

CHRYSA LIS CREEK

2019 BANK OF AMERICA MERRILL LYNCH
LOW INCOME HOUSING CHALLENGE



CALIFORNIA POLYTECHNIC STATE UNIVERSITY SAN LUIS OBISPO
CITY & REGIONAL PLANNING JUNE 2019 IVY ZHAO

Chrysalis Creek

2019 Bank of America Merrill Lynch Low Income Housing Challenge

A Senior Project

presented to

the Faculty of City & Regional Planning

California Polytechnic State University San Luis Obispo

In Partial Fulfillment

of the Requirements for the Degree

Bachelor of Science in City & Regional Planning

by

Ivy Zhao

June 2019

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ACKNOWLEDGMENTS

I would like to take this opportunity to thank everyone who I have met throughout my academic career at Cal Poly San Luis Obispo. I am incredibly grateful to the BCRP and MCRP community and CRP professors who have taught me so much about patience, hard work, and resilience.

I would like to give a special thanks to Bryan Shields and Pratish Patel who provided amazing guidance and assistance on this project. They were continuously supportive and always striving for excellence. Thank you for providing me endless resources, innovative ideas and help throughout the project. I also would like to thank my Bank of America CRP team, Nick Johnston and Christian Montoya. I am extremely grateful and appreciate your recommendations and constructive criticism that gave me the opportunity to see things in a different perspective. This project could not have been possible without both of your support.

To Keith Woodcock, thank you for being the kindest and most patient senior project advisor. Thank you for working with me throughout, believing in my work and me at every step of the way.

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01 INTRODUCTION

01 INTRODUCTION

1.1 *Bank of America Merrill Lynch Low-Income Housing Challenge*

The Bank of America Merrill Lynch Low-Income Housing Challenge is an annual competition open to undergraduate and graduate students from universities all over the country. Each student team is required to identify a site, work with a developer and community partners to compose a low income housing proposal suitable in the current economic conditions. This year's Cal Poly team consisted of students from, finance, real estate development, architecture, and urban planning disciplines. The 2019 Housing Challenge included a regional oral presentation held in Los Angeles and a final multimedia presentation in San Francisco. The judging panel included affordable housing developers, financial partners, and architects. Eleven universities participated this year and the Cal Poly team was one of five national finalists!

The following sections provides a brief narrative of Cal Poly's 2019 Bank of America proposal, its objectives and relevance to planning. Chapter 2 further explores the project site, research resources, important project takeaways. The final project proposal is attached in Appendix B.

1.2 *Project Description*

Chrysalis Creek provides 40 affordable housing units for very low- and low-income families in Templeton, California. A chrysalis refers to the third stage of growth, where a caterpillar metamorphose into a butterfly. The project name represents the transformative stage in life for families grow in strength, independence, and stability. Chrysalis Creek is the place where families will thrive and be well supported with resources for success.

Chrysalis Creek is a collaborative effort between architecture, planning and business administration students from Cal Poly. The Cal Poly team is working with Peoples' Self-Help Housing as the development partner. Peoples' Self-Help Housing is a non-profit organization working to provide affordable housing opportunities and services to strengthen communities on the Central Coast of California.

1.3 *Project Objectives*

Chrysalis Creek seeks to provide affordable housing opportunities and a safe place where families can call home. The project aims to demonstrate a sustainable design in a financially feasible way and to incorporate inclusive community engagement with stakeholders from the beginning to the end.



Figure 1.2.1: Render of hallway

01 INTRODUCTION

1.4 Relevance to Planning

San Luis Obispo County is ranked the fifth least affordable housing market in the nation by USA Today (Suneson, 2019). In Templeton, the area median income (AMI) is \$76,000 but 45 percent of households make less than 80 percent AMI. This shows that a significant amount of the Templeton population are low-income residents. While the median value of a owner occupied unit is \$472,000, 56 percent of renters are spending more than 30 percent of their income on housing. 30 percent is the standard benchmark used to measure rental burden. Residents in Templeton are cost-burdened and also not earning enough to afford the median priced home. Furthermore, a low rental vacancy rate of 3.6 percent and a limited amount of existing affordable housing have all led to a huge housing affordability crisis in Templeton.

Challenges to the affordable housing proposal process includes navigating through regulatory requirements, defining a target market, satisfying financial costs, and facing public opposition. To combat these challenges and ensure for a successful project process, a project process plan was developed. Shown in Figure 1.4.1, this plan identifies the various stages of planning work necessary to complete the project. These stages includes interpreting the site zoning and regulatory context, identifying a specific population to serve and examining the housing market conditions. Additionally, connecting with community organizations, establishing partnerships and engaging in outreach are ongoing elements throughout the project process. Discussed in the next section, conducting outreach at all levels of the project process and receiving community support have great influence on the success of affordable housing projects like Chrysalis Creek.

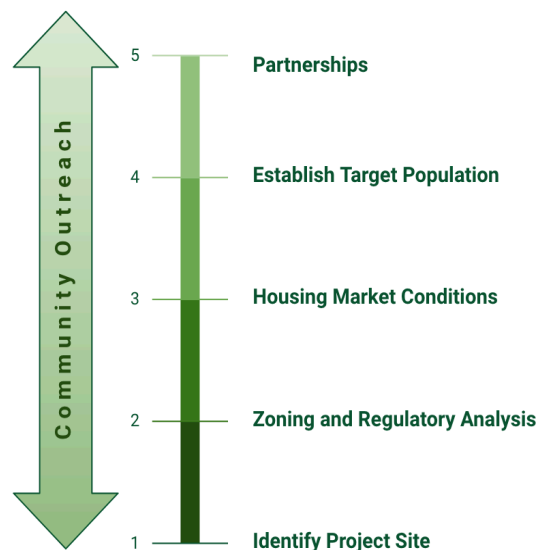


Figure 1.4.1: Project Process

1.5 Community Outreach & Partners

Affordable housing projects like Chrysalis Creek need public input and engagement. The importance of public outreach is for the team to gain a better understanding of community needs. All community feedback received is crucial for the project team to acknowledge and consider in order to create a suitable living environment for the Templeton community. To begin, stakeholders and influential organizations in the Templeton were identified. Then the team actively reached out to these stakeholder groups through emails, phone calls and held various in person meetings.

01 INTRODUCTION

Through continuous contact with each organization, the Cal Poly team received valuable information on existing community resources, demographic statistics and additional contacts that could provide further assistance in the project. The following organizations were the most influential to Chrysalis Creek:



Peoples' Self-Help Housing (PSHH) has development and community engagement experience in the Templeton community. Developed by PSHH, Rolling Hills Apartments and Rolling Hills II are two affordable housing developments adjacent to the project site. As an experienced developer, PSHH provided background insight on the Templeton community, market needs and guided the development direction of Chrysalis Creek.



Family Care Network (FCN) is a community based organization that works extensively with families in San Luis Obispo County. FCN provides clinical and supportive services to families with a goal to enhance their wellbeing and foster self-sufficient families. At FCN, the team became more aware about the serious challenges of housing affordability in Templeton community. Their inspiring success stories and commitment to children and families has helped shape the Chrysalis Creek project to serve these critical families in need.

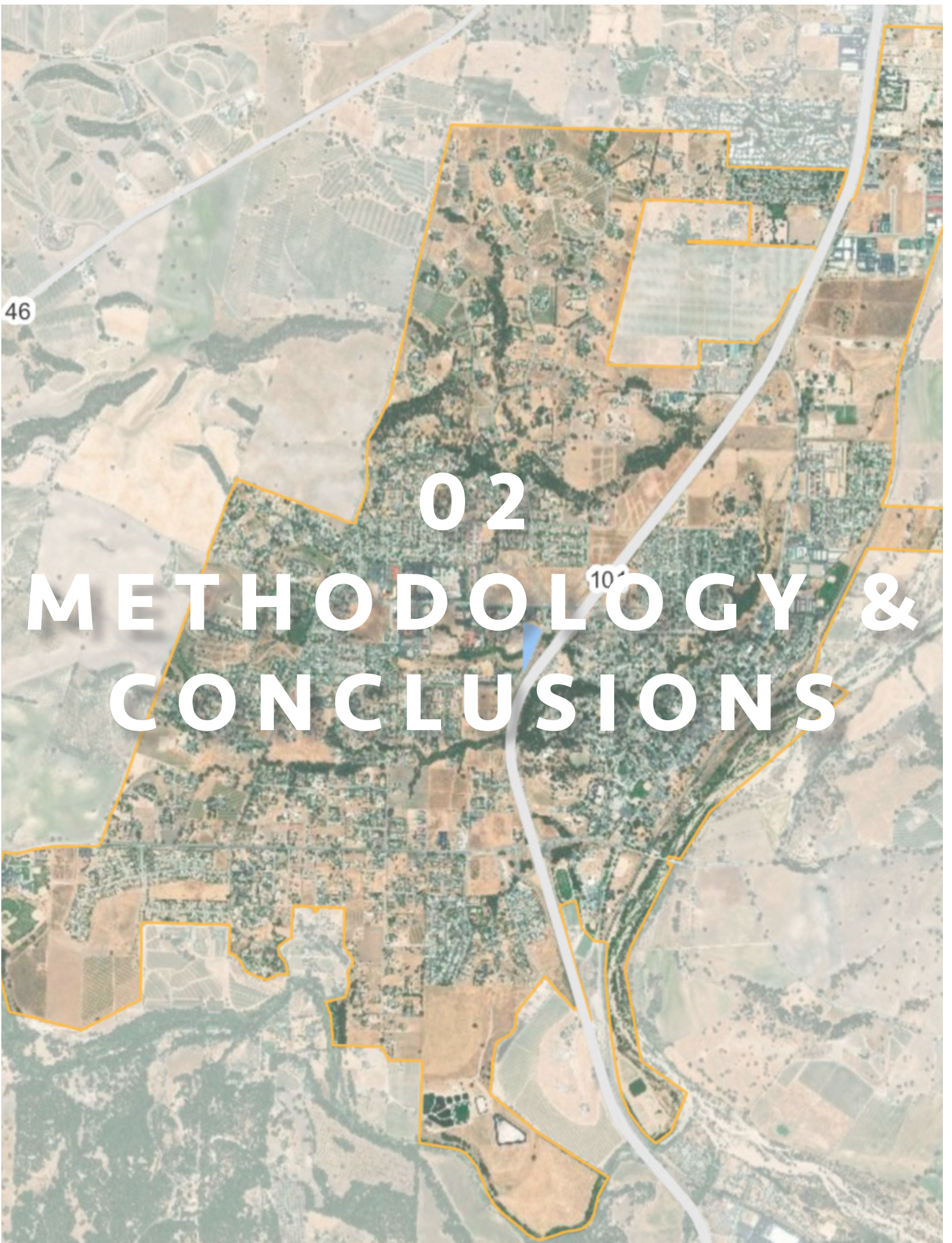


County of San Luis Obispo Department of Social Services introduced supportive resources and services for families such as the CalWORKs program. CalWORKs provides cash aid and assistance to eligible families with children. ***The Department of Planning and Building*** helped outline the site and regulatory process.



Templeton Area Advisory Group (TAAG) is an elected local citizen board who represent the voices of the Templeton community. TAAG were very excited about the proposal for additional affordable housing to Templeton and appreciated the project's considerations of family-and children oriented

The support of the Templeton community and these local organizations is key to a successful project outcomes. These four organizations and more have expressed their commitment to Chrysalis Creek with letters of supports as shown in Appendix 3 of the Chrysalis Creek proposal. In the next chapter, the methods used for research and site analysis are examined in further detail.



02

METHODOLOGY & CONCLUSIONS

02 METHODOLOGY

2.1 Research

Templeton is an unincorporated area in San Luis Obispo County and it falls under the jurisdiction of San Luis Obispo County regulations. The first step was to gather and review documents specific to the Templeton community and then look into the San Luis Obispo County Code.

The two existing plans that guide development in Templeton are the Templeton Community Plan and Templeton Community Design Plan. The Templeton Community Plan establishes a land use and transportation vision for Templeton. It was adopted in January 2014 as part of the Land Use and Circulation Element of the San Luis Obispo County General Plan. However, the plan content has not been updated since 1996. Adopted in 1980 and last updated in 2002, the Templeton Community Design plan establishes development and design guidelines. Since both of the contents of these documents were written more than a decade ago, the plans may not be the most applicable to the current conditions of Templeton and the County. The most current ordinance for reference is San Luis Obispo County Code, Title 22, Land Use Ordinance. Last updated in April 2019, the Land Use Ordinance indicates the site planning, design standards, allowable land uses and permit requirements.

2.2 Project Site

Chrysalis Creek is located in Templeton, California. As seen in Figure 2.2.1, Templeton is located in the North County planning area between Paso Robles and Atascadero.



Figure 2.2.1: Regional Location Map

02 METHODOLOGY

Located at 246 Bennett Way, the project site is adjacent to U.S. Highway 101 and situated at the central part of the city. Figure 2.2.2 shows the project location and Figure 2.2.3 provides a closer look at the project site.

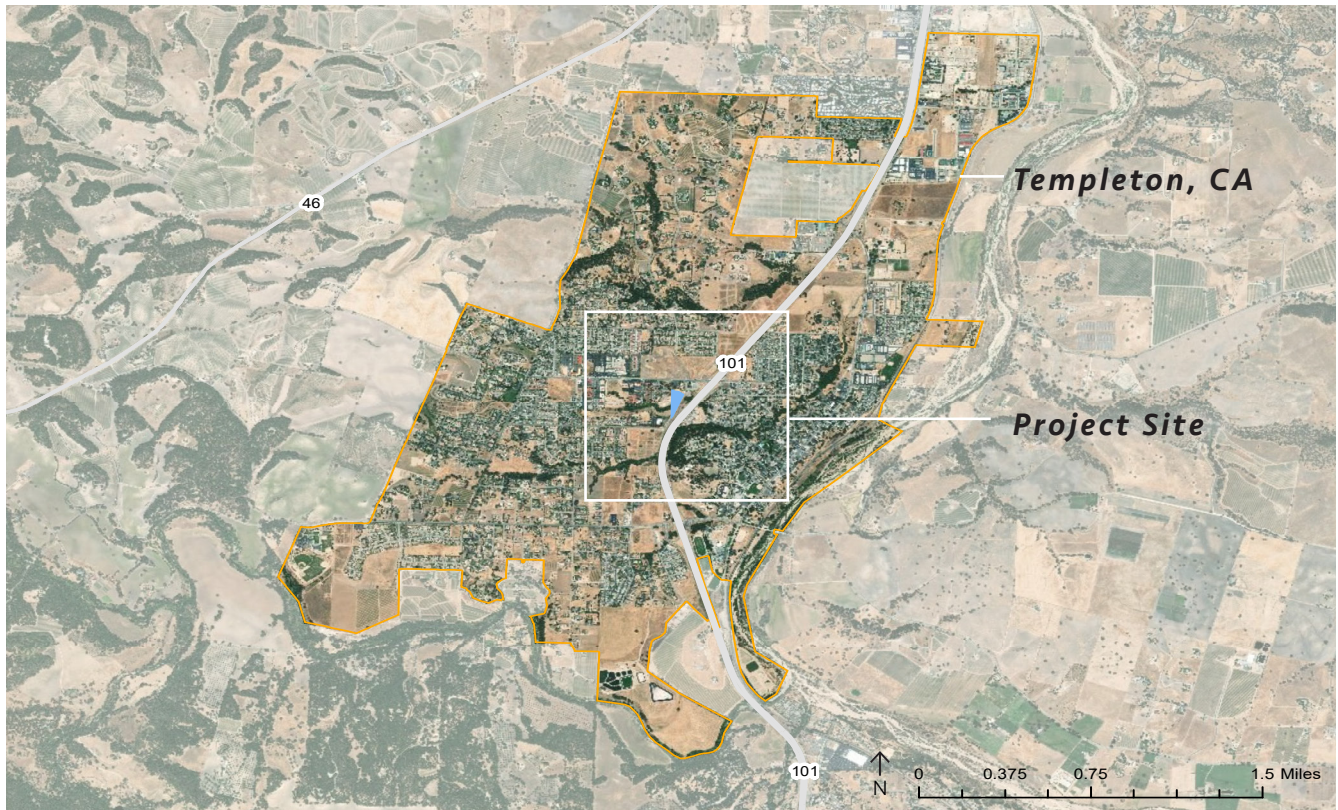


Figure 2.2.2: Project Location Map



Figure 2.2.3: Site Location Map

02 METHODOLOGY

2.3 Field & Site Visits

In order for the team to further examine and get a better understanding of the project location, multiple field visits to Templeton were conducted. Figure 2.3.1 and Figure 2.3.2 are images taken during the field visits and illustrates the existing site conditions. Following the visits, the team was more informed about the location and was able to gauge the proximity of the site to its surrounding developments. This was important in directing the site design and determining the placement of residential amenities and services.



