loan. Staff is also looking at whether the City could contribute its affordable housing in-lieu funds from its inclusionary housing program as a loan to the Agency for use in this project. While this fund has a current balance of approximately \$800,000, the City expects to receive another \$900,000 from Terreneia in 2009.

If the developer borrows the money from its lender then there may be lower combined transaction costs since the developer will already be negotiating with its lender. Any borrowings by the Agency that would produce proceeds to be loaned to the developer must be borrowed on a taxable basis. The proceeds of a tax-exempt financing, excluding the tax-exempt mortgage loan referenced earlier that goes along with 4% tax credits, would need to be provided to the developer as a grant. This would reduce the tax benefits as described earlier.

Again, it is important to remind the Board that all of the financing details will be settled with the selected developer during the period of the Exclusive Negotiating Agreement ("ENA"), and it may not be in the best interest of the Board's time to discuss them in too much detail at the September 16th meeting.

Moving Forward with Alternative #1 – Probable Development Schedule

As stated above, the Agency has until March 2010 to begin construction of the Crestridge project. To meet this deadline, the following schedule should be maintained:

Sept. 2008	Agency enters into an ENA with a developer
Sept. – Dec. 2008	Prepare studies (traffic, geologic, view/visual) that would be

used in the preparation of an environmental document (EIR or Mitigated Negative Declaration) in compliance with CEQA

Nov. 2008	Developer submits formal development proposal and project proforma
Dec. 2008	Agency enters into a Disposition and Development Agreement (DDA) with the developer
Jan. 2009	Process entitlements through the Planning Commission
Feb. 2009	Process entitlements through City Council/Agency
March 2009	Developer submits application for a 9% tax credit allocation
Oct. 2009	Start Construction
Dec. 2010	Complete Construction

Moving Forward with Alternative #1 – Selecting a Developer

As reported at the September 2, 2008 meeting, Staff received proposals from 4 developers: AMCAL, Jamboree, Related, and National Community Renaissance. All four of these developers are well known in the affordable housing development field. They have all produced and managed many affordable units within California. They all employ a staff that is very familiar with the complicated issues associated with the financing, development and management of affordable housing units. City Staff and our consultant from Tierra West Advisors have met with representatives of all four firms and feel confident in their experience with these types of developments.

Each of the companies has submitted brief preliminary proposals that propose different methods of financing the proposed senior affordable housing project. As noted above, all estimate that there would be a significant gap (preliminarily at \$2.6 to \$5.5 million – of course Staff will require that the existence of and amount of any gap will be independently verified by Staff/Tierra West) that the Agency would need to fill in addition to contributing the land.

All of the proposals submitted assume a 26 to 40-unit senior rental project that is entirely affordable to low and very low income persons – a key component to obtaining the tax credit financing available for affordable housing projects. It is also important to note that while an increased density may provide for a lesser financial commitment by the Agency, given the limited size of the project, increased density will also mean additional parking – most likely subterranean parking, which will actually drive the cost up. In short, Staff and the Agency’s consultant believe that the proposals submitted are the best alternative for the Agency.

Below is a brief discussion of each of the developer’s proposals:

- National Community Renaissance
NACORE is proposing a 40-unit project that would be financed with a combination of 4% tax credits and the Housing and Urban Development (“HUD”) section 202 program. The HUD 202 program generally has a longer lead time

than the programs proposed by the other developers, and therefore it is suggested that the other developers with their respective programs be considered over NACORE.

- Related

Related has appeared less than enthusiastic regarding the project. Staff and the City's consultant had to travel to Irvine to meet with them, whereas the other firms were willing to travel to Rancho Palos Verdes. They also were very pessimistic about the prospects of receiving an allocation of 9% tax credits, and have proposed the 4% tax credit program instead. This has resulted in the highest subsidy request among the developers at approximately \$5.5 million plus the land for a 40-unit project. Related has not provided a detailed proforma as some of the other developers have. Related is a very experienced developer, one of the largest in North America, and have shown an ability to develop affordable housing projects in coastal Southern California with projects in Laguna Beach and Newport Beach.

- Jamboree

Jamboree has provided a summary cost projection coming to approximately \$9.5 million for a 26-unit project. They have budgeted a gap of \$4,275,000 plus the land, which brings the total gap proposed to be funded by the Agency to \$5,475,000. Their financial projections were very preliminary, and did not include income projections (rent and operating expenses), or cash flow projections. Their sources and uses of funds assumed approximately \$4 million in funding from the sale of 9% tax credits, but nothing for permanent financing. On a preliminary basis Tierra West estimated that a 26-unit project could support approximately \$730,000 in permanent financing based upon current underwriting standards. This would conceivably reduce the Jamboree gap assistance by the same amount, bringing it to approximately \$4,745,000.

