

Request For Proposal

City of Newport Beach

Request For Proposal NO 15-55

Affordable Housing Development

Submitted To: Mr. Anthony Nguyen

Due Date June 30, 2015

Prepared By:

Frank Mirjahangir P.E.

Amiran Construction Company

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Housing Consolidated Corporation

Table of Content

A-Proposal to operate and maintain low and moderate income housing	Page 1
B-Statement of qualification	page 2
C-Financial capacity	page 3
D-References	page 3
E-Amount of Fund requested	page 3
F-Project description	page 4-6
G-Aerial view of the project site	page 7-8
H-Project Financial status	page 9
I-Applicant information form (Attachment A)	Page 10

RFP No. 15-55

Affordable Housing Development

Proposal to operate and maintain low and moderate income

Housing in the City of Newport Beach,

Mr. Antony Nguyen, Purchasing

Department of Finance

City of Newport Beach

100 Civic center Drive

Newport Beach, CA 92660

Gentlemen,

We are delighted to introduce our company, Amiran Construction Company along with our affiliate, Housing Consolidated Corporation, a non Profit entity with 501-C-3 Designation from Internal Revenue Service. We are eager to participate in the City of Newport Beach housing element as a potential provider of affordable housing,.

Housing Consolidated Corporation has been incorporated in 2013, with mission to expand, operate and maintain the low income housing element. Amiran Construction's principal, Frank Mirjahangir is an experienced consulting engineer and builder has throughout the years has designed and built apartments to own and maintain for a period of time.

We are hopeful to be considered for this goal as a potential provider of Low and moderate housing element in the City of Newport Beach..

**Statement of Qualification of
Service providers, an introduction**

Amiran Construction founding principal, Frank Mirjahangir as a team member along with the board of directors of Housing Consolidated are experienced in the field of real estate housing and development. The list of board of directors and their relative experience are as follows:

Frank Mirjahangir is a professional Civil engineer and as a structural design engineer Frank has done may design for various architects throughout the city of Newport Beach. Fran Mirjahangir as a building contractor has designed and built a duplex apartment at 211 42nd street in Balboa peninsula in 1990. The duplex unit was rented and maintained by Frank Mirjahangir since that time and was sold in 2010. Frank Mirjahangir has rental properties in Orange County and has maintained these properties as affordable rental units. Currently Frank Mirjahangir is engineer of record working with a developer to provide engineering consulting for a mixed use of commercial and residential development in the city of Pas Robles. The Paso Robles housing project comprised of forty two units of affordable for sale housing. The Unit mix are all two and three bed room units 800 square ft of living with kitchen and dining rooms for two bed rooms and 1,000 square feet for three bed rooms. There are open space amenities for recreational needs.

Frank Mirjahangir is also the founder of Housing Consolidated Corporation As a Non for Profit Corporation.

Tom O'Donnell is a director of Housing Consolidated Corporation, is a real estate broker with over thirty years of experience in building and land acquisition as well as apartment rental units. Mr. Tom O'Donnell has been instrumental in assisting builders in Orange County to secure properties as investment including Frank Mirjahangir and partners.

Ms. Nina Altountash has extensive experience in Banking and finance of real state properties in Southern California. Ms. Nina Altountash has been in commercial banking for past twenty years including City bank and currently as a Bank manager in Comerica bank in Mission Viejo.

Mr. Saeed Paymozd is also a director of Housing Consolidated Corporation and a contributor To the Housing Consolidated Corporation.

Mr. Tom Jacobs is also a member of board of directors of Housing Consolidated Corporation Mr. Jacobs Vast experience is essential in conducting the business of Housing Consolidated Corporation and a past member of renaissance Housing corporation a Non for Profit Corporation.

Financial Capacity

Housing Consolidated Corporation is a newly incorporated Non for Profit Corporation has been granted such a status by Internal Revenue Service in 2013. Currently Housing Consolidated has limited financial resources to own and operate affordable very low income rental housing in Newport Beach without the financial assistance from the city. If financial assistance by the City of Newport Beach to be granted to the Housing Consolidated Corporation, the Board of Directors of Housing Consolidated Corporation experience is ample to carry the affordable rental housing project successfully as owners and operators.

The Board of Directors as individuals, each have several rental units that own and operate, therefore have the financial capacity and experience to undertake a rental housing of similar nature. However the affordable rental housing would require a Non for profit entity to own and operate at a cost and offer lower rental rates as benefit to the under privileged families.