Figure 2.3.1: Existing site conditions taken at the center of the site and looking to the west, by N. Johnston, 2019.



Figure 2.3.2: Existing site conditions taken on Bennett Way and looking to the south, by N. Johnston, 2019.

2.4 Project Takeaways

While Chrysalis Creek presents a creative approach to the issue of housing affordability, it is not the single solution to all affordable housing issues in Templeton and the County. This project merely serves as a vision and plan for additional affordable housing. The approval, adoption, and implementation of the plan is required in order for these visions to become reality.

This project was created through an interdisciplinary team. The Cal Poly team proved to be strong in overcoming all the communication, organizational issues and differences in disciplinary procedures. Despite the challenges of interdisciplinary collaboration, this process gave me the opportunity to ask questions, explore and learn from other fields of work. It has taught me how to be an effective communicator and leader in building bridges and cohesiveness among an interdisciplinary student team. I greatly recommend interdisciplinary studies at an Undergraduate level because it teaches students valuable critical thinking and collaborative skills. Interdisciplinary studies encourages meaningful learning and provides the opportunity for different people to connect and tackle issues together that defy the bounds of one discipline.

03 APPENDIX



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Mapping Data

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APPENDIX B: PROPOSAL

Chrysalis Creek Proposal

The final proposal is attached in the next page.



CHRYSA LIS CREEK

AFFORDABLE FAMILY HOUSING IN TEMPLETON, CALIFORNIA

California Polytechnic State University San Luis Obispo
Bank of America Merrill Lynch Low-Income Housing Challenge 2019

In collaboration with Peoples' Self Help Housing

ACKNOWLEDGMENTS

The 2019 Bank of America Merrill Lynch Low Income Housing Challenge is an amazing opportunity for our Cal Poly San Luis Obispo team to work interdisciplinary and collaboratively between students of different disciplines- Architecture, City & Regional Planning, Business Finance, Construction Management, and Civil Engineering. We truly embody the Cal Poly motto of "Learn By Doing" and have created the Chrysalis Creek project which provides for safe and inclusionary housing for low-income families in Templeton, California.

PROJECT COLLABORATORS

Kenneth Triguero	Executive Vice President + CFO, Peoples' Self-Help Housing
Christine Theodoropoulos	Dean of College of Architecture and Environmental Design Cal Poly San Luis Obispo
Bryan Shields	Architecture Faculty Lecturer, Cal Poly San Luis Obispo
Pratish Patel	Assistant Professor of Finance, Cal Poly San Luis Obispo
John Day	Director of Real Estate Education Initiatives, Cal Poly San Luis Obispo
Michael Multari	City & Regional Planning Major Lecturer, Cal Poly San Luis Obispo County of San Luis Obispo Planning Commission
Kelly Underwood	Program Review Specialist, County of San Luis Obispo
Matt Leal	Planner, Planning & Building, County of San Luis Obispo
Joanna Balsamo-Lilien	Property Management Specialist, Family Care Network, INC.
Jessica Garner	Housing Support Program Manager, Family Care Network, INC.
Scott Smith	Executive Director, Housing Authority of San Luis Obispo
Christopher Cobey	Delegate, Templeton Area Advisory Group (TAAG)



PROJECT OVERVIEW

DEVELOPER

Peoples' Self Help Housing

LOCATION

Templeton, California

PARCEL SIZE

2.95 acres

TARGET POPULATION

Very-low and low-income families, at risk of homelessness

UNIT MIX

30 two-bedroom units
10 three-bedroom units

AMENITIES

Each unit has full-kitchen with dishwashers
Shared laundry facilities
Multipurpose Community Center
Common mail room
Recreational area for children ages 2-12
Outdoor exercise structures and equipment
Bike trail
Community gardens
Templeton Park, less than 1 mile away

CONSTRUCTION PERIOD

18 months

CONSTRUCTION COST

Approximately \$15 million

FINANCING SOURCES***Predevelopment/Construction Sources***

San Luis Obispo County Trust Fund: \$1,280,625
Community Development Block Grant: \$500,000
Home Investment Partnership (HOME): \$250,000
Construction Loan: \$10,660,997

Permanent Sources

Low Income Housing Tax Credits(LIHTC) 9%: \$11,543,432
State Tax Credits: \$1,702,565
California Community Reinvestment Corporation (CCRC):
\$407,970
SLO County Housing Trust Fund: \$780, 625

SUSTAINABLE DESIGN

Wetland Restoration & Research Area
Designed for LEED Gold Certification

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01

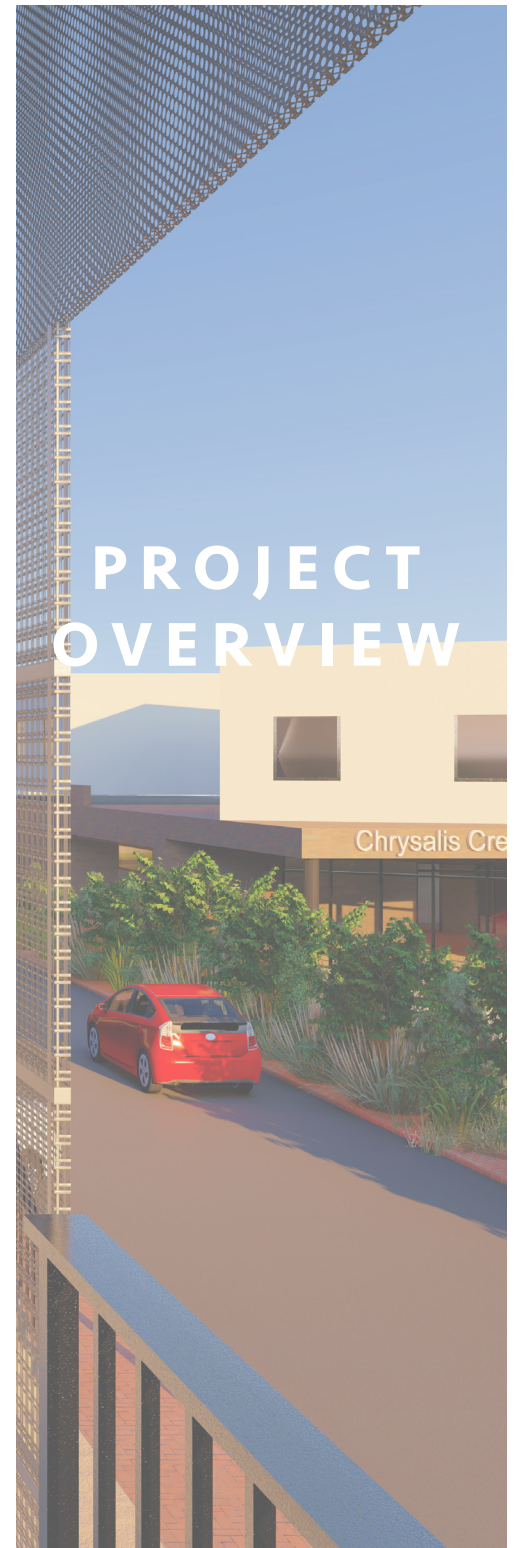
EXECUTIVE SUMMARY

A chrysalis is the transformative stage of growth a caterpillar undertakes before it emerges from its cocoon as a butterfly. Like the chrysalis, this affordable housing project serves as a metamorphosing step in the process to uplift cost-burdened families. While the standard affordable housing benchmark is 30%, according to the US Census, over 50% of renters in Templeton, California are spending more than 30% of their income on housing. About 45% of total households in Templeton are making less than 80% of the annual median income (AMI). The combination of high rent prices and many low income earners overpaying for housing leads to a huge housing affordability crisis in Templeton. This overwhelming issue of affordability drives many to look for opportunities elsewhere or in some cases, homelessness.

Chrysalis Creek is a 40 unit affordable and community-oriented living environment designed for families to thrive in Templeton. Housing and shelter is fundamental to our wellbeing and everyone deserves the opportunity to build a better future. Our hope is that Chrysalis Creek leads struggling families on a journey of change for healthier and better quality of life. New beginnings and exciting times are ahead and we are humbled to help struggling families emerge stronger and redefine their future.

CHRYsalis CREEK PROJECT GOALS

- Actively collaborate and engage with local and community organizations to address crucial housing needs and concerns within Templeton
- Cultivate a community oriented environment that reflects the quality and housing needs in Templeton
- Establish a financially stable, sustainable and integrated housing fostering opportunities for long-term wellness in the Templeton community



01

EXECUTIVE SUMMARY

LOCATION

246 Bennett Way, Templeton CA

SITE ACREAGE

2.95 acres

TARGET POPULATION:

Very-low and low-income families,
at risk of homelessness

UNIT DESIGN

40 Affordable family rental units
(targeting 30%-60% AMI)

30 two-bedroom units @ 850 sq.ft

- 10 units 30% AMI
- 19 units 60% AMI
- 1 unit Manager's unit

10 three-bedroom units @ 1050 sq.ft

- 4 units 30% AMI
- 6 units 60% AMI

COMMUNITY SPACES

4,500 square feet of total indoor
communal spaces

- Multi-functional Community Center
(mail room, game areas, daycare,
event hosting, etc.)

Outdoor communal spaces

- Children's playground
- Outdoor recreational and exercise
structures
- Community gardens
- Bike trail



FINANCING STRUCTURE

The combination of the following
financial sources at the development and
operating stages projects a financially
feasible and economically viable project:

- San Luis Obispo County Housing Trust
Fund
- Community Development Block Grant
- Construction Loan
- Home Investment Partnership (HOME)
- 9% Low Income Housing Tax Credits
(LIHTC)
- State Tax Credits
- California Community Reinvestment
Corporation (CCRC)

02 DEVELOPER CAPACITY

Founded in 1970, the mission of Peoples' Self-Help Housing (PSHH) is to provide affordable housing and programs leading to self-sufficiency for low-income families, seniors, and other special needs groups on California's Central Coast.



**Peoples'
Self-Help
Housing**



Kenneth Trigueiro

Kenneth Trigueiro is the Executive Vice President and Chief Financial Officer at PSHH. Since 2005, Trigueiro has worked on numerous rental housing acquisitions, development, financing and construction. Trigueiro has been an essential partner in continuous collaboration with our team in our efforts for Chrysalis Creek.

RECENT PROJECTS IN SLO COUNTY

Rolling Hills II **Next to project site**

Rolling Hills II brought 30 additional one to three bedrooms rental units to the existing Rolling Hills Apartments at 999 Las Tablas Road in Templeton. The complex includes four ADA-accessible apartments and adaptable first-floor units for all units. This two-acre development serves households that earn up to 60% AMI and includes laundry facilities, barbecue and playground areas.



Judson Terrace Lodge

Judson Terrace Lodge at 3042 Augusta St. is an affordable housing development with green building technology and community aspects including decreased water consumption, low-flow toilets, and the blue-bin recycling program. Community amenities include an exercise spa room, outdoor patio, library, television, and large rooms for events.



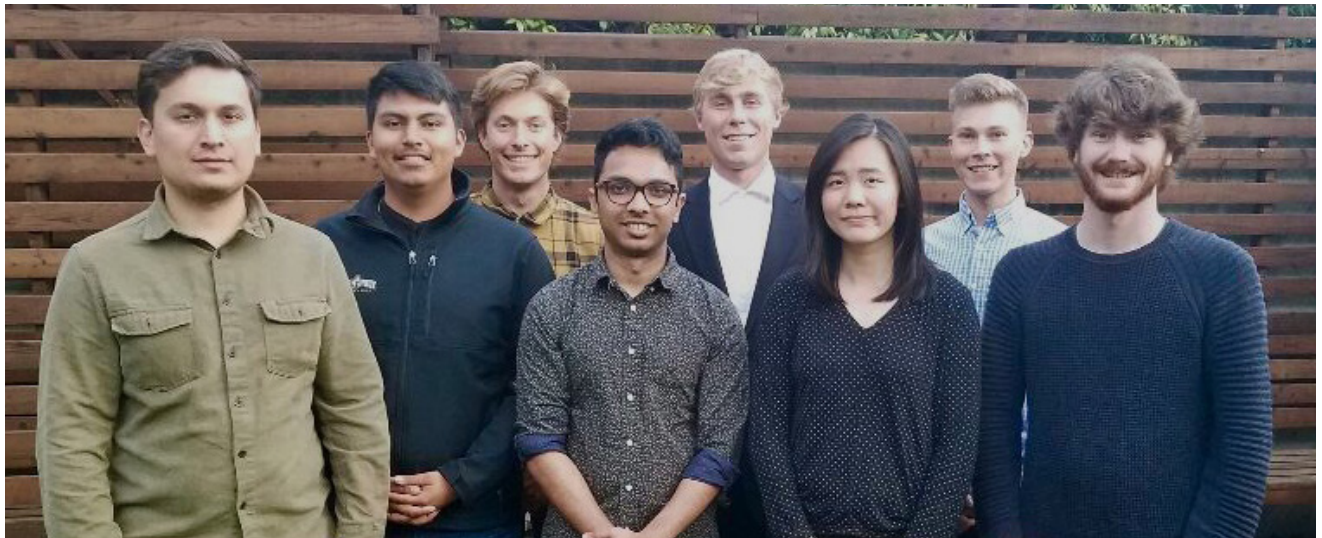
Canyon Creek Apartments

The Canyon Creek apartments at 400 Oak Hill Road in Paso Robles includes 9 one story buildings of affordable housing with central heating and air conditioning, on site laundry, large community areas. It is walking distance to school and to Wal-Mart/Albertsons. With 68 available apartments, 50% of them do not exceed the AMI.



