

TO: James App, City Manager

FROM: Ed Gallagher, Community Development Director

SUBJECT: Oak Park Redevelopment: Request for a Reservation of Low and Moderate Income Housing Funds to Assist This Project

DATE: July 5, 2011

Needs: For the Redevelopment Agency and City Council to consider the following requests for financial assistance from Low and Moderate Income Housing (LMIH) Funds to assist the Development of Phase One of the Redevelopment of Oak Park Public Housing (the "Project"):

- a. For a time extension for a previous reservation of \$1.35 million in LMIH Funds.
- b. To defer payment of Development Impact (AB 1600) and Building Permit Fees, which are estimated to be about \$843,790 (if paid in Fiscal Year 11/12).

Facts:

1. The requests for financial assistance have been filed by the Housing Authority of the County of Monterey (HACM), on behalf of the Housing Authority of the City of Paso Robles.
2. At its meeting of July 6, 2010, the Redevelopment Agency adopted Resolution RA 10-005, which reserved up to \$1.35 million in LMIH funds to assist the Redevelopment of Oak Park Public Housing. A copy of Resolution RA 10-005 is attached. (Attachment 2)
3. At its meeting of February 15, 2011, the Redevelopment Agency adopted Resolution RA 11-002 to grant a six month time extension for the original request.
4. The project proposes to replace 148 existing low income apartments with new units and build an additional 154 new apartment units for a total of 302 units. Phase One consists of removing 39 existing units and building 69 new units.
5. A copy of HACM's letter for the current request is attached. (Attachment 3)
6. HACM applied for Federal Tax Credits as the primary source of financing for this project in July 2010 and March 2011. Federal Tax Credits are usually awarded twice annually – in June and August/September.
7. HACM was unsuccessful in obtaining tax credit allocations in September 2010 and June 2011. They report that they narrowly missed the June 2011 allocation because they lacked sufficient "tie-breaker" points.
8. Their letter indicates that they will re-apply for the August 2011 Allocation. The deadline for their application is July 13, 2011.

9. HACM's letter indicates that, in order to have a competitive Federal Tax Credits application, additional public funds need to be obtained.

Analysis and
Conclusion:

Time Extension for Original \$1.35 Million Reservation

The purposes of the six month reservation periods were: (a) to hold the applicants accountable for proceeding diligently toward obtaining the necessary financing and (b) to enable the Redevelopment Agency to consider other requests for using LMIH funds to assist low income housing developments should the applicants fail to receive tax credit funding.

During the past year, the applicants twice applied for tax credit funding, but were unsuccessful in obtaining an allocation. This situation is not new to the City. Peoples' Self-Help Housing Corp. had to apply three times for Federal Tax Credits before they received them for Canyon Creek Apartments at 400 Oak Hill Road.

The only other applicant for LMIH Funds since HACM was Habitat for Humanity, which sought \$270,000 to offset City development fees for 6 single family homes. On November 16, 2010, the Redevelopment Agency approved a reservation of \$270,000 in LMIH Funds for that purpose. The LMIH reservation for Habitat for Humanity assumed that the \$1.35 million reservation for Oak Park would proceed.

Since HACM has filed applications for Federal Tax Credits and will file another in July 2011, and since there are no competing applications for LMIH funds, it would appear that an additional six month time extension would be appropriate.

The purpose of the original \$1.325 million loan included \$450,000 for construction cost assistance and \$875,000 for development impact fees. (The \$875,000 appears to have included School Fees, which is why it exceeds the current \$843,790 estimate.) The \$875,000 was to be disbursed from the Agency to the City (as is being done for Hidden Creek Village) over 8 years. Inasmuch as HACM's new request pertains to deferral of development impact fees, which must be covered by a loan of LMIH Funds, it would be appropriate to change the use of the \$875,000 in the original loan to construction cost assistance and pay out the proceeds to the applicants on an accelerated schedule, as LMIH funds become available. The attached resolution proposes a three year disbursement schedule for the \$1.325 million.

