



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE ISSUED: January 28, 2005

ITEM 102

REPORT NO.: HCR05-13
For the Agenda of February 4, 2005

SUBJECT: Proposed Loan Increase to “Affirmed Family Housing Partners – Creekside, LLC” for New Construction of “Creekside Trails” (Council District 8)

SUMMARY

Issue: Should the Housing Commission recommend that the Housing Authority increase the previously approved \$1,830,000 loan to Affirmed Family Housing Partners-Creekside LLC (Affirmed) for new construction of a 50-unit apartment complex at Creekside Trails (2129 Coronado Avenue)?

Recommendation: That the Housing Commission approve a maximum \$970,000 increase to the existing Creekside Trails loan, raising the total loan amount from \$1,830,000 to \$2,800,000, to pay for additional costs of construction upon the terms and conditions discussed in this report.

Documentation of terms and conditions of this loan would be contingent upon satisfaction of the General Counsel. The Chief Executive Officer would be authorized to take all actions necessary to effectuate this transaction.

Fiscal Impact: Approval of the above recommendations would result in a loan increase of \$970,000. All costs of the proposed loan increase/revision, including all Housing Commission legal, escrow, and title costs, would be borne by the developer.

Certificate of Funding Availability:

Certificate No.:	FY 05-081
Amount:	\$970,000
Revenue Source:	Various
Division:	Housing Finance and Development
Line Item:	Loans and Grants

Affordable Housing Impact: Development of this project will create 50 new rental units: 16 one-bedroom, 18 two-bedroom and 16 three-bedroom units. A total of 49 units will have affordability restrictions, with rents ranging from estimated 30% to 60% of area median income (AMI) (a range of \$20,550 to \$41,100 for a family of four). The Creekside Trails restricted units will be affordable for 55 years, with initial rents (net of utility allowance)



ranging from \$353 to \$739 for one bedroom units; \$422 to \$885 for two bedroom units, and \$484 to \$950 for three bedroom units.

HOME Program Compliance: The proposed revised loan is an eligible activity under the HOME Investment Partnerships Program (HOME). Proposed rents are below HOME guidelines. Increasing the loan will necessitate increasing the HOME-restricted units from the current eleven HOME units to fourteen HOME units. The project will need to be in compliance with both Davis Bacon Wage rates and State Prevailing Wage rates.

Equal Opportunity: Affirmed is in compliance with the San Diego Housing Commission Equal Opportunity Program. Affirmed is not certified as a Disadvantaged Business Enterprise (DBE) and its "Report of San Diego County Workforce" is on file.

Community Planning Group: On April 14, 2004, the Otay Mesa-Nestor Community Planning Committee voted 8 to 5 to recommend approval of the project as proposed with certain conditions relating to parking, height and review of the Mitigated Negative Declaration. Location Map at Attachment 1.

Environmental Review: The City completed an environmental review under the California Environmental Quality Act (CEQA), which resulted in a Mitigated Negative Declaration finalized on May 10, 2004. The U.S. Department of Housing and Urban Development approved the Environmental Assessment and Finding of No Significant Impact (FONSI) pursuant to the National Environmental Policy Act (NEPA) on May 27, 2004.

Previous Related Actions: This proposal will be reviewed by the Loan Committee on February 1, 2005 and their recommendation will be orally reported. Also, see Attachment 2.

Future Related Actions: If approved by the Housing Commission, this item will be submitted for Housing Authority consideration on February 15, 2005.

BACKGROUND

On May 14, 2004, the Housing Commission approved a loan of \$1,830,000 to Affirmed for construction of Creekside Trails (HCR 04-39, Attachment 3). The Housing Commission approved a two phase funding: a) funding \$1,400,000 before Affirmed received the 9% tax credit allocation, to allow Affirmed to purchase the land prior to the land purchase-option expiration of June 30, 2004; and b) funding an additional \$430,000 for construction after the developer received the 9% tax credits. However, the Housing Commission approval required:

- The loan to be to a "bankruptcy remote single purposed entity;"
- Affirmed Housing Group to be a guarantor of the \$1,400,000 land acquisition loan;
- That, after award of the 9% tax credits, the \$1,400,000 debt owed by the "bankruptcy remote single purposed entity" would transfer to Affirmed's tax credit limited partnership and the Housing Commission would loan up to an additional \$430,000 for construction of the proposed units.

On May 25, 2004, the Housing Authority approved the proposal. The bankruptcy remote single purposed entity, “Affirmed Family Housing Partners - Creekside, LLC a California limited liability company”, acquired the property on June 30, 2004.

The developer applied for tax credits and on October 5, 2004, the State of California Tax Credit Allocation Committee (“TCAC”) approved a reservation of tax credits for Creekside Trails to provide an estimated \$7,495,252 for the project. March 3, 2005 is the TCAC project milestone for the developer to obtain permits and submit construction loan recorded deeds of trust.

DISCUSSION

Increases in Construction Cost and Scope

Subsequent to the TCAC tax credits reservation approval, the developer identified a \$1,407,725 shortfall primarily due to increased construction costs. The developer’s estimated construction costs increased by \$1,207,319, from the original estimated \$5,701,000 to \$6,908,319.

Although increases in construction costs are not unusual during the time between development conception and financing completion, recent months have seen an extraordinary rise in prices for building materials, particularly concrete, lumber, wood products and oil.

After receipt of the developer’s request for additional Housing Commission loan funds, staff obtained an independent third-party review/confirmation of the developer’s latest estimated construction costs from Professional Associates Construction Services, Inc. (“Professional Associates”). Professional Associates is highly respected and has substantial experience in estimating, engineering, construction progress monitoring and tax credit new construction projects. They are widely used by lenders for construction monitoring. Professional Associates reviewed the Creekside plans and costs and concluded that the developer’s current construction cost estimate “...to be acceptable at the higher end of the range of plus/minus 5%.” Professional Associates noted in general that construction costs have increased 20% to 25% over the past eleven months.

It should be noted that the developer has not yet executed an agreement with a contractor and estimates construction agreement execution in February 2005. The developer will provide a written commitment to pay any future project cost overruns.

Also included in the cost increase is \$317,518 needed to construct a sewer pump station required by the City of San Diego. The pump station was identified by City staff at the building permit review rather than at the City’s initial review and thus was not included in the project’s original budget. The developer will install the sewer pump station.

Proposed Solution: Deferred Developer Fee

To cover the \$1,407,725 shortfall, the developer will defer \$149,000 of its \$1,149,600 developer fee and obtain a net \$288,725 in other funds (+\$298,672 more tax credits but -\$9,947 less funds

from the first mortgage lender). The developer is asking the Housing Commission provide an additional \$970,000 in loan funds.

Proposed Estimated Sources:

Sources	HC Original Approval on May 14, 2004	Developer's Jan 19, 2005 Proposal	Proposed Changes
Est'd Private First Loan	\$1,235,140	\$1,225,193	-\$9,947
Housing Commission Loan	\$1,830,000	\$2,800,000	+\$970,000
Tax Credits Equity	\$7,196,580	\$7,495,252	+\$298,672
Project Cash Flow to Pay Deferred Developer's Fee	0	\$149,000	+\$149,000
Total	\$10,261,720	\$11,669,445	+\$1,407,725

Developer fee deferral is impacted by Internal Revenue Service (IRS) requirements to have a reasonable expectation that the deferred developer fee will be paid during the term of the tax credit compliance period. A deferred-fee obligation that is so speculative as to create a contingent liability cannot be included in the project's basis and could impact the tax credits. Based on discussion with tax credit experts, staff estimates that equity partners would require the deferred developer fee to be paid within ten years. Due to the low rents, the developer's proforma estimates the project will produce only \$219,083 total net cash flow during the first ten years, as shown:

Developer's Approximate Estimate of Cumulative Total Project Cash Flow
Cumulative Total Cash Flow At Year 5 = \$112,245
Cumulative Total Cash Flow At Year 7 = \$156,453
Cumulative Total Cash Flow At Year 10 = \$219,083

Housing Commission Loan

Staff proposes approving a maximum \$970,000 increase to the existing Creekside Trails loan, raising the total loan amount from \$1,830,000 to \$2,800,000, upon the terms and conditions as summarized in Attachment 4.

Under the June 30, 2004 executed Loan Agreement between "Affirmed" and the Housing Commission, the Commission's money was to be funded in two phases: \$1,400,000 was funded for the land purchase and \$430,000 was to be funded after receiving the tax credit allocation. The executed Loan Agreement provided that the Housing Commission's yet-to-be-funded \$430,000 was to be reduced under certain conditions. For example, if the developer obtained more tax credits than originally estimated then the Housing Commission's loan would be reduced dollar for dollar (and indeed an additional \$298,672 tax credits was obtained). Also, excess costs without Commission written approval or higher permanent financing would have reduced the Housing Commission's \$430,000 loan portion. Since enforcing these existing loan provisions would simply increase the current \$1,407,725 funding gap, staff recommends authorizing the General Counsel to revise as necessary, those existing loan provisions that would have reduced the unfunded \$430,000 loan portion.

The Revised Financial Plan:

Total Development Cost (TDC):	TDC (including land, construction costs, financing costs, consultants, developer fee, and permits/fees), increased by \$1,407,725 from \$10,261,720 to \$11,669,445. TDC per unit (50 units) would increase from \$205,234 to \$233,389 per unit
Housing Commission Loan Amount:	Proposed \$970,000 increase to the Loan Amount from \$1,830,000 to \$2,800,000.
Housing Commission's Cost Per Unit:	The Housing Commission's cost per unit would increase from the original \$37,347, to the proposed \$56,000 per unit (\$2,800,000/50 units)
Loan Interest Rate:	Residual receipts loan at the applicable federal rate (currently 4.76%).
Loan Term and Loan Payments:	31 years, and see attachment 4.
Term of Affordability:	55 years.
Affordability:	See Affordable Housing Impact section.
Equity Investment:	The tax credit equity investment would increase by \$298,672 from \$7,196,580 to \$7,495,252. Boston Capital is the likely tax credit partner.
Private First Trust Deed:	The limited partnership will obtain conventional construction and permanent loans from private sector lenders. The permanent loan is estimated to decrease by \$9,947 from the original \$1,235,140 to \$1,225,193 (30 years at 7%). Bank of America is the likely construction lender.
Debt Service Coverage:	1.23 (Year 1)
Loan to Value:	Loan to Value is to be determined upon receipt of an as-built appraisal. It is very likely that significant developer equity from the tax credits would result in a favorable loan-to-value ratio.
Deferred Developer Fee:	\$149,000 of developer fee will be deferred and paid off from cash flow.

