

August 14, 2018

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Newland Communities
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San Diego, CA 92121

RE: Newland Sierra Attainability Analysis

Per your request, the staff of MarketPointe Realty Advisors is pleased to submit this updated housing attainability analysis for the Newland Sierra subject site that follows standardized mortgage lending practices.

This update was conducted utilizing the following assumptions and criteria:

- Median incomes were updated to reflect the most current Area Median Income (AMI) statistics available from the U.S. Department of Housing and Urban Development (HUD) for fiscal year 2018 in San Diego County. For all family households the AMI is \$81,800 and for families of four households the AMI is \$97,300.
- The interest rate utilized for FHA loans is 4.75 percent with a monthly Mortgage Insurance Premium factor of .84 percent.
- Conforming loans interest rates on loans with less than 20 percent down vary depending on whether the borrower obtains private mortgage insurance (PMI) or lender based PMI. Currently the market offers 4.375 percent interest rates with a .50 percent monthly PMI factor for conforming loans or 4.75 percent interest rate with a lender based PMI loan where the PMI is included in the interest rate. Since lender based PMI reduces housing cost we utilized the 4.75 percent interest rate with the PMI factor included in the interest rate. For homes priced above the conforming loan amount of \$649,750 a lender based PMI is the only loan type available in the market and the interest rate for these types of loans is 4.875 percent with the PMI factor included in the interest rate.
- Additionally, we calculated other various costs associated with a home purchase such as HOA, property tax, CFD's, other fixed costs and insurance.

The following table details the data points utilized in our analysis for FHA loan, conforming market rate loans and non-conforming market rate loans.

**Housing Attainability Analysis
Analysis Data Points**

	FHA Loans	Conventional Loans	
		Conforming Market Rate Loans	Non-Conforming Market Rate Loans
Interest rate	4.750%	4.750%	4.875%
Term	30	30	30
Income Allocated to Housing	42%	36%	36%
Down Payment	5.0%	10.0%	10.0%
MIP or PMI Factor	0.84%	0.00%	0.00%
Property Tax Rate	1.112%	1.112%	1.112%
CFD Rate Per Year	\$900.00	\$900.00	\$900.00
Fire Stand-by Fees Per Year	\$201.72	\$201.72	\$201.72
Fixed Charges/Asmts Per Year	\$30	\$30	\$30
Fire Suppression Fees Per Sqft	\$0.0156	\$0.0156	\$0.0156
Insurance Cost/Sqft - \$200	\$0.04	\$0.04	\$0.04
Monthly Homeowner Association (HOA) Fee	\$125	\$125	\$125
FHA/GSE Loan Limit	\$649,750	\$649,750	
Median Household Income - All Families	\$81,800	\$81,800	\$81,800
Median Household Income - Family of Four	\$97,300	\$97,300	\$97,300

This update focuses on a variety of household configurations and incomes to determine the percentage of homes at Newland Sierra that fall into the various income categories.

- Focusing on “All Family” households and their HUD estimated countywide Area Median Income (AMI) of \$81,800; 62 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning up to 150 percent of the market region’s AMI utilizing FHA financing and 55 percent of the households utilizing conventional market rate financing.
- Focusing on “Families of Four” households and their HUD estimate countywide Area Median Income (AMI) of \$97,300; 83 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning up to 150 percent of the market region’s AMI utilizing FHA financing and 86 percent of the households utilizing conventional market rate financing.

Given the diversity of housing types and sizes proposed for the Newland Sierra project we conducted an additional attainability analysis which attributes household income to family size and the number of bedrooms in a home assuming:

- A two-bedroom home would house a family of three,
- A three-bedroom home would house a family of four and
- A four-bedroom home would house a family of five.

HUD recently published its FY 2018 income statistics by income category and family size. For income limits based on family size, refer to California HCD Multifamily Housing Program’s 2018 MTSP Regular Income Limits for San Diego County table (Appendix 1 to this analysis).

At 100 percent AMI:

- A family of three would have a median household income of \$87,600,
- A family of four would have a median household income of \$97,300 and
- A family of five would have a median household income of \$105,100.