- Amcal

Amcal has appeared to be the most enthusiastic about the project, with company president Percival Vaz personally traveling to Rancho Palos Verdes to meet with Staff. They feel that if they can clear the entitlement requirements by the first quarter of 2009 they would have a reasonable chance to receive 9% tax credits for the project. From their perspective, the City of Los Angeles has been capturing a large share of the Los Angeles County 9% tax credit allocations by overinvesting in their projects. The large investments allow their projects to score well in the tiebreaker procedure that the Tax Credit Allocation Committee uses to decide who receives an allocation. According to Amcal, Los Angeles has targeted the proposition 1C funds that are administered by the State of California Department of Housing and Community Development through the Multi-Family Housing Program. This program is geared towards family projects and the 4% tax credit program. Proposition 1C funds are expected to be depleted within the 1st half of 2009. Therefore Amcal is hoping that if Los Angeles continues to go after the last of the 1C funds, there will be less competition for 9% tax credits in the first round of 2009.

Amcal indicates that they have a good batting average with 9% tax credits, claiming to receive allocations on approximately 75% to 80% of the applications they put in. They state they are also willing to make a 2nd application for 9% tax credits in the event they fail with the 1st application.

They have provided a detailed proforma, and estimate the assistance that will be required from the Agency at \$2.6 million plus the land, and plus development fees, which could increase the amount to approximately \$3.2 million. While Tierra West is somewhat concerned that Amcal's total development cost estimate of approximately \$7.5 million excluding land and fees may be low, this may be an indication of contractors becoming competitive on their pricing in the current slow market.

In summary,

- Two of the developers, Amcal and Jamboree, have proposed the higher risk avenue of applying for 9% tax credits, which ordinarily provide the best leverage for redevelopment agency funds. However Jamboree's proposal requires a large amount of gap assistance.
- Jamboree's project is the smallest project at 26 units. Jamboree may have analyzed the site geography more extensively than the other developers and may be basing their proposal on this.
- The Agency's obligation to spend money in proportion to the age distribution in the community argues for limiting the funding that would go to this age-restricted project.
- Amcal has presented the most affordable proposal when viewed from the perspective of the gap funding requested from the Agency, and Staff has obtained positive references for AMCAL from other public agencies.

Based upon this, Staff is recommending that the Agency enter into an ENA with AMCAL. Staff has attached a draft form of an ENA for the Board's consideration.

Moving Forward with Alternative #1 – Preparation of Studies

As discussed throughout this report, based upon the March 2009 deadline to submit an application for the "9% tax allocation", the time frame to complete the entitlements stage is relatively quick. Staff would therefore request that the Board authorize Staff to move forward with the preparation of traffic, geologic and view/visual studies. While the developer will be involved in the preparation of these studies, Staff will be able to get a head start on them by having the City Geologist and City Traffic Engineer review existing data to determine the potential impacts caused by a proposed 40-unit project on this site, and assisting the developer's consultants as to what issues should be addressed through the project design. Prior to such work, Staff would request that each consultant submit a proposal for said work. Funds from the Agency's 20% Affordable Housing Fund will be used to pay for these services.

ALTERNATIVES

In addition to the staff recommendation, the City Council may also wish to consider the following alternatives:

1. Not enter into an ENA and direct Staff to discontinue working on Affordable Housing Program #2 (Crestridge Senior Affordable Housing). If this Alternative is

chosen, Staff recommends that the Council provide further direction regarding what to do with the Crestridge property.

2. Identify issues with the items in the Staff Report and provide direction to Staff.

FISCAL IMPACT

Within the FY05-06/07-08 Budget, the RDA-Housing Set-Aside Program was approved for a total expenditure of \$1,212,637 in FY06/07. This was for the anticipated funding of affordable units as part of the joint Agency/Laing Urban project that combined the Agency's parcel with the neighboring privately owned parcel. As that project was withdrawn, these funds have been continued over the past years. There is currently a \$1.4 million balance in the Agency's affordable housing Fund. It is Staff's intent to utilize these funds for the development of the Agency's parcel as discussed throughout this report. As noted above, Staff seeks the Board's authorization to move forward in preparing preliminary studies on the project site to help expedite the processing of this project. Although Staff has not received any proposals from City consultants for this work, Staff estimates that the cost will be approximately \$25,000 for each study. This will be paid for through the existing continued appropriation from the past FY05-06/06-07 Budget. Additionally, over the next 6 months it is expected that there will be significant City Attorney costs associated with this project, especially given its short time frame to process. Staff anticipates paying these costs from the RDA-Affordable Housing Set-aside Fund. It should be noted that according to State Law, the Agency's 20% affordable housing Fund may be used for these types of administrative costs associated with development of an affordable housing project.

ATTACHMENTS:

Draft ENA
Proposal by AMCAL

EXCLUSIVE NEGOTIATING AGREEMENT

This Exclusive Negotiating Agreement (this "Agreement") is made and entered into as of _____, 2008, by and between the RANCHO PALOS VERDES REDEVELOPMENT AGENCY, a public body, corporate and politic, hereinafter referred to as "Agency", and _____, a _____, hereinafter referred to as "Developer."

Recitals

A. The subject matter of this Agreement is that certain parcel of real property described as Lot 2 of Parcel Map No. 25271, located at Crenshaw Boulevard and Crestridge Road, Rancho Palos Verdes, California (the "Property"). The Property is approximately 19.54 acres in area. It is proposed that the Developer shall construct on the Property a senior apartment project with approximately forty (40) units (the "Project"), which are to be restricted to rental by low and very low income households, except for one manager's unit. Nothing in this Agreement shall be construed as limiting the ability of the City of Rancho Palos Verdes (the "City") to approve a smaller project or a different configuration of the proposed Project.

