



REPORT

DATE ISSUED: February 2, 2007 REPORT NO.:HCR07-07

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of February 9, 2007

SUBJECT: Loan Increase For The Leah Residence
(Council District 2)

REQUESTED ACTION:

Approve an \$852,500 loan increase to Catholic Charities 9th & F Street Apartments, LP for permanent financing of 24 units of low-income housing and forward to the Housing Authority for final approval.

STAFF RECOMMENDATION:

Approve and forward to the Housing Authority a recommendation to increase a \$75,000 loan to \$927,500 as permanent financing for 23 units (one unrestricted two-bedroom unit is occupied by a resident manager) of permanent supportive rental housing for homeless residents with special needs and authorize the President and Chief Executive Officer to execute all necessary documents.

DISCUSSION:

The project sponsor and owner of The Leah Residence is Catholic Charities Diocese of San Diego (CCDSD). CCDSD is a 501(c)(3) nonprofit organization with the mission of providing for disadvantaged individuals and families in San Diego and Imperial counties through community development and access to a wide range of supportive services including psychological counseling, case management, life skills training, employment assistance, meals and nutrition programs, emergency shelter, transitional housing, and permanent supportive housing. The borrower is Catholic Charities 9th & F Street, LP, a limited partnership with CCDSD as the general partner. The limited partner and nine percent tax credit investor is Enterprise Community Investment, Inc. (ECI). The following table outlines the development team:

ROLE/FIRM	CONTACT	OWNED BY
Owner- Catholic Charities 9 th & F Street, LP	Sister RayMonda DuVall	Catholic Charities Diocese of San Diego (general partner) a California non-profit corporation
Fee Developer- Oliver McMillan	Vince Nicholas	James L. McMillan, Morgan Dene Oliver, and William P. Persky

		(privately owned)
General Contractor- Harper Construction	Rick Zanchetta	Ron Harper, Sr. (privately owned)
Architect- Studio E	John Shehan	John Shehan and Brad Burke (privately owned)
Tax Credit Investor- Enterprise Community Investment, Inc.	a corporation	Limited Partner

The Leah Residence facility, located at 798 Ninth Avenue, was completed in May 2005 and the units are leased and fully operational. The development was financed, in part, with a \$75,000 Housing Commission loan made to meet a Housing Commission funding obligation under the Naval Training Center (NTC) Homeless Assistance Plan. The loan is described in Housing Commission report number HCR03-69 (Attachment – 4).

The Leah Residence currently houses formerly homeless women and homeless women with children. The special needs residents are those who are recovering from substance abuse or mental illness and those who are dually-diagnosed. The tenants have easy access to educational and case management services that help them maintain the ability to live independently.

AFFORDABLE HOUSING IMPACT:

Affordability of the units would not change with the proposed action. The Housing Commission would maintain 55-year affordability restrictions making twelve studio apartments affordable to one person households with annual incomes of 40 percent of Area Median Income (AMI) which is currently \$19,300, five one-bedroom apartments affordable to two person households with annual incomes of 40 percent of AMI (currently \$22,100), and six two-bedroom apartments affordable to three person households with annual incomes of 40 percent of AMI (currently \$24,850). Notwithstanding income level, tenants would pay no more than 30 percent of their incomes in rent.

FISCAL CONSIDERATIONS:

Staff proposes to utilize \$852,500 of Inclusionary Housing funds collected in the Centre City Planning Area to fund the loan increase. The Housing Commission loan would be used to take out bridge financing supplied by CCDS to pay increased costs of construction and retire the construction loan. Housing Commission participation in the development would increase from \$75,000 (\$3,125 per unit for 24 units) to \$927,500 (\$38,646 per unit for 24 units). With a total development cost of \$6,824,787, the loan would leverage \$5,897,287 from other sources.