Deferral of Development Application and Building Permit Fees

HACM has requested that the City defer, not waive these fees. In the past year, the City deferred development impact fees for the Hidden Creek Village project, which is presently under construction. For that project, the Redevelopment Agency loaned \$1 million in LMIH funds to the non-profit developer over 55 years. An interest rate of 3.0 percent simple was specified. Additionally, the Redevelopment Agency agreed to reimburse the City for the deferred fees over a 10 year period with 3.0 compounded interest. Briefly summarized, the Redevelopment Agency will pay the City the \$1 million for deferred fees, with interest, over 10 years; the developers of Hidden Creek will pay the Redevelopment Agency back, with interest, in 55 years.

HACM has stated that, in order to obtain the necessary amount of points to secure the Tax Credit financing they are seeking, the State will require that they obtain additional financial assistance from local government with a term of more than 15 years and a below-market interest rate. A term of 16 years is suggested. In its letter, HACM states that it believes that it will be able to repay the additional loan sooner than 16 years.

Development Impact (AB 1600) fees are to be adjusted annually on July 1 per the Engineering News Record index. Over the past 5 years, these fees have increased by an average compounded rate of 3.54%; over the past 9 years, the increase has averaged 3.79% (compounded).

A loan of \$843,790 over 16 years at 3.75% compounded interest (slightly less than the 9 year average) coupled with a fee deferral agreement between the City and the Redevelopment Agency, similar to that made for Hidden Creek Village, but using a compounded rate of 3.75% instead of 3.0%, would appear to be consistent with the City's goal of fiscal neutrality.

Attached is a status report on the LMIH fund (Attachment 4) which shows estimated deposits to and projected expenses paid by this fund through Fiscal Year 20/21, including both requests addressed in this staff report. Assuming that the State does not eliminate Redevelopment (or, if it does, provides a means to continue LMIH funding) and that the estimated deposits and expenses projections are fairly accurate, the LMIH Fund has sufficient capacity to accommodate

Future of Redevelopment

On June 15, the state legislature passed two bills, ABX 1 26 and ABX 1 27, which are related to the State budget, but have yet to be sent to the Governor for signature. ABX 1 26 proposes that Redevelopment Agencies be eliminated by October 1, 2011; ABX 1 27 provides that Redevelopment Agencies may continue to operate if, by November 1, 2011, cities and counties adopt ordinances committing to make annual payments of tax increment funds to the State.

As of the writing of this report, the state budget and the status of these two bills have not been resolved. The attached resolution to reserve LMIH funds is not a final obligation to provide the funds.

Participation Agreement

California Redevelopment Law requires that a Participation Agreement must first be executed to secure LMIH assistance. The attached resolution provides that the applicant demonstrate that all financing is in place prior to execution of a Participation Agreement. Inasmuch as tax credits, and any other necessary funds have not yet been awarded, approval of a Participation Agreement would be premature.

New Resolution

Attached Resolution RA 11-XX is intended to supersede the original Resolution RA 10-005 reserving funds and Resolution RA 11-002 which granted a 6 month time extension to that reservation. Resolution RA 11-XX will propose two separate loans: one for \$1.35 million (the original request) and the other for \$843,790 (the new request).

When the Participation Agreement is brought back to the Redevelopment Agency (after HACM secures all of the necessary financing for the project), the City Council will be asked to consider a Fee Deferral Agreement between the City and the Redevelopment Agency (as it did for Hidden Creek Village). At the present time, the City Council will be asked to take minute action (voice vote) to approve the preparation of a Fee Deferral Agreement for future consideration.

Reference: California Redevelopment Law; 1987 Redevelopment Plan; 2010 - 2014 Redevelopment Implementation Plan; 2004 Housing Element; 2006 Economic Strategy

Fiscal Impact: HACM's request would have no effect on the General fund.

