



THE DANCO GROUP OF COMPANIES

Danco Communities

Phone: (707) 822-9000
Fax: (707) 822-9596
www.danco-group.com

5251 Ericson Way
Arcata, CA 95521

August 27, 2021

Fort Bragg City Council
416 N Franklin Street
Fort Bragg, CA 95467

RE: PLHA Application - 2021

Dear City Council:

Please let this letter confirm that the funds requested to be made available to the project by bringing in additional construction funding from the PLHA application will remain in the Plateau project. If we are awarded PLHA funds for construction an operating reserve will be funded with tax credit equity to fund the supportive and security services needed at the project.

Please contact us with any questions.

Best,

McKenzie Dibble
Project Manager
Danco Communities
mdibble@danco-group.com
(707) 672-4002



Odu & Associates

31805 Temecula Parkway #720
Temecula, CA 92592
Telephone: 951.215.6212

City of Fort Bragg
416 North Franklin Street
Fort Bragg, CA 95437

Re: The Plateau Housing Project

To Whom It May Concern:

Our firm is serving as special counsel for Danco Communities (“**Developer**”), as developer of the Plateau Housing Project (the “**Project**”), for the purpose of issuing this letter to the City of Fort Bragg (the “**City**”). The Project was originally financed with low-income housing tax credit equity, a construction to permanent loan financed by the proceeds of tax-exempt bonds, a loan from the City and County of Mendocino, and a loan of Infill Infrastructure Grant funds from the California Department of Housing and Community Development (“**HCD**”). The Project is currently under construction, and the Developer intends to apply for up to \$3,000,000 in Permanent Local Housing Allocation (“**PLHA**”) funds from HCD to fund the costs of the construction. In connection therewith, existing tax credit equity funds that were previously benchmarked for construction costs will instead be used to fund a reserve to pay for increased Project operating expenses, which include security costs, supportive service costs, and maintenance costs.

The City has requested this letter to confirm that receipt of the PLHA funds and the reallocation of the project sources and uses as described above will not violate any rules or regulations of the California Tax Credit Allocation Committee (“**TCAC**”) or HCD relative to this Project. For purposes of this letter, we have reviewed California Code of Regulations, Title 4, Division 17, Chapter 1, effective June 16, 2021 (the “**TCAC Regulations**”), and the Infill Infrastructure Grant Program of 2019 Amended Guidelines dated October 30, 2019 and Amended February 14, 2020, the Infill Infrastructure Grant Program of 2019 Amended Notice of Funding Availability for Small Jurisdictions, dated February 14, 2020, and Part 12.5 (commencing with Section 53559) of Division 31 of the California Health and Safety Code (collectively, the “**IIG Regulations**”).

TCAC requires that an applicant identify all of its funding sources and the uses of Project funds in their application for a tax credit reservation. Within one year of completing construction of the Project, the TCAC Regulations require the owner to submit a placed-in-service package to TCAC that includes an updated application, and the

developer must explain any changes to the sources and uses and financing plan from the original application. Notwithstanding this requirement, the TCAC Regulations do not prohibit or abridge the right to make these changes and these changes will not result in any remedial action from TCAC.

IIG funds are used to finance capital improvement projects that are a component of qualifying infill projects. The Project is the qualifying infill project for purposes of the IIG funds. Although HCD requires that the applicant demonstrate that it has sufficient financing commitments to develop the qualifying infill project and imposes affordability restrictions on the qualifying infill project, the IIG Regulations do not otherwise govern how funds are spent on the qualifying infill project or restrict the addition of new funds to a qualifying infill project. The Developer has confirmed that the PLHA funds will not be used in connection with any capital improvement project financed with IIG funds and will not impact the use or disbursement of the IIG funds in any way.

Based upon the foregoing, we conclude that the addition of the PLHA funds to the Project financing and the resultant changes to the Project financing plan do not violate the TCAC Regulations or the IIG Regulations.

This letter is furnished solely for the benefit of the City in connection with the subject Project and may not be relied upon for any other purpose.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized, cursive 'O' followed by a horizontal line extending to the right.

Odu & Associates, PC