SAN DIEGO COUNTY
2018 Area Median Income by Household Size and Percentage of AMI

FAMILY SIZE	30% of AMI	50% of AMI	80% of AMI	100%	110%	120%	130%	140%	150%
	Extremely Low Income	Very Low Income	Low Income	of AMI	of AMI	of AMI	of AMI	of AMI	of AMI
1	\$20,450	\$34,100	\$54,500	\$68,200	\$75,020	\$81,840	\$88,660	\$95,480	\$102,300
2	\$23,400	\$38,950	\$62,300	\$77,900	\$85,690	\$93,480	\$101,270	\$109,060	\$116,850
3	\$26,300	\$43,800	\$70,100	\$87,600	\$96,360	\$105,120	\$113,880	\$122,640	\$131,400
4	\$29,200	\$48,650	\$77,850	\$97,300	\$107,030	\$116,760	\$126,490	\$136,220	\$145,950
5	\$31,550	\$52,550	\$84,100	\$105,100	\$115,610	\$126,120	\$136,630	\$147,140	\$157,650
6	\$33,900	\$56,450	\$90,350	\$112,900	\$124,190	\$135,480	\$146,770	\$158,060	\$169,350
7	\$38,060	\$60,350	\$96,550	\$120,700	\$132,770	\$144,840	\$156,910	\$168,980	\$181,050
8	\$42,380	\$64,250	\$102,800	\$128,500	\$141,350	\$154,200	\$167,050	\$179,900	\$192,750

- Matching family sizes and HUD established income levels with home sizes at the various product lines planned for Newland Sierra, 88 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning up to 150 percent of the market region’s AMI utilizing FHA financing and 96 percent of the households utilizing conventional market rate financing.

Newland Sierra
Attainability Analysis by Income Categories

		UNITS ATTAINABLE BY INCOME CATEGORY					TOTAL
		<80% AMI	80-100% AMI	100-120% AMI	120-150% AMI	150%+ AMI	
AMI All Families = \$81,800	FHA (Up to 42% of Household Income)	0	354	446	529	806	2135
		0%	17%	21%	25%	38%	
% Attainable by Households Earning up to 150% AMI					62%		
AMI All Families	Conventional Loans (Up to 36% of Household Income)	0	246	516	421	952	2135
		0%	12%	24%	20%	45%	
% Attainable by Households Earning up to 150% AMI					55%		
AMI Family of 4 = \$97,300	FHA (Up to 42% of Household Income)	246	534	366	628	361	2135
		12%	25%	17%	29%	17%	
% Attainable by Households Earning up to 150% AMI					83%		
AMI Family of 4	Conventional Loans (Up to 36% of Household Income)	92	670	329	744	300	2135
		4%	31%	15%	35%	14%	
% Attainable by Households Earning up to 150% AMI					86%		
by Bedrooms	FHA (Up to 42% of Household Income)	34	650	505	683	263	2135
		2%	30%	24%	32%	12%	
% Attainable by Households Earning up to 150% AMI					88%		
by Bedrooms	Conventional Loans (Up to 36% of Household Income)	0	589	576	874	96	2135
		0%	28%	27%	41%	4%	
% Attainable by Households Earning up to 150% AMI					96%		

Incomes for the by bedroom scenario are 2BR home - \$87,600; 3BR home - \$97,300 and 4BR home - \$105,100.

We appreciate the opportunity of preparing this report for your review and we remain available to further assist you as the need arises

Sincerely
MARKETPOINTE REALTY ADVISORS



Russell T. Valone
President

BEDROOM ANALYSIS

FHA ANALYSIS - Based on Family Size. Table with columns for HOME PRICES, LOAN AMOUNT, SQFT, UNITS ATTAINABLE BY INCOME CATEGORY, REQUIRED INCOME, %AMI, MIX, TOTAL UNITS, HOA, PROPERTY TAX, FIXED MONTHLY COST, INSURANCE & FIRE SUPPRESSION, MIP or PMI, P&I PAYMENT, HOUSING COST, ANNUAL HOUSING COST.

MARKET RATE ANALYSIS - Based on Family Size. Table with columns for HOME PRICES, LOAN AMOUNT, SQFT, UNITS ATTAINABLE BY INCOME CATEGORY, REQUIRED INCOME, %MFI, MIX, TOTAL UNITS, HOA, PROPERTY TAX PAYMENT, FIXED MONTHLY COST, INSURANCE & FIRE SUPPRESSION, MIP or PMI, P&I PAYMENT, HOUSING COST, ANNUAL HOUSING COST.