03 PROJECT TEAM & MISSION

We are committed to creating safe and affordable living environments that accommodates the needs of families in the Templeton community. Our strong interdisciplinary team dynamic presents unique perspectives, innovative solutions and a dynamic work environment for the development of affordable housing. Through the collection of two and three bedroom units, family-oriented and vibrant community spaces, **Chrysalis Creek is designed to be a place of opportunities for families to grow together and strengthen their quality of life.**



CAL POLY TEAM

FRONT ROW LEFT TO RIGHT

Vihang Kale

4th year Architecture Major, has interests in residential housing, parametric architecture and sustainable design

Christian Montoya

4th year City & Regional Planning Major, has interests in community development, affordable housing and social justice policy

Amin Shah

4th year Architecture Major, has interests in sustainability, affordable housing, biomimicry, de-fabrication, and parametric design

Ivy Zhao

4th year City & Regional Planning Major, has interests in transportation planning, urban design, and affordable housing

Liam Hanlon

4th year Architecture Major, has interests in interests in community engagement design, productive architecture and sustainability

BACK ROW LEFT TO RIGHT

Nick Johnston

3rd year City & Regional Planning Major, Minor in Construction Management and Real Property Development, has interests in community, economic and international development

Ethan Rot

4th year Business Administration Major with a Concentration in Real Estate Finance, has interests in law, development and prefab construction

Cornelis De Nysschen

4th year Business Administration with Concentration in Finance, Minor in Real Property Development, has interests in development and creative financing

04

CLIENT ANALYSIS

Across the United States and San Luis Obispo County, we are seeing rising median housing costs while median renter incomes remain relatively stagnant. Nearly 56.6% of all renters in Templeton, California are rent-burdened, which means they spend more than 30% of their income on rent alone. In Templeton and the State of California, these housing costs are exacerbated by the limited supply of housing options many low-income and very low-income families seek for stability and progress. High rent prices and low vacancy rates in Templeton make it extremely difficult for our clients' ability to provide homes for their families. Our project, Chrysalis Creek, is designed to meet the needs of struggling local families, provide opportunities for growth and improve quality of life during a challenging period.

CLIENT SCOPE

Low income families are defined as households that make less than \$66,550. Very low income families are defined as households that make less than \$41,600. The California Department of Housing and Community Development (HCD) separates income groups based on County Area Median Income (AMI) and number of persons in households. In this case, we used a number of four persons per household to determine these income limits.

NEEDS ANALYSIS

This portion covers the needs of our clients, specifically low-income and very low-income families at risk of homelessness.

Affordability

High housing costs are a significant barrier many of our clients experience when seeking to find a home. Most decide to rent apartments because buying a home is not feasible at the moment with the local market in Templeton, detailed in Chapter 6 Market Analysis.

Chrysalis Creek offers thirty-nine rent-restricted units to families at a price that is lower than market value rent. Chrysalis Creek is also planned to be certified LEED Gold status, which would improve resource efficiency and reduce utility costs for our clients.

Family-Oriented On-Site Amenities

Our project maintains a number of on-site family-oriented amenities that includes a recreational play area for children ages 2-12, community gardens, and a bike trail. A community center is located centrally on site with multi-functional spaces for game areas, mail services and potential uses for educational job training and childcare purposes. Chrysalis Creek offers these on-site amenities to improve our clients' experiences through basic necessities and opportunities for leisure.

School Friendly Area

Schools play an essential role for families by providing a number of resources such as educational opportunities, extracurricular activities, and community events. Our site is located within a half mile of two schools: one elementary school and one K-8 school. This makes our site well suited for families with young children who would be able to walk to school every day.

Public Transit Benefits

Across from our site is the Las Tablas Park and Ride bus stop, which maintains access to Route 9 of the Regional Transit Authority (RTA). Route 9 allows riders to travel northbound and southbound via Highway 101 to areas with higher job concentrations such as San Luis Obispo (South) and Paso Robles (North). Access to a bus stop provides our clients alternatives to driving, where some families may have only one car or none due to financial costs associated with possessing a car.

05 COMMUNITY OUTREACH

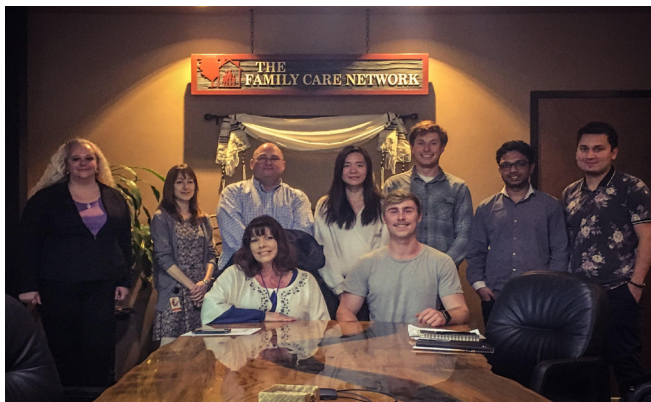
FAMILY CARE NETWORK & CALWORKS

Family Care Network (FCN) is a local organization that assist families with housing placement through the Bringing Families Home Program (BFH) & Housing Support Program (HSP). BFH assists parents who have experienced homelessness and are involved with Child Welfare Services (CWS) to obtain housing. The percentage of client referrals that came from North County Department of Social Services Offices in 2017-18 were 65%. During 2017-18, CalWORKs received 50 referrals and housed 31 families through BFH.

“The income and cost of living disparity in SLO County is shocking, and in reality, most people are just trying to get by.”
(FNC Client)

HSP assists families who are receiving CalWORKs benefits and are experiencing homelessness. During FY 2017-2018, HSP received 212 referral and a total of 63 families was housed. An average of 50% of HSP/BFH referrals came from families that live somewhere from Santa Margarita to San Miguel. Building more affordable and low income housing in this region would allow families to stay closer to their identified communities and support systems.

FIGURE 5.1: FCN & CALWORKS MEETING



FAMILY CARE
NETWORK, INC.

“We all come to points in our lives when we need our community to help pick us back up when we’re down so I’m thankful to feel more connected to the Central Coast through the Housing Support Program.” (FCN Client)

COUNTY OF SAN LUIS OBISPO



Throughout the project development process, our team has held meetings and digital dialogues with the County of San Luis Obispo planning staff and Commissioner Michael Multari. The County was able to interpret local regulations and helped advise on the feasibility of the project. The County of San Luis Obispo supports the project proposal and offered favorable outlook to the implementation of the much needed affordable housing units.

TEMPLETON AREA ADVISORY GROUP

Templeton Area Advisory Group (TAAG) is a community advisory council that represents community views within Templeton. We have been in continuous communication with TAAG and they have expressed their enthusiasm and support of Chrysalis Creek and assured they would recommend to the County that it be approved.

HASLO



The Housing Authority of San Luis Obispo (HASLO) is committed to building and maintaining affordable housing for citizens in our community. Our team was in contact with Scott Smith, the Executive Director, who provided valuable information about the current state of section 8 availability in the County of San Luis Obispo. This meeting with HASLO was educational because it aided our unit AMI target selection based upon the news that project based Section 8 vouchers are fully exhausted in the County.

06 MARKET ANALYSIS

DEMOGRAPHICS

In 2017, the County of San Luis Obispo (SLO County) had an estimated of 280,000 residents that made up of 105,000 households. Templeton is an unincorporated area of the SLO County with an estimated population of 8,000 residents and total of 2,900 households. Figure 6.1 shows the demographics of Templeton. The median age of residents in Templeton of 44.6 years is higher than both County and State. Templeton and the County have similar racial demographics of those being White (~85%), Hispanic (~22%), and Asian (3.7%). 93% of the Templeton population is a high school graduate or higher. The median household income for the County is nearly the same as the state median income of \$67,169. Additionally, Templeton's median household income of \$76,002 is slightly greater than the County and State.

FIGURE 6.1: DEMOGRAPHICS BY REGION

	Templeton	SLO County	California
Total Population	7,989	280,119	38,982,847
Total Households	2,907	105,044	12,888,128
Avg. Household Size (renter-occupied unit)	2.11	2.55	2.91
Median Age (years)	44.6	39	36.1
Median Household Income	\$76,002	\$67,175	\$67,169
% Households with Income < \$20,000	14.7%	13.8%	14.2%

SOURCE: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

HOUSING MARKET ASSESSMENT

San Luis Obispo County Consolidated Plan 2015-2019 is the guiding document for the County's community development and affordable housing needs. A major County wide goal is to increase the affordable housing stock and fund the development of new and rehabilitated rental housing units for very-low to moderate-income persons and families.

Templeton has low housing vacancy with a homeowner vacancy rate of 0% and rental vacancy rate of 3.6%. The median value of an owner occupied unit in Templeton in 2017 was \$472,200 which is slightly less than San Luis Obispo County's median value of \$499,880. As illustrated in Figure 6.2 and 6.3, households in Templeton and SLO County are cost-burdened with income levels lagging behind housing costs.

FIGURE 6.2: COST OF BURDENED RENTAL HOUSEHOLDS BY INCOME GROUP IN TEMPLETON

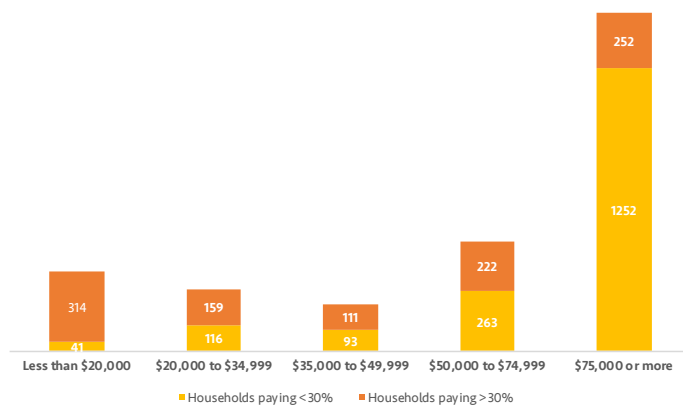
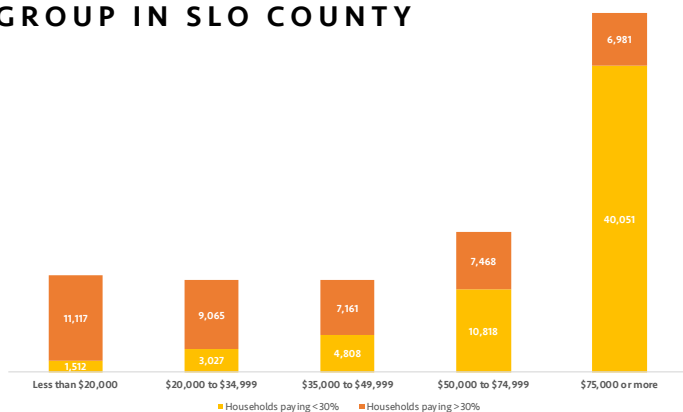


FIGURE 6.3: COST OF BURDENED RENTAL HOUSEHOLDS BY INCOME GROUP IN SLO COUNTY



SOURCE: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

06 MARKET ANALYSIS

San Luis Obispo County is the fifth least affordable County in the United States, which has serious implications about the need to continue efforts to build more affordable housing. The Regional Housing Needs Plan (RHNP) in 2013 explains that the County market housing demand for very low, low and moderate ranges far exceeds the supply.

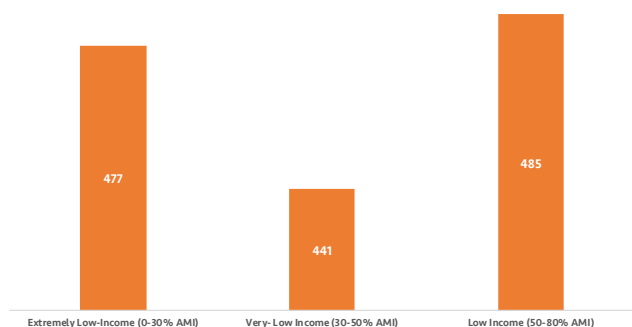


56.6 % of renters
Spent more than 30%
of income for housing

LOW INCOME HOUSING NEEDS

The County of San Luis Obispo has identified the facilitation of low-income housing development as one of its priorities. Templeton residents make an annual median income of \$76,000, with approximately 45% of total households making less than 80% AMI. A significant number of households in Templeton fall under the three income thresholds defined by the US Department of Housing and Urban Development for housing assistance as seen in Figure 6.4.

FIGURE 6.4: HOUSEHOLDS IN TEMPLETON BETWEEN 0-80% AMI



SOURCE: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

AFFORDABLE HOUSING STOCK

The County of San Luis Obispo encourages affordable multi-family residential projects in order to meet the Regional Housing Needs Assessment (RHNA) demand. The Regional Housing Needs Plan (RHNP) outlines the framework to provide a fair distribution of housing among the County and meet the County housing goals. RHNP have assigned 1,347 new housing units for the unincorporated areas of the County. Figure 6.5 indicates the number of units and percent distributed per income category.

FIGURE 6.5: UNINCORPORATED COUNTY SHARE OF HOUSING NEEDS, 2014-19

Income Category	Number of New Units	Percent
Very Low	336	25
Low	211	15.7
Moderate	237	17.6
Above Moderate	563	41.8
Total	1,347	100

SOURCE: County of San Luis Obispo Housing Element 2014-2019

There are currently six low income housing apartment complexes (Figure 6.6) which contains approximately 298 affordable units for rent in Templeton, California. With a small amount of existing affordable housing stock, there is still additional capacity to accommodate affordable housing and address the County housing needs in Templeton.

FIGURE 6.6: EXISTING AFFORDABLE HOUSING DEVELOPMENTS IN TEMPLETON

	Total units
Terebinth Single Family Homes	33
Templeton Place	29
Villa Paseo Senior Residences	110
Serenity Hills Family Apartments	43
Rolling Hills Apartments	53
Rolling Hills II	30

SOURCE: County of San Luis Obispo Housing Element 2014-2019

07 SITE CONTEXT

PROJECT SITE LOCATION

The project site is located in Templeton, California. Templeton is an unincorporated community and Census-designated place located between Paso Robles and Atascadero. The community is approximately 7.76 square miles along U.S. Highway 101 and State Route 46. Templeton is a rural, agricultural town, consisting of vineyards, winery and ranching businesses. With highly rated public and private schools and a comfortable Mediterranean climate, Templeton is the perfect place to start a family.