B. Developer and Agency are willing to enter into this Agreement setting forth the terms pursuant to which: (i) the parties shall negotiate, for a period commencing on the date hereof and ending on _____, ____ (the "ENA Period"), the terms of a Disposition and Development Agreement ("DDA") with respect to the Project, and (ii) the amount and nature of financial assistance to the Project, if any, to be provided by Agency.

C. Agency anticipates that following execution of this Agreement, during the ENA Period, the staff, consultants and attorneys of the Agency will devote substantial time and effort in reviewing plans, meeting with financial institutions and investors, and providing other aid and assistance to Developer in connection with the proposed Project, and in negotiating and preparing a DDA.

NOW, THEREFORE, the parties hereto agree as follows:

1. The term of this Agreement shall commence on the date hereof and shall terminate at the end of the ENA Period.
2. During the ENA Period: (i) Agency shall negotiate in good faith with the Developer with respect to a DDA concerning the disposition of the Property and the development of the Project on the Property, and (ii) Agency shall not negotiate with any person or entity, other than Developer, regarding a DDA for the development of the Project on the Property. It is anticipated that Developer and Agency's staff shall conclude such negotiations prior to _____, ____, which is prior to the expiration of the ENA period. Throughout the ENA Period, Agency's staff shall be available to meet with Developer to discuss the Project, the site plans and architectural renderings, and other DDA issues.
3. Developer agrees that Agency shall have the right to approve the architect for the Project, which approval shall not unreasonably be withheld.

4. Concurrently with the execution of this Agreement, the Developer and the Agency shall execute and deliver a Right of Entry and Access Agreement substantially in the form attached hereto as Attachment No. 1.

5. Developer and Agency, as the case may be, shall perform the following actions by the dates specified herein:

Item	Start Date	Completion Date
Developer causes a Phase I Environmental Site Assessment to be prepared		
Developer submits to the City of Rancho Palos Verdes an application for a conditional use permit and any other permits that are required by the Development Code		
Developer prepares and submits to Agency basic schematic drawings for the Project		
Developer causes geotechnical and traffic reports to be prepared and submitted to the City		
Developer causes grading plans to be prepared and submitted to the City		
Developer causes an ALTA survey to be prepared and submitted to the City		
Developer files LP-1 Certificate of Limited Partnership		
Developer delivers to Agency a preliminary site plan and basic architectural renderings of the Project (including elevations, and concept design). [The preliminary site plan and basic architectural renderings shall be developed in collaboration with the City's planning staff, and shall include a well defined architectural concept for the Project showing vehicular circulation and access points, amounts and location of parking, location and size of all buildings (including height and perimeter dimensions) pedestrian circulation, landscaping and architectural character of the Project. However, no such site plan or architectural renderings shall be deemed final until approved by the Planning Commission and the City Council of the City of Rancho Palos Verdes.]		

Developer will submit an application for an initial study for the Project, as required by CEQA. City shall determine the level of environmental review that is required for the Project; Developer shall deposit with the City funds sufficient to pay for such environmental review.		
Developer shall provide to the Agency a reasonable development pro forma, and a reasonable table describing the sources and uses of funds concerning the Project, and a narrative describing the fundamental economics of the Project, including the proposed role of Agency, if any, all in form and substance acceptable to the Agency.		
Agency staff and Developer negotiate DDA		
Developer provides to Agency letters of intent from construction and take-out lenders, equity investors, and other sources of financing for the Project (in form and substance reasonably acceptable to Agency), sufficient to meet the cost of developing and owning the Project		
Completion and approval of environmental document, which shall be subject to the City's approval in its sole and absolute discretion).		
Agency adopts DDA (Such action shall occur after approval of environmental document.)		
City grants all entitlements for the Project (including any subdivision map approval, zone change or variance, or conditional use permits required for the Project) (Such action shall occur after approval of the environmental document.)		
Developer prepares and submits all final architectural and engineering plans		
Construction of the Project		

6. Developer shall: (i) work cooperatively with Agency and its staff and (ii) report to the Agency regarding the status of the Project on a monthly basis.

7. Developer shall hold neighborhood meetings to provide information about the Project to, and to receive comments from, the residents of the neighborhood of the Project.

8. Developer shall be responsible for all studies and evaluations concerning the physical condition of the Property and provide copies thereof to Agency.

9. Developer shall bear all costs incurred by Developer with respect to the Project. Developer shall, in good faith, expeditiously initiate and complete all studies, plans and other activities which are either required by this Agreement to be performed by Developer or which Developer otherwise deems necessary.

10. Developer and Agency understand and agree that City is not obligated to approve the proposed Project or any of the applications related thereto, and that neither party is obligated to enter into any DDA; however, Developer and Agency shall negotiate in good faith with respect to the DDA for the Property.

11. This Agreement may not be assigned without the expressed written consent of Agency, which consent is subject to the sole and absolute discretion of Agency.