Options: a. (1) That the Redevelopment Agency adopt attached Resolution RA 11-XX to reserve LMIH Funds

(2) That, by minute action, the City Council direct the preparation of a Fee Deferral Agreement for consideration in conjunction with a future Participation Agreement as described in Resolution RA 11-XX.

b. Amend, modify, or reject the above options.

Prepared By: Ed Gallagher, City Planner

ATTACHMENTS:

1. Resolution RA 11-XX Reserving LMIH Funds
2. Resolution RA 10-005 Reserving LMIH Funds
3. Letter from HACM, dated June 24, 2011
4. LMIH Fund Status Report

RESOLUTION NO. RA 11-XX

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING REDEVELOPMENT LOW AND MODERATE INCOME HOUSING FUNDS TO
ASSIST THE REDEVELOPMENT OF OAK PARK PUBLIC (LOW INCOME) HOUSING

WHEREAS, at its meeting of June 1, 2010, the City Council of the City of El Paso de Robles (the "City Council") approved Planned Development (PD) 10-001 authorizing the redevelopment of Oak Park Public Housing to include the demolition of the existing 148 residential units and construction of 302 new low income units with a public park, community center, and offices (the "Project"); and

WHEREAS, the Housing Authority of the City of Paso Robles and the Housing Authority of the County of Monterey, who are co-applicants (the "Applicants") for the Project have indicated an intent to seek Federal Tax Credit financing for the project, which will require that occupancy of all 302 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2010, requesting that the Redevelopment Agency of the City of Paso Robles (the "Agency") grant up to \$1.325 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purposes of assisting with construction costs (\$450,000) and for offsetting \$875,000 of the estimated development impact fees for Phase One of the Project; and

WHEREAS, at its meeting of July 6, 2010, the Agency adopted Resolution 10-005 to reserve \$1.325 in LMIH funds to the applicants for a period of 6 months; and

WHEREAS, at its meeting of February 15, 2011, the Agency adopted Resolution 11-002 to grant an additional 6 months for the reservation of \$1.325 million in LMIH funds; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2011, requesting that the City of Paso Robles provide additional financial assistance to the Project by allowing a deferment of payment development impact and building permit fees for Phase One, which are now estimated to total \$843,790 and requesting that the Agency grant another 6 month time extension for the reservation of \$1.325 million in LMIH funds; and

WHEREAS the City deferred payment of fees for the Hidden Creek Village an affordable housing project, but subject to a loan of LMIH funds to its developer and a Fee Deferral Agreement between the City and the Agency; and

WHEREAS, the Agency has provided financial assistance with LMIH Funds to other low income housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies), and Hidden Creek Village (\$1.0 million to offset city building permit and development impact fees); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2011 Housing Element of the General Plan and the City's objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency's goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the "Affordability Covenant") to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Applicant's request, the Applicants have not yet obtained an allocation of Federal Tax Credit Financing, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. First Loan for \$1.325 Million.

Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$1.325 million in future LMIH Funds to be a loan to the Applicants for the purpose of assisting with construction costs for the Project, subject to the following conditions:

1. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be \$1.325 million, but the Applicants shall agree to apply for supplemental sources of financing, which may include an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and federal HOME funds, with the understanding that the principal amount shall be reduced in direct proportion to the amount of supplemental funds awarded to the Project;
 - b. The loan shall accrue interest at the rate of 3 percent simple;
 - c. Payments on the loan shall be deferred for a period of 55 years; if at the end of 55 years, the Project has continually been operated to restrict rent levels for all units to those affordable to lower income households, as defined by Health and Safety Code Section 50053, the principal amount of the loan shall be forgiven;
 - d. The loan shall be disbursed from the LMIH Fund to the City as follows:
 - (1) An initial payment of \$550,000 will be made upon issuance of a building permit for construction cost assistance;

- (2) A second payment of \$400,000 will be made on the second anniversary of the issuance of a building permit;
- (3) A third payment of \$425,000 will be made on the third anniversary of the issuance of a building permit.

SECTION 2. Second Loan for \$843,790.

Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$843,790 in future LMIH Funds to be a loan to the Applicants for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be set at the amount of building permit and development impact fees in effect at the time of issuance of a building permit for the project, acknowledging that certain fees are not due to be paid until the time of issuance of a Certificate of Occupancy. That amount is estimated to be \$843,790.
 - b. The loan shall accrue interest at the rate of 3.75 percent compounded.
 - c. Payments on the loan shall be deferred for a period of 16 years at which time a balloon payment of the principal amount of the loan and accrued interest shall be made. The applicant may pre-pay the loan at any time without penalty, subject only to the amount of interest that has accrued to the date of payment.
 - d. The loan shall be disbursed from the LMIH Fund to the City in ten (10) annual payments calculated so that the principal amount of deferred fees plus interest as described in subsection "b", above, shall be fully-amortized over a period of 10 years.
2. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 10 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.

SECTION 3. Conditions Common to Both Loans

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. Prior to distribution of any LMIH funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
3. As a prerequisite to obtaining the loans, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
4. The PA shall provide that the residents of the Project qualify as "Lower Income Households", as defined by Health and Safety Code Section 50079.5.
5. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of the

Project to levels affordable to "Lower Income Households", as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

SECTION 4. Resolutions RA 10-005 and RA 11-002 Superseded

Resolutions RA 10-005 and RA 11-002 are hereby superseded and repealed.

SECTION 5. Possible Changes in Redevelopment Law

In the event that the State of California enacts legislation that would eliminate Redevelopment Agencies or the ability to continue to provide LMIH funding for the Project, in the amounts cited in this resolution, the Agency has no obligation to provide alternative financial assistance to the Project.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 5th day of July, 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Nick Gilman, Chairman

ATTEST:

Caryn Jackson, Deputy City Clerk

RESOLUTION NO. RA 10-005

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING UP TO \$1.325 MILLION IN REDEVELOPMENT LOW AND MODERATE
INCOME HOUSING FUNDS TO ASSIST THE REDEVELOPMENT OF OAK PARK PUBLIC
(LOW INCOME) HOUSING

WHEREAS, at its meeting of June 1, 2010, the City Council of the City of El Paso de Robles (the "City Council") approved Planned Development (PD) 10-001 authorizing the redevelopment of Oak Park Public Housing to include the demolition of the existing 148 residential units and construction of 302 new low income units with a public park, community center, and offices (the "Project"); and

WHEREAS, the Housing Authority of the City of Paso Robles and the Housing Authority of the County of Monterey, who are co-applicants (the "Applicants") for the Project have indicated an intent to seek Federal Tax Credit financing for the project, which will require that occupancy of all 302 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, the Applicants have filed a letter, dated June 24, 2010, requesting that the Redevelopment Agency of the City of Paso Robles (the "Agency") grant up to \$1.325 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purposes of assisting with construction costs (\$450,000) and for offsetting \$850,000 of the estimated development impact fees for Phase One of the Project; and

WHEREAS, in their letter of June 24, 2010, the Applicants have communicated a willingness to consider applying for additional funds to reduce the amount of requested LMIH assistance in proportion to any other sources of financing for the Project they may be able to acquire; and