SITE CONDITIONS

Located at 246 Bennett Way and adjacent to U.S. Highway 101, the project site is currently undeveloped, vacant land and under the ownership of Peoples' Self Help Housing.

ADJACENT LAND USES

The project site is surrounded by mainly residential and commercial uses.

North:	Residential Single-Family
South:	Residential Suburban
East:	Commercial Retail
West:	Residential Multi-Family Office Professional

The immediate surroundings to the project site offer various amenities to the future families of Chrysalis Creek. Templeton Hills Christian School and Templeton Elementary offer great educational opportunities. Residents have transportation access with two bus stations within walkable distance. Templeton Park and Templeton Community pool serves as recreation spaces for all ages (Figure 7.4).

**FIGURE 7.1:
PROJECT SITE**

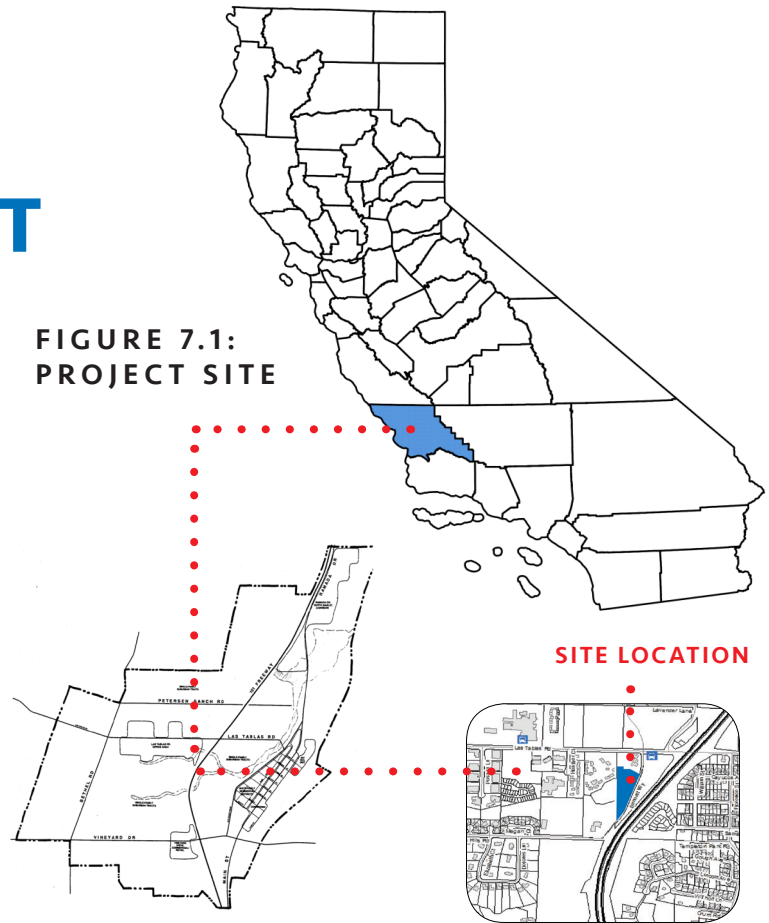
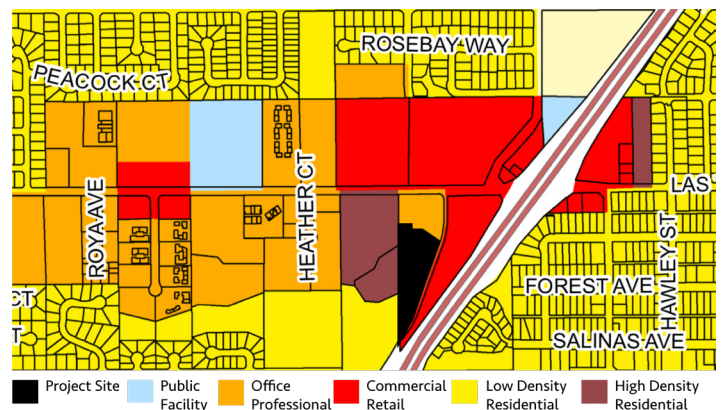


FIGURE 7.2: EXISTING SITE CONDITIONS



FIGURE 7.3: TEMPLETON LAND USE MAP



07

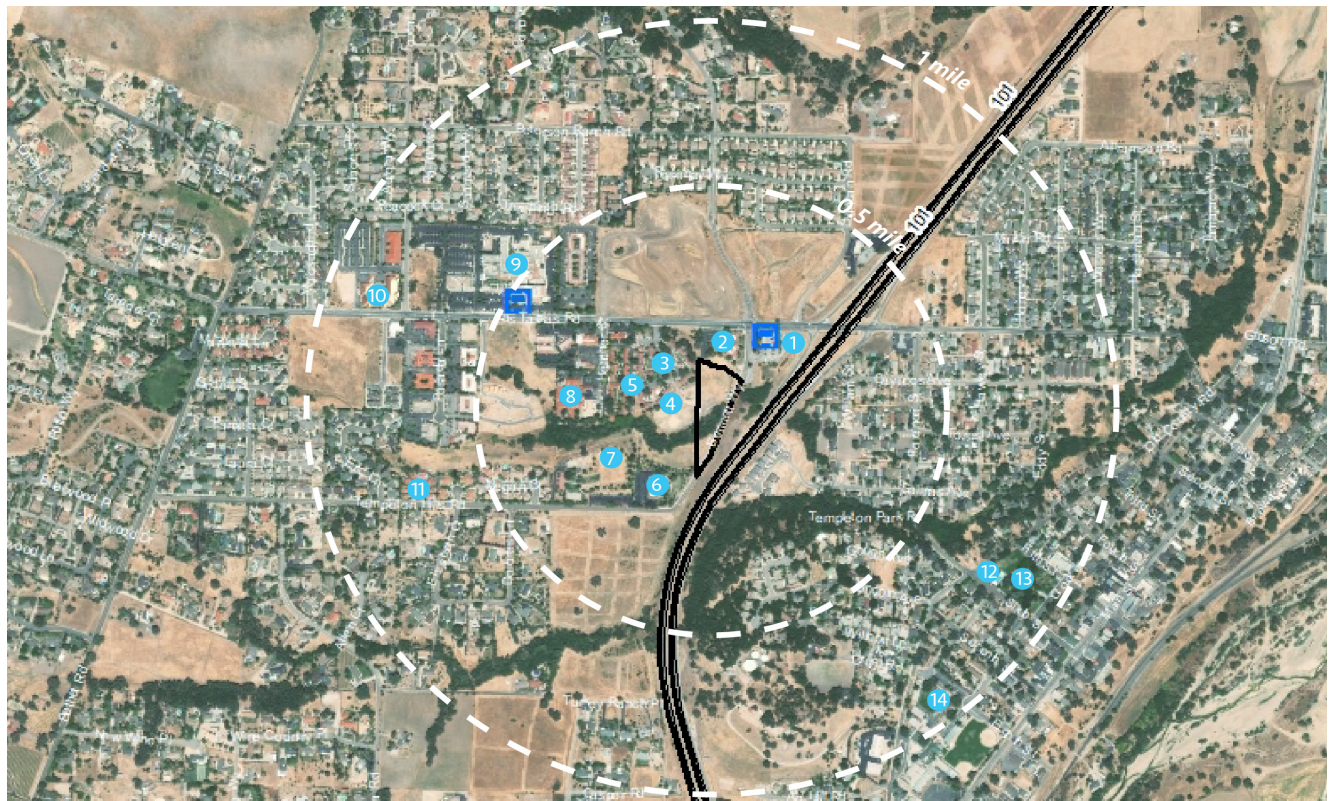
SITE CONTEXT

ADJACENT AMENITIES

To the immediate north of the project site is Las Tablas Animal Hospital and across Bennett Way is Las Tablas Park & Ride, a transit and bike locker service station. To the immediate west is Rolling Hills Apartments and Rolling Hills II which are affordable housing developments by Peoples' Self Help Housing. Templeton Hills Seventh Day Adventist Church and Templeton Hills K-8 Christian School are within walking distance to the south west. Located at Las Tablas Road is the largest employer in the area, Twin Cities Community Hospital. Twin Cities Community Hospital offers advanced adult and pediatric, maternity, emergency services to San Luis Obispo County and surrounding communities. Templeton Park and Templeton Elementary School are within 0.9 mile away, south east of the project site.

- 1 Las Tablas Park & Ride
- 2 Las Tablas Animal Hospital
- 3 Rolling Hills Apartments
- 4 Rolling Hills II
- 5 Templeton Gardens Senior Apartments
- 6 Templeton Hills Seventh Day Adventist Church
- 7 Templeton Hills Christian School (K-8)
- 8 Vineyard Hills Health Center
- 9 Twin Cities Community Hospital
- 10 Medworks Medical Center
- 11 Radiology Diagnostic Center
- 12 Templeton Community Pool
- 13 Templeton Park & Templeton Community Pool
- 14 Templeton Elementary School
-  Route 9 RTA Bus Station

FIGURE 7.4: AMENITIES WITHIN 0.5 & 1 MILE RADIUS OF PROJECT SITE



08

REGULATORY ANALYSIS

ZONING

The project site is currently zoned Office Professional (OP) within the San Luis Obispo County zoning guidelines. Under San Luis Obispo County Code, residential uses on OP parcels are allowed as a principal use if the proposed building footprints and parking area constitute less than 50 percent of the site. This allowance can be issued through the completion of a Conditional Use Permit. The total project build out acreage, including parking, is 0.91 acres which is less than 50 percent of the site. The remainder of the site will be designated for open space and outdoor community uses. After speaking with County officials, we expect to obtain the Conditional Use Permit.

Under San Luis Obispo County Code, allowable density (low, medium, high) is determined through an intensity factor considering road access, sewer service, and distance from the central business district (CBD). Shown in Figure 8.1 and 8.2, the proposed project falls under the medium intensity level. The medium intensity level allows for a maximum density of 26 units per acre. The maximum floor area ratio is 48 percent and the minimum open area is 45 percent.

FIGURE 8.1: INTENSITY FACTOR

Criteria		Intensity Factor		
		Low	Medium	High
Type of road access	unpaved road			
	paved local street			
	paved collector or arterial (1)			X
Sewer service	on-site septic			
	community sewer			X
Distance from CBD (2)	more than 1 mile			
	1 mile or less		X	
	less than 1,000 ft			

(1) Site access may be from a cross street where the site abuts a collector or arterial.
(2) Straight-line distance from central business district (CBD).

SOURCE: San Luis Obispo County Code- Title 22, Land Use Ordinance

FIGURE 8.2: ALLOWABLE DENSITY

Intensity Factor	Maximum number of units per acre	Maximum floor area (1)	Minimum open area (2)
Low	15	35%	55%
Medium	26	48%	45%
High	38	65%	40%

(1) The gross floor area of all residential structures, including upper stories, but not garages and carports.
(2) Includes required setbacks, and all areas of the site except buildings and parking spaces.

SOURCE: San Luis Obispo County Code- Title 22, Land Use Ordinance

DESIGN GUIDELINES

The Templeton Community Plan guides the architectural building and design development of the project site. The community plan identifies that new development in the Templeton area should be well integrated within the community’s historical character and rural features.

The maximum building height for Office Professional land use category is 35 ft. A minimum front setback of 10ft is required but none for side setbacks. Because part of the Toad Creek intersects with the project site, the San Luis Obispo County Streams and Riparian Vegetation regulation requires a 50 foot setback for development.

Resident parking requirements for multi-family dwelling units is 1.5 per two bedroom, 2 per three of more bedrooms and 1 space for 1 guest parking space plus 1 for each 4 units.

ENVIRONMENTAL CONSIDERATIONS

Chrysalis Creek is on track to be LEED Gold certified. After speaking with the County, the expected CEQA initial study should result in a mitigated negative declaration (MND). With the conclusion of LEED environmental mitigation measures and a MND, this project will not be required to perform the costly and time-consuming environmental impact report.

09 SITE & DESIGN CONCEPT

FIGURE 9.1: AERIAL PERSPECTIVE 1



FIGURE 9.2: AERIAL PERSPECTIVE 2



09 SITE & DESIGN CONCEPT

FIGURE 9.3: RENDER PERSPECTIVE 1



FIGURE 9.4: RENDER PERSPECTIVE 2



09 SITE & DESIGN CONCEPT

FIGURE 9.5: FACADE ELEVATION RENDER



FIGURE 9.6: HALLWAY RENDER



09 SITE & DESIGN CONCEPT

FIGURE 9.7: NORTH SIDE ELEVATION

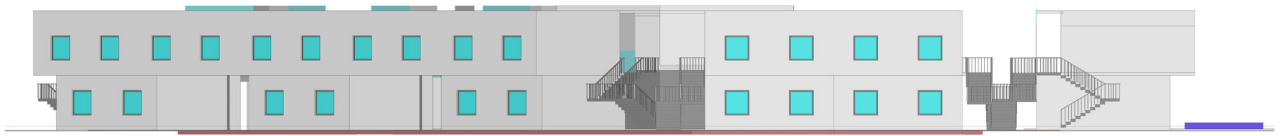


FIGURE 9.8: SOUTH SIDE ELEVATION



FIGURE 9.9: EAST ELEVATION



FIGURE 9.10: WEST SIDE ELEVATION



09 SITE & DESIGN CONCEPT

PROJECT SITE

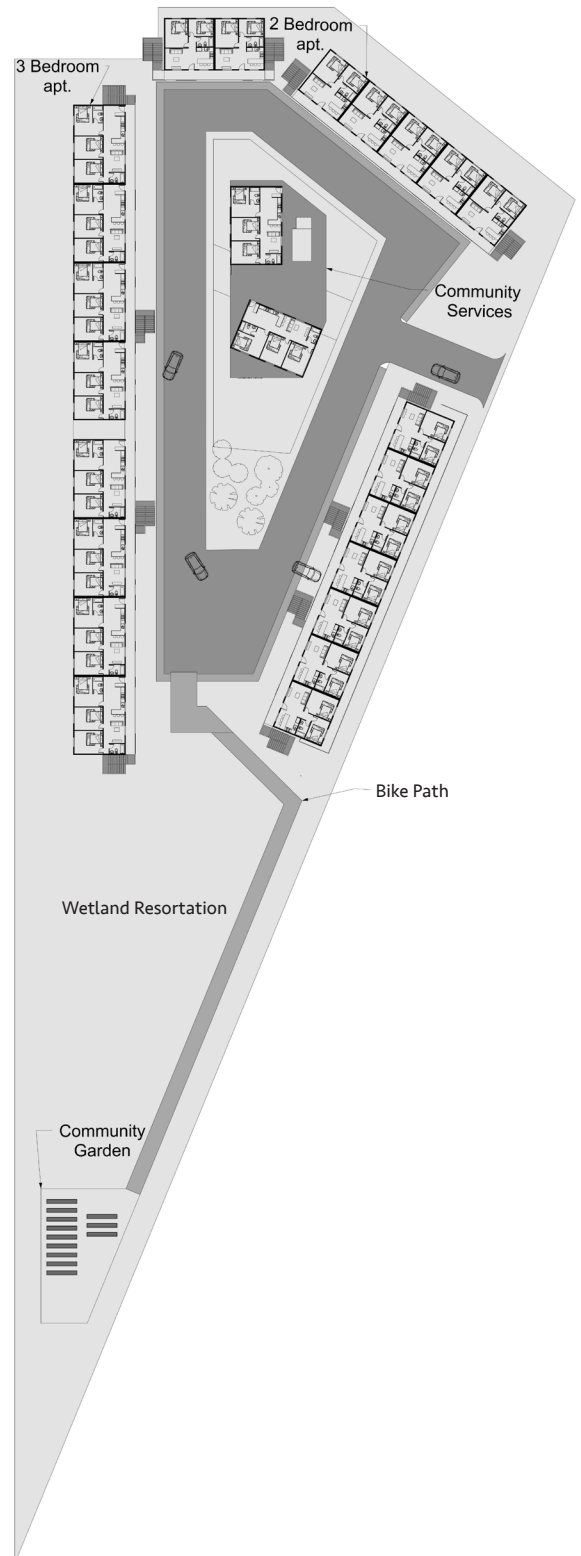
This site is located on Bennett Way adjacent to two recent developments for Peoples' Self Help Housing; Rolling Hills Apartments and Rolling Hills II. A local church, Templeton Hills Seventh Day Adventist Church is located to the south. Across the street is Las Tablas Park and Ride which provides access to local public transportation. The site itself is 2.95 acres with a wetlands area and creek running through it, which is a unique challenge for development.