Construction Cost Per Sq Foot	Construction Per Square Foot will increase from the original estimated \$133.64/sq ft (\$5,701,000/42,658 sq feet) to \$157.21/sq ft (\$6,908,319/43,942 sq ft).
Security: (Housing Commission Loan)	The Housing Commission's proposed loan would be secured by a Second Trust Deed.
Appraised Value:	The vacant parcel was appraised at \$1,400,000 in January 30, 2004 (by Anderson & Brabant Inc. Gilbert Kunkel, MAI). The market value (assuming completion of construction and stabilized occupancy at market rents) was \$6,455,000. An updated appraisal is in process.
Proforma Assumptions:	Income increases are projected at 2.5% per year; operating expenses at 3.5% per year; vacancy rate at 5% per year.
Replacement Reserves:	Replacement reserves \$15,000 per year (\$300/unit).

Risks and Mitigation

After the award of tax credits, loans to tax credit projects become non-recourse upon the timely completion of the construction of the project due to IRS regulations that make the investment undesirable if structured otherwise. This limits the Housing Commission's ability to recover funds to the property itself. This risk is typically taken by the Housing Commission in tax credit financed developments and is mitigated by conservative underwriting assumptions and the favorable loan-to-value provided by tax credit equity.

The proposed loan increase is based on the project's limited cash flow (low rents) and that if the additional loan is not approved the developer is likely to give up the current tax credit allocation and reapply to TCAC for more tax credits. Such a TCAC reapplication may result in loss of the current tax credit allocation and a substantial delay in project completion. The project could fail to obtain a replacement/increased tax credit allocation due to the extremely competitive nature of the tax credit process.

CONCLUSION - Creekside will add to the housing stock for low-income families by restricting 49 units for 55 years at a cost of \$56,000 per unit. The proposed \$970,000 increase in Housing Commission loan funds (from \$1,830,000 to \$2,800,000), would enable the project to proceed without delay. Construction may start as soon as March 2005. For the reasons stated above, staff recommends project funding upon the terms and conditions outlined in this report.

ALTERNATIVES

1. Refuse to increase the existing \$1,830,000 Housing Commission loan. Under the existing loan agreement, the \$1,400,000 land loan (disbursed) is due on January 6, 2006 (one year

plus 190 days from the loan agreement date). If the project does not proceed then the Housing Commission could exercise its option to purchase the land for the outstanding principal and interest owed. The Commission could either keep the land or sell it. Any land sales proceeds shortfall would be paid to the Housing Commission from Affirmed as the loan guarantor.

2. Reduce the proposed \$970,000 Housing Commission loan increase by directing the developer to defer more of the Developer's Fee than the \$149,000 deferral proposed by the developer. Negative impacts would be that the developer fee must be paid prior to residual receipts and that interest expenses would also be incurred further delaying payment on the Housing Commission loan.
3. Deny the request for additional funds or reduce the developer fee to cover a portion of the shortfall. This would likely cause the developer to miss the March 3, 2005 TCAC milestone and result in the loss of the tax credits and/or significant delays in project development.

Submitted by,

Approved by,

Cissy Fisher
Director, Housing Finance & Development

Elizabeth C. Morris
President & Chief Executive Officer

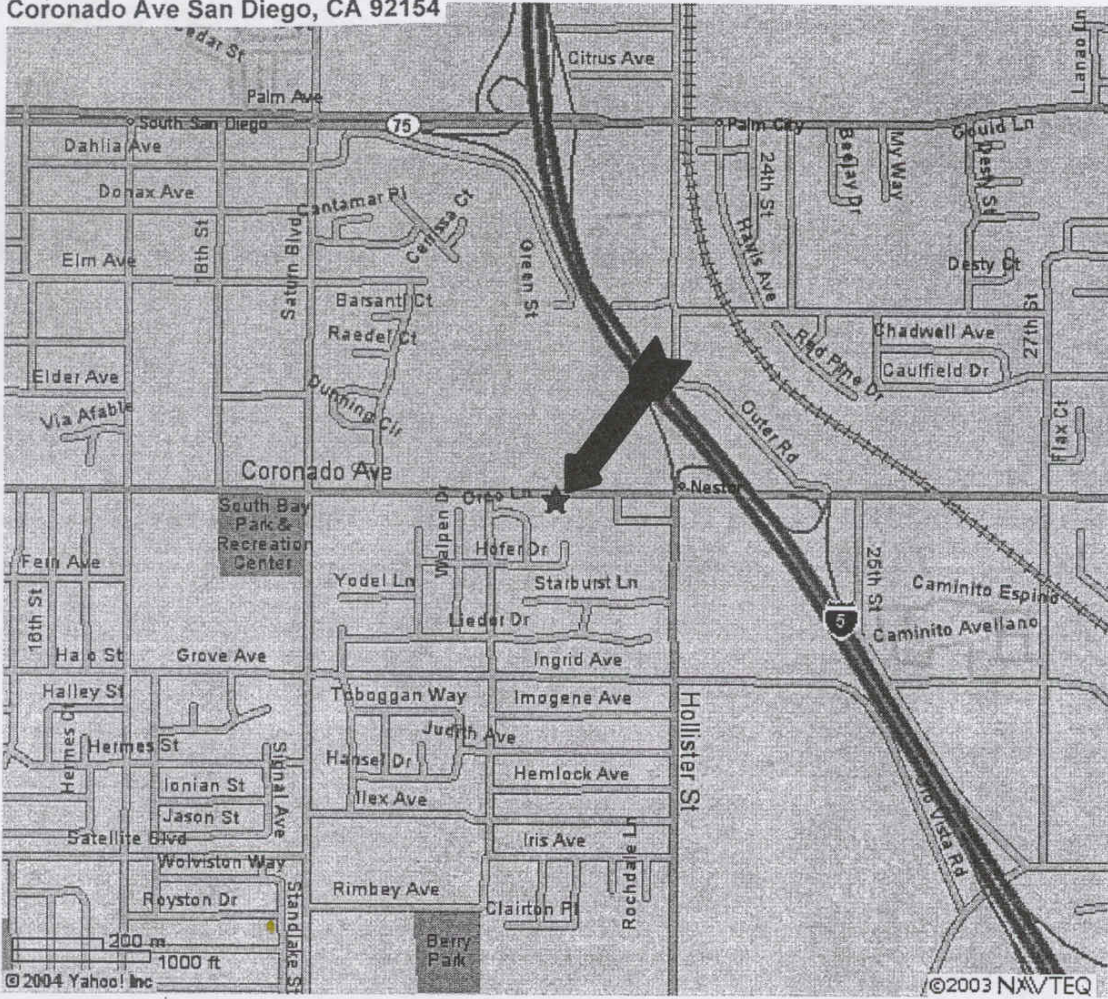
**Signature on File
With Original Document**

- Attachments:
1. Location Map
 2. Previous Related Actions
 3. HCR 04-39 (Previous Housing Commission Report)
 4. Summary of Terms and Conditions
 5. SDHC Application Form
 6. Disclosure Statement *
 7. Financial Statement *

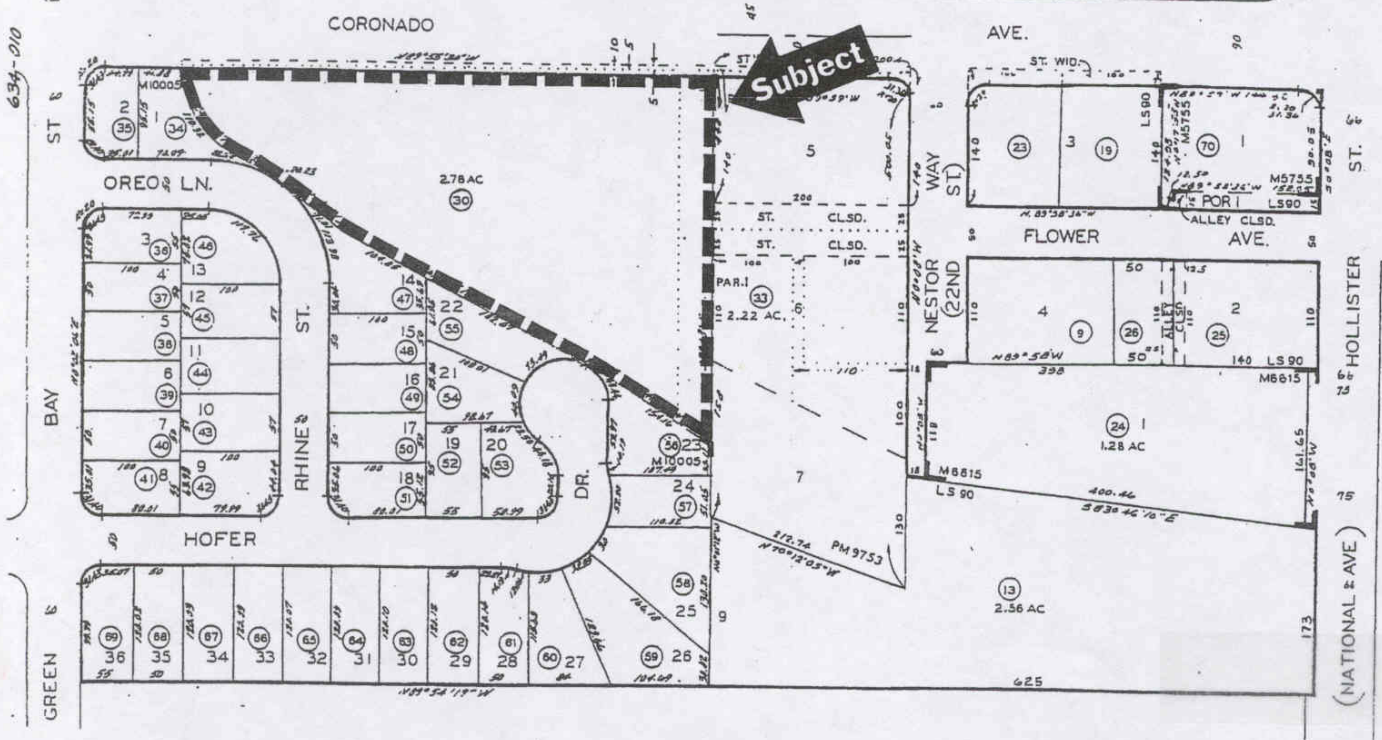
* - Distribution of this attachment is limited. A copy is available for review at the Housing Commission office at 1625 Newton Avenue and the office of the City Clerk, 2nd floor, 202 "C" Street.