12. Neither the submission of this Agreement by Agency to Developer, nor the execution of this Agreement by either party, shall constitute a commitment by Agency to expend any financial resources on the Project, it being intended hereby that Agency's obligations shall become effective only following a public hearing as required by Health and Safety Code Section 33433, and the approval and execution of the DDA by Agency.

13. Agency may terminate this Agreement if Developer should fail to comply with and perform in a timely manner to the sole satisfaction of Agency all provisions hereof on Developer's part to be performed, or if progress is not being made in negotiations hereunder to Agency's sole satisfaction. Agency shall provide thirty (30) days written notice to Developer, which specifies any dissatisfaction or belief, and Agency shall not terminate this Agreement if Developer cures the deficiencies specified by Agency to the sole satisfaction of Agency within such thirty-day period.

14. Any notice, request, approval or other communication to be provided by one party to the other shall be in writing and provided by personal service or a form of express mail or service and addressed as follows:

If to Developer:

Attention:
Tel: () _____
Fax: () _____

If to Agency:

Rancho Palos Verdes Redevelopment Agency
30940 Hawthorne Boulevard
Rancho Palos Verdes, California 90274
Attention: Greg Pfof
Tel: (310) _____
Fax: (310) _____

15. Each of the parties hereto assumes the risk of entering into this Agreement. In no event will Agency be responsible for Developer's loss of profits or for any special, indirect, consequential or incidental damages, however caused, even if Agency has been advised of the possibility of such damages.

16. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof. There are no agreements or understandings between the parties and no representations by either party to the other as an inducement to enter into this Agreement, except as expressly set forth herein. All prior negotiations between the parties are superseded by this Agreement. This Agreement may not be altered, amended or modified except by a writing executed by both parties. Notwithstanding anything provided herein to the contrary, whether express or implied, Agency shall have no obligation to enter into an DDA with Developer, and neither the Agency nor its officers, members, staff or agents have made any promises to Developer other than to exclusively negotiate with Developer during the ENA Period, and no statements of Agency or its officers, members, staff or agents as to future obligations shall be binding upon Agency until a full DDA is adopted by Agency and then duly executed by Agency's chairperson.

17. If either party should bring any legal proceeding relating to this Agreement, or to enforce any provision hereof, the party in whose favor judgment is rendered shall be entitled to recover reasonable attorneys' fees and expenses of litigation from the other.

18. Both Agency and Developer have reviewed the foregoing terms and conditions of the Exclusive Negotiating Agreement and are in full agreement with it.

Agency:

Developer:

RANCHO PALOS VERDES
REDEVELOPMENT AGENCY, a
public body, corporate and politic

By: _____

By: _____
Chairperson

Attest:

Secretary

ATTACHMENT NO. 1

FORM OF RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "Agreement") is made and entered into as of _____, 2008, by the RANCHO PALOS VERDES REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and _____ ("Developer")

W I T N E S S E T H:

WHEREAS, the Agency is the owner of the real property described as Lot 2 of Parcel Map No. 25271, located at Crenshaw Boulevard and Crestridge Road, Rancho Palos Verdes, California (herein called the "Site"); and

WHEREAS, concurrently with the execution of this Agreement, the City and the Developer are entering into an Exclusive Negotiating Agreement related to the Site (the "ENA"); and

WHEREAS, the Developer needs the right of entry upon and access to the Site for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "Due Diligence Activities") in connection with the proposed acquisition and development by Grantee of the Site; and

WHEREAS, the Agency has agreed to give Developer a non-exclusive license to enter upon the Site to perform the Due Diligence Activities subject to and in accordance with the terms and provisions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements contained herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Agency and the Developer do hereby covenant and agree as follows:

1. Access by Grantee. Subject to Developer's compliance with the terms and provisions of this Agreement, Developer and Developer's employees, agents and consultants designated in writing by Developer (herein collectively called "Developer's Designees") shall have the right to enter upon the Site for the purpose of conducting the Due Diligence Activities, until the earliest to occur of: (i) the expiration or earlier termination of the ENA; (ii) the termination of this Agreement; or (iii) the execution of the Disposition and Development Agreement contemplated by the ENA.

Developer expressly agrees as follows: (i) any activities by or on behalf of Developer, including, without limitation, the entry by Grantee or Grantee's Designees onto the Site in connection with the Due Diligence Activities shall not damage the Site in any manner whatsoever except for minor damage normally resulting from typical site investigation activities such as soil borings; (ii) in the event the Site is altered or disturbed in any manner in connection with the Due Diligence Activities, Developer shall immediately return the Site to the condition existing prior to the Due Diligence Activities (unless otherwise agreed in writing by the _____)

_____ of the Agency), and (iii) Developer shall indemnify, defend and hold Grantor harmless from and against any and all claims, liens, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by the Agency or the Site as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Developer or Developer's Designees onto the Site, except to the extent they are caused by the gross negligence or willful misconduct of the Agency, or its agents, contractors or employees.

2. Insurance. Developer shall procure or maintain, and shall cause all of Developer's Designees performing the Due Diligence Activities to procure or maintain, a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Agency covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than \$1,000,000.00, and prior to entering the Site, (or permitting any Developer Designer to enter the Site) Developer shall deliver to Agency a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement. If Developer's contractors used for Due Diligence Activities are unable to meet these insurance requirements on their own, Developer may provide such coverage on their behalf.