The crescent shape of the residential units provides a protective area that makes the central community space feel more protected and unique for the residents. A Wetlands restoration and research area in the center of the sites provides a buffer and place for residences to walk past as they go to the communal garden at the southern end of the site. This garden will provide a place where people can gather and meet as well as a place for learning and growing food for themselves. Each unit also has its own parking space which makes it easy for the project to transfer from BMR units to market rate as needed while providing the same amenities for each unit.

PRIVACY AND PROTECTION

The site layout provides safe private and shared spaces for families to prosper and grow as they transition into the next stage of their lives. The design of the living units on the perimeter surrounding the communal and playground spaces creates an enclosed and intimate central area. This way parents can feel comfortable allowing their children play outside or go into the community room. In addition, the trees around the property provide a visual and acoustic barrier that further supports the idea of comfort and protection for the families.

FIGURE 9.11: OVERALL SITE PLAN



09 SITE & DESIGN CONCEPT

UNITS PLANS- DESIGN

The residential units are composed of two and three bedroom units that accommodates the needs of families and provides them with two different options. Over 40% of the flats are at ground level, making them fully accessible and easy to access from street level. In addition, each unit has its own sheltered parking space. Each of the units is fitted with a full kitchen and column space for eating and gatherings to encourage more social interaction within the home

The idea behind the single level units was to create more connection between each of the living spaces interior corridors so that families could always be within close proximity to each other. Each of the units is fitted with hardwood in the communal spaces providing a natural durable material in the most used spaces with carpets in the bedrooms providing a natural damper and distinction between the public and private spaces. Each of the windows looks out into a canopy of trees or onto the existing landscape connecting the residence to nature and the outdoors.

FIGURE 9.12: 2 BEDROOM UNIT PLAN

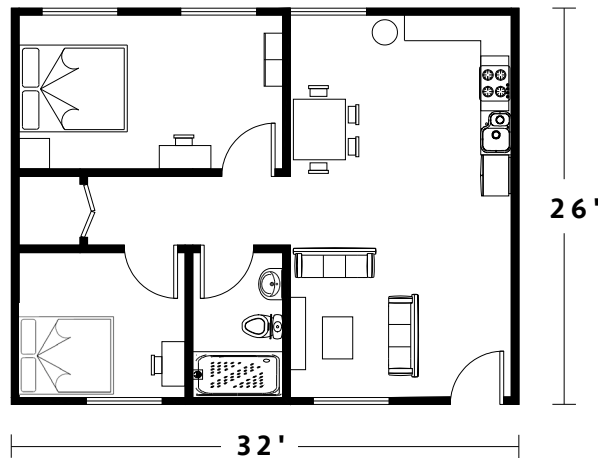
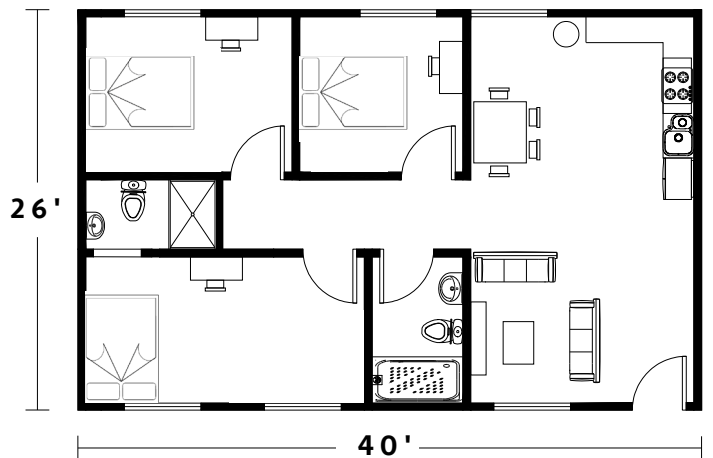


FIGURE 9.13: 3 BEDROOM UNIT PLAN



09 SITE & DESIGN CONCEPT

FIGURE 9.14: INTERIOR RENDER



FIGURE 9.15: OUTDOOR SPACE RENDER



09

SITE & DESIGN CONCEPT

LANDSCAPE APPROACH

All of the plants used in the landscape plan are native to the Central Coast and are drought resistant which eliminates the need for irrigation and continual maintenance. The landscaping between the housing units and streets provides a buffer zone that softens the approach to the building and gives residences a nice view out of their windows. The trees at the back of the property between the existing Rolling Hills developments provides a physical barrier which separates the two projects and makes the residences of Chrysalis Creek feel more protected and sheltered.

The wetlands area has been dedicated to research for wetland restoration which will not only provide self sufficient maintenance, but allow for members in the community to perform research and learn from the area. A bike path connects the residential areas to communal gardens where families and children can grow their own food. Incorporating urban agriculture gives residents an educational opportunity to learn about sustainable food practices, socialize and connect with their neighbors.

FIGURE 9.16: COMMUNITY GARDEN RENDER



10 RESIDENT SERVICES

SITE AMENITIES

In the center of the development is a community center where residents can get their mail and do laundry. In addition there are two rooms that could be used for supportive services, job training or daycare. There are also two recreational spaces that residences have access to, one with a game room and TV's and the other with an open space for hosting events and parties that spills out onto a covered outdoor area that is adjacent to an outdoor play area for children. This will provide families with opportunities to host events and change the uses of the community center as they see fit.

FIGURE 10.1: COMMUNITY SPACE RENDER

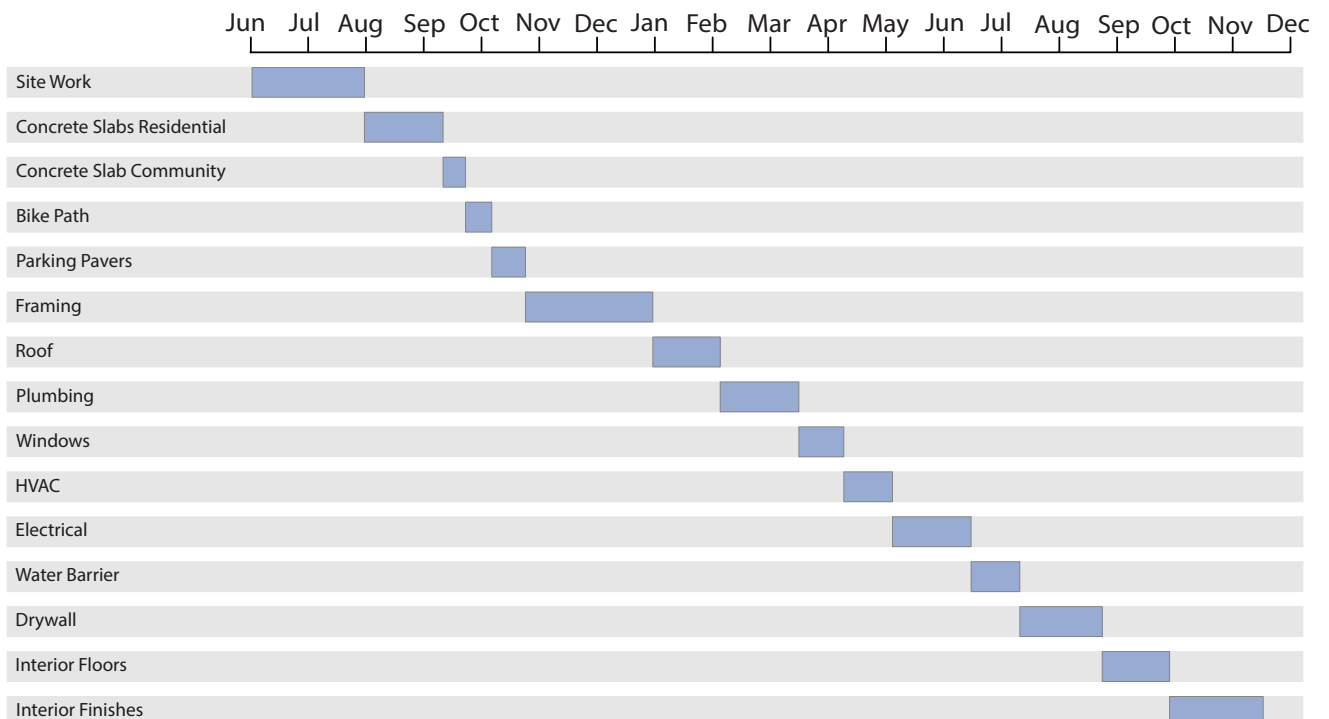


11 DEVELOPMENT TIMELINE

TIMELINE

Task	Duration	Start	End
Site Work	60	06/01/2019	07/31/2019
Concrete Slabs Residential	42	08/01/2019	09/12/2019
Concrete Slab Community Space	12	09/13/2019	09/25/2019
Bike Path	14	09/26/2019	10/10/2019
Parking Pavers	18	10/11/2019	10/29/2019
Framing	64	10/30/2019	01/02/2020
Roof	36	01/03/2020	02/08/2020
Plumbing	42	02/09/2019	03/22/2020
Windows	24	03/23/2020	04/16/2020
HVAC	26	04/17/2020	05/13/2020
Electrical	42	05/14/2020	06/24/2020
Water Barrier	10	06/25/2020	07/05/2020
Drywall	44	07/06/2020	09/19/2020
Interior Floors	36	09/20/2020	10/25/2020
Interior Finishes	50	10/26/2020	11/15/2020

Total Construction Time: 18 Months
06/01/2019-11/15/2020



12 PROJECT FINANCING

OVERVIEW

Diverse sources of funding are utilized for development of Chrysalis Creek. Some of the sources grants, loans, and 9% federal tax credits. The highlights of the financial structure are as follows:

1. The debt-coverage ratio is 1.3 for the entirety of the 15 year period of analysis. This ratio satisfies the lending requirement of the construction loan lender. We have received a term sheet from Bank of America.

2. The loan-to-value ratio of the construction loan is 71.4%. This satisfies the lending requirement of our construction loan lender (Bank of America).

3. Chrysalis Creek has finished the California Tax Credit Allocation Committee (CTCAC) application used for Federal Tax Credits. The current score of the development is 113 - the required score. The tiebreaker score of 11.5% was not extremely high, but was competitive with other recently completed Templeton area projects that won Low Income Housing Tax Credits.

To summarize, Chrysalis Creek's financial operations are robust and feature diversified sources of funding from various levels of government backed entities, as well as many private sources.

FIGURE 12.1: PROJECT SUMMARY

Total Project Cost	\$14,934,592
Federal Tax Credit Equity	
Total Qualified Basis	\$13,848,765
Annual Federal Credit	\$1,246,389
Federal Tax Credit Factor	\$0.92615
LP Equity	\$11,543,432
Pre-development/Construction Financing	
SLO Trust Fund	\$1,280,625
HOME	\$250,000
CDBG	\$500,000
Deferred Developer Fees	\$700,000
Deferred Reserves	\$42,970
TCAC Equity	\$1,500,000
Construction Loan	\$10,660,997
Total	\$14,934,592
Loan To Value	71.4%
Permanent Financing	
Low-Income Housing Tax Credits (9%) 4	\$11,543,432
State Tax Credit 5	\$1,702,565
San Luis Obispo County Trust Fund 1	\$780,625
HOME	\$500,000
California Community Reinvestment Corporation (CCRC)	\$407,970
Total	\$14,934,592
Cash Flow Analysis (Year 1)	
Gross Annual Income	\$320,960
Annual Net Operating Expenses	\$187,396.48
Net Operating Income	\$81,684
Permanent Loan Debt Service	\$65,312
DCR	1.3
Cash Flow After Debt Service	\$16,372
Residual Cash Flow Uses	\$7,500
Net Distributable Cash	\$8,872

12

PROJECT FINANCING

PREDEVELOPMENT SOURCES

Peoples' Self Help Housing has acquired the project site for a cost of \$250,000 stated as the land acquisition cost. Chrysalis Creek expects the local fees and other predevelopment costs to equal \$780,625.

SAN LUIS OBISPO COUNTY TRUST FUND: \$1,280,625

The SLO County Trust Fund's mission is to increase the availability of very low, low, and moderate-income housing in San Luis Obispo County. Loans acquired via this program can be used for site acquisition, predevelopment costs, construction costs, or rehabilitation of low-income sites. The Housing Trust Fund's Loan conditions specify loan terms of up to 5 years, with 5-7% interest rates, and loan fees of 0.5-2%. A maximum of \$2,000,000 is available per project from this fund.

COMMUNITY DEVELOPMENT BLOCK GRANT: \$500,000

The City of San Luis Obispo offers a City Development Block Grant Program that provides communities with resources to address a wide range of community development needs. CDBG grants are awarded by the US Department of Housing and Urban Development (HUD) and provide funds for projects and programs that benefit low and moderate-income households, businesses and community-based organizations. This will remain as part of the permanent financing as well.

CONSTRUCTION LOAN: \$10,660,997

A construction loan will be utilized for a term of 24 months to cover the remaining costs of the project.

HOME INVESTMENT PARTNERSHIP (HOME): \$250,000

The City of San Luis Obispo receives grant funds under HOME Investment Partnership to financially help community-based projects that provide affordable housing to benefit low-income households and homeless populations. Our project is confident we will receive the \$250,000 in HOME funds.

PERMANENT FINANCING

Upon the completion of construction, remaining predevelopment and construction financing sources will be transferred into various methods of permanent financing. The vast majority of these funds will be received via the sale of federal low income housing tax credits.