ATTACHMENT 1 Site Location Map

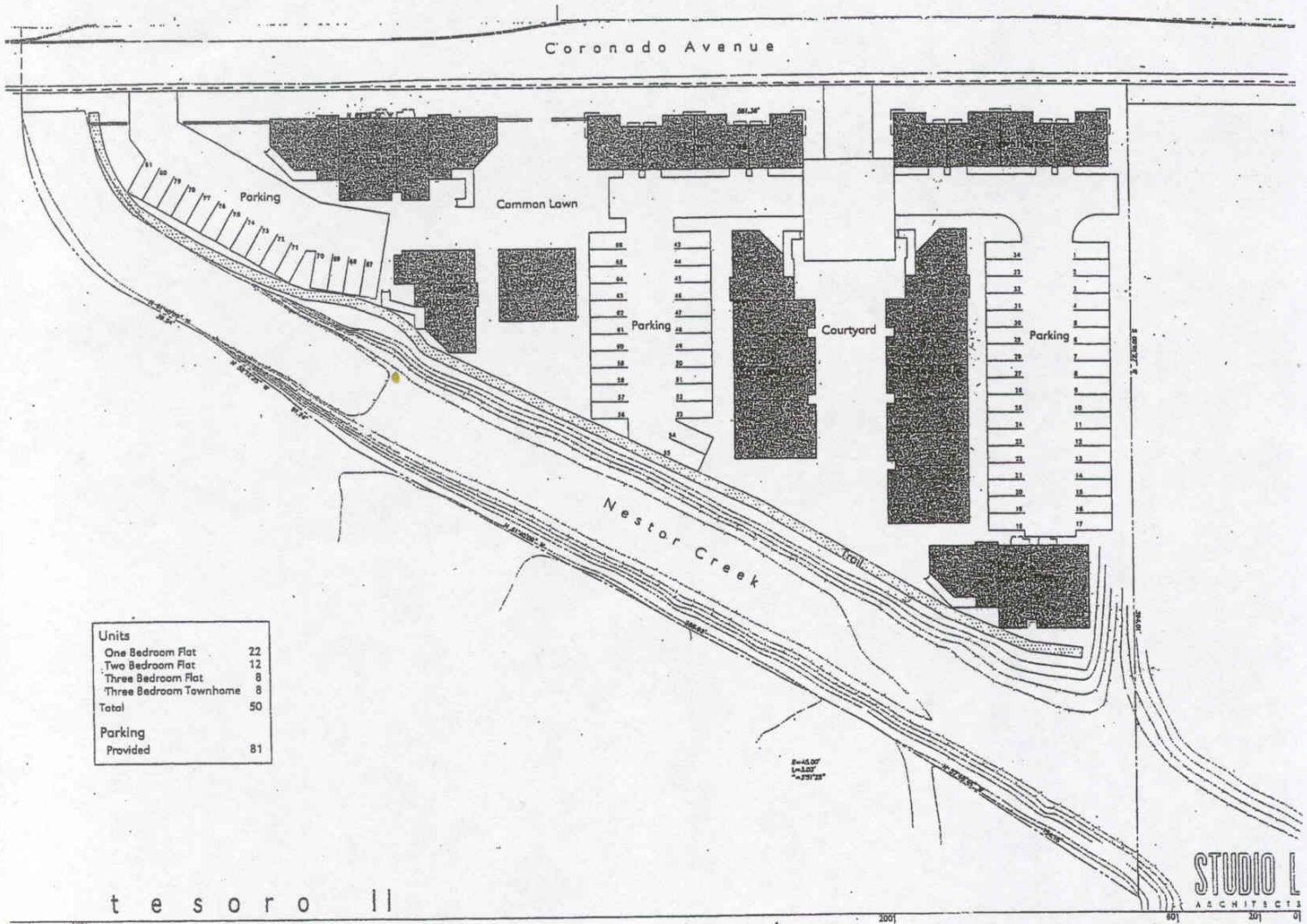
Coronado Ave San Diego, CA 92154



PLAT MAP



SITE PLAN



tesoro ll

site plan

ATTACHMENT 2 PREVIOUS RELATED ACTIONS

May 14, 2004 – (HCR 04-39) the Housing Commission approved:

- funding of a \$1,400,000 loan to Affirmed Housing for land purchase ; and
- contingent upon the California Tax Credit Allocation Committee (TCAC) award of 9% tax credits, approved a Housing Commission loan of up to an additional \$430,000 for the construction of the proposed units with the following amendments:
 - the borrower be a bankruptcy remote entity;
 - up to and including the time of construction financing that Affirmed Housing Group guarantee the obligation.

May 25, 2004 – (Resolution #1233) the Housing Authority approved:

1. Authorized the Housing Commission to fund a \$1,400,000 land acquisition loan to the Borrower prior to the Borrower's June 23, 2004, land purchase option expiration.
2. Contingent upon the TCAC award of the necessary 9 percent tax credits, authorized the Housing Commission to convert the \$1,400,000 land acquisition loan to a permanent residual receipts loan and to increase that permanent loan by an additional up to \$430,000 for the construction of the proposed development. The total amount of the residual receipts permanent loan will be up to \$1,830,000.
3. Loan terms and conditions were approved to be contingent upon satisfaction of the General Counsel of the San Diego Housing Commission.
4. The Chief Executive Officer of the San Diego Housing Commission, or her designee, was authorized to take all actions necessary to effectuate this transaction and was authorized to execute any and all documents necessary to make the approved loan to the Borrower.

ATTACHMENT 3
HCR 04-39 PREVIOUS HOUSING COMMISSION REPORT



REPORT

DATE ISSUED: May 7, 2004

ITEM 101

REPORT NO.: HCR04-39

For the Housing Commission Agenda of May 14, 2004

SUBJECT: Proposed Loan To Affirmed Housing Group For New Construction Of
“Creekside Trails” (Council District 8)

SUMMARY

Issue: Should the Housing Commission recommend Housing Authority approval of a \$1,830,000 loan to facilitate Affirmed Housing Group’s (Affirmed) acquisition of a vacant parcel and new construction of 50 apartment homes at Creekside Trails (2100 Block of Coronado Avenue)?

Recommendation: That a loan up to \$1,830,000 be approved as described in this report and summarized below:

- Housing Commission funding of a \$1,400,000 loan to Affirmed for land purchase prior to the June 23, 2004 land purchase-option expiration;
- Contingent upon the California Tax Credit Allocation Committee (TCAC) award of 9% tax credits, the Housing Commission loan to Affirmed of up to an additional \$430,000 for the construction of the proposed units; and

Documentation of terms and conditions of this loan would be contingent upon satisfaction of the General Counsel. The Chief Executive Officer would be authorized to take all actions necessary to effectuate this transaction.

Certificate of Funding Availability:

Certificate No.:	AC# 04-129
Amount:	\$1,830,000
Revenue Source:	HOME/Other
Division:	Housing Finance and Development
Line Item:	Loans and Grants

Affordable Housing Impact: Development of this project will create 50 new rental units: 22 one-bedroom, 12 two-bedroom and 16 three-bedroom units. A total of 49 units will have affordability restrictions, with rents ranging from estimated 30% to 60% of area median income (AMI) (a range of \$20,550 to \$41,100 for a family of four). The Creekside Trails



restricted units will be affordable for a term of 55 years, with initial rents (net of utility allowance) ranging from \$353 to \$739 for one bedroom units; \$422 to \$885 for two bedroom units, and \$484 to \$950 for three bedroom units.

Community Planning Group: On February 11, 2004 the Otay Mesa-Nestor Community Planning Committee heard a project presentation and voted 12-1 to: “recommend to initiate a re-designation to the plan amendment to change the property from a park designation to a residential designation with a stipulation to conserve the lineal park along the creek within the implemented guidelines for the Nestor Town Center.” City Long Range Planning later indicated that a Community Plan Amendment is no longer required.

HOME Program Compliance: The proposed loan is an eligible activity under the HOME Investment Partnerships Program (HOME). Proposed rents are below HOME guidelines; eleven units will be designated as HOME units.

Equal Opportunity: Affirmed is in compliance with the San Diego Housing Commission Equal Opportunity Program. Affirmed is not certified as a Disadvantaged Business Enterprise (DBE) and its “Report of San Diego County Workforce” is on file.

Environmental Review: The development is currently under review by the City under the California Environmental Quality Act (CEQA) guidelines and the National Environmental Protection Act (NEPA). CEQA approval will occur prior to Commission review, and NEPA approval is expected prior to Housing Authority review.

Previous Related Action: The Loan Committee will consider this housing loan proposal on May 11, 2004. Action taken by the Loan Committee will be reported at the May 14 Board meeting.

Future Related Action: Housing Authority consideration on May 25, 2004 should the Housing Commission approve this loan proposal.

DISCUSSION

Summary

Affirmed proposes to construct 50 apartment units on an unimproved parcel located at 2100 Coronado Avenue, west of Hollister Street, in the Nestor Community (Attachment 1 – Site Map, Attachment 2 – Estimated Timeline). Affirmed submitted a loan application under the Housing Commission’s current NOFA. Affirmed has a land-purchase option that expires on June 23, 2004 and was unable to obtain a time extension on the land option. Consequently, Affirmed is requesting that the Housing Commission provide a \$1,400,000 loan to acquire the property by June 23.

New Concepts

This report raises policy questions regarding predevelopment assistance to affordable housing developments; the Board may wish to discuss these separately from the specifics of this transaction. (The proposed permanent financing is consistent with Housing Commission underwriting standards.)

Affirmed's request for an acquisition loan prior to attaining a commitment of tax credits distinguishes this proposal from the standard loan package. The proposal is reflective of the heated real estate market and the attendant problem that affordable housing developers have in finding sellers who will wait for all project funding sources to become available before closing escrow on the land.

At recent meetings, the Housing Commission Board has expressed willingness to consider land banking or land acquisition for future new construction deals. This proposal includes funding of the entire cost of the site (100 percent of appraised value) with the Housing Commission loan.

By funding a land purchase, this proposal could be characterized as providing predevelopment funds to a for-profit developer. To date, predevelopment assistance has been offered only to nonprofit developers.

The Proposed Development

The proposed new construction development will be 50 units of two-story rental housing, including: 22 one-bedroom units, 12 two-bedroom units, and 16 three-bedroom units. There will be a centrally located community building containing a management office, recreational room, and resident computer learning center. The project will include: laundry, tot lot, barbecue and picnic areas. The entire first floor will be handicap accessible, and the project will incorporate a number of accessibility/Universal Design features. There will be 75 onsite parking spaces. The project includes construction of a walking trail/park along Nestor Creek, requested by the community, that runs along the property's southern border. The project will utilize materials that increase energy efficiency by at least 15% - 20% above State Title 24 energy standards. The project architectural style would be similar to Tesoro Grove, which Affirmed recently completed and which has won awards from the San Diego Chapter of the American Institute of Architects and from Residential Architect Magazine, and was nominated for the prestigious National Association of Homebuilders' "Best Affordable Housing" award.

Housing Commission Loan Financial Structure:

Proposed Site Acquisition Loan - Prior to the June 23, 2004 land purchase-option expiration, it is proposed that the Housing Commission fund a \$1,400,000 recourse land acquisition loan to Affirmed. Affirmed would pay the title, escrow, closing costs, carrying costs, and legal costs. This recourse acquisition loan would be at the Applicable Federal Rate of interest (estimated at 4.6% and compounded). The principal and interest would be due and payable upon the earlier of either Affirmed obtaining the tax credits, or at the end of eighteen months. The Housing Commission's \$1,400,000 loan would be secured by a first position deed of trust on the land (appraised at \$1,400,000 as of January 30, 2004) and would be a recourse loan against

Affirmed's assets. After the anticipated approval of the tax credits, the \$1,400,000 acquisition loan and interest would roll into the permanent loan.

Proposed Permanent Loan - After the project receives tax credits, the Housing Commission's permanent loan will increase to \$1,830,000 (which includes the \$1,400,000 acquisition and an additional \$430,000 for the construction). The permanent loan would become non-recourse (as required by the tax credit program) and secured by a second trust deed recorded against the property. Interest would be at the Applicable Federal Rate (estimated at 4.6% compounded). The Housing Commission note shall be due and payable upon the earlier of the pay off of the permanent financing or 31 years from the inception of the Housing Commission loan. The Housing Commission would subordinate to other lenders as necessary and prudent. Cost savings and/or additional tax credit and/or additional senior debt shall be used to reduce the principal of the public subsidy. The developer will obtain the largest possible private first mortgage.

Property Description

This 2.78 acre vacant property (121,097 square feet), is located west of the I-5 Freeway/Coronado Avenue interchange, just west of Hollister Street. The site is flat, triangular, bounded on the east by a religious facility, and a single-family subdivision on the west and south. To the North are Coronado Avenue and the South Bay Drive-in theatre. Mendoza Elementary School is located a short distance to the northeast on Coronado Avenue with residential uses beyond. Further east is a trailer park, gas stations, a pharmacy, Days Inn, and the I-5 Freeway. All necessary community facilities and services are located within a reasonable distance of the proposed development.

Recent affordable housing new construction in the area includes 112-unit Tesoro Grove (by the same developer) and 42-unit Mesa Family Villas. Both projects have waiting lists for vacancies.

Zoning

The site is zoned RM-1-1 for multifamily residential development with a density of one unit per 3,000 square feet of land area (40 units maximum). The developer proposes to use the 25% Density Bonus Program to increase the maximum allowed units to 50. The Housing Commission's Density Bonus staff has tentatively determined that a Density Bonus for this project is approvable and a Density Bonus Agreement would be required, to achieve the needed density, as a condition precedent to the funding of the Housing Commission's loan.

Project Costs

The estimated total development cost of the project is \$10,261,720. Proposed financing sources include: \$7,196,580 equity from the sale of nine percent tax credits; \$1,235,140 conventional bank loan; and a Housing Commission loan up to \$1,830,000 (\$37,347/assisted-unit). The developer will pay State Prevailing Wage rates. The developer's fee is within TCAC's parameters, as allowed by the NOFA, and would be released incrementally as required by the limited partner and approved by the Housing Commission.

The Borrower

Affirmed is a for-profit real estate development firm located in Escondido, California specializing in the development of affordable, multifamily rental housing. Affirmed's President,

James Silverwood, has twenty-two years of experience in the development and construction industry, and has extensive experience acting as general partner in various partnerships. Since 1994, Affirmed has developed over 1,100 units in Southern California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Since 1994, Affirmed has secured over \$200 million of tax credit, conventional and other financing for affordable housing. Recent developments include new construction as well as acquisition and substantial rehabilitation projects in San Diego County, Riverside County and Ventura County. Affirmed's financing experience includes use of low-income housing tax credits, multi-family tax exempt bonds, HOME funds, Redevelopment Agency set-aside funds, and private loans for construction and permanent financing. Affirmed's recent local projects included the 106-unit Tesoro Grove Apartments (new construction 9% tax credits in San Diego, with a \$2,630,000 Housing Commission loan), and the 94-unit Hollywood Palms Apartments, (new construction 4% tax credits in San Diego, with a \$2,200,000 Housing Commission loan). Staff has reviewed Affirmed's credit report and finds it is satisfactory and on file at the Housing Commission offices.

A tax credit limited partnership will be formed and will be the ownership entity, with Affirmed acting as General Partner; the terms of the limited partnership agreement are subject to the prior approval of the Housing Commission. The developer will provide a copy of the partnership agreement once a partnership is formed. The project architect will be Eric Nasland, Studio E Architects. A contractor will be selected for the construction. Solari Enterprises, a professional management company, will provide property management services for the development.

The Permanent Financial Plan:

Total Development Cost (TDC):	TDC is \$10,261,720 including land value; construction; interest costs; builder overhead and profit; consultants; permits/fees.
Loan Amount:	The proposed Housing Commission loan is up to \$1,830,000 (\$37,347 per assisted unit and \$20,110 per assisted bedroom) and would leverage \$8,431,720 expected from other sources. Commission funds provide 18% of TDC and other sources provide 82%.
Equity Investment:	Tax credit investment is estimated at \$7,196,580.
First Trust Deed:	The limited partnership will obtain conventional construction and permanent loans from private sector lenders. A permanent loan is estimated to be \$1,235,140 at 8%, from Bank of America, amortized over 30 years but due in 16 years.
Second Trust Deed: (Housing Commission Loan)	A residual receipts Housing Commission loan up to \$1,830,000, junior and subordinate only to a

construction loan estimated at \$5,660,767, and the take-out loan estimated at \$1,235,140.

Payments on the Housing Commission's Loan:

Annual Debt Service Payments:

- Starting at the end of year one through year three, annual debt service payments of 50 percent of residual receipts.
- Starting in year four, annual debt service payments will equal the greater of: 50% of residual receipts or \$11,117 (derived from half the estimated residual receipts at the end of year one). In the event that the \$11,117 amount exceeds the available Residual Receipts, the Housing Commission would waive the right to receive an amount in excess of the available Receipts and instead agree that the Annual Payment Amount shall be satisfied by the payment to the Housing Commission of 100% of the available Residual Receipts.

Interest:

To preserve the full amount of the tax credit award, the Housing Commission typically charges the Applicable Federal Rate on HOME funds provided to the project, currently estimated at 4.6% (compounded annually, as required by federal regulations).

Permanent Loan Term:

The Housing Commission note shall be due and payable upon the earlier of the pay off of the permanent financing or 31 years from the inception of the Housing Commission Loan, provided however, that a refinancing of the permanent financing with no cash out, shall not require a payoff of the Housing Commission loan within the first 31 years of the Housing Commission loan, only. Upon any refinancing, at any time, Affirmed will pay to the Housing Commission all accrued and unpaid interest on the Housing Commission loan.

A Declaration restricting occupancy and rents for 55-years would be recorded against the property.

Appraised Value:

Based on a January 30, 2004 appraisal by Anderson & Brabant Inc. (Gilbert Kunkel, MAI), the "as-is"

land value is \$1,400,000, which supports the \$1,400,000 purchase price.

Security:

- Initially, the short-term land acquisition loan (\$1,400,000) will be secured by a first trust deed against the property and recourse to the developer. If the tax credits are not obtained within eighteen months, then the Housing Commission can call the loan due and foreclose or exercise the option to acquire the property for \$1,400,000.
- During construction, the Housing Commission's loan (up to \$1,830,000) will be secured by a second trust deed and subordinate to a construction loan estimated at \$5,660,767.
- Upon permanent financing, the Housing Commission's loan will be secured by a second trust deed junior to a permanent conventional loan estimated at \$1,235,140.
- After timely completion of project construction, the permanent loan will be non-recourse as provided in the Housing Commission lending policy for tax credit projects.

Loan to Value:

Loan to value is to be determined upon receipt of an as-built appraisal. It is very likely that significant developer equity from the tax credits would result in a favorable loan-to-value ratio.

Debt Service Ratio:

Debt service ratio is estimated at 1.20 at year one.

Rent Restrictions:

A Declaration of Covenants and Restrictions with a 55-year term will be recorded against the property to restrict rents on 49 units at levels affordable to 30% to 60% of AMI, which is more favorable than the HOME requirement.

Occupancy Restrictions:

Occupancy of 49 assisted units will be restricted to households earning no more than 30% to 60% of area median income. One unit will be set aside as the manager's unit.

Management Plan:

A Management Plan has been reviewed and approved by Housing Commission staff.

Operating Expense:	Operating expenses are estimated at \$410 per unit per month (excluding limited partnership fees and replacement reserves). The estimated operating costs include \$35,000/year property taxes and \$10,000/year for service amenities necessary to maximize tax credit points.
Pro Forma Assumptions:	Income increase is projected at 2.5 percent per year; expense increase is projected at 3.5 percent per year, and vacancy is projected at 5 percent per year.
Reserves:	As required by TCAC, an annual \$15,000 minimum replacement reserve (\$300/unit) is included in the pro forma. Reserve expenditures would be subject to Housing Commission approval.
First Right of Refusal:	The Housing Commission will have a first right of refusal to purchase the property on the same terms and conditions of any offer made to Affirmed or to the partnership to be formed.

Risks and Mitigation

1. The \$1,400,000 land purchase loan would fund prior to Affirmed's application to TCAC for low income housing tax credits. Should Affirmed be unable to obtain the necessary tax credits, the Commission's \$1,400,000 loan would be secured by a first position deed of trust on the land (appraised at \$1,400,000 as of January 30, 2004) and would be a recourse loan against Affirmed's assets. The risk is somewhat mitigated by Affirmed's prior success in applying for and obtaining tax credits and their general development experience. If 9 percent tax credits are not obtained, alternate financing such as bonds and 4 percent tax credits could be considered or the land could be sold. An alternate financing plan that included restricted rents would most likely require additional gap financing.

2. After the award of tax credits, loans to tax credit projects become non-recourse upon the timely completion of the construction of the project. This is due to IRS regulations that make the investment undesirable if structured otherwise. The conventional first position loan is also non-recourse for the same reason. This limits the Housing Commission's ability to recover funds to the property itself. This risk is typically taken by the Housing Commission in tax credit financed developments, and is deemed mitigated by conservative underwriting assumptions and the equity contribution provided by the tax credit financing, the favorable loan-to-value provided by tax credit equity, and the Housing Commission's right of first refusal.

CONCLUSION - The new construction of 50 units will add to the housing stock for low income families. The Housing Commission's \$1,830,000 loan would restrict 49 units for 55 years at a reasonable cost of \$37,347 per assisted unit. The developer is experienced with tax credit financed developments and construction may start as soon as February 2005. For the reasons

stated above, staff recommends project funding upon the terms and conditions outlined in this report.

ALTERNATIVES

1. Require the developer to seek land acquisition financing elsewhere. This alternate short term financing would increase project development costs by at least an estimated \$75,000 for the first year in origination fees and higher interest costs and would necessitate a greater gap permanent loan from the Housing Commission.

2. Have the developer assign the current purchase agreement to the Housing Commission (allowing the Housing Commission to purchase the land outright) and lease the land to the developer. The disadvantage to this alternative is that in order to maximize tax credit scoring process points, the land lease payment would likely be limited to only \$1 per year. Also, this alternative may subject the Housing Commission to carrying costs and potential liability as owner. This alternative does not provide any periodic income to the Housing Commission.

3. Do not recommend funding the project. This would most likely result in the loss of the contract to purchase the land and the ability to apply for tax credits, which would make this project infeasible for affordable housing development.

Submitted by,

Cissy Fisher
Manager Housing Finance & Development

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Director

- Attachments:
1. Site Location Map
 2. Development Timeline
 3. Development Summary
 4. SDHC Application Form
 5. Disclosure Statement *
 6. Financial Statement *
 7. Appraisal *

* - Distribution of this attachment is limited. A copy is available for review at the Housing Commission office at 1625 Newton Avenue and the office of the City Clerk, 2nd floor, 202 “C” Street.

**ATTACHMENT 2
DEVELOPMENT TIMELINE**

Summary of Estimated Timeline

- Loan Committee Review May 11, 2004
- Housing Commission Review May 14, 2004
- Estimated Housing Authority Review May 25, 2004
- Estimated HC Loan Closing/Land Acquisition June 22, 2004
- Purchase-Option Expiration Date. June 23, 2004
- Tax Credit Application July 22, 2004
- Estimated Tax Credit Award/Reservation Sept 22, 2004
- Estimated Start of Construction. Feb 19, 2005
- Estimated Construction Completion & Occupancy Feb 28, 2006

ATTACHMENT 3 Development Summary

Name: Creekside Trails Apartments
 Location: 2170 Coronado Avenue (Near Hollister Street)
 Description: Rental housing for very low and low income residents
 Sponsor: Affirmed Housing Group

Unit Affordability:
 Total # of units: 50
 Assisted units: 49
 Restricted rents: 49

Unit Type and Estd % of Area Median Income *	Unit Size (sq. ft.)	No. of Units	Restricted Monthly Rent (Net of Utility Allowance)	Monthly Market Rent ** (Net of Utility Allowance)	Annual Rent Savings Over Market Rate
1br/1ba @30%	621	2	\$353	\$893	\$12,960
1br/1ba @40%	621	2	\$482	\$893	\$9,864
1br/1ba @50%	621	11	\$610	\$893	\$37,356
1br/1ba @60%	621	7	\$739	\$893	\$12,936
	subtotal	22			
2br/1ba @30%	835	1	\$422	\$1,010	\$7,056
2br/1ba @40%	835	1	\$576	\$1,010	\$5,208
2br/1ba @50%	835	6	\$731	\$1,010	\$20,088
2br/1ba @60%	835	4	\$885	\$1,010	\$6,000
	subtotal	12			
3br/2ba @35%	1,086	2	\$484	\$1,175	\$16,584
3br/2ba @45%	1,086	2	\$662	\$1,175	\$12,312
3br/2ba @50%	1,086	8	\$800	\$1,175	\$36,800
3br/2ba @60%	1,086	3	\$950	\$1,175	\$8,100
	subtotal	15			
3br/2ba	1,086	1			
Total		50			\$184,464

* - Estimated percent of Area Median Income (rounded).
 ** - Based on the Anderson & Brabant Inc. appraisal, January 30, 2004.

Manager's Unit: One unit will be reserved as managers' units.
 Percent of MAI: Restricted Rents will be affordable to persons earning between an estimated 30% and 60% percent of median area income.
 Affordability: 55 years

Development Cost

Total development cost:	\$10,261,720	
HC development cost:	\$1,830,000 (maximum)	
HC cost per (restricted) unit:	\$37,347 (49 restricted units)	
HC Subsidy per (restricted) bedroom @ 91 Bdrm's: . . .	\$20,110 (91 Bdrms)	

Sources of Funds

Conventional Loan – 1 st TD.	\$ 1,235,140	
SDHC – 2 nd TD	<u>\$ 1,830,000</u>	(Residual Receipts)
Subtotal	\$ 3,065,140	
Low Income Housing Tax Credits: . . .	<u>\$ 7,196,580</u>	
Total Sources.	\$10,261,720	

Uses of Funds

Total Uses.	\$10,261,720	
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Pro Forma Summary

Estimated Annual Effective Gross Income:	\$392,092	(Year 1)
Estimated Annual Expense (with Replacement Reserves): .	<u>-.261,100</u>	(Year 1)
Estimated Net Operating Income	\$130,992	
Estimated Annual debt service, 1 st TD	<u>- 108,756</u>	(1.20 debt coverage)
Subtotal (Estimated Cash Flow)	\$ 22,235	
Estimated HC Residual Receipts *	\$ 11,117 *	(Year 1)

* - Estimated Residual Receipts does not include an estimated \$3,000 Limited Partner Asset Management Fee which is intended to come from the developer's portion of the Residual Receipts.

ATTACHMENT 4



Good Neighbors

San Diego
Housing Commission

- 1625 Newton Avenue
- San Diego, California 92113-1038
- 619/578-7580
- FAX: 619/578-7356
- www.sdhc.net

January 25, 2005

Mr. Jim Silverwood
Affirmed Family Housing Partners-Creekside LLC
200 E. Washington Ave, #208
Escondido, California 92025

Re: **Amended and Restated Conditional Lender Commitment Letter (“Commitment Letter”) for Fifty Unit Affordable Housing Project-Creekside Trails located at 2129 Coronado Avenue, San Diego, CA 92154; Conditional Lender Commitment Letter for Two Million Eight Hundred Thousand and No/100 Dollars (\$2,800,000)**

Dear Mr. Silverwood:

I am pleased to offer this Commitment Letter for your consideration and acceptance, subject, however, to the approval of the Commitment Letter by the San Diego Housing Commission’s Loan Committee, the San Diego Housing Commission Board, and the Housing Authority of the City of San Diego of the amended terms and conditions of your loan.

The loan, if approved by the Housing Authority, and subject to their amendment of the Commitment Letter, will be provided to you upon the following terms and conditions:

1. Borrower: Affirmed Family Housing Partners-Creekside LLC, a California Limited Liability Company (“the LLC” or “Borrower”) and/or a to be formed California limited partnership, with the LLC as the Managing General Partner, as approved by San Diego Housing Commission (“the Commission”). The identity of each limited partner of the partnership and/or member of the LLC and their respective roles and responsibilities, as member(s), general and/or limited partner(s), in each phase of the project are subject to the approval of the CEO or designee of the Commission, or if desired, the Board of Commissioners of the San Diego Housing Commission. The documentation of the Borrower is subject to the approval by the Commission and its General Counsel.



2. Loan Amount: Not to exceed Two Million Eight Hundred Thousand and No/100 Dollars (\$2,800,000.00) including the One Million Eight Hundred Thirty Thousand and No/100 Dollars (\$1,830,000.00) previously approved by the Commission and the Housing Authority of the City of San Diego, of which One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) has already been advanced under the previously approved loan. The loan shall be disbursed in accordance with a schedule to be approved by the Commission and stated in the loan documentation.
3. Term of Affordability: 55 years
4. Affordability Restrictions: Forty-Nine (49) of the Fifty Units will be affordable to and occupied by persons and/or households at or below the Area Median Income (AMI) referenced in the attached Exhibit "A". The 50th Unit may be occupied by Management personnel and need not be rent or occupancy restricted. The form and format of the restrictions shall be as drafted by General Counsel for the Commission.
5. Construction Financing: A firm lender commitment letter from Bank of America for the construction lending in a principal amount not exceeding Six Million and No/100 Dollars (\$6,000,000.00) for a term not to exceed twenty-four (24) months, at a variable interest rate not to exceed 250 basis points over LIBOR shall be submitted to the Commission for approval in advance of any additional funding of the loan. This loan shall be senior to the Commission loan during construction and the deed of trust securing this loan shall be placed into first lien priority, through a subordination agreement, as approved by General Counsel for the Commission. The Commission shall have right to approve all loan documentation.
6. Permanent Financing: The Borrower shall provide the Commission with a irrevocable permanent lender commitment letter in an amount not in One Million Two Hundred Fifty Thousand and No/100 Dollars, amortized over thirty or more years, with a due date of not less than eighteen (18) years from origination, with interest rate, fixed, at not more than 7% per annum, prior to any

further funding of the Commission's Loan. This loan shall be secured by a first lien priority deed of trust, this lien priority shall be assured by subordination agreement, as approved by General Counsel for the Commission. The Commission shall the right to approve all loan documentation.

7. Developer Fee:

Shall not exceed the sum of One Million One Hundred Forty Nine Thousand Six Hundred and No/100 Dollars (\$1,149,600.00), of which One Hundred Forty Nine Thousand and No/100 will be deferred Developer Fee”) which shall be paid to the Developer in the following manner: First, out of the project contingency to the extent available; Secondly, out of the permanent financing to the extent available; and, Thirdly, out of residual receipts as a priority until all of the Deferred Developer Fee has been paid. Not more than 50% of the Developer Fee shall be disbursed until such time as a timely notice of completion has been filed for the project and all payments have been made or assured to the general contractor, suppliers, subcontractors, consultants, material suppliers, laborers, engineers, architects and all others providing labor or services for the construction of the project. Thereafter the remainder of Developer Fee, except the Deferred Developer Fee shall be disbursed to the Developer, in accordance with the payment schedule referenced in the LLC operating agreement or limited partnership agreement, all as approved by the General Counsel for the Commission. All of the Developer Fee shall be available for and shall be used, as necessary, to pay for any and all cost overruns in the construction of the project.

8. Loan Terms and Repayment:

The Commission's loan shall be evidenced by two notes, one in the amount of One Million Eight Hundred Thirty and No/100 Dollars (\$1,830,000.00) already executed by the Borrower and secured by a first position deed of trust, which deed of trust, will be subordinated, as referenced above to the construction and permanent financing. The Commission's loan shall also be evidenced by a third note (there already being two Housing Commission notes) in the amount of Nine Hundred Seventy Thousand and No/100 Dollars (\$970,000.00) which shall also be secured by

the first position deed of trust referenced above. Both notes shall be due and payable thirty-one (31) years after the execution of the first note referenced above. The notes shall provide for a combined annual repayment in greater of 50% of residual receipts or the sum of \$11,116.00 per year. The first annual payment shall be due and payable on or before, April 1, 2007, provided, however, no payment shall be due to the Commission during the time, if ever that the Deferred Developer Fee is being paid. Interest on the notes shall be equal to the Federal Rate at the time of the execution of each note. The notes shall contain due on sale and further encumbrance clauses and shall be in a form as approved by the General Counsel for the Commission.

9. Time: Construction shall commence for the projection or before March 17, 2005 and shall be completed on or before March 17, 2006. Stabilized occupancy shall be achieved as and when required by TCAC.
10. Limited Partner Asset Management Fee: This fee shall not exceed Three Thousand Dollars (\$3,000.00) per Year and shall be paid out of the Developer's fifty percent share of the Residual Receipts.
11. Expenses: Shall be as referenced on the attached Exhibit "B" and may escalate no more than 3.5% per annum. These expenses include, service amenities (up to \$10,000 per year), General Partner Management Fee (up to \$10,000 per year) and property taxes.
12. Reserves: Shall be as referenced in the attached Exhibit "C". All expenditures from reserves are subject to the approval of Commission.
13. Cure Rights: The Commission shall have right but not the obligation to cure, after notice of default, any and all defaults in senior encumbrances.
14. Reduction in Commission Loan: Should the cost of the project be decreased, or should the funding sources increase from those anticipated herein [cost and source amounts as referenced in

Housing Commission Report No.05-13 dated February 4, 2005] and/or should the contingency not be utilized, including for the payment of Deferred Developer Fee, then the amount of the Commission loan shall be reduced on a dollar for dollar basis by the amount of the decrease in cost or the increase in other funding.

15. No Further Commission Funding:

The Commission will not commit any further funds to this project beyond those referenced in the Commitment Letter. Any subsequent overruns, if any, must be addressed by use of the Developer Fee and/or other funding sources and/or other assets of the Developer.

16. Recourse Obligation:

The Commission loans shall be recourse until the timely completion of the project, when they shall become non recourse.

17. Prevailing wages:

The Developer shall comply with the requirements of both the federal Davis Bacon Wage laws and the state prevailing wage laws and shall pay the higher of the two, in the event of a conflict on a trade by trade basis.

18. HOME:

This project is being funded with HOME funds. The construction and operation of the project shall be subject to all applicable HOME Program, laws, rules and regulations.

19. Approval of GM Contract:

The funding of this loan is subject to the Commission's approval of a guaranteed maximum not to exceed contract for the construction of the project.

20. Attorneys Fees.

The Borrower shall reimburse the Commission for all attorneys fees, title costs, recording costs, and other costs associated with this increased funding request.

21. ALTA Lender's Policy:

The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy with endorsements acceptable to the Commission to insure the Commission's lien priority as referenced in this Commitment Letter.

22. Updated Appraisal: Prior to funding, the Developer will submit to the Commission for its approval, an updated, as constructed, appraisal, as a condition to additional funding.
23. Civil Engineer Certification: As a condition to further funding, the Developer shall submit a cost certification, executed by a registered civil engineer concerning the cost of sewer pump station being constructed for the project.
24. Assumption of Loan: The loan may not be assumed without the written consent of the Commission, except that it may be assumed by tax credit limited partnership, provided that the limited partnership is approved by the Commission and provided that the LLC will be the general partner of the limited partnership.
25. Option and First Right of Refusal: The options and first rights of refusal referenced in the existing loan documentation shall be continued in the loan documentation for this additional funding.
26. TCAC: The Developer shall submit to TCAC and to the Commission all documents necessary to complete the tax credit allocation. Prior to any additional funding, the Borrower shall submit to the Commission a copy of TCAC's letter acknowledging that the developer has satisfied all applicable 150 day submittal requirements.
27. Documentation: All documentation of this transaction shall be subject to the approval of the CEO of the Commission and its General Counsel.
28. Additional Conditions: The Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Commission and fulfill the intent of this Commitment Letter.
29. Tax Credit Investor. The Commission must receive a binding commitment from a tax credit partner, presumably Boston Capital, that its tax credit contribution to the project will be not less than Seven Million Four Hundred Ninety-Five Thousand Two Hundred Fifty Two and No/100 Dollars

Mr. Jim Silverwood
January 25, 2005
Page 7

(\$7,495,252.00) before the Commission will fund any additional funds to the project.

If you are willing to proceed on the terms and conditions referenced herein, please execute this letter and return it to the undersigned on or before 4:00p.m., January 26, 2005 so that the executed conditional commitment letter might be attached to the Commission Board Report.

Even after your execution, the Commitment Letter shall not be effective, unless and until approved by both the Commission and the Housing Authority of the City of San Diego.

If you have questions, please call +Joe Correia at 578-7587.

Sincerely,

**Signature on File
With Original Document**

Cissy Fisher
Director, Housing Finance and Development

Accepted this 26th day of January 2005, at San Diego, California. By executing below, the undersigned warrants that it has full and complete authority and power to execute this Commitment Letter.

Borrower:

Affirmed Family Housing Partners-Creekside LLC,
A California Limited Liability Company

**Signature on File
With Original Document**

By: _____
Jim Silverwood, Managing Member

Exhibit A
Table of Rent and Income Restriction Criteria

Unavailable electronically

Exhibit A1
San Diego Housing Commission Rent and Income Calculations Chart

Unavailable electronically

Exhibit B
Expenses (Proforma Page 4)

Unavailable electronically

Exhibit C
Replacement Reserves

Replacement Reserves under this loan shall be consistent with the Replacement Reserves Section 1.22 of the Option Agreement and Acquisition Construction and Permanent Financing Loan Agreement, dated June 30, 2004, by and between San Diego Housing Commission and Affirmed Family Housing Partners – Creekside, LLC, a California limited liability company.

Beginning with the first year after the timely completion of the Project and each year thereafter Fifteen Thousand dollars shall be set aside by Affirmed Family Housing Partners – Creekside, LLC, a California limited liability company.

ATTACHMENT 5
SDHC APPLICATION FORM

SAN DIEGO HOUSING COMMISSION GENERAL APPLICATION FORM - Project Overview

NOFA 2004 (July 1, 2003 - June 30, 2004) - Last revised: March 10, 2004

DATE: 01/19/05 Revised

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED IN SHADED CELLS (Check all boxes that apply)

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 2,800,000
 TECHNICAL ASSISTANCE PREDEVELOPMENT LOAN \$ _____
 _____ PROJECT SUPPORT GRANT \$ _____

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT CONDITION: UNIMPROVED SITE RESIDENTIAL COMMERCIAL
YEAR BUILT: _____ EXISTING STRUCTURE OTHER (DESCRIBE) _____

PROJECT NAME: Creekside Trails
ADDRESS: 2129 Coronado Avenue San Diego CA 92154
STREET CITY STATE ZIP
LEGAL DESCRIPTION: 634-010-30 101.07
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____

DWELLING UNITS:	<u>16</u>	<u>18</u>	<u>16</u>	_____	_____	<u>50</u>	<u>100</u>
	<small>0-BEDROOM</small>	<small>1-BEDROOM</small>	<small>2-BEDROOM</small>	<small>3-BEDROOM</small>	<small>4-BEDROOM</small>	<small>5-BEDROOM</small>	<small>TOTAL UNITS BEDROOMS</small>

HC Assisted Units:	<u>16</u>	<u>18</u>	<u>15</u>	_____	_____	<u>49</u>	<u>97</u>
	<small>0-BEDROOM</small>	<small>1-BEDROOM</small>	<small>2-BEDROOM</small>	<small>3-BEDROOM</small>	<small>4-BEDROOM</small>	<small>5-BEDROOM</small>	<small>TOTAL UNITS BEDROOMS</small>

EXISTING USES OF PROPERTY: vacant, unimproved land

DESCRIPTION OF PROPOSED PROJECT: 50-unit family rental apartments include some townhome style buildings; on-site management office and rec. room; on-site laundry facilities; common useable open space & play areas; installation of pedestrian / bike trail along Nestor Creek.

NO. OF BUILDINGS: 7 residential

APPLICANT/BORROWER:

NAME: Affirmed Family Housing Partners - Creekside LLC CONTACT PERSON: James Silverwood / Ginger Hitzke
ADDRESS: 200 E. Washington Avenue, Suite 208 Escondido CA 92025
STREET CITY STATE ZIP
TELEPHONE: (760) 738-8401 FAX NO. (760) 738-8405

LEGAL DESCRIPTION OF APPLICANT:

FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER Limited Liability Corporation
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 77-0639480

CURRENT OWNER/SELLER INFORMATION:

NAME: Affirmed Family Housing Partners - Creekside LLC LEGAL DESCRIPTION: a California LLC
ADDRESS: 200 E. Washington Avenue, Suite 208 Escondido CA 92025
STREET CITY STATE ZIP
TELEPHONE: (760) 738-8401 FAX NO. (760) 738-8405

ZONING: RM-1-1 COMMUNITY PLAN AREA: Otay Mesa - Nestor
COUNCIL DISTRICT: 8 SCHOOL DISTRICT: Southbay Union (Elementary) & Sweetwater Union (HS)

SIGNATURE: _____ Ginger Hitzke Sr. Project Manag 1-19-05
PRINT NAME TITLE DATE

**SAN DIEGO HOUSING COMMISSION
APPLICANT INTEREST FORM - AI**

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

NAME, ADDRESS, TITLE/POSITION, TELEPHONE, NATURE OF INTEREST AND PERCENT OF INTEREST
FOR PROPOSED OWNERS, OFFICERS AND GENERAL PARTNERS - LIST ALL
FOR SHAREHOLDERS, INVESTORS, LIMITED PARTNERS AND OTHERS - LIST ALL WITH A 10% OR HIGHER INTEREST

PROJECT NAME: Creskide Trails
 ADDRESS: 2129 Coronado Avenue San Diego CA 92154
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: Affirmed Family Housing Partners - Creskide LLC DATE: 01/19/05 Revised

1. <u>James Silverwood</u> <small>NAME</small> <u>200 E. Washington Ave, Suite 208</u> <small>STREET/PO</small> <u>Escondido</u> <u>CA</u> <u>92025</u> <small>CITY STATE ZIP</small>	<u>President, Affirmed Housing Group</u> <small>TITLE/POSITION</small> <u>760-738-8401</u> <small>BUSINESS TELEPHONE NO.</small>	<u>Owner</u> <small>NATURE OF INTEREST</small> <u>100%</u> <small>PERCENT INTEREST</small>
--	---	---

2. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

3. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

4. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

5. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

6. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

7. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
--	--	--

8. _____ <small>NAME</small> _____ <small>STREET/PO</small> _____ <u> </u> <u> </u> <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	_____ <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
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USE ADDITIONAL SHEETS AS NECESSARY

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - RENTAL INCOME - RI**

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

DATE: 01/19/05 Revised

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Creskide Trails
 ADDRESS: 2129 Coronado Avenue San Diego CA 92154
 STREET CITY STATE ZIP

UTILITY INFORMATION [Input X, G, E, T, or L where indicated]

Type (X) in ONE box	Gas (G) or Electricity (E) FILL IN ALL BOXES G or E	Paid by Tenant (T) or Owner/Landlord (L) FILL IN ALL BOXES T or L
<input checked="" type="checkbox"/> Apartment	Heat <input type="checkbox"/> G <input type="checkbox"/> T	
<input type="checkbox"/> Duplex, Townhouse	Cooking <input type="checkbox"/> G <input type="checkbox"/> T	
<input type="checkbox"/> House, Mobile Home	Water Heater <input type="checkbox"/> G <input type="checkbox"/> T	
	Water/Sewer <input type="checkbox"/> L	
	Basic Electric <input type="checkbox"/> T	

INCOME BY UNIT TYPE

COLUMN:

A	B	C	D	E	F	G	H	I	J	K	L	M
BASIS FOR RENT*	NO. OF UNITS	BED-ROOMS PER UNIT	BATH-ROOMS PER UNIT	SQ FT PER UNIT	CURRENT RENT	MONTHLY HOUSING COST PER UNIT	LESS: MONTHLY UTILITY ALLOW. PER UNIT	EQUALS: MONTHLY Tenant Paid RENT PER UNIT	COMPARE TO: MONTHLY MARKET RENT PER UNIT	AFFORDABILITY LEVEL: PERCENT MEDIAN INCOME**	YEARLY GROSS RENTS ALL UNITS	YEARLY MARKET RENTS
TC	1	1	1.00	621	\$	385	\$ 32	\$ 353	\$ 925	28 %	\$ 4,236	\$ 11,100
TC	1	1	1.00	621	\$	514	\$ 32	\$ 482	\$ 925	38 %	\$ 5,784	\$ 11,100
TC	8	1	1.00	621	\$	642	\$ 32	\$ 610	\$ 925	47 %	\$ 58,560	\$ 88,800
HOME/TC	6	1	1.00	621	\$	771	\$ 32	\$ 739	\$ 925	56 %	\$ 53,208	\$ 66,600
TC	2	2	1.00	835	\$	462	\$ 40	\$ 422	\$ 1,050	30 %	\$ 10,128	\$ 25,200
TC	1	2	1.00	835	\$	616	\$ 40	\$ 576	\$ 1,050	40 %	\$ 6,912	\$ 12,600
TC	8	2	1.00	835	\$	771	\$ 40	\$ 731	\$ 1,050	50 %	\$ 70,176	\$ 100,800
TC	6	2	1.00	835	\$	925	\$ 40	\$ 885	\$ 1,050	60 %	\$ 63,720	\$ 75,600
TC	2	3	2.00	1,086	\$	534	\$ 50	\$ 484	\$ 1,225	31 %	\$ 11,616	\$ 29,400
TC	1	3	2.00	1,086	\$	712	\$ 50	\$ 662	\$ 1,225	42 %	\$ 7,944	\$ 14,700
HOME	9	3	2.00	1,086	\$	850	\$ 50	\$ 800	\$ 1,225	50 %	\$ 86,400	\$ 132,300
TC	2	3	2.00	1,086	\$	1,000	\$ 50	\$ 950	\$ 1,225	58 %	\$ 22,800	\$ 29,400
HOME	1	3	2.00	1,086	\$	712	\$ 50	\$ 662	\$ 1,225	42 %	\$ 7,944	\$ 14,700
HOME	1	2	1.00	835	\$	616	\$ 40	\$ 576	\$ 1,050	40 %	\$ 6,912	\$ 12,600
MGR	1	3	2.00	1,086	\$				\$ 1,225	%	\$	\$ 14,700
MGR					\$					%	\$	\$

* Indicate Tax Credit Rents with "TC", Housing Commission Rents with "SDHC", HOME rents with "HOME", and Resident Manager's unit(s) with "MGR (bottom two rows)."

** This calculation is based on a household size of one plus the bedroom type; Please note that using tax credit rents may produce a different AMI percentage.

TOTAL RENT (YEAR)	\$ 416,340	\$ 639,600
Comp. to 90% of Market:	\$ 416,340	\$ 575,640

OTHER INCOME

Laundry	\$ 4,000
Interest Income	\$ 500
*** NOTE to HOME/TC units above. (3) are HOME units, (3) are TC *	\$

TOTAL ANNUAL INCOME \$420,840

TOTAL UNITS 50

TOTAL UNIT SQ. FT. 42,342 + TOTAL COMMUNITY FACILITIES SQ. FT. 1,600

TOTAL SQ. FT. 43,942

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - OPERATING EXPENSE - OE**

DATE: 01/19/05 Revised

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY
NOFA 2004 (July 1, 2003 - June 30, 2004) - Last revised: March 10, 2004

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Creekside Trails
 ADDRESS: 2129 Coronado Avenue San Diego CA 92154
STREET CITY STATE ZIP
 TOTAL NUMBER OF UNITS: 50

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 2,250	\$ 45	\$ 0.05
Telephone	\$ 5,500	\$ 110	\$ 0.13
Training & Travel	\$ 1,250	\$ 25	\$ 0.03
Payroll Services	\$ 1,200	\$ 24	\$ 0.03
Program Services	\$	\$	\$
Other: Payroll & Employee Benefits	\$ 37,000	\$ 740	\$ 0.84
Subtotal Percent of Total <u>17%</u>	\$ 47,200	\$ 944	\$ 1.07
Marketing Expenses			
Advertising	\$ 500	\$ 10	\$ 0.01
Other:	\$	\$	\$
Subtotal Percent of Total <u>0%</u>	\$ 500	\$ 10	\$ 0.01
Professional Fees			
Property Management	\$ 27,300	\$ 546	\$ 0.62
Auditing Services	\$ 6,500	\$ 130	\$ 0.15
Legal Services	\$ 1,000	\$ 20	\$ 0.02
Other:	\$	\$	\$
Subtotal Percent of Total <u>12%</u>	\$ 34,800	\$ 696	\$ 0.79
Utilities			
Electric	\$ 6,500	\$ 130	\$ 0.15
Gas	\$ 3,000	\$ 60	\$ 0.07
Water/Sewer	\$ 22,000	\$ 440	\$ 0.50
Other: Sewer Pump Station (elect & maint)	\$ 10,000	\$ 200	\$ 0.23
Subtotal Percent of Total <u>15%</u>	\$ 41,500	\$ 830	\$ 0.94
Contract Services			
Exterminating	\$ 1,500	\$ 30	\$ 0.03
Trash Removal	\$ 9,500	\$ 190	\$ 0.22
Security Patrol	\$ 4,500	\$ 90	\$ 0.10
Building/Grounds Maintenance	\$ 16,000	\$ 320	\$ 0.36
Janitorial Services	\$ 1,000	\$ 20	\$ 0.02
Repair Services	\$ 8,500	\$ 170	\$ 0.19
Elevator & Other Equipment	\$	\$	\$
Garage Operations/Maintenance	\$	\$	\$
Other: Payroll & Employee Benefits	\$ 17,000	\$ 340	\$ 0.39
Subtotal Percent of Total <u>21%</u>	\$ 58,000	\$ 1,160	\$ 1.32
Cleaning & Decorating			
Painting Supplies	\$ 7,500	\$ 150	\$ 0.17
Grounds Supplies	\$ 1,500	\$ 30	\$ 0.03
Other:	\$	\$	\$
Subtotal Percent of Total <u>3%</u>	\$ 9,000	\$ 180	\$ 0.20
Taxes & Insurance			
Real Property Tax Assessment	\$ 35,000	\$ 700	\$ 0.80
Property Insurance	\$ 16,000	\$ 320	\$ 0.36
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>18%</u>	\$ 51,000	\$ 1,020	\$ 1.16
Other			
SDHC Monitoring Fees	\$ 2,750	\$ 55	\$ 0.06
Other: Service Amenities Budget (per TCA)	\$ 10,000	\$ 200	\$ 0.23
Other: Replacement Reserves	\$ 15,000	\$ 300	\$ 0.34
Other: GP Asset Management Fees	\$ 10,000	\$ 200	\$ 0.23
Subtotal Percent of Total <u>13%</u>	\$ 37,750	\$ 755	\$ 0.86
Total Annual Operating Costs	\$ 279,750	\$ 5,595	\$ 6.37

DEVELOPMENT FORM - SOURCES AND USES OF FUNDS - SU

DATE: 01/19/05 Revised

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NUMBER OF UNITS 50
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Creekside Trails
 ADDRESS: 2129 Coronado Avenue San Diego CA 92154
STREET CITY STATE ZIP

SOURCES

POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST CCRC	30 YRS. 7.00% RATE	5/04 DATE OR EXPECTED	\$ 1,225,193				
2ND SDHC	55 YRS. 3.00% RATE	2/05 DATE OR EXPECTED		\$ 2,800,000			
(Select one) Residual Receipts or Amortized		Subsidy/Assisted Unit \$ 57,143 Subsidy/Assisted Bdrr \$ 28,866					
3RD Affirmed Housing	10 YRS. 3.00% RATE	Y/N DATE OR EXPECTED		\$ 149,000			
4TH							
TAX CREDIT: Boston Capital		6/04 DATE OR EXPECTED			\$ 7,495,252		
EQUITY							\$
TOTAL \$ 11,669,445			\$ 1,225,193	\$ 2,949,000	\$ 7,495,252		

FUNDING SCHEDULE FOR SOURCES

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
			1ST QUARTER	2ND QUARTER	3RD QUARTER		
CCRC	\$ 1,225,193	\$	\$	\$	\$	\$ 1,225,193	
SDHC	\$ 2,800,000	\$ 1,400,000	\$ 775,000	\$	\$	\$ 624,000 \$ 1,000	
Affirmed Housing	\$ 149,000	\$	\$	\$	\$	\$ 149,000	
Boston Capital	\$ 7,495,252	\$ 1,799,250	\$	\$	\$	\$ 3,598,500 \$ 2,097,502	
	\$ -	\$	\$	\$	\$	\$	
	\$ 11,669,445	\$ 3,199,250	\$ 775,000	\$ -	\$ -	\$ 4,222,500 \$ 3,472,695	

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: Bank America
 CONSTRUCTION TIME: 24 (MONTHS)
 CONSTRUCTION INTEREST: prime + .005%
 COMMITTED: YES NO
 DATE OF COMMITMENT/EXPECTED: 1/12/05

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - PRO FORMA - PF**

NOFA 2004 (July 1, 2003 - June 30, 2004) - Last revised: March 10, 2004

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: 01/19/05 Revised

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Creekside Trails
 ADDRESS: 2129 Coronado Avenue San Diego CA 92154
STREET CITY STATE ZIP

Replacement Reserve	\$ 15,000	LP Asset Mgmt Fee	\$ 3,000	GP Management Fee	\$ Shown in Oper Exp
Rental Income	\$ 416,340	Project Income Increase	2.50 %	Mortgage Amount	\$ 1,225,193 %
Other Income	\$ 4,500	Operating Exp. Increase	3.50 %	Mortgage Rate	7.000
Operating Expenses	\$ 279,750	Vacancy Loss	5.00 %	Mortgage Term (Years)	30
LP & GP Annual Increase	3 %	Deferred Dev. Fee	\$	Interest on Deff. Dev. Fee	%

SDHC Participation	\$ 2,800,000	Residual Receipts or Amortize	<input checked="" type="checkbox"/> <input type="checkbox"/>	Interest Rate	3.000 %
Percent of Residual to HC	50%	Term (Years)		55	

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 420,840	\$ 431,361	\$ 442,145	\$ 453,199	\$ 464,529
Vacancy	\$ 21,042	\$ 21,568	\$ 22,107	\$ 22,660	\$ 23,226
Effective Gross Income	\$ 399,798	\$ 409,793	\$ 420,038	\$ 430,539	\$ 441,302
Operating Expense	\$ 279,750	\$ 289,541	\$ 299,675	\$ 310,164	\$ 321,020
Net Operating Income	\$ 120,048	\$ 120,252	\$ 120,363	\$ 120,375	\$ 120,283
Debt Service (1st)	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815
Coverage (1st)	1.23	1.23	1.23	1.23	1.23
Replacement Reserve	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Cash Flow	\$ 22,233.12	\$ 22,437	\$ 22,548	\$ 22,560	\$ 22,468
GP Management Fee	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Deffered Dev. Fee Pmt.	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 11,116.56	\$ 11,218	\$ 11,274	\$ 11,280	\$ 11,234
Net Cash Flow	\$ 11,116.56	\$ 11,218	\$ 11,274	\$ 11,280	\$ 11,234

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 476,142	\$ 488,045	\$ 500,247	\$ 512,753	\$ 525,571
Vacancy	\$ 23,807	\$ 24,402	\$ 25,012	\$ 25,638	\$ 26,279
Effective Gross Income	\$ 452,335	\$ 463,643	\$ 475,234	\$ 487,115	\$ 499,293
Operating Expense	\$ 332,255	\$ 343,884	\$ 355,920	\$ 368,377	\$ 381,271
Net Operating Income	\$ 120,079	\$ 119,759	\$ 119,314	\$ 118,738	\$ 118,022
Debt Service (1st)	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815
Coverage (1st)	1.23	1.22	1.22	1.21	1.21
Replacement Reserve	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Cash Flow	\$ 22,265	\$ 21,944	\$ 21,499	\$ 20,923	\$ 20,208
GP Management Fee	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Deffered Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 11,132	\$ 10,972	\$ 10,750	\$ 10,461	\$ 10,104
Net Cash Flow	\$ 11,132	\$ 10,972	\$ 10,750	\$ 10,461	\$ 10,104

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 538,711	\$ 552,179	\$ 565,983	\$ 580,133	\$ 594,636
Vacancy	\$ 26,936	\$ 27,609	\$ 28,299	\$ 29,007	\$ 29,732
Effective Gross Income	\$ 511,775	\$ 524,570	\$ 537,684	\$ 551,126	\$ 564,904
Operating Expense	\$ 394,615	\$ 408,427	\$ 422,721	\$ 437,517	\$ 452,830
Net Operating Income	\$ 117,160	\$ 116,143	\$ 114,962	\$ 113,609	\$ 112,074
Debt Service (1st)	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815	\$ 97,815
Coverage (1st)	1.20	1.19	1.18	1.16	1.15
Replacement Reserve	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Cash Flow	\$ 19,345	\$ 18,328	\$ 17,148	\$ 15,794	\$ 14,259
GP Management Fee	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.	\$ Shown in Oper Exp.
Deffered Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 9,673	\$ 9,164	\$ 8,574	\$ 7,897	\$ 7,130
Net Cash Flow	\$ 9,673	\$ 9,164	\$ 8,574	\$ 7,897	\$ 7,130

**SAN DIEGO HOUSING COMMISSION
ENVIRONMENTAL REVIEW REQUEST**
Date: 01/19/05 Revised

NOFA 2004 (July 1, 2003 - June 30, 2004) - Last revised: March 10, 2004

PROPOSED PROJECT NAME: Creekside TrailsPROJECT STREET ADDRESS: 2129 Coronado Avenue ZIP CODE 92154ASSESSOR'S PARCEL NO: 634-010-30 ZONING: RM-1-1COMMUNITY PLANNING AREA: Otay Mesa - Nestor

Attach map page with arrow showing location of site. Attach assessor's parcel map if available. Attach labeled photos if available.

DEVELOPER/SPONSOR OF PROPOSED PROJECT Affirmed Family Housing Partners - Creekside LLCDEVELOPER'S ADDRESS: 200 E. Washington Avenue, Suite 208 Escondido CA 92025
STREET CITY STATE ZIPCONTACT PERSON: James Silverwood / Ginger HitzkePHONE: (760) 738-8401 FAX: (760) 738-8405**EXISTING USE OF SITE (Check all that apply):**
 Vacant Residential Commercial Industrial Other (specify) _____

 If residential, number of units: Studio 1-bedroom 2-bedroom
 3-bedroom 4-bedroom 5-bedroom _____ TOTAL
Number of buildings: Number of stories: Size of site (acres or square ft): 2.78 Age of structure(s): Years**PROPOSED PROJECT TYPE (check all that apply):**
 New Construction Rehabilitation: Major Minor
 Acquisition Acquisition & Rehabilitation Exterior Interior

Other (describe) _____

PROPOSED PROJECT DESCRIPTION (be brief, but attach additional sheets if necessary)
 (describe differences in use, density, unit sizes, etc. between existing use and proposed use):

The existing use is vacant land.

The proposed development will include 50 family rental apartments (1, 2, & 3 bedroom) including some townhome style buildings; on-site management office and rec. room; on-site laundry facilities; common useable open space and play areas; and installation of a pedestrian / bike trail along Nestor Creek (per the request of the Otay Mesa - Nestor Community Planning Committee).

Renewable energy solutions may be utilized for common structures and would include solar heating and a photovoltaic (solar electric) system.