Appendix 1

California HCD Multifamily Housing Program Regular Income Limits (San Diego County)

Multifamily Housing Program, AHSC, NPLH and VHHP

2018 **MTSP Regular** Income Limits HUD PDR-2018-01 4/1/18

The 2008 Housing and Economic Recovery Act (HERA) directed HUD beginning in 2009 to publish separate income limits specifically calculated for Multifamily Tax Subsidy Projects (MTSPs). **MTSP Regular** Income Limits apply to MTSPs: 1) located within one of ten counties: Alameda, Contra Costa, Marin, Nevada, San Francisco, San Mateo, Santa Clara, Solano, Sonoma and Ventura and placed in service (PIS) on or after 1/1/09 or if PIS prior to 1/1/09 and having higher **MTSP Regular** income limits compared to **MTSP HERA Special**, or 2) not located within one of the ten counties. These 2018 **MTSP Regular** Income Limits should be compared with income limits MTSPs are currently operating under to see if they are eligible for an increase in income limits. The hold harmless provisions in HERA prevents Income Limits from falling below the highest levels the project has operated under. A different set of Income Limits (2018 **MTSP HERA Special**) are applicable to MTSPs located within one of the ten HERA Special counties and PIS prior to 1/1/09 and having higher 2018 **MTSP HERA Special** limits compared to **MTSP Regular**.

VHHP restricts some units to Extremely Low Income veterans. Please use the Official State Income Limits at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml> for these unit Income Limits, which are approximately equal to 30% AMI below.