LOW INCOME HOUSING TAX CREDITS (LIHTC) 9%: \$11,543,432

Chrysalis Creek's permanent financing relies heavily on federal Low Income Housing Tax Credits. \$1,500,000 of LIHTC will be used during the construction portion of the project, while the remaining \$10,043,432 will be sold for permanent financing. Chrysalis Creek is extremely competitive for LIHTC due to its many amenities, serving large families, and being an 100% low-income development. As discussed with Ken Trigueiro, the Executive Vice President and CFO of Peoples' Self Help Housing, credits are expected to have a market value price of .92 per credit. Using this estimate, the total required tax credits are equal to \$13,848,765, which is the number derived from filling out a 2019 TCAC application.

12 PROJECT FINANCING

STATE TAX CREDITS: \$1,702,565

Chrysalis Creek requires bridge funding of State Tax Credits to close the gap between permanent loan sources, Federal tax credits, and the cost of construction. To close this gap, this development requires \$2,128,206 of State Tax Credits which is below the \$4,154,630 that could have been allocated based upon the TCAC State Credit Basis. Using the State Tax Credit Factor of \$0.80, given to us from our Developer's most recent TCAC application from the area.

CALIFORNIA COMMUNITY REINVESTMENT CORPORATION (CCRC): \$407,970

CCRC provides permanent long-term financing for affordable multi-family low-income housing projects. They focus on the financing of new construction as well as acquisition and rehabilitation. With a maximum loan size of \$20,000,000 we are confident that we will receive our loan of \$800,000.

SLO COUNTY HOUSING TRUST FUND: \$780,625

The SLO County Trust Fund's mission is to increase the availability of very low, low, and moderate-income housing in San Luis Obispo County. Loans acquired via this program can be used for site acquisition, predevelopment costs, construction costs, or rehabilitation of low-income sites. The Housing Trust Fund's Loan conditions specify loan terms of up to 5 years, with 5-7% interest rates, and loan fees of 0.5-2%. A maximum of \$2,000,000 is available per project from this fund. This loan will roll \$780,625 from the original construction period loan and remain as part of the permanent financing.

FIGURE 12.2: FUNDING SOURCES

FUNDING SOURCES	
Predevelopment Financing Sources	
San Luis Obispo County Housing Trust Fund ¹	\$1,280,625
HOME Funds ²	\$250,000
Total Predevelopment Costs	\$1,530,625
Construction Costs	
Community Development Block Grant (CDBG) ³	\$500,000
Deferred Developer Fees	\$700,000
Deferred Reserves	\$42,970
Construction Loan	\$10,660,997
Low-Income Housing Tax Credits (9%)	\$1,500,000
Total Construction Costs	\$13,403,967
Total Predevelopment and Construction Costs	\$14,934,592
Permanent Financing	
Low-Income Housing Tax Credits (9%) ⁴	\$11,543,432
State Tax Credit ⁵	\$1,702,565
San Luis Obispo County Trust Fund ¹	\$780,625
HOME	\$500,000
California Community Reinvestment Corporation (CCRC) ⁶	\$407,970
Total Permanent Financing	\$14,934,592

¹ SLO County Trust Fund Loans up to \$2,000,000 ver confident we will receive funding.

² County connection, Matt Leal, is confident we would receive HOME Funds.

³ County connection, Matt Leal, is confident we would receive CDBG Funds.

⁴ Tax Credit numbers based upon completed 2109 TCAC application for our project site.

⁵ State Tax Credit amount is well below the amount we could potentially receive to bridge funding.

⁶ CCRC gives out a maximum loan of \$20,000,000 so we are very confident we would receive funding.

FIGURE 12.3: RENT STRUCTURE

RESIDENTIAL UNIT GROSS INCOME PROJECTION										
Income Category	Unit Type	Number of Units	Percent of Total Units		Unit SqFt	Total Unit SqFt/Unit Type	Per Unit Monthly Rent	Utility Allowance	Gross Rent for Unit Type	
Extremely-Low Income (30% AMI)	2 Bedroom	10	10	25%	900	9000	\$ 562	\$	182	\$ 3,800
Extremely-Low Income (30% AMI)	3 Bedroom	4	4	10%	1100	4400	\$ 624	\$	220	\$ 1,616
Low Income (60% AMI)	2 Bedroom	19	19	48%	900	17100	\$ 1,123	\$	182	\$ 17,879
Low Income (60% AMI)	3 Bedroom	6	6	15%	1100	6600	\$ 1,248	\$	220	\$ 6,168
Manager's Unit	2 Bedroom	1	1	3%	900	900	\$ -	\$	182	\$ -
Totals			40	100%		38000			\$	29,463
Gross Potential Income - Residential Units (Monthly)									\$	29,463
Gross Potential Income - Residential Units (Annualized)									\$	353,556

12 PROJECT FINANCING

FIGURE 12.4: PROFORMA

15 Year Cash Flow Analysis																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Annual Increase 2% 2%	RENTAL INCOME															
	Potential Gross Income	\$353,556	\$360,627	\$367,840	\$375,196	\$382,700	\$390,354	\$398,161	\$406,125	\$414,247	\$422,532	\$430,983	\$439,602	\$448,394	\$457,362	\$466,510
	Project Based Section 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Rental Income	\$353,556	\$360,627	\$367,840	\$375,196	\$382,700	\$390,354	\$398,161	\$406,125	\$414,247	\$422,532	\$430,983	\$439,602	\$448,394	\$457,362	\$466,510
OTHER INCOME																
	Other Income (Laundry & Misc)	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047	\$3,108	\$3,170	\$3,234	\$3,298	\$3,364	\$3,432	\$3,500	\$3,570	\$3,642
	TOTAL INCOME	\$356,316	\$363,442	\$370,711	\$378,125	\$385,688	\$393,402	\$401,270	\$409,295	\$417,481	\$425,831	\$434,347	\$443,034	\$451,895	\$460,933	\$470,151
	Less Vacancy Allowance	\$35,356	\$36,063	\$36,784	\$37,520	\$38,270	\$39,035	\$39,816	\$40,612	\$41,425	\$42,253	\$43,098	\$43,960	\$44,839	\$45,736	\$46,651
10%	Gross Income	\$320,960	\$327,380	\$333,927	\$340,606	\$347,418	\$354,366	\$361,454	\$368,683	\$376,056	\$383,577	\$391,249	\$399,074	\$407,055	\$415,197	\$423,500
OPERATING EXPENSES																
	Management Fee	\$19,258	\$19,835	\$20,430	\$21,043	\$21,675	\$22,325	\$22,995	\$23,684	\$24,395	\$25,127	\$25,881	\$26,657	\$27,457	\$28,280	\$29,129
	Administration	\$22,896	\$23,583	\$24,290	\$25,019	\$25,770	\$26,543	\$27,339	\$28,159	\$29,004	\$29,874	\$30,770	\$31,693	\$32,644	\$33,624	\$34,632
	Payroll	\$66,144	\$68,128	\$70,172	\$72,277	\$74,446	\$76,679	\$78,979	\$81,349	\$83,789	\$86,303	\$88,892	\$91,559	\$94,306	\$97,135	\$100,049
3%	Repairs & Maintenance	\$23,040	\$24,443	\$25,716	\$26,962	\$28,192	\$29,412	\$30,621	\$31,826	\$33,026	\$34,221	\$35,411	\$36,596	\$37,776	\$38,951	\$40,121
	Utilities	\$44,159	\$44,454	\$45,787	\$47,161	\$48,576	\$50,033	\$51,534	\$53,080	\$54,672	\$56,313	\$58,002	\$59,742	\$61,534	\$63,380	\$65,282
	Insurance	\$12,900	\$13,287	\$13,686	\$14,096	\$14,519	\$14,955	\$15,403	\$15,865	\$16,341	\$16,832	\$17,337	\$17,857	\$18,392	\$18,944	\$19,512
	Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Operating Expenses																
	Annual Operating Expenses	\$187,396	\$193,018	\$198,809	\$204,773	\$210,916	\$217,244	\$223,761	\$230,474	\$237,388	\$244,510	\$251,845	\$259,401	\$267,183	\$275,198	\$283,454
	Replacement Reserves	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880	\$51,880
	Net Operating Expenses	\$239,276	\$244,898	\$250,689	\$256,653	\$262,796	\$269,124	\$275,641	\$282,354	\$289,268	\$296,390	\$303,725	\$311,281	\$319,063	\$327,078	\$335,334
(\$1,188,595)	NET OPERATING INCOME	\$81,684	\$82,481	\$83,238	\$83,953	\$84,621	\$85,242	\$85,812	\$86,329	\$86,788	\$87,187	\$87,524	\$87,793	\$87,993	\$88,118	\$88,166
	Permanent Loan Principal Balance															
	Debt Service Permanent	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)	(\$65,312)
	Debt Coverage Ratio	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Cash Flow After Debt Service																
	Cash Flow After Debt Service	\$16,372	\$17,169	\$17,926	\$18,640	\$19,309	\$19,930	\$20,500	\$21,016	\$21,476	\$21,895	\$22,212	\$22,481	\$22,681	\$22,806	\$22,854
	Uses of Residual Cash Flow															
	Limited Partner Asset Management Fee	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Net Distributable Cash																
	Net Distributable Cash	\$8,872	\$9,669	\$10,426	\$11,140	\$11,809	\$12,430	\$13,000	\$13,516	\$13,976	\$14,375	\$14,712	\$14,981	\$15,181	\$15,306	\$15,354

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APPENDIX

- 01 LEED PROJECT CHECKLIST
- 02 FINANCE/ COSTS ESTIMATES
- 03 AT RISK OF HOMELESSNESS DEFINITION
- 04 LETTERS OF SUPPORT



Project Name: Chrysalis Creek
Date: 17-Apr-19

Y	?	N	Credit	Integrative Process	1
8	1	0	Location and Transportation		16
			Credit	LEED for Neighborhood Development Location	16
1			Credit	Sensitive Land Protection	1
			Credit	High Priority Site	2
2			Credit	Surrounding Density and Diverse Uses	5
3	1		Credit	Access to Quality Transit	5
1			Credit	Bicycle Facilities	1
1			Credit	Reduced Parking Footprint	1
			Credit	Green Vehicles	1
9	0	0	Sustainable Sites		10
Y			Prereq	Construction Activity Pollution Prevention	Required
1			Credit	Site Assessment	1
2			Credit	Site Development - Protect or Restore Habitat	2
1			Credit	Open Space	1
3			Credit	Rainwater Management	3
1			Credit	Heat Island Reduction	2
1			Credit	Light Pollution Reduction	1
7	2	0	Water Efficiency		11
Y			Prereq	Outdoor Water Use Reduction	Required
Y			Prereq	Indoor Water Use Reduction	Required
Y			Prereq	Building-Level Water Metering	Required
2			Credit	Outdoor Water Use Reduction	2
4	2		Credit	Indoor Water Use Reduction	6
			Credit	Cooling Tower Water Use	2
1			Credit	Water Metering	1
16	4	0	Energy and Atmosphere		33
Y			Prereq	Fundamental Commissioning and Verification	Required
Y			Prereq	Minimum Energy Performance	Required
Y			Prereq	Building-Level Energy Metering	Required
Y			Prereq	Fundamental Refrigerant Management	Required
			Credit	Enhanced Commissioning	6
12	4		Credit	Optimize Energy Performance	18
			Credit	Advanced Energy Metering	1
			Credit	Demand Response	2
3			Credit	Renewable Energy Production	3
			Credit	Enhanced Refrigerant Management	1
1			Credit	Green Power and Carbon Offsets	2
6	0	0	Materials and Resources		13
Y			Prereq	Storage and Collection of Recyclables	Required
Y			Prereq	Construction and Demolition Waste Management Planning	Required
3			Credit	Building Life-Cycle Impact Reduction	5
1			Credit	Building Product Disclosure and Optimization - Environmental Product Declarations	2
			Credit	Building Product Disclosure and Optimization - Sourcing of Raw Materials	2
			Credit	Building Product Disclosure and Optimization - Material Ingredients	2
2			Credit	Construction and Demolition Waste Management	2
13	3	0	Indoor Environmental Quality		16
Y			Prereq	Minimum Indoor Air Quality Performance	Required
Y			Prereq	Environmental Tobacco Smoke Control	Required
2			Credit	Enhanced Indoor Air Quality Strategies	2
3			Credit	Low-Emitting Materials	3
1			Credit	Construction Indoor Air Quality Management Plan	1
1	1		Credit	Indoor Air Quality Assessment	2
1			Credit	Thermal Comfort	1
2			Credit	Interior Lighting	2
2	1		Credit	Daylight	3
	1		Credit	Quality Views	1
1			Credit	Acoustic Performance	1
1	0	0	Innovation		6
			Credit	Innovation	5
1			Credit	LEED Accredited Professional	1
0	0	0	Regional Priority		4
			Credit	Regional Priority: Specific Credit	1
			Credit	Regional Priority: Specific Credit	1
			Credit	Regional Priority: Specific Credit	1
			Credit	Regional Priority: Specific Credit	1
60	10	0	TOTALS		Possible Points: 110
Certified: 40 to 49 points, Silver: 50 to 59 points, Gold: 60 to 79 points, Platinum: 80 to 110					

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FIGURE 2.1: OPERATING BUDGET

Operating Budget

Below breaks down each operating expense on an annual and monthly basis.

		MONTHLY	ANNUALLY
RENTAL INCOME			
Rent Schedule		\$29,463	\$353,556
Section 8 Rental Subsidy		\$0	\$0
Total Rental Income		\$29,463	\$353,556
ADD: Laundry Miscel. Income ¹		\$230	\$2,760
LESS: Vacancy @ 10%	10%	(\$2,946)	(\$35,356)
TOTAL INCOME		\$26,747	\$320,960
OPERATING EXPENSES			
Advertising		\$26	\$312
Security		\$97	\$1,164
Legal		\$62	\$744
Accounting / Audit		\$908	\$10,896
Office Supplies/Equip/Training		\$815	\$9,780
Total Administration²		\$1,908	\$22,896
Management Fees³	6%	\$1,605	\$19,258
Electricity		\$400	\$4,800
Gas		\$371	\$4,457
Water/Sewer		\$2,825	\$33,902
Total Utilities⁴		\$3,597	\$43,159
Manager Salary		\$2,560	\$30,720
Maintenance Personnel		\$1,800	\$21,600
Taxes and Benefits		\$1,152	\$13,824
Total Payroll⁵		\$5,512	\$66,144
Property & Liability Insurance ⁶		\$1,075	\$12,900
Repairs & Maintenance			
Painting		\$20	\$240
Repairs		\$787	\$9,444
Trash Removal		\$288	\$3,456
Exterminating/Contract Services		\$69	\$828
Grounds		\$603	\$7,236
Elevator		\$50	\$600
Other (includes licenses and permits)		\$103	\$1,236
Total Repairs & Maintenance		\$1,920	\$23,040
Transit Pass and Internet⁷			
Transit Pass and Internet		\$480	\$5,760
Total Operating Expenses		\$15,616	\$187,396
Total Operating Expenses Per Unit		\$390.41	\$4,684.91
Replacement Reserves (\$500 PUPM)		\$4,323	\$51,880
Total Monthly Residential Expenses		\$19,940	\$239,276
NET OPERATING INCOME		\$6,807	\$81,684
Debt Service Permanent Loan		(\$5,442.68)	(\$65,312)

¹ We assume \$5.75 per unit per month based upon comparable TCAC applications filled by the Developer.