Because cash flow from the operation of The Leah Residence is insufficient to allow residual receipts payments, it is proposed that the increased loan remain a zero-percent interest loan with repayment deferred for 55 years. A zero-interest deferred loan conforms with the terms of the Redevelopment Agency's loan. CCDS would use any residual cash to support operation of the facility and provide services to its residents.

CCDSD would use its own assets to pay off a \$180,000 AHP loan in 2021. It is expected that CCDSD would refinance the property to pay off the Redevelopment Agency and the Housing Commission at the end of the 55-year terms of those loans. There is the risk that CCDSD will be unable to raise sufficient revenue from equity in the rent-restricted property to retire the loans; however, this risk is somewhat mitigated by the organization's success record and its financial capacity.

The first position debt would be a \$1,844,000 zero-interest, 55-year deferred payment loan from the Redevelopment Agency. The second lien would be the proposed \$927,500 zero-interest, 55-year deferred payment loan from the Housing Commission. Principal and any applicable interest of the Housing Commission loan would be due upon default.

The following table outlines the proposed sources of permanent financing:

Debt Position	Proposed Sources of Financing	Amount	Terms
1st	Redevelopment Agency loan	\$1,844,000	55 yrs. @ 0% interest; deferred
2nd	San Diego Housing Commission loan	\$ 927,500	55 yrs. @ 0% interest; deferred
3rd	Affordable Housing Program loan	\$ 180,000	18 yrs. @ 0% interest; deferred
	HUD Continuum Of Care grant	\$ 400,000	
	Tax Credits equity	\$2,758,527	
	CCDSD capital contribution (equity)	\$ 514,760	
	CCDSD deferred developer fee (equity)	\$ 200,000	
	Total Development Cost	\$6,824,787	

Because the deferred loans to The Leah Residence would have no debt service requirements, all net cash flow would be used by CCDSD to pay for operation and services. Although the Housing Commission would be making a loan to a development with rental income insufficient to support long term operations, risk would be mitigated by a requirement for reserves over the term of the Housing Commission loan and the net cash flow that would be funneled back into the project. Risk due to a loss of rental income is also somewhat mitigated because 25 percent of the units (six apartments) received Project Based Section 8 rental housing certificates and the demand for low-income rental housing is expected to remain high.

Approval of this proposal would increase the Housing Commission's participation in The Leah Residence from \$75,000 to \$927,500; however, this is a relatively low-risk investment because CCDSD successfully operates housing at the site and there is significant owner equity in the form of capital contributions, grants, tax credits, and the value of the property.

A September 19, 2003, appraisal provided a valuation of \$1,740,000 (\$72,500 per unit) with stabilized occupancy and rent restrictions. A new appraisal was not ordered because it would not

result in a conclusion of value sufficient to secure the proposed total loans of \$2,951,500 (\$122,979 per unit), and the cost of an appraisal would be a financial hardship to the project.

The Housing Commission could deny approval of this recommendation. Without the Housing Commission loan increase, CCDSO would have to maintain its significant cash equity position in the development. The nonprofit would have fewer financial resources available to support its programs or expand its facilities, resulting in less assistance for the needy population it serves.

PREVIOUS ACTIONS:

On January 16, 2007, the Loan Committee approved this loan recommendation by a vote of 4 to 0. The Housing Commission approved a \$75,000 loan to CCDSO for this project on September 26, 2003 (HCR03-69).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

This project was approved by the Board of Directors of Centre City Development Corporation on December 17, 2003, with a unanimous vote. No further review by planning groups or other community organizations is required for this proposed action.

ENVIRONMENTAL REVIEW:

An Environmental Impact Secondary Study was completed by the Redevelopment Agency. The study concluded that the project will not have a significant effect on the environment other than as identified and mitigated with previous environmental documents prepared for and approved by the Redevelopment Agency. The project generates 217 average daily trips ("ADT"), which is less than anticipated by the Master Environmental Impact Report and Subsequent Environmental Impact Report.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders include Catholic Charities Diocese of San Diego and its clients, Centre City Development Corporation and the Redevelopment Agency of the City of San Diego as a lender and development facilitator, and the City of San Diego because this project supports its efforts to end homelessness.