WHEREAS, the Agency has provided financial assistance with LMIH Funds to other low income housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies), and Hidden Creek Village (up to \$1.0 million to offset city building permit and development impact fees); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan and the City's objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency's goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIF Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, award of a grant of LMIF Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIF grant, including without limitation an Affordable Housing Covenant (the "Affordability Covenant") to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Applicant's request, the Applicants have not yet applied for Federal Tax Credit Financing, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Notwithstanding any and all prior Agency commitments of LMIF Funds to other housing projects and programs and annual allocations of LMIF Funds for administration of City housing programs, the Agency hereby reserves up to \$1.325 million in future LMIF Funds to be a loan to the Applicants for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be \$1.325 million, but the Applicants shall agree to apply for supplemental sources of financing, which may include an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and federal HOME funds, with the understanding that the principal amount shall be reduced in direct proportion to the amount of supplemental funds awarded to the Project;
 - b. The loan shall accrue interest at the rate of 3 percent simple;
 - c. Payments on the loan shall be deferred for a period of 55 years; if at the end of 55 years, the Project has continually been operated to restrict rent levels for all units to those affordable to lower income households, as defined by Health and Safety Code Section 50053, the principal amount of the loan shall be forgiven;
 - d. The principal amount of the loan shall be disbursed as follows:
 - (1) An initial payment of \$550,000 will be made upon issuance of a building permit; this amount will include \$450,000 to be paid directly to the applicant for construction cost assistance and \$100,000 to be paid to the City as the first payment against \$875,000 in development impact fees;
 - (2) Seven (7) annual payments of \$100,000 in principal plus interest at 3% compounded to the City as the second through eighth payments against \$875,000 in development impact fees;

- (3) A year after payment of the eighth installment described above, payment of \$75,000 in principal plus interest at 3% compounded to the City as the ninth payment against \$875,000 in development impact fees.
3. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 9 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.
 4. Prior to distribution of any grant funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
 5. As a prerequisite to obtaining the loan, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
 6. The PA shall provide that the residents of the Project qualify as "Lower Income Households", as defined by Health and Safety Code Section 50079.5.
 7. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of the Project to levels affordable to "Lower Income Households", as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 6th day of July, 2010 by the following vote:

AYES: Strong, Gilman, Steinbeck, Picanco, Hamon
NOES:
ABSENT:
ABSTAIN:



John Hamon, Chairman

ATTEST



Caryn Jackson, Deputy City Clerk



Monterey County Housing Authority
Development Corporation ~ HDC

June 24, 2011

Ed Gallagher
City Planner
1000 Spring Street
Paso Robles, CA 93446

RECEIVED
JUN 24 2011
Engineering Division

Dear Mr. Gallagher,

On July 6, 2010 the Paso Robles Redevelopment Agency passed Resolution No. RA 10-005, reserving up to \$1.325 Million in Redevelopment funds from the Low and Moderate Income Housing funds. In that Resolution it contained a six month reservation period. In February 2011, we requested and were granted a six month extension thru 7/6/2011. As provided in Section 1 of the original resolution, we are hereby requesting that another six month extension be granted for the following reasons:

As you know the economy remains depressed but the low income affordable housing market is very competitive at this time. We applied for 9% tax credits in the State's June 2010 round and again in March 2011 and were not successful although we had a perfect scoring application. The lowest funded project had a tie breaker score of 34 and our application was at 32. We feel confident that our project will be funded in the 2nd round 9% TCAC round which is due July 13th 2011 if we are able to increase our tie breaker score.

To that end, we are asking that the City defer impact and permit processing fees in the amount of \$843,790. This amount is based upon the attached fee schedule prepared for our July 2011 TCAC application. In order to meet the requirement of "public funds" of "soft funds", the term needs to be in excess of 15 years at below market interest rate such as 3%. To the extent that the project can prepay this note earlier, it will. This action will increase our tie breaker significantly. For the purpose of competitive scoring, we are not disclosing the new tie breaker score.

Sincerely,

A handwritten signature in black ink, appearing to read "Starla Warren".

Starla Warren
President/CEO,
Monterey County Housing
Authority Development Corporation