² \$572 is comparable to TCAC applications filled out by the Developer.

³ Consistent with fee charged by Developer, and services will also be provided within this cost.

⁴ Directly from previous TCAC.

⁵ Directly from previous TCAC.

⁶ conservative estimate based upon TCAC application.

⁷ Taken from TCAC application.

FIGURE 2.2: DEVELOPMENT BUDGET

DEVELOPMENT BUDGET		TOTAL COST	COST/UNIT	% OF ELIGIBLE BASIS	TAX CREDIT
Total Land Acquisition		\$250,000	\$6,250.00	0%	-
New Construction					
On Site Development		\$7,000,000	\$175,000.00	100%	\$7,000,000
Landscaping		\$49,800	\$1,245.00	100%	\$49,800
Hardscaping		\$162,540	\$4,063.50	100%	\$162,540
Grading		\$188,388	\$4,709.70	100%	\$188,388
Construction Lender Inspections		\$7,500	\$187.50	100%	\$7,500
Payment of Prevailing Wages	25%	\$1,750,000	\$43,750.00	100%	\$1,750,000
Construction Contingency	5%	\$350,000.00	\$8,750.00	100%	\$350,000
Total Construction Hard Costs ¹		\$9,508,228	\$237,705.70		\$9,508,228
Financing Costs					
SLO Housing Trust Fund LHTF FEE ²		\$7,806	\$195.16	100%	\$7,806
SLO Housing Trust Fund LHTF INTEREST ²		\$39,031	\$975.78	100%	\$39,031
CCRC Application Fee ³		\$2,000	\$50.00	0%	-
CCRC Origination Fee ³		\$10,000	\$250.00	0%	-
TCAC Application ²		\$35,000	\$875.00	0%	-
TCAC Market Study Fee ²		\$5,000	\$125.00	0%	-
TCAC Monitoring ²		\$50,000	\$1,250.00	0%	-
Title Fees ²		\$12,000	\$300.00	100%	\$12,000
Appraisal ²		\$7,500	\$187.50	100%	\$7,500
Legal Fees ²		\$99,091	\$2,477.28	100%	\$99,091
Total Financing Costs		\$267,429	\$6,685.71		\$165,429
Soft Costs					
Architectural and Engineering	8%	\$641,076	\$16,026.90	100%	\$641,076
Real Estate Property Tax ⁴		\$6,500	\$162.50	100%	\$6,500
Insurance ⁴		\$100,000	\$2,500.00	100%	\$100,000
Building Permit and Impact Fees ⁴		\$780,625	\$19,515.63	0%	-
Marketing ⁴		\$50,000	\$1,250.00	0%	-
Historical Use Study ⁴		\$5,000	\$125.00	100%	\$5,000
Water/Sewer Unit Purchase ⁵		\$950,000	\$23,750.00	100%	\$950,000
Soft Cost Contingency	5%	\$132,154	\$3,303.85	100%	\$132,154
Total Soft Costs		\$2,665,355	\$66,633.88		\$1,834,730
Developer Fee/Overhead		\$1,400,000	\$35,000	100%	1,400,000
Reserves					
Construction Loan Interest Reserve		\$702,436	\$17,561	0%	-
Construction Loan Fee		\$98,174	\$2,454	0%	-
Permanent Loan Fee		\$20,000	\$500	0%	-
Permanent Loan Title Fee		\$10,000	\$250	0%	-
3- Month Operating Reserves		\$12,970	\$324	0%	-
Total Reserves Cost		\$843,580	\$21,089.51	0%	-
Total Project Cost		\$14,934,592	\$373,364.80		\$12,908,387

¹ This number is consistent with construction cost per unit based upon prior TCAC application, though is on the lower end.² Fees taken from prior TCAC applications from Developer's prior project in the Templeton area.³ CDBG Fees all taken from CDBG term sheet.⁴ These numbers taken from prior TCAC applications.⁵ \$40,000 per unit of water and \$10,000 per unit of sewer were given to us by Developer based upon his recent purchases.

FIGURE 2.3: LOAN STRUCTURE BREAKDOWN

	USES		DEVELOPMENT/CONSTRUCTION SOURCES							PERMANENT/OPERATING SOURCES				
	Total Budget	Portion in TCAC BASIS COSTS	Construction Loan	SLO Trust Fund	HOME	CDBG	Deferred Developer	Deferred Reserves	9% Tax Credit Equity	SLO Trust Fund	CDBG	State Tax Credit	CCRC	9% Tax Credit Equity
Pre-development Costs	\$1,030,625	\$0												
	Land Purchase	\$250,000		\$250,000						\$250,000				
	Building Permit and Impact Fees	\$780,625		\$530,625	\$250,000					\$530,625			\$250,000	
Construction Costs	\$13,903,967	\$12,908,387												
	Total Construction Hard Costs	\$9,508,228	\$7,008,228	\$500,000		\$500,000			\$1,500,000		\$500,000	\$1,702,565	\$115,000	\$7,190,663
	Financing Costs	\$267,429	\$165,429											\$267,429
	Soft Costs	\$1,884,730	\$1,834,730											\$1,884,730
	Developer Fee	\$1,400,000	\$1,400,000				\$700,000							\$1,400,000
	Total Reserves	\$843,580	\$0		\$800,610				\$42,970				\$42,970	\$800,610
	Total Project Costs	\$14,934,592	\$12,908,387	\$10,660,997	\$1,280,625	\$250,000	\$500,000	\$700,000	\$42,970	\$1,500,000	\$780,625	\$500,000	\$1,702,565	\$407,970

FIGURE 2.4: INCOME LIMITS TO QUALIFY

INCOME LIMITS TO QUALIFY									
San Luis Obispo Area Median Income:		\$77,100.00							
Household Size	Family Size Adjustment	Extremely-Low Income (30% AMI)		Very-Low Income (50% AMI)		Low Income (80% AMI)		Area Median Income	
1	75%	\$	17,500	\$	29,150	\$	46,600	\$	58,250
2	80%	\$	20,000	\$	33,300	\$	53,250	\$	66,550
3	90%	\$	22,500	\$	37,450	\$	59,900	\$	74,900
4	100%	\$	25,100	\$	41,600	\$	66,550	\$	83,200
5	108%	\$	29,420	\$	44,950	\$	71,900	\$	89,850
6	116%	\$	33,740	\$	48,300	\$	77,200	\$	96,500
7	124%	\$	38,060	\$	51,600	\$	82,550	\$	103,150
8	132%	\$	42,380	\$	54,950	\$	87,850	\$	109,800

FIGURE 2.5: ACHIEVABLE RENTS BY UNIT SIZE

ACHIEVABLE RENTS BY UNIT SIZE				
Maximum Low-Income Rent (30% of income limit)				
Unit Size (Bedrooms)	Extremely-Low Income (30% AMI)		Very-Low Income (50% AMI)	
Studio	\$	437	\$	728
1	\$	499	\$	832
2	\$	562	\$	936
3	\$	624	\$	1,040
4	\$	674	\$	1,123

FIGURE 2.6: MONTHLY UTILITY ALLOWANCE

MONTHLY UTILITY ALLOWANCE CALCULATION				
Unit Type	2 BR		3 BR	
Electric Heating	\$	41	\$	52
Electric Cooking	\$	19	\$	27
Other Electric	\$	18	\$	23
Solar	\$	1	\$	1
Sewer	\$	50	\$	50
Trash	\$	25	\$	36
Water	\$	28	\$	31
Totals	\$	182	\$	220

April 16, 2019

Cal Poly Team
California Polytechnic State University

Re: Chrysalis Creek, Templeton, California

Dear Cal Poly Team:

This letter will serve as a preliminary outline of the terms under which Bank of America (the "Bank") would consider a loan request and equity investment on the above referenced project. **This letter does not represent an offer or commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by the Bank is subject to, among other things, the completion of the following items, and approval of the loan request under the Bank's internal approval process. The Bank may decline to approve the loan request. Upon your response to this letter and after providing any additional information which may be necessary, the Bank will proceed with the necessary due diligence to submit the loan request. The proposed terms and conditions are as follows:**

Project: To be constructed 40-unit apartment complex located in Templeton, California.

Borrower: A to-be-determined special purpose entity - form and substance of Borrower must be acceptable to the Bank.

Reporting Requirements:

Annually:	Borrower and Guarantors' financial statements and covenant compliance.
Monthly:	Property operating statements and rental summary report.

Know Your Customer: Within five (5) business days of opening an account with Bank, Borrower shall have delivered to Bank all due diligence materials necessary and relevant to verifying Borrower's identity and background information, as deemed necessary by Bank in its sole and absolute discretion.

Other Requirements: All of the following to be acceptable to the Bank: documentation and submissions that are standard for loans of this type including, but not limited to, appraisal, ESA, legal documentation, title/survey, proposed standard lease form, front-end cost and document reviews and acceptance of final budget (includes adequate contingency, interest carry/operating deficit reserve, etc.), review of plans/specs, condition of markets/submarkets, revenue/expenses pro-formas, financial review of Borrower, Guarantor, and general contractor, management agreement and subordination; and (as applicable), proof of tax credit award, equity investor and

pay-in schedule, proof of tax-exempt status with respect to ad valorem taxes and other terms and conditions as may be required.

Confidentiality: This term sheet is strictly confidential and may not be shared with anyone else other than the owners of Borrower.

Construction Loan

**Construction
Loan Amount:**

Information obtained by the Bank is so far insufficient to establish a loan amount. Based on our general underwriting parameters for what we believe to be similar transactions, the construction loan amount in this transaction would be the lesser of:

- 1) \$10,618,211
- 2) 70% LTC based on final Bank approved construction budget or
- 3) 70% LTV based on an appraisal in form and substance acceptable to the Bank.

**Construction
Interest Rate:**

30-Day LIBOR + 2.00%, floating. Term Loan Interest Rate as further described below.

**Construction
Loan Term:**

24 months from the loan closing.

**Construction
Loan
Amortization:**

Interest only for 24 months

**Construction
Loan Fee:**

1% of the total Loan Commitment, payable at closing.

**Construction
Renewal Options:**

One six-month extension options subject to the following:

- a) No less than 30 but no more than 90 day written notice of intention to exercise the option;
- b) No event of default having occurred or potential default occurring;
- c) Performance hurdles have been met, including but not limited to, lien-free construction completion and lease up hurdles;
- d) The loan is in balance, including sufficient interest reserve;
- e) Project must demonstrate the ability to be able to convert/payoff Bank's loan within the extension period;
- f) All co-construction loans mature or are extended concurrent or past the Bank's extension date;
- g) All takeout commitments expire or are extended concurrent or past the Bank's extension date;
- h) All investor commitments include terms or are modified to be consistent with the extension of the Bank's loan;
- i) No material adverse change in the financial condition of the Project, Borrower, and Guarantor;
- j) Payment of 0.35% renewal fee based on the committed Loan amount; and
- k) Rate adjustment or fee payment, as appropriate, to cover the cost of revising the forward rate lock, if any.

**Payment and
Performance
Guaranty:**

100 % guarantee of completion, performance and repayment to be provided by [Cal Poly], and/or other guarantor acceptable to Bank. The guarantors shall be required to meet to-be-determined liquidity, leverage, and net-worth covenants.

For borrowers that are single-asset entities, principal(s) with general liability or guarantor(s) acceptable to the Bank must be jointly and severally liable for completion of the project and repayment of the financing, including interest and costs.

Collateral:

- 1) First Lien Deed of Trust on land and improvements constructed thereon.
- 2) UCC filing on furniture, fixtures and equipment.
- 3) Assignment of rents/leases and management/construction/architectural contracts, etc.
- 4) Assignment of interest rate hedge agreement, if any.

General Contractor: To be acceptable to Bank.

Term Loan:

**Term Loan
Amount:**

Least of 1) \$1,000,000. 2) 80% LTV based on an appraisal in form and substance acceptable to the Bank, or 3) the principal amount based on debt service payments sufficient to achieve a 1.15 DSCR.

**Term Loan
Interest Rate:**

Fixed rate for the life of the financing. Note rate will be fixed immediately prior to construction closing based upon then applicable market rates for like tenor and character loans. The Bank estimates that, were the Note rate fixed as of the date of this letter, the rate would be approximately 5.00%. THIS RATE IS INDICATIVE ONLY AND THE ACTUAL NOTE RATE MAY DIFFER.

The interest rate will be forward locked for a period of 24 months.

Month 25 of the construction loan term will be at the Term Loan Interest Rate on an interest-only basis. Amortization listed below will commence upon Month 30.

Forward rate lock extension for one six-month period will be available, subject to a fee of 0.25% if the Loan does not convert within the first ninety (90) days of the extension. Fee to be paid at the earliest of the conversion or expiration of the extension.

**Replacement
Reserves:**

\$500/unit/year

**Operating
Reserve:**

\$155,000 funded at or prior to conversion

**Term Loan
Maturity:**

30 years from the term loan conversion and closing.

Amortization:

30 years

Term Loan Fees: 1% of the Term Loan Amount, payable at closing.

Conversion Terms:

- 1) Lien free completion.
- 2) Property has stabilized over the prior three consecutive months as evidenced by 90% or greater physical and economic occupancy for each of the three months and achievement of 1:15 DSCR for that period.
- 3) Pay-off of the construction loan.

Guaranty: Non-recourse exclusions from key principals relating to fraudulent acts, in form and substance acceptable to Bank.

Financial condition of key principals will be subject to Bank review and approval.

Equity:

Partnership: General Partner will own a 0.01% interest in the Partnership; Bank (the "Investor") will own a 99.99% interest in the Partnership.