References

Hosing Consolidated Corporation as a newly formed non for profit entity has not been involved with public agencies in the capacity of owner and operator of very low and low income rental housing. Housing Consolidated Corporation Board of Directors is Eager to find the opportunity to work with the city of Newport Beach to carry on such endeavor.

Amount of Fund Requested

At This time, the possibility of finding a parcel of residential land and building new affordable rental units in the supreme location such as Newport Beach is very rare. The other option would be to purchase and existing older residential structure below the market rate and upgrade it modern standards. Currently we are soliciting source of funds in anticipation of being selected s a developer by the City of Newport Beach.

The rental market rates in city of Newport Beach are higher than neighboring cities, therefore the available residential land for sale is beyond reach specially for lower income families. At the present time, given the nature of the financial market, the cash flow analysis of properties in Newport Beach will not support construction of rental units for very low income families. If the City of Newport Beach would offer to assist the developers in some fashion by offering sort of financial arrangement such as lower rate financing to help the developer or property owner.

The other Possibility would be if the City of Newport Beach to consider partnering with Housing Consolidated Corporation by providing funding at a lower rate so that the rents can be kept lower than market rate and to be within the affordable rental rates for Low income families.

According to Exhibit A of the Request For Proposal 15-55, the list of the total inventory of Very Low and low income rental units that are currently occupied by low and very low income families, indicates that all these units are benefitting from Government subsidies of various forms. It is inconceivable that future of housing affordability would be much different that already exists.

The incentive need to be given to the owners of the rental apartments of low income families would be in form of tax incentives and reduced mortgage rates by government to owners and developers.

Project description

Housing Consolidated Corporation recent inquiry in the existing apartments for rent led to an existing property in Newport Beach that has been offered for sale since February of 2015.

This property is located at 6001 Newport Shores Drive; it is twelve one bed room apartments that was built in 1963. If the property to be up graded to the current California Building Code Standards, an additional \$75,000 needed to upgraded to the new Building Code. According to the rent schedule, 30% of units are classified as very low rental rates. This property is earmarked for single adults not for family housing. The property is offered for sale at \$3.45 Million Dollars. The property information below provided by multiple listing services will describe the property as an investment property by a property management company:

1-Assessor Parcel No.: 045-11-415

2-Property address: 6001 Newport Shores Drive, Newport Beach, CA 92660

3-Building description: Two Story wood frame structure, built in 1963

4-Lot area: 9,999 Square feet

5-Number and size of apartment units: twelve, one bed room, one bath units

6-Parking: 13 parking spaces which includes 10 carports and 3garages

7-Monthly apartment rental: \$1,262 per apartment per month

8-Amenities: Private pool

9-Laundry: Community

The multiple listing has mentioned one water meter

Gross Monthly rental of apartment building: \$15,144.00

Annual Gross rent: \$181,720.8

Property tax: \$36,744.00

Property insurance: \$3,001

MultIPLE Listing Service indicates the following financial data:

A-Gross annual rental income: \$214,000.00

B-Operation expense: \$68,659.00

C-Net operating income: \$145,341.00

D-Mortgage payment: \$0.0

If the new owner to purchase this property with current overhead and expense and no additional cost, the return on investment would be : $\$145,341 / \$3,450,000 = 0.0142 = 4.21\%$

