

RIALTO METROLINK SOUTH HOUSING PARTNERS, L.P.
18201 Von Karman Ave.
Suite 900
Irvine, CA 92612

January 22, 2019

Mr. John Dutrey
Project Manager
City of Rialto Development Services Department
150 S. Palm Avenue, Rialto CA 92376

Re: Rialto Metrolink South Housing Partners, L.P. / Rialto Metrolink South

Dear John,

As you are aware, the Rialto Metrolink South affordable housing project (the “**Project**”) was originally designed to construct 64 affordable units. Rialto Metrolink South Housing Partners, L.P. (the “**Partnership**”) submitted three (3) Tax Credit Allocation Committee (“**TCAC**”) applications with this approved unit mix. Although the Project was expected to be awarded in 2017 second round, the credits were ultimately awarded to a project in Coachella Valley.

During the subsequent reapplication process for 2018 first round, the City requested the Partnership consider reducing the size of the project to approximately 1.5 acres, giving the balance of the property back to the City to accommodate a parking facility for the Metro Train Station. The Project was subsequently redesigned to include 38 units within the reduced acreage.

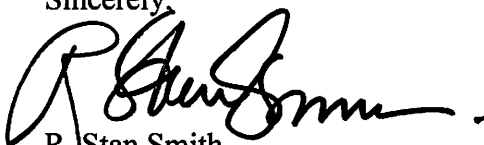
Currently, the reduction in units and rebalancing of project finances generate a TCAC Tie Breaker of approximately 47%. Additionally, the generated income from the 38 units does not pay off the Residual Receipts Loan of \$4,550,000 in 55 years. An option to consider would be to convert a portion of the Residual Receipts Loan into a Grant. This would avoid the 55 year Residual Receipts pay off concern.

The Partnership will be prepared to submit a TCAC application for the 2019 second round. However, the Partnership would also like to pursue other funding sources and creative design features that may help the project secure additional funding in the future.

The Partnership respectfully requests that the City approve the Second Amendment to the Affordable Housing, Financing and Disposition and Development Agreement as soon as possible.

We are available to discuss this further and at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Stan Smith', with a stylized flourish at the end.

R. Stan Smith
Rialto Metrolink South Housing Partners, L.P.