Respectfully submitted,

Cissy Fisher
Director, Housing Finance and Development

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
President and Chief Executive Officer

- Attachments:
1. Location Map
 2. Development Summary
 3. Development Timeline
 4. Previous Report (HCR03-69)*
 5. Disclosure Statement *
 6. Financial Statement *
 7. General Application Form
 8. Housing Commission Loan Terms
 9. Commitment Letter

*Distribution of this attachment is limited. A copy is available for review at the Housing Commission offices located at 1122 Broadway, Suite 300 and at the offices of the City Clerk located on the 2nd floor of 202 "C" Street.

Information: Mr. Dan Cady (619) 578-7594

ATTACHMENT 2

DEVELOPMENT SUMMARY PERMANENT SUPPORTIVE HOUSING February 2, 2007

Name: Catholic Charities 9th & F Street, LP
Location: 798 Ninth Avenue
Description: Loan Increase For The Leah Residence
Sponsor: Catholic Charities Diocese of San Diego

Unit Affordability

Total # of units: 24
Assisted units: 23
Restricted rents: 40 percent of Area Median Income
Market rent: \$700 to \$1,100 per month
Percent of AMI: occupancy of 12 studios restricted at 40 percent or less of AMI
occupancy of 5 one-bedroom units restricted at 40 percent or less of AMI
occupancy of 6 two-bedroom units restricted at 40 percent or less of AMI
Affordability: 55 years

Development Cost

Total development cost: \$ 6,824,787
HC development cost: \$ 927,500
Total development cost per unit: \$ 284,366 per unit / 24 units
HC cost per unit: \$ 38,646 per unit / 24 units

Sources of Funds

Housing Commission Loan \$ 927,500
Redevelopment Agency Loan \$ 1,844,000
AHP loan \$ 180,000
HUD Grant \$ 400,000
9 percent Tax Credits \$ 2,758,527
Owner's Equity \$ 714,760

Pro Forma Summary

Estimated annual income: \$ 163,548 (year 1)
Estimated annual expense: \$ 127,236 (year 1)
Annual debt service: \$ not applicable
Estimated residual cash flow: \$ 20,935 (year 1)

ATTACHMENT 3

**CATHOLIC CHARITIES 9TH & F STREET, LP
LOAN FOR PERMANENT SUPPORTIVE HOUSING
ESTIMATED APPROVAL TIMELINE**

February 9, 2007

Loan to the Housing Authority for approval

March 9, 2007

Housing Commission loan closing

**SAN DIEGO HOUSING COMMISSION
GENERAL APPLICATION FORM - Project Overview**

Last revised: September 26, 2006

DATE: February 23, 2007

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

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 852,500
 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: 2005 EXISTING STRUCTURE OTHER (DESCRIBE) _____

PROJECT NAME: Leah Residence
ADDRESS: 798 Ninth Avenue San Diego CA 92101
STREET CITY STATE ZIP
LEGAL DESCRIPTION: J,K,L 73 Horton's Add Locl 535-103-0700, 0800 ,0900 53
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____

DWELLING UNITS:	<u>12</u>	<u>6</u>	<u>6</u>			<u>24</u>	<u>18</u>
	0-BEDROOM	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM	5-BEDROOM	TOTAL UNITS BEDROOMS

HC Assisted Units:	<u>12</u>	<u>6</u>	<u>6</u>			<u>24</u>	<u>18</u>
	0-BEDROOM	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM	5-BEDROOM	TOTAL UNITS BEDROOMS

EXISTING USES OF PROPERTY: multi-family residential

DESCRIPTION OF PROPOSED PROJECT: Permanent supportive housing for homeless residents with special needs and residents at risk of homelessness.
NO. OF BUILDINGS: 1