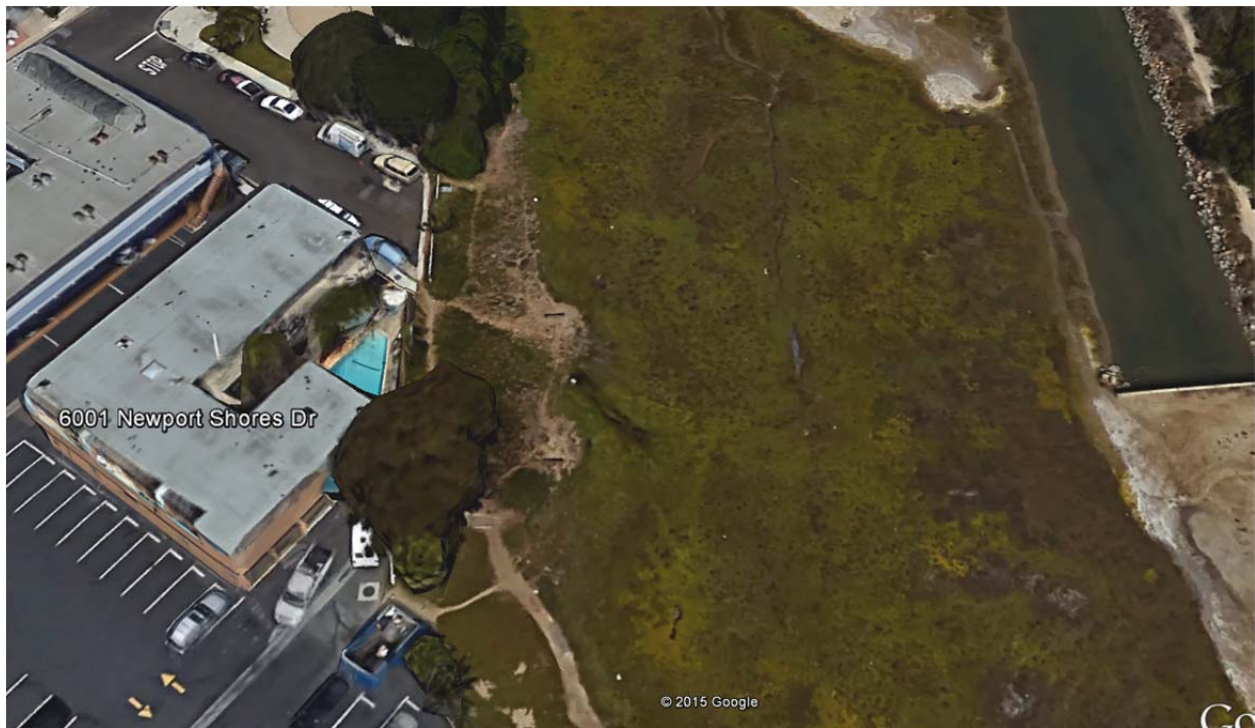
As indicated earlier in this report, Housing Consolidated Corporation is ready and able to manage the property at 6001 Newport Shores Drive in Newport Beach provided that city is willing to provide the low mortgage interest of 2% for a 30 year period to make this project viable undertaking.

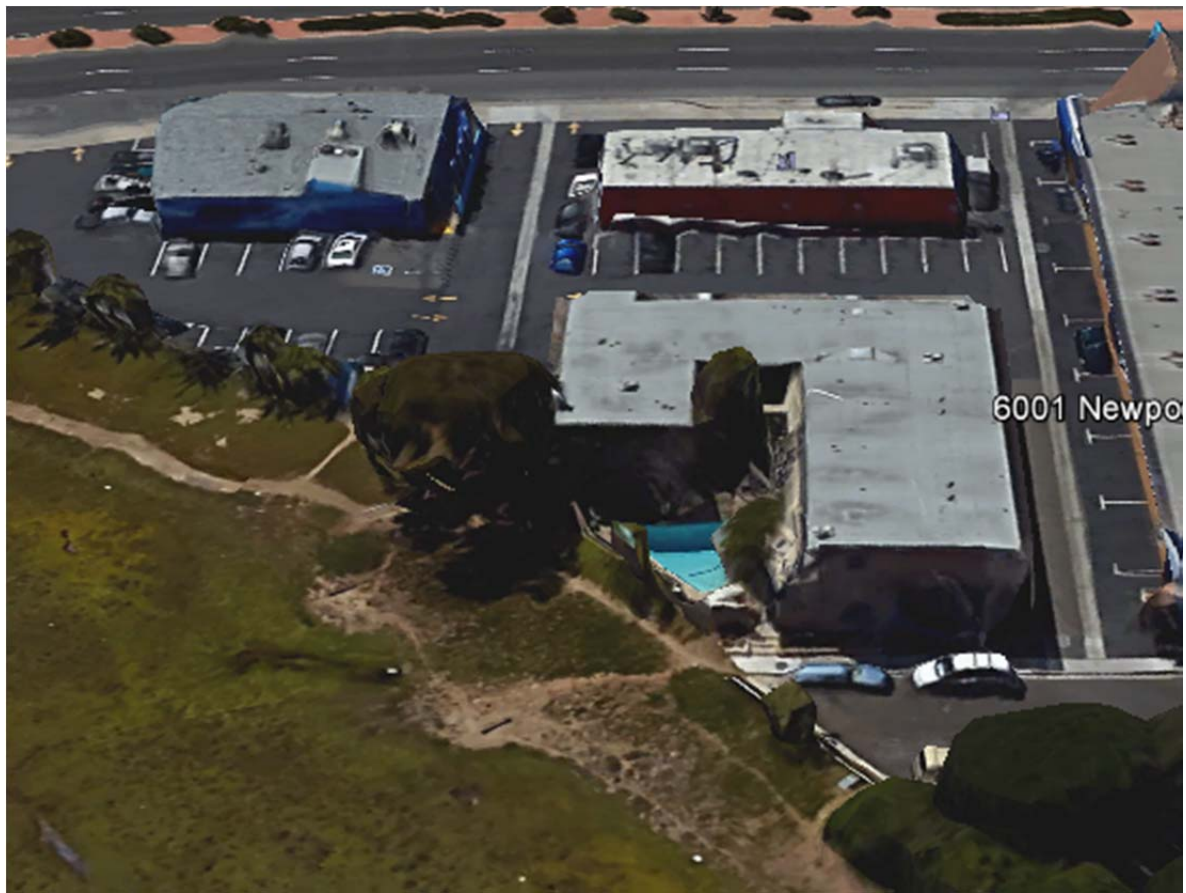
Bearing in mind that this property is 62 years old and will have to be upgraded to current building standards, and if this property is earmarked for very low and low income individuals it is not a good investment. However if the City of Newport Beach decides to add to affordable housing stock to balance the demand for all income levels, then financial incentive to a developer to operate and maintain in form of low interest loan of 2% annually would be welcomed.