Oak Park

3/3/2011
Revised

3/3/2011
6/22/2011

Estimated City Fees

30 new Units

12,990 SF

Transportation	\$	3,844.00	ea x 30 units	\$	115,320.00	x
Westside Drainage	\$	972.00	ea x 30 units	\$	29,160.00	x
Bike & Predestrian	\$	489.00	ea x 30 units	\$	14,670.00	x
Police	\$	85.00	ea x 30 units	\$	2,550.00	x
Fire	\$	756.00	ea x 30 units	\$	22,680.00	x
Gen Government	\$	3,574.00	ea x 30 units	\$	107,220.00	x
Park & Recreation	\$	3,622.00	ea x 30 units	\$	108,660.00	x
Library	\$	989.00	ea x 30 units	\$	29,670.00	x

subtotal \$ 429,930.00

Building Permit	\$	4,468.00	ea x 30 units	\$	134,040.00
External Plan Check	\$	960.00	ea x 30 units	\$	28,800.00
Water connection (1")	\$	24,830.00	ea x 3 (1 ea parcel)	\$	74,490.00
Water Meter (3/4")	\$	-	ea x 3 (1 ea parcel)	\$	-
Sewer Connection	\$	5,654.00	ea x 30 units	\$	169,620.00
Meadow Lark Sewer Re	\$	-	ea x 30 units	\$	-
River Rd Sewer Reimb	\$	-	ea x 30 units	\$	-
SMIP	\$	23.00	ea x 30 units	\$	690.00
Senate Bill 1473	\$	10.00	ea x 30 units	\$	300.00
Engineering Review	\$	153.00	ea x 30 units	\$	3,060.00
Planning Review	\$	143.00	ea x 30 units	\$	2,860.00

subtotal \$ 413,860.00

Total of all fees for 30 new units \$ 843,790.00

revised per discussion on water meters with Paso Robles Civil Engr.

existing sq footage	25,453
New sq. footage	38,443

12,990

Net 5 less bldg

one	3
two	11
three	14
four	2
total	30

STATUS OF LMIH FUNDS

June 2011

Fiscal Year	Estimated Deposits into LMIH Fund	SERAF Repayment	Estimated Administrative Expense	SLO Housing Trust Fund	Chet Dotter Senior Housing	Hidden Creek	Oak Park Phase One	Oak Park Phase One Additional	Habitat	Estimated LMIH Fund Balance
10										38,000
11	830,000		325,000	7,500	300,000					236,000
12	834,000	237,800	331,500	7,500		117,200	550,000	102,800		199,000
13	853,000	237,800	338,100	7,500		117,200	400,000	102,800	117,200	207,000
14	872,000	237,800	344,900	7,500		117,200	425,000	102,800	128,600	191,000
15	891,000	237,800	351,800	7,500		117,200		102,800	71,100	669,000
16	911,000	237,800	362,400	7,500		117,200		102,800		1,228,000
17	931,000	50,000	373,300	7,500		117,200		102,800		1,608,000
18	952,000		384,500	7,500		117,200		102,800		1,948,000
19	973,000		396,000	7,500		117,200		102,800		2,298,000
20	998,000		407,900	7,500		117,200		102,800		2,661,000
21	1,017,000		420,100	7,500		117,200		102,800		3,030,000

Notes:

- Estimated fund balance on June 30, 2010 provided by Dave Schley of HdL on 02/25/11.
- Projections of deposits into the LMIH Fund do not include any investment income.
- Estimated administrative expense begins with \$325,900 in FY11. (\$325,900 = \$385,900 Budgeted minus \$60,000 CDBG admin funds.) Subsequent fiscal years' amounts are adjusted by 2.0% through FY 15 and then by 3.0% to FY 21.
- Annual payments to SLO Housing Trust Fund in FYs 12-21 are assumed.
- Payments to Hidden Creek Village in FYs 12-21 assume future values at a compounded interest rate of 3.0%
- Oak Park Phase One payments assume \$450,000 for construction costs plus \$100,000 for impact fees in FY 11, then amortization of the balance of \$800,000 over 10 years at 3.75% compounded interest.
- Oak Park Phase One Additional assumes \$820,000 for building permit and development impact fees amortized over 10 years at 3.75% interest.
- Habitat figures represent estimated water, sewer, and development impact fees for 2 units in FY 13, 2 units in FY 14, and 1 unit in FY 15
- Figures in all but the far right column are rounded to the nearest \$100; figures in the far right column are rounded to the nearest \$1,000.