APPLICANT/BORROWER:

NAME: Catholic Charities Diocese of San Diego CONTACT PERSON: Sister Raymonda Duvall
ADDRESS: 349 Cedar Street San Diego CA 92101
STREET CITY STATE ZIP
TELEPHONE: (619) 231-2828 FAX NO. (619) 234-2272

LEGAL DESCRIPTION OF APPLICANT:

FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER _____
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 20-0340372

CURRENT OWNER/SELLER INFORMATION:

NAME: Catholic Charities Diocese of San Diego LEGAL DESCRIPTION: _____
ADDRESS: 349 Cedar Street San Diego CA 92101
STREET CITY STATE ZIP
TELEPHONE: (619) 231-2828 FAX NO. (619) 234-2272

ZONING: MU COMMUNITY PLAN AREA: Centre City
COUNCIL DISTRICT: 2 SCHOOL DISTRICT: San Diego Unified

SIGNATURE 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: Leah Residence
 ADDRESS: 798 Ninth Avenue San Diego CA 92101
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: _____ DATE: January 12, 2007

9.	<u>Paul Desrochers</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
10.	<u>George C. Cameron, Ed. D</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
11.	<u>Mike Colarusso</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
12.	<u>J. David Gardner</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
13.	<u>Robert A. Hoehn</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
14.	<u>Kenneth Miller, M.D.</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
15.	<u>Dennis Morgigno</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>
16.	<u>Kent Peters</u> <small>NAME</small> _____ <small>STREET/PO</small> _____ <small>CITY STATE ZIP</small>	_____ <small>TITLE/POSITION</small> _____ <small>BUSINESS TELEPHONE NO.</small>	<u>Board Member</u> <small>NATURE OF INTEREST</small> _____ <small>PERCENT INTEREST</small>

USE ADDITIONAL SHEETS AS NECESSARY

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: Leah Residence
ADDRESS: 798 Ninth Avenue San Diego CA 92101
ADDRESS CITY STATE ZIP
OWNERSHIP NAME: _____ DATE: #####

<u>Rodrigo Valdivia</u> NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	<u>Board Member</u> NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
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_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST
_____ NAME STREET/PO CITY STATE ZIP	_____ TITLE/POSITION _____ BUSINESS TELEPHONE NO.	_____ NATURE OF INTEREST _____ PERCENT INTEREST

USE ADDITIONAL SHEETS AS NECESSARY

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
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PROJECT NAME: Leah Residence
ADDRESS: 798 Ninth Avenue San Diego CA 92101
ADDRESS CITY STATE ZIP
OWNERSHIP NAME: _____ DATE: #####

NAME	TITLE/POSITION	NATURE OF INTEREST
STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

NAME	TITLE/POSITION	NATURE OF INTEREST
STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

NAME	TITLE/POSITION	NATURE OF INTEREST
STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

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STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

NAME	TITLE/POSITION	NATURE OF INTEREST
STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

NAME	TITLE/POSITION	NATURE OF INTEREST
STREET/PO	BUSINESS TELEPHONE NO.	PERCENT INTEREST
CITY	STATE	ZIP

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: February 23, 2007

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Leah Residence
 ADDRESS: 798 Ninth Avenue San Diego CA 92101
 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) _____ Paid by Tenant (T) or Owner/Landlord (L) _____
 FILL IN ALL BOXES G or E FILL IN ALL BOXES T or L