According to the multiple listing service, The rental gross proceeds is \$214,000.00 and net operating expense of \$69,000 at the present time by the current owner. The net operating income at the present time barring mortgage interest expense is \$145,000, which is insufficient to service the mortgage payment, revised property tax, maintenance and upkeep. This is the typical available rental housing in the market in Newport Beach. The fact that there is a shortage of affordable apartment for rent units, is due to lack of available land that is zoned residential and if there is zoned residential, it is for single family residential housing. The shortage of affordable housing would only be solved by Government subsidies, as well as tax incentives for the investors or developers.

If the city of Newport Beach would find the solution presented by our board of directors, then we are happy to work with the city to reduce the critical shortage of affordable housing which will impact the availability of labor force and economy in the city of Newport Beach in the long run.

Our Board of Directors proposes to the City Of Newport Beach to assist us by providing low interest loan at a rate of 2% annually in order to assist Housing Consolidated Corporation to operate and maintain the 12 unit property for the next thirty years as low income rental units







6001 Newport Shores DR, Newport Beach 92662

My Rating:

My Notes:

 STATUS: Active
 LISTING CONTRACT 02/11/2015

ML#: NP15029616

 LIST PRICE: \$2,495,000
 ORIG. PRICE: \$2,650,000


Close

1 / 4

APN: 04811418 DOM: 127 COOM: 127 # UNITS: 12
 AREA: West Newport - Lido COUNTY: Orange LAND: LOT DOM: # BUILDINGS: 1
 MAP BOOK: SOFT: 0.000 LOT DOM: # GRG SPCE: 3
 YR BUILT: 1962/ASR AC/LOTSQFT (SRC): 0.16/6,970 (A) POSE: VIEW:
 ZONE: STRUCTURE ATTACHED?: Attached RENT CTRL: No STORIES: Two Level
 SALE TYPE: Standard FINCED (Y/N): ENTRY LOC: Ground Level With Steps, Ground L
 TENANT RYS: Steps

DESCRIPTION

Price Reduced. Across PCH from the expansive beaches of Newport. All units are full-sized one bedroom, one bath units; some upstairs units have ocean views with balconies and others with canal views. One of the units has a nice sized den as well which could be a smaller 2nd bedroom. This property is adjacent to the desired residential community of Newport Shores and encircled by a canal. The Newport Shores Apartments are just a few hundred yards from the beach and as such, the strong rental demand. This is one of the few buildings exceeding 2-4 units in the immediate West Newport Beach and peninsula area. Recent select rent increases 20-30%. Rents are very, very low with an immediate attainable upside of almost 20% due to out of area ownership. The property features a private pool, 2 enclosed and 10 covered spaces. Many of the interiors have been upgraded and show well. Analysis is market data. Current GSI: \$173,640, actual NOI is \$99,343. Because way under market the new LTV will be under 50%. Please call Listing Broker for information regarding financing if your Buyer requires debt placement.