3. Limitations; No Recording. Agency does not hereby convey to Developer any right, title or interest in or to the Property, but merely grants the specific and limited contractual rights set forth herein. In no event shall this Agreement or any memorandum hereof be recorded, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

4. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be addressed and delivered as provided in the notices provision of the ENA.

5. Assignment. This Agreement may not be assigned by Developer, in whole or in part, without the prior express written consent of the Agency in its sole and absolute discretion.

6. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

DEVELOPER:

_____,
a _____

By: _____

Print Name: _____

Title: _____



RECEIVED

AUG 11 2008

PLANNING, BUILDING AND
CODE ENFORCEMENT

August 8, 2008

Mr. Gregory Pfost
Deputy Planning Director
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 90275

**Re: Affordable Senior Housing Proposal at
Crestridge Road and Crenshaw Boulevard**

Dear Mr. Pfost:

As a follow-up to the developer interview held on Tuesday, July 22, 2008, AMCAL Multi-Housing is pleased to submit its proposal for a 40-unit affordable senior housing community.

As we discussed at the interview regarding AMCAL's background and track record, AMCAL specializes in the development, construction, and operation of affordable housing in California. In particular, AMCAL pursues the more valuable 9% Low Income Housing Tax Credits (LIHTC) to finance its senior and family developments. AMCAL successfully acquired LIHTCs for 31 projects in California since the late 1990s, and 16 projects since 2004. All but three of these were the competitive 9% tax credits. In the last two years, AMCAL won ten 9% allocations. AMCAL has placed over 2,000 low income units in service to date. Moreover, AMCAL is a vertically integrated company. We handle acquisition, development, construction, and asset management in house, which we believe gives us an edge and makes for a more efficient and flexible operation.

AMCAL proposes the redevelopment of an approximately 2.5 acre site at the corner of Crestridge Road and Crenshaw Boulevard into 40 units of new, high quality affordable senior housing. AMCAL completed an initial analysis of the site and reviewed the due diligence documents provided by the City. We also engaged a civil engineer and architect for preliminary analysis and design work, and our construction department reviewed constructability issues and prepared a preliminary cost estimate. The grading operation will necessitate the removal of approximately 22,500 cubic yards of dirt to create a buildable pad. The newly graded pad will be roughly 8 feet lower than the existing pad. By lowering the site, a flat access point from Crestridge Road will be created. Additionally, a significant retaining system will be required to facilitate a buildable site. These items have been included in the enclosed proforma budget as part of the construction cost estimate.

The subject site is currently zoned for Institutional and Open Space Hazard. For AMCAL to build affordable housing on the site, the property needs to be re-zoned and the General Plan requires amendment, as indicated in the Request for Qualifications. As part of the

AMCAL MULTI-HOUSING, INC

(818) 706-0694 • Facsimile: (818) 889-9158

30141 Agoura Road, Suite 100 • Agoura Hills, California 91301

www.amcalhousing.com

C-21

entitlements, we would also utilize the state "Density Bonus Law" (i.e. SB 1818) for the parking requirements. Per the Density Bonus Law, we are currently assuming a one-to-one ratio for the one bedroom units and two-to-one ratio for the two bedroom units. We also assume an additional 10 guest spaces (although not required under SB 1818), for a total of 58 parking spaces. The building structure design would be two stories of Type V wood construction with an elevator and covered surface parking. The site is well-suited for affordable housing, conveniently located near urban amenities and recreation services. Our proposal incorporates the City's top priorities for housing and community revitalization, as identified in the current draft of the Housing Element. As we discussed, the site is approximately 1.5 miles outside of the redevelopment project area for Rancho Palos Verdes, therefore we would request a finding of benefit so that the site can be considered part of the redevelopment area – a key requirement for the 9% LIHTC Program.

AMCAL's affordable housing developments typically exceed Title 24 energy efficiency requirements by 15% and implement a number of sustainability and livability features. The design of the units and the on-site amenities will reflect innovative standards that promote long-term viability for seniors. A community building will be incorporated into the development, providing a computer laboratory, kitchen, community room for resident activities, office space for property management and social services staff. Tenant services provided at no charge to residents would include assistance with activities of daily living or provision of counseling services, educational classes, and a bona fide on-site service coordinator. Additional on-site amenities proposed include outdoor gathering space, barbecue area, and secure parking. Enclosed you will find a preliminary site plan for our proposal. We have engaged Withee Malcolm Architects (WMA) as the architect for this project. WMA is highly qualified architectural firm that also prepared the design for an adjacent project proposed by Laing Urban. WMA is very familiar with the site and they will be working closely with AMCAL on the community design process.