<input checked="" type="checkbox"/> Apartment	Heat	G	T
<input type="checkbox"/> Duplex, Townhouse	Cooking	E	T
<input type="checkbox"/> House, Mobile Home	Water Heater	E	T
	Water/Sewer		T
	Basic Electric		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
	2	2	1.00	925	\$	\$ 496	\$ 92	\$ 404	\$ 1,100	32 %	\$ 9,696	\$ 26,400
	3	2	1.00	780	\$	\$ 496	\$ 92	\$ 404	\$ 1,100	32 %	\$ 14,544	\$ 39,600
	1	1	1.00	555	\$	\$ 496	\$ 71	\$ 425	\$ 900	36 %	\$ 5,100	\$ 10,800
	3	1	1.00	603	\$	\$ 496	\$ 71	\$ 425	\$ 900	36 %	\$ 15,300	\$ 32,400
	4		1.00	620	\$	\$ 483	\$ 53	\$ 430	\$ 700	40 %	\$ 20,640	\$ 33,600
	6		1.00	484	\$	\$ 483	\$ 53	\$ 430	\$ 700	40 %	\$ 30,960	\$ 50,400
	1		1.00	400	\$	\$ 483	\$ 53	\$ 430	\$ 700	40 %	\$ 5,160	\$ 8,400
	1	2	1.00	925	\$	\$ 466	\$ 92	\$ 374	\$ 1,100	30 %	\$ 4,488	\$ 13,200
	1	1	1.00	603	\$	\$ 414	\$ 71	\$ 343	\$ 900	30 %	\$ 4,116	\$ 10,800
	1		1.00	484	\$	\$ 363	\$ 53	\$ 310	\$ 700	30 %	\$ 3,720	\$ 8,400
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
MGR	1	1	1.00	650	\$	\$	\$	\$	\$	%	\$	\$
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)	\$ 113,724	\$ 234,000
Comp. to 90% of Market:	\$ 113,724	\$ 210,600

OTHER INCOME	HUD rent subsidy	\$ 49,824
		\$
		\$

TOTAL ANNUAL INCOME \$163,548

TOTAL UNITS 24

TOTAL UNIT SQ. FT. 15,000 + TOTAL COMMUNITY FACILITIES SQ. FT. 3,630

TOTAL SQ. FT. 18,630

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

DATE: February 23, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY
Last revised: September 26, 2006

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

PROJECT NAME: Leah Residence
ADDRESS: 798 Ninth Avenue San Diego CA 92101
STREET CITY STATE ZIP
TOTAL NUMBER OF UNITS: 24

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$	\$	\$
Telephone	\$	\$	\$
Training & Travel	\$	\$	\$
Payroll Services	\$ 39,815	\$ 1,659	\$ 2.14
Program Services	\$	\$	\$
Other: <u>general administrative</u>	\$ 6,537	\$ 272	\$ 0.35
Subtotal Percent of Total <u>36%</u>	\$ 46,352	\$ 1,931	\$ 2.49
Marketing Expenses			
Advertising	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total	\$ -	\$ -	\$
Professional Fees			
Property Management	\$ 12,960	\$ 540	\$ 0.70
Auditing Services	\$ 6,300	\$ 263	\$ 0.34
Legal Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>15%</u>	\$ 19,260	\$ 803	\$ 1.03
Utilities			
Electric	\$ 12,540	\$ 523	\$ 0.67
Gas	\$	\$	\$
Water/Sewer	\$ 4,980	\$ 208	\$ 0.27
Other:	\$	\$	\$
Subtotal Percent of Total <u>14%</u>	\$ 17,520	\$ 730	\$ 0.94
Contract Services			
Exterminating	\$ 600	\$ 25	\$ 0.03
Trash Removal	\$	\$	\$
Security Patrol	\$	\$	\$
Building/Grounds Maintenance	\$ 24,908	\$ 1,038	\$ 1.34
Janitorial Services	\$	\$	\$
Repair Services	\$	\$	\$
Elevator & Other Equipment	\$ 5,000	\$ 208	\$ 0.27
Garage Operations/Maintenance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>24%</u>	\$ 30,508	\$ 1,271	\$ 1.64
Cleaning & Decorating			
Painting Supplies	\$	\$	\$
Grounds Supplies	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total	\$ -	\$ -	\$
Taxes & Insurance			
Real Property Tax Assessment	\$	\$	\$
Property Insurance	\$ 8,808	\$ 367	\$ 0.47
Director's & Officer's Insurance	\$	\$	\$
Other: <u>misc. assessments</u>	\$ 3,228	\$ 135	\$ 0.17
Subtotal Percent of Total <u>9%</u>	\$ 12,036	\$ 502	\$ 0.65
Other			
SDHC Monitoring Fees	\$ 1,560	\$ 65	\$ 0.08
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 1,560	\$ 65	\$ 0.08
Total Annual Operating Costs	\$ 127,236	\$ 5,302	\$ 6.83