FEATURES

FIREPLACE:
 COOLING: None
 HEAT: Wall Heater
 LAUNDRY: Community
 Interior Features:
 ROOMS:
 FLOOR:
 APPLIANCES:
 UTILITIES: Electricity - On Property, Natural Gas
 ACCESSIBILITY FEATURES:
 POOL: None
 SPA:
 VIEW:
 COMMON WALLS: 2+ common walls
 DOOR FEATURES:
 STYLE:

ROOFING: Composition
 COMMUNITY FEATURES: Suburban
 CONSTRUCTION MATERIALS:
 EXTERIOR FEATURES:
 FENCING:
 LOT FEATURES: Canal, Level with Street, Lot-Level/Flat, Paved Street
 FOUNDATION:
 DISCLOSURE:
 STRUCTURAL CONDITION:
 OTHER STRUCTURES:
 SECURITY FEATURES:
 SEWER/SEPTIC: Sewer In Street
 WATER SOURCE: District/Public
 WINDOW FEATURES:
 PARKING: 13 Parking Space(s), 3 Garage Space(s), 10 Carport Space(s)
 HOA:
 ORIENTATION FACES:

ANALYSIS

 GROSS SCHED INCOME: \$112,400
 GROSS SPENDABLE INCOME:
 GROSS OPER INCOME:

 GROSS MLT:
 NET OPER INCOME: \$143,369
 LOAN PAYMENT:

 CAP RATE: 4.1
 OPERATING EXPENSES/IN: 68659
 VACANCY ALLOWANCES/IN: /

 LAND/IN: /
 IMPROV/IN: /
 PRGN PROP/IN: /

UNIT INFORMATION

# OF UNITS	# OF BDR	# OF BATHS	FURNISHED?	GARAGE	ACTUAL RENT	TOTAL RENT	PRO FORM:	ANNUAL OPERATING EXPENSE	UNITS WITH:
12	1	1	U	0	\$1,262	\$15,144	\$1,475	NEW TAX: \$26,744 INSURANCE: \$2,001 WORK COMP: GAS: \$ ELECTRIC: \$ WATER/SEW: \$ TRASH: \$ SUPPLIES: CABLE TV: MAINTENANCE: / \$10 PEST CONTROL: GARDENER: POOL: MANAGER: PROP MGT: \$ PURN REP: SECURITY: OTH EXP ANT:	SPRTS ELECTRIC MTRG: GAS METERS: 14 WATER METERS: 1 CARPET: DISHWASHER: DISPOSAL: DRAPES: PATIO: RANGES: REFRIGERATOR: WALL AC:
# LEASED:					TOTAL:		APPROX UNIT REVENUE:		
# Gar: 0					OTHER INC #1:		SOFT STUDIO:		
LAUNDRY INC:					OTHER INC #2:		1 BDR SOFT:		
					GAR INC:		2 BDR SOFT:		
					OTHER EXP:		3 BDR SOFT:		

ATTACHMENT A: APPLICANT INFORMATION FORM

Instructions: Complete the form below and remit as part of your Proposal as "Attachment A."

APPLICANT INFORMATION

APPLICANT/COMPANY NAME: Amiran Construction Company, Housing Consolidated Corporation

ADDRESS FOR NOTICES: 15145 Woodlawn Ave.#200,
Tustin, CA 92780

MAIN CONTACT (NAME AND TITLE): Frank Mirjahangir, Principal

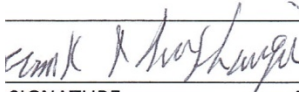
CONTACT NUMBERS: TELEPHONE: (714) 596-5568 FAX: _____

E-MAIL ADDRESS: fmirjahangir@gmail.com

APPLICANT SIGNATURE AUTHORIZATION AND CERTIFICATION

Per the California Corporate Code, Business and Professions Code, the Applicant's Bylaws/Operating Agreement and/or the attached Board Resolution (if applicable), I/we hereby verify that I/we am/are (an) authorized signatory(ies) for the aforementioned Applicant and as such am/are authorized to sign and bind the Applicant in contract with the City of Newport Beach.

1. APPLICANT AUTHORIZED SIGNATORY(IES):

	Frank Mirjahangir,	Principal	6-30-2015
SIGNATURE	PRINT NAME	TITLE	DATE

SIGNATURE	PRINT NAME	TITLE	DATE
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2. SIGNATURE AUTHORIZATION IS PROVIDED IN ACCORDANCE WITH:

<input type="checkbox"/> Applicant's Bylaws/ Operating Agreement	Section _____	<input type="checkbox"/> Copy Attached
<input type="checkbox"/> Board Resolution		<input type="checkbox"/> Copy Attached
yes		
<input type="checkbox"/> Corporate or Business and Professions Code**		

**If Consultant is a corporation, two (2) authorized signatories will be required on all documents submitted, unless specified in the organization's Bylaws or corporate resolution.

IMPORTANT NOTE: If the signature authorization status of any individual changes during the term of the contract, it is the responsibility of the Applicant to contact the RFP Administrator for the Applicant regarding the change and to complete and submit a new Signature Authorization Form. Incorrect information on file may delay the processing of any of the documents submitted.