Considering local housing needs and feedback from City staff, we propose 1- and 2-bedroom units that range in size from approximately 550 s.f. to 750 s.f., respectively. All 40 housing units will be affordable to very-low and low-income households earning between 30% and 60% of the Area Median Income. Attached for your review is a preliminary proforma with a financing plan that includes federal 9% LIHTCs for development equity and permanent debt financing as the major sources of funds, in addition to the City of Rancho Palos Verdes "soft" funding contribution. Please note some of our financing assumptions:

- We assume the land will be donated to the project at no cost.
- AMCAL will fund all predevelopment expenses.
- As we discussed, our proforma includes the waiver of City fees, which will help with the financing of the project.
- Our rents are based on the TCAC schedule, but as we discussed, if those rents are to be adjusted per Community Redevelopment Law requirements, please provide us with those rents and we will update the proforma accordingly.

Mr. Gregory Pfof
August 8, 2008
Page 3

As part of our proposal, we carefully assessed a variety of factors and made special effort to be sensitive and responsive to community surroundings. As we move forward, and as with all AMCAL initiatives, the specific scope, nature and design of the development will be shared with the community, including neighborhood residents surrounding the site, community leaders, as well as City staff and other stakeholders. We anticipate holding a community input meeting to address preferences and concerns of surrounding neighbors.

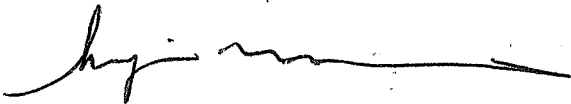
Below is a summary of the major milestones of the project schedule. As we discussed with respect to the environmental review, the project schedule would greatly benefit from a mitigated negative declaration (MND) review as opposed to a full EIR. We understand that staff is looking into this possibility.

<u>Tasks</u>	<u>Responsible Party</u>	<u>Target Date</u>
Obtain entitlements & RDA funds	AMCAL	Aug 2008 -Jan 2009
Apply for tax credit financing	AMCAL	March 2009
Start construction	AMCAL	October 2009
Complete construction	AMCAL	December 2010

AMCAL is excited about this unique opportunity to address the housing needs of low-income seniors in partnership with the City of Rancho Palos Verdes. We look forward to discussing this proposal with you and other City staff in the near future.

If you have questions or to discuss further, please call me at (818) 706-0694 ext. 107.

Sincerely,
AMCAL Multi-Housing, Inc.



Arjun Nagarkatti
Executive Vice President

encl.

PROFORMA - LIHTC		Updated: 8/8/2008		By: David		Notes:	
Project name		RPV Senior Apts		INITIAL		Equity from Fed. Tax Credits	
City / County		Rancho Palos Verdes Los Angeles		5.00%		Permanent Loan	
Type of Credits		9%		2.50%		DDF + Soft \$	
Set Aside		n/a		18 months		Annual Fed. Tax Credits	
DDA or QCT		yes		9.00%		Fed. Tax Credit Price	
				6.75%		\$ 0.880	
		Geographic		Prime			
		Type		LIBOR			
		Land Acreage		Const. Per.			
				T.C. Factor			
				Cap. Rate			
				Monthly			
				Utility			
				Allow.			
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Threshold Basis Limit Calculations

Unit size	Unit Basis Limit	# of units	Total	Unadjusted Threshold Basis Limit	5,717,824
1bd/1ba	137,282	32	4,393,024	no	-
2bd/1ba	165,600	7	1,159,200	no	-
3bd/2ba	211,968	0	-	no	-
4bd/2ba	236,146	0	-	yes	571,782
Mgrs' Units:				yes	228,713
2bd/1ba	165,600	1	165,600	no	-
3bd/2ba	211,968	0	-	no	-
Total		40	5,717,824	Adjusted Threshold Basis Limit	6,518,319

Adjustments to Basis:

Prevailing Wage	no	-
New const. parking below	no	-
Day Care	no	-
Elevator	yes	571,782
Energy Efficiency	yes	228,713
Local Impact Fees	no	-

Income & Expense (at stabilized occupancy)

	Annual		Per unit
Income from Rents	290,532		
Other Income	2,880		
Gross Income	293,412		
Vacancy @ 5.00%	14,671	6 per unit/mo.	laundry
Adjusted Gross Inc.	278,741		
Operating Expenses	120,000	3,000 per unit/year	[3,000 TCAC Minimum]
Replacement Reserves	10,000	250 per unit/year	[250 TCAC Minimum]
Service Provider	16,200	405 per unit/year	
Total Expenses	146,200		
Net Operating Income	132,541		
Debt Service	115,253	1.15 DCR	
Cash Flow	17,288		