Capital Contributions: Bank will make a total Capital Contribution of \$0.95 for each \$1.00 off Tax Credits to which it will be entitled as a limited partner for a total Capital Contribution of \$11,839,510 to be paid as follows:

Milestone	Conditions to be satisfied prior to payment	% Equity	\$ Equity
Initial Capital Contribution	(i) closing of the Partnership (ii) closing and initial funding of all construction financing for the Project (iii) receipt of commitments for all permanent financing on the Project with the interest rate fixed for at least 15 years (iv) evidence of either acquisition of, or a long-term leasehold interest in, the land and building for the Project (v) evidence the Partnership has received an allocation from the Credit Agency of 9% credits in an amount equal to the Projected Federal Credits (vi) receipt by the Investor of a tax opinion prepared by special tax counsel for the Partnership in a form which is acceptable to the Investor (vii) satisfactory completion of Investor's due diligence	20%	\$2,367,902
Conversion and Stabilization Capital Contribution	(i) the Project then has achieved at least three consecutive calendar months of a minimum of 1.15 to 1 debt service coverage on the Permanent Loans (which period must include the last day of the most recent calendar month), (ii) the Project is then at least 90% occupied (iii) all tax credit units have been leased to qualified tenants at least one time (v) permanent certificates of occupancy have been issued for each building (vi) all reserves have funded or will fund concurrent with this payment This contribution will occur no earlier than 7/1/2021.	75%	\$8,879,633

Final Capital Contribution (The balance of the unpaid Total Capital Contribution)	(i) the Credit Agency has issued a Form 8609 for each building (ii) a cost certification by a qualified accountant has been received in a form acceptable to Investor (iii) a copy of the recorded Extended Use Agreement has been received (iv) a copy of the compliance audit of the initial tenant files has been received (v) calculations of final adjusters have been prepared and agreed to This contribution will occur no earlier than 10/1/2021.	5%	\$591.976
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Operating Deficit Guaranty.

General Partner and guarantors will agree to loan to the Partnership any amounts required to fund operating deficits. The Operating Deficit Guaranty will terminate upon the later of 60 months after the later of (i) the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of 1.20 to 1 debt service coverage ratio on the Permanent Loans calculated over a period of 12 consecutive months. In addition, in order for the Operating Deficit Guaranty to terminate, the Project must average a 1.15 to 1 debt service coverage ratio for the last 12 months of the 60 month period or any subsequent 12 month period and the Operating Reserve must be replenished to its originally required balance.

Credit Adjuster.

To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted by \$0.95 per federal credit on such variance in the delivery of actual credits to Original Project Credit (as reflected in cost certifications or Form 8609).

Timing Adjuster.

Investor's federal credit capital contribution will be adjusted to reflect the later or earlier than projected delivery of federal credits with respect to the first year and, if applicable, the second year, of the credit period, based on a reduction in price of 65 cents for every federal credit dollar deferred, or an increase based on 65% of the price per credit established in Section 6 above for every federal credit dollar accelerated.

Distribution of Operating Cash Flow.

Operating cash flow will be utilized as follows:

- (i) payment of debt service on the Permanent Loans and other operating expenses;
- (ii) additions to a funded capital replacement reserve as provided in the Partnership Agreement;
- (iii) payment of the Asset Management Fee (\$7,500 per year increasing 0% per year) to the Special Limited Partner, which fee will accrue if not paid;
- (iv) payment of the Deferred Developer Fee,
- (v) payment of the Partnership Management Fee (\$7,500 per year increasing 0% per year) to the General Partner, which fee will accrue if not paid;
- (vi) repayment of any Operating Deficit Loans made by General Partner;
- (vii) replenishment of the Operating Reserve Account;

(viii) payment of an incentive management fee, not to exceed 80% of cash flow;

(ix) then to the partners in accordance with the Percentage Interests.

2. Right of First Refusal. At the end of the 15 year tax credit compliance period, the General Partner will have a right of first refusal to purchase the Property for an amount equal to the greater of (a) fair market value of the Property, or (b) outstanding debt plus taxes payable as a result of the sale.

General Provisions:

Fees and Expenses:

Borrower will pay all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal, environmental, front end costs and document review/inspections, physical needs assessment (for existing projects only) and appraisal. Borrower acknowledges that Bank may receive a benefit, including, without limitation, a discount, credit or other accommodation, from outside counsel based on the fees such counsel may receive on account of their relationship with Bank including, without limitation, fees paid pursuant hereto.

Material

Adverse Change:

Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower or Guarantor, or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank credit facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the loan to become delinquent or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the loan or the property or Bank of America's ability to syndicate the loan or the viability of obtaining permanent financing for the Project.

Assumptions made:

The terms discussed herein are presented, based on the credit conditions in the potential transaction as known by Bank of America. Should additional facts come to light that positively or negatively impact the situation, prices or other requirements quoted here may be adjusted.

Expiration:

This term sheet will expire at 5:00 p.m. Pacific time on that date which is five (5) business days from the date hereof unless you execute this term sheet and return it to us prior to that time, which may be by facsimile transmission. Please understand that this term sheet does not represent an offer or commitment by Bank of America, or any of its affiliated entities, for the proposed new financing, nor does it define all of the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by Bank of America is subject to, among other things, the approval of your loan request under the Bank's approval process. If Bank of America issues a financing commitment in this transaction, it will in all respects supersede this letter.

The undersigned acknowledges and agrees that: (i) the transaction contemplated by this Term Sheet is an arm's length, commercial transaction between you and Bank in which Bank is acting solely as a principal and for its own interest; (ii) Bank is not acting as a municipal advisor or financial advisor to you; (iii) Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect

to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Bank has provided other services or is currently providing other services to you on other matters); (iv) the only obligations Bank has to you with respect to the transaction contemplated hereby expressly are set forth in this Term Sheet; and (v) Bank is not recommending that you take an action with respect to the transaction contemplated by this Term Sheet, and before taking any action with respect to the contemplated transaction, you should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity. This Term Sheet is provided to you pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

Please review the above terms and conditions and feel free to call me with any questions or comments you may have. If you find the above terms and conditions to be acceptable, please indicate so by signing below and returning a faxed copy to my attention by the date which is five days from the date of this letter along with a good-faith deposit of \$30,000. Upon receipt of the letter and the good-faith deposit, the Bank will proceed with the necessary due diligence to prepare and submit your loan request, provided, however that in any event, this term sheet will finally expire at 5:00 p.m. Pacific time on that date which is sixty (60) days from the date hereof. Your deposit is refundable, less the Bank's out of pocket expenses incurred, should the Bank decline the financing opportunity discussed herein. I look forward to hearing from you and working with you on this and other transactions.

Sincerely,



Joanna Lee, Vice President
Bank of America Merrill Lynch
Community Development Banking

Please submit a loan application as outlined above:

Name: _____
Title: _____
Date: _____

03

FIGURE 3.1: AT RISK OF HOMELESSNESS DEFINITIONS



At Risk of Homelessness

CRITERIA FOR DEFINING AT RISK OF HOMELESSNESS	Category 1	Individuals and Families	<p>An individual or family who:</p> <ul style="list-style-type: none"> (i) Has an annual income below <u>30%</u> of median family income for the area; <u>AND</u> (ii) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the “homeless” definition; <u>AND</u> (iii) Meets one of the following conditions: <ul style="list-style-type: none"> (A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; <u>OR</u> (B) Is living in the home of another because of economic hardship; <u>OR</u> (C) Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; <u>OR</u> (D) Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; <u>OR</u> (E) Lives in an SRO or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; <u>OR</u> (F) Is exiting a publicly funded institution or system of care; <u>OR</u> (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient’s approved Con Plan
	Category 2	Unaccompanied Children and Youth	A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute
	Category 3	Families with Children and Youth	An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) or that child or youth if living with him or her.



April 17, 2019

Bank of American Low-Income Housing Challenge
Cal Poly Affordable Housing Team
California Polytechnic State University
San Luis Obispo, CA 93407

RE: Templeton Affordable Housing for Chrysalis Creek Project Proposal

Dear Team,

We are very encouraged by the efforts, ideas and attention that you and the development team have put into planning new housing at our vacant site in the unincorporated area of San Luis Obispo County, known as Templeton, at 246 Bennet Way, designed to serve lower income earning families. To document some of our conversations and communications about the direction of the development, I would like to comment and confirm some of the project program issues at this point:

Peoples' Self Help Housing (PSHH) history and approach to solving housing issues

Having reviewed your submittals of work product, including proposed financing structure, I approve of the overall approach of the project. It is in keeping with the PSHH model for creating viable, healthy communities. Much appreciated is the way you have sought out to incorporate our proven program prioritized preferences and needs as identified by local community stakeholders, which is a proven formula based on our 49 years of experience developing, owning and managing 50+ rental properties, consisting of over 1800 units for rent, located along the California Central Coast.

As a local, community-based private non-profit developer, our mission and approach is to evaluate and address demand and supply for lower-income earning and special-needs population in our geographical area. We accomplish this by surveying and listening to that population, their advocates, the local governments' staffs and elected officials, industry leaders and members of the general concerned public, in order to meet the most critical affordable housing needs of the community. In the county of San Luis Obispo, there are high number of families that are not able to locate affordable units, including approximately 7,500 households on our existing properties' waitlists. In recent years, many community leaders have long concluded that affordable housing for this population is severely undersupplied. Due to lack of supply and high demand, the existing stock is among the most unaffordable in the nation - San Luis Obispo County, recently ranked by USA Today as the [fifth least affordable housing market](#) in the nation. Furthermore, growth is very restricted and few residentially zoned sites exist and are available for development.



Project financial and market characteristics

PSHH has a strong knowledge of the local housing market, with multiple properties developed and managed in the community, all with essentially zero vacancies, which include mostly for lower-income earning families, and so we are confident that there is a high demand and need for this type of housing. The project is highly likely to be leased-up and stabilized within three months of obtaining the certificate of occupancy. Our recent experiences have been one month stabilization, so this is a conservative estimate.

PSHH has site control (fee simple ownership), of the subject property, a vacant lot, void of any structures, and no relocation issues associated with it.

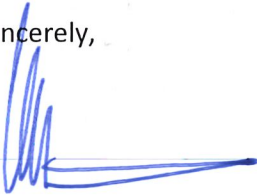
In agreement with proposal assumptions and elements

As this project is located in a very high CRA associated value to banking institution investor, and based on recent transactions we are currently involved in, our consultants' estimates, conversations with our syndicators and investors, plus our experience in the tax credit marketplace, it is reasonable to conservatively assume that an LIHTC resale rate in the range of \$0.92-\$1.00 on each dollar of federal credits allocated as feasible and realistic as well as approximately \$.80 in equity for each dollar state tax credit allocated. Likewise, we feel the interest rate and cost assumptions used, as well as financing sources, are reasonable.

The site and unit design plus amenities are appropriate, given the need, expected use, and our management experience with similar product. It lends itself well to be easily operated and maintained under the current PSHH operating structure and best practices that we have developed.

We look forward to acting on the finished proposal and moving ahead with the project you are bringing forward.

Sincerely,



Ken Trigueiro
Executive Vice President



FAMILY CARE NETWORK

April 12, 2019

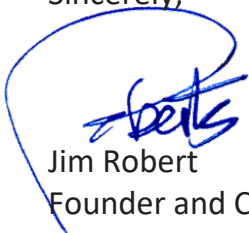
RE: Cal Poly Bank of America Project Team

To Whom It May Concern;

Family Care Network would like to express our support for the Chrysalis Creek Housing Project concept. As designed, Chrysalis Creek would provide 40 much needed units for families at affordable rates. The concept includes community spaces, gardens and recreational opportunities that will enhance the lives of their residence.

There is a substantial and well-documented housing shortage across California. San Luis Obispo County's desirable central coast location and college community make the housing crisis more acute, leaving fewer units available and pushing up prices. Zillow has reported that the increase in the cost to rent a two-bedroom unit in this area has been greater over the last four years than in the rest of the State. For low-income households, the ramifications of the crisis are severe, leaving families unstable and often homelessness, affecting both physical and mental health. Stable Housing is essential to ensuring that a household has the opportunity to think beyond meeting their most basic needs, and thus the time and energy to focus on building skills and resources needed to maintain a family and secure their futures. Chrysalis Creek would be one step towards addressing a larger community need, and provide a much needed resource to the County of San Luis Obispo.

Sincerely,



Jim Robert
Founder and CEO



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF SOCIAL SERVICES

Devin Drake *Director*

4/18/2019

RE: Cal Poly Bank of America Challenge Team

To Whom It May Concern,

On behalf of the County of San Luis Obispo Department of Social Services, I am pleased to write this letter of support and cooperation for the Chrysalis Creek Housing Project concept. The two- and three-bedroom units and community based services provided for the residents of Templeton are a much needed part of the overall housing demands in the San Luis Obispo County.

At the Department of Social Services, we partner with the community to enhance self-sufficiency while ensuring that safety and basic human needs are met for the people of San Luis Obispo County. The County of San Luis Obispo is committed to ensuring that all residents have access to safe, stable and affordable housing. A shocking number of low-income residents are subjected to ever-increasing rent costs and cannot afford to live in their own neighborhoods. This trend often results in displacement of families and increases the risk of homelessness. We believe that the need for affordable housing continues to grow for very-low and low-income residents in Templeton and the County of San Luis Obispo.

I support the Cal Poly team's efforts to provide affordable housing in San Luis Obispo County and look forward to the fruition of Chrysalis Creek.

Respectfully,

A handwritten signature in blue ink, appearing to read "Devin Drake", written over a horizontal line.

Devin Drake

Director

Department of Social Services

May 3, 2019

Letter of Support

Cal Poly University Team/ Chrysalis Creek Project

2019 Bank of America Merrill Lynch Low Income Housing Challenge

To Whom It May Concern:

This letter is in support of the proposed Chrysalis Creek low-income housing project proposed by Cal Poly students in partnership with Peoples' Self Help Housing and Family Care Network located in Templeton, San Luis Obispo County. The County has recently revised its policies and strengthened its financial commitment for the development of affordable housing, recognizing the critical need in our community. This proposal would conform well with this recent direction.

I currently am the chair of the San Luis Obispo County Planning Commission. I believe that the necessary zoning changes, entitlements and funding support would be approved by the County. Not only does the design effectively address low income housing, it also respects and satisfies other County policies related to creek protection, setbacks, building heights and other relevant development standards. Furthermore, the County has worked with Peoples' Self Help Housing and with Family Care Network on other important projects and would look forward to assisting the proposed partnership to realize this project.

This project is an exemplar of how low income housing can be implemented in our community.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Multari".

Michael Multari

(Chair, San Luis Obispo County Planning Commission)

May 9, 2019

Subject: Re: Bank of America Affordable Housing Challenge - Cal Poly

Nick:

Thank you for sharing your project with the members of the Templeton Area Advisory Group (TAAG).

I currently serve as the chair of TAAG, but my comments are made as an individual resident of the Templeton area, and not on behalf of TAAG. Unfortunately, due to scheduling constraints with TAAG meetings, TAAG was unable to meet with you to receive a presentation before your submission deadline.

I very much appreciate your taking the time to share your work product on a proposal to bring additional housing to Templeton —Chrysalis Creek. As with most California communities, Templeton has an existing and future need for intelligently-planned affordable additional housing. Templeton has worked successfully in the past with Self-Help Housing to provide additional housing of the kind you are addressing.

You and your group used reliable and traditional data in an innovative manner to anticipate Templeton's affordable housing needs and provided thoughtful and useful suggestions in designing 40 two- and three-bedroom units with kitchens and dishwashers, plus community spaces, which could address Templeton's requirements. I especially like the family- and child-oriented community features you suggested.

I appreciate your taking the time to share with me this information and hope we will be able to share additional such information in the future.

Christopher E. Cobey