County	MHP Level*	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
SAN DIEGO Income limits (greatest to lowest) 2018, 2017, 2016, 2009, 2011, 2015, 2013, 2012, 2014, 2010									
100% AMI		\$68,200	\$77,900	\$87,600	\$97,300	\$105,100	\$112,900	\$120,700	\$128,500
60% AMI		\$40,920	\$46,740	\$52,560	\$58,380	\$63,060	\$67,740	\$72,420	\$77,100
55% AMI		\$37,510	\$42,845	\$48,180	\$53,515	\$57,805	\$62,095	\$66,385	\$70,675
50% AMI		\$34,100	\$38,950	\$43,800	\$48,650	\$52,550	\$56,450	\$60,350	\$64,250
45% AMI		\$30,690	\$35,055	\$39,420	\$43,785	\$47,295	\$50,805	\$54,315	\$57,825
40% AMI		\$27,280	\$31,160	\$35,040	\$38,920	\$42,040	\$45,160	\$48,280	\$51,400
35% AMI	MHP A	\$23,870	\$27,265	\$30,660	\$34,055	\$36,785	\$39,515	\$42,245	\$44,975
30% AMI	MHP B	\$20,460	\$23,370	\$26,280	\$29,190	\$31,530	\$33,870	\$36,210	\$38,550
25% AMI	MHP B	\$17,050	\$19,475	\$21,900	\$24,325	\$26,275	\$28,225	\$30,175	\$32,125
20% AMI	MHP C	\$13,640	\$15,580	\$17,520	\$19,460	\$21,020	\$22,580	\$24,140	\$25,700
15% AMI	MHP C	\$10,230	\$11,685	\$13,140	\$14,595	\$15,765	\$16,935	\$18,105	\$19,275
SAN FRANCISCO Income limits (greatest to lowest) 2018, 2017, 2016, 2015, 2009, 2012, 2014, 2010, 2011, 2013									
100% AMI		\$102,700	\$117,300	\$132,000	\$146,600	\$158,400	\$170,100	\$181,800	\$193,600
60% AMI		\$61,620	\$70,380	\$79,200	\$87,960	\$95,040	\$102,060	\$109,080	\$116,160
55% AMI		\$56,485	\$64,515	\$72,600	\$80,630	\$87,120	\$93,555	\$99,990	\$106,480
50% AMI		\$51,350	\$58,650	\$66,000	\$73,300	\$79,200	\$85,050	\$90,900	\$96,800
45% AMI		\$46,215	\$52,785	\$59,400	\$65,970	\$71,280	\$76,545	\$81,810	\$87,120
40% AMI		\$41,080	\$46,920	\$52,800	\$58,640	\$63,360	\$68,040	\$72,720	\$77,440
35% AMI		\$35,945	\$41,055	\$46,200	\$51,310	\$55,440	\$59,535	\$63,630	\$67,760
30% AMI		\$30,810	\$35,190	\$39,600	\$43,980	\$47,520	\$51,030	\$54,540	\$58,080
25% AMI	MHP A	\$25,675	\$29,325	\$33,000	\$36,650	\$39,600	\$42,525	\$45,450	\$48,400
20% AMI	MHP B	\$20,540	\$23,460	\$26,400	\$29,320	\$31,680	\$34,020	\$36,360	\$38,720
15% AMI	MHP C	\$15,405	\$17,595	\$19,800	\$21,990	\$23,760	\$25,515	\$27,270	\$29,040
SAN JOAQUIN Income limits (greatest to lowest) 2012, 2011, 2018, 2009, 2010, 2013, 2017, 2014, 2015, 2016									
100% AMI		\$44,600	\$51,000	\$57,400	\$63,700	\$68,800	\$73,900	\$79,000	\$84,100
60% AMI		\$26,760	\$30,600	\$34,440	\$38,220	\$41,280	\$44,340	\$47,400	\$50,460
55% AMI		\$24,530	\$28,050	\$31,570	\$35,035	\$37,840	\$40,645	\$43,450	\$46,255
50% AMI		\$22,300	\$25,500	\$28,700	\$31,850	\$34,400	\$36,950	\$39,500	\$42,050
45% AMI	MHP A	\$20,070	\$22,950	\$25,830	\$28,665	\$30,960	\$33,255	\$35,550	\$37,845
40% AMI	MHP B	\$17,840	\$20,400	\$22,960	\$25,480	\$27,520	\$29,560	\$31,600	\$33,640
35% AMI	MHP B	\$15,610	\$17,850	\$20,090	\$22,295	\$24,080	\$25,865	\$27,650	\$29,435
30% AMI	MHP C	\$13,380	\$15,300	\$17,220	\$19,110	\$20,640	\$22,170	\$23,700	\$25,230
25% AMI	MHP C	\$11,150	\$12,750	\$14,350	\$15,925	\$17,200	\$18,475	\$19,750	\$21,025
20% AMI	MHP C	\$8,920	\$10,200	\$11,480	\$12,740	\$13,760	\$14,780	\$15,800	\$16,820
15% AMI	MHP C	\$6,690	\$7,650	\$8,610	\$9,555	\$10,320	\$11,085	\$11,850	\$12,615
SAN LUIS OBISPO Income limits (greatest to lowest) 2018, 2017, 2015, 2016, 2012, 2014, 2011, 2010, 2013, 2009									
100% AMI		\$58,300	\$66,600	\$74,900	\$83,200	\$89,900	\$96,600	\$103,200	\$109,900
60% AMI		\$34,980	\$39,960	\$44,940	\$49,920	\$53,940	\$57,960	\$61,920	\$65,940
55% AMI		\$32,065	\$36,630	\$41,195	\$45,760	\$49,445	\$53,130	\$56,760	\$60,445
50% AMI		\$29,150	\$33,300	\$37,450	\$41,600	\$44,950	\$48,300	\$51,600	\$54,950
45% AMI		\$26,235	\$29,970	\$33,705	\$37,440	\$40,455	\$43,470	\$46,440	\$49,455
40% AMI		\$23,320	\$26,640	\$29,960	\$33,280	\$35,960	\$38,640	\$41,280	\$43,960
35% AMI	MHP A	\$20,405	\$23,310	\$26,215	\$29,120	\$31,465	\$33,810	\$36,120	\$38,465
30% AMI	MHP B	\$17,490	\$19,980	\$22,470	\$24,960	\$26,970	\$28,980	\$30,960	\$32,970
25% AMI	MHP C	\$14,575	\$16,650	\$18,725	\$20,800	\$22,475	\$24,150	\$25,800	\$27,475
20% AMI	MHP C	\$11,660	\$13,320	\$14,980	\$16,640	\$17,980	\$19,320	\$20,640	\$21,980
15% AMI	MHP C	\$8,745	\$9,990	\$11,235	\$12,480	\$13,485	\$14,490	\$15,480	\$16,485

*If the AHSC Level is both 40% and 50% SMI or the MHP Level is both MHP A and B, only 40% SMI and MHP B shows since it has a higher scoring factor.