DEVELOPMENT FORM - SOURCES AND USES OF FUNDS - SU

DATE: February 23, 2007

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

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

NUMBER OF UNITS: 24

PROJECT NAME: Leah Residence

ADDRESS: 798 Ninth Avenue, San Diego, CA 92101

SOURCES

POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST CCDC	55 YRS. RATE	<input type="checkbox"/> Y/N DATE OR EXPECTED	\$	1,844,000			
2ND SDHC	55 YRS. RATE	<input type="checkbox"/> Y/N DATE OR EXPECTED	\$	927,500			
(Select one)							
Residual Receipts or Amortized		Subsidy/Assisted Uni \$ 38,646					
		Subsidy/Assisted Bdr \$ 51,528					
3RD AHP	YRS. RATE	<input type="checkbox"/> Y/N DATE OR EXPECTED	\$	180,000			
HUD grant	YRS. RATE	<input type="checkbox"/> Y/N DATE OR EXPECTED	\$			400,000	
TAX CREDIT: ECI		<input type="checkbox"/> Y/N DATE OR EXPECTED			2,758,527		
EQUITY CCSD		<input type="checkbox"/> Y/N DATE OR EXPECTED					714,760
TOTAL \$ 6,824,787			\$	2,951,500	\$ 2,758,527	\$ 400,000	\$ 714,760

FUNDING SCHEDULE FOR SOURCES

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
			1ST QUARTER	2ND QUARTER	3RD QUARTER		
CCDC	\$ 1,844,000	\$ 1,844,000	\$	\$	\$	\$	\$
SDHC	\$ 927,500	\$ 927,500	\$	\$	\$	\$	\$
AHP	\$ 180,000	\$ 180,000	\$	\$	\$	\$	\$
HUD grant	\$ 400,000	\$ 400,000	\$	\$	\$	\$	\$
ECI	\$ 2,758,527	\$ 2,758,527	\$	\$	\$	\$	\$
CCSD	\$ 714,760	\$ 714,760	\$	\$	\$	\$	\$
	\$ 6,824,787	\$ 6,824,787	\$ -	\$ -	\$ -	\$ -	\$ -

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: _____

CONSTRUCTION TIME: _____ (MONTHS)

CONSTRUCTION INTEREST: _____ %

COMMITTED: YES NO

DATE OF COMMITMENT/EXPECTE: _____

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

Last revised: September 26, 2006

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: February 23, 2007

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

PROJECT NAME: Leah Residence
 ADDRESS: 798 Ninth Avenue San Diego CA 92101
STREET CITY STATE ZIP

Replacement Reserve	\$ <u>7,200</u>	LP Asset Mgmt Fee	\$ <u> </u>	GP Management Fee	\$ <u> </u>
Rental Income	\$ <u>113,724</u>	Project Income Increase	<u>2.50</u> %	Mortgage Amount	\$ <u> </u> %
Other Income	\$ <u>49,824</u>	Operating Exp. Increase	<u>3.50</u> %	Mortgage Rate	<u> </u>
Operating Expenses	\$ <u>127,236</u>	Vacancy Loss	<u>5.00</u> %	Mortgage Term(Years)	<u>55</u>
LP & GP Annual Increase	<u> </u> %	Deferred Dev. Fee	\$ <u> </u>	Interest on Deff. Dev. Fee	<u> </u> %