COST BREAKDOWN						
	39 Affordable Units		1 Mgr. Units		0 Market Rate Units	
	Project Cost	Basis	Non Basis	Per D.U.	Proj. Cost %	\$ per gross sf
Acquisition						
Land Cost	-	-	-	-	0.00%	0.00
Land Closing Cost	20,000	-	20,000	500	0.27%	0.66
Land Carrying Cost	-	-	-	-	0.00%	0.00
Remedial work, demolition	-	-	-	-	0.00%	0.00
Off Site Development	100,000	-	100,000	2,500	1.34%	3.31
New Construction						
Sitework						
Onsites/Common Area	616,000	616,000	-	15,400	8.27%	20.36
Retaining wall, excav., export	2,117,538	2,117,538	-	52,938	28.42%	69.99
Structures						
Rec Building/Room	60,000	60,000	-	1,500	0.81%	1.98
Direct Building Const.	1,416,000	1,416,000	-	35,400	19.01%	46.80
Contingency	210,477	210,477	-	5,262	2.83%	6.96
General Requirements	221,001	221,001	-	5,525	2.97%	7.30
Contractor Overhead	221,001	221,001	-	5,525	2.97%	7.30
Contractor Profit	176,800	176,800	-	4,420	2.37%	5.84
Total:	5,138,816					
Architectural Fees						
Design	300,000	300,000	-	7,500	4.03%	9.92
Supervision	-	-	-	-	0.00%	0.00
Survey & Engineering						
Survey	485,000	485,000	-	12,125	6.51%	16.03
Construction Interest and Fees						
Const'n Loan Origination Fee	21,046	21,046	-	526	0.28%	0.70
Const'n Loan Interest Reserve	161,355	121,016	40,339	4,034	2.17%	5.33
Investor Bridge Loan Orig. Fee	-	-	-	-	0.00%	0.00
Investor Bridge Loan Int. Reserve	-	-	-	-	0.00%	0.00
Letter of Credit / Contractor Bond	-	-	-	-	0.00%	0.00
Closing Costs	45,000	45,000	-	1,125	0.60%	1.49
Property Taxes	-	-	-	-	0.00%	0.00
Insurance	64,235	64,235	-	1,606	0.86%	2.12
Title and Recording	20,000	20,000	-	500	0.27%	0.66

Permanent Financing						
Loan Origination Fee	14,436	14,436	361	0.19%	0.48	
Permanent Loan Closing Costs	25,000	25,000	625	0.34%	0.83	
Legal Fees						
Legal and Audit (Construction)	50,000	15,000	1,250	0.67%	1.65	
Reserves						
Operating Reserves	58,813	58,813	1,470	0.79%	1.94	
Appraisal Costs & Mkt Study						
	18,000	18,000	450	0.24%	0.59	
Other						
<i>TCAC Fees</i>						
Application Fee	2,000	2,000	50	0.03%	0.07	
Alloc./Reserv. Fee	15,483	15,483	387	0.21%	0.51	
Compliance Monitoring Fee	15,990	15,990	400	0.21%	0.53	
<i>Permit Processing Fees</i>						
Onsite (impact) Fees, Permits	-	-	-	0.00%	0.00	
Bldg. Permit Fees	-	-	-	0.00%	0.00	
Marketing	22,000	22,000	550	0.30%	0.73	
Furnishings/Appliances	44,000	44,000	1,100	0.59%	1.45	
Relocation Expenses	-	-	-	0.00%	0.00	
Other	-	-	-	0.00%	0.00	
Developer Costs						
Developer Overhead/Profit	478,816	478,816	11,970	6.43%	15.83	
Consultant/Processing Agent	150,000	150,000	3,750	2.01%	4.96	
Project Administration	200,000	200,000	5,000	2.68%	6.61	
Other: Non-profit Partner	100,000	100,000	2,500	1.34%	3.31	
Total Project Costs	7,449,991	329,062	186,250	100.00%	246.23	

SOURCES & USES OF FUNDS

SOURCES	CONSTRUCTION PERIOD		Per Project
	52% LTV	40% LTC	
Construction Loan			2,806,170
Permanent Loan during construction			-
City of Rancho Palos Verdes RDA			1,600,000
Additional Gap Financing			1,000,000
<i>Construction Period Bridge Amount</i>			
Investor Bridge Loan/Tax Credit Equity:	60.00% of Tax Credit Equity		2,043,822
			<u>7,449,991</u>

USES

Project Costs at construction	<u>7,449,991</u>
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SOURCES

PERMANENT	
Federal Tax Credit Equity	3,406,370
State Tax Credit Equity	-
Permanent Loan (1st Trust Deed)	1,443,621
City of Rancho Palos Verdes RDA	1,600,000
Additional Gap Financing	1,000,000
	<u>7,449,991</u>

USES

Total Project Costs	<u>7,449,991</u>
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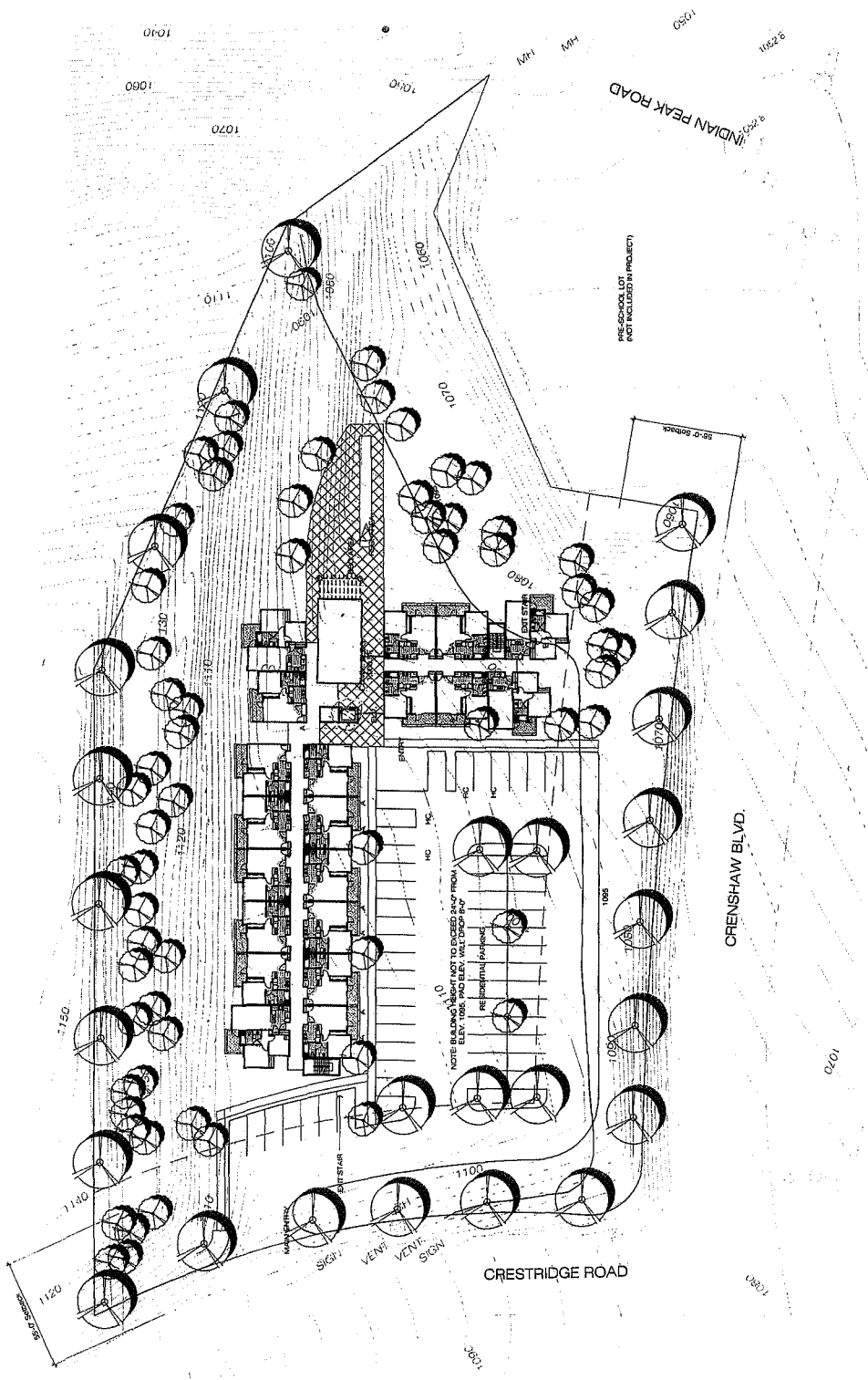
GAP at Permanent (deficit) or surplus (0)

TAX CREDIT CALCULATIONS

Total Eligible Basis	7,120,930
Lesser of Total Eligible Basis or Threshold Basis Limit	6,518,319
Voluntary Reduction	3,142,360
Requested Unadjusted Eligible Basis	3,375,959
Total Adjusted Eligible Basis	4,388,747
Qualified Basis	4,388,747
Voluntary Credit Reduction	(87,775)
Total Adjusted Qualified Basis	4,300,972
Determination of Tax Credits	3,870,875
Equity Raised from Sale of Fed Credits	\$0.880 price
Maximum State Credits Available	9.00%
State Credits Necessary for Feasibility	\$0.650 price
Equity Raised from Sale of State Credits	\$0.650 price
Blended Tax Credit Price	n/a

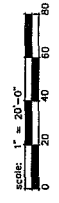
PERMANENT LOAN CALCULATION

Lesser of:	Amort. (yrs)	30				
A.	DSCR	1.15	int. rate	7.00%	\$ 1,443,621	LTV: 74%
					115,253	
B.	CAP	6.75%	LTV	80.00%	\$ 1,570,861	DSCR: 1.06
					125,412	
			Result:		\$ 1,443,621	



PRELIMINARY SITE PLAN
RPV Senior Apartments

DEVELOPER
AMCAL Multi-Housing, Inc.
3200 CRENSHAW BLVD. SUITE 100
TORRANCE, CA 90504
TEL: (310) 217-0000
FAX: (310) 217-0025



PARKING SUMMARY

RESIDENTIAL:	14,500 sq ft = 2.8 acres
Required car spaces:	40
Available car spaces:	14.3 DU / 140
RESIDENTIAL PARKING REQUIREMENTS:	14.3 DU / 140
RESIDENTIAL PARKING PROVIDED:	14.3 DU / 140

PROJECT SUMMARY

Total Residential Units:	14,500 sq ft = 2.8 acres
Project Density:	40
Building Area:	14.3 DU / 140
Site Area:	23,000 sq ft
Community room:	3,000 sq ft
Private open space:	3,000 sq ft
Total Bldg. Area:	23,000 sq ft

UNIT SUMMARY

RES.	Description	CONT.	AREA
1 BR	1 BR	32 (80%)	590 sq ft
2 BR	2 BR	32 (80%)	590 sq ft
TOTALS:		40	23,000 sq ft