SDHC Participation \$ 927,500 Residual Receipts Interest Rate %
 Percent of Residual to HC or Amortize Term (Years) 55

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 163,548	\$ 167,637	\$ 171,828	\$ 176,123	\$ 180,526
Vacancy	\$ 8,177	\$ 8,382	\$ 8,591	\$ 8,806	\$ 9,026
Effective Gross Income	\$ 155,371	\$ 159,255	\$ 163,236	\$ 167,317	\$ 171,500
Operating Expense	\$ 127,236	\$ 131,689	\$ 136,298	\$ 141,069	\$ 146,006
Net Operating Income	\$ 28,135	\$ 27,566	\$ 26,938	\$ 26,248	\$ 25,494
Debt Service (1st)	\$	\$	\$	\$	\$
Coverage (1st)					
Replacement Reserve	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
Cash Flow	\$ 20,935	\$ 20,366	\$ 19,738	\$ 19,048	\$ 18,294
LP Asset Management Fee	\$ -	\$	\$	\$	\$
GP Management Fee	\$ -	\$	\$	\$	\$
Deferred Dev. Fee Pmt.	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$	\$	\$	\$	\$
Net Cash Flow	\$ 20,935	\$ 20,366	\$ 19,738	\$ 19,048	\$ 18,294

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 185,040	\$ 189,666	\$ 194,407	\$ 199,267	\$ 204,249
Vacancy	\$ 9,252	\$ 9,483	\$ 9,720	\$ 9,963	\$ 10,212
Effective Gross Income	\$ 175,788	\$ 180,182	\$ 184,687	\$ 189,304	\$ 194,037
Operating Expense	\$ 151,116	\$ 156,406	\$ 161,880	\$ 167,546	\$ 173,410
Net Operating Income	\$ 24,671	\$ 23,777	\$ 22,807	\$ 21,758	\$ 20,627
Debt Service (1st)	\$	\$	\$	\$	\$
Coverage (1st)					
Replacement Reserve	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
Cash Flow	\$ 17,471	\$ 16,577	\$ 15,607	\$ 14,558	\$ 13,427
LP Asset Management Fee	\$	\$	\$	\$	\$
GP Management Fee	\$	\$	\$	\$	\$
Deferred Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$	\$	\$	\$	\$
Net Cash Flow	\$ 17,471	\$ 16,577	\$ 15,607	\$ 14,558	\$ 13,427

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 209,355	\$ 214,589	\$ 219,954	\$ 225,453	\$ 231,089
Vacancy	\$ 10,468	\$ 10,729	\$ 10,998	\$ 11,273	\$ 11,554
Effective Gross Income	\$ 198,888	\$ 203,860	\$ 208,956	\$ 214,180	\$ 219,535
Operating Expense	\$ 179,479	\$ 185,761	\$ 192,262	\$ 198,992	\$ 205,956
Net Operating Income	\$ 19,409	\$ 18,099	\$ 16,694	\$ 15,189	\$ 13,578
Debt Service (1st)	\$	\$	\$	\$	\$
Coverage (1st)					
Replacement Reserve	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
Cash Flow	\$ 12,209	\$ 10,899	\$ 9,494	\$ 7,989	\$ 6,378
LP Asset Management Fee	\$	\$	\$	\$	\$
GP Management Fee	\$	\$	\$	\$	\$
Deferred Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$	\$	\$	\$	\$
Net Cash Flow	\$ 12,209	\$ 10,899	\$ 9,494	\$ 7,989	\$ 6,378

ATTACHMENT 8

**HOUSING COMMISSION LOAN TERMS
AND
PAYMENT PROCEDURES**

Total Development Cost:	The total development cost of \$6,824,787 includes construction, interest costs, builder overhead and profit, and builder fees.
Developer Equity:	CCDSD equity of \$714,760 would remain in the development.
Housing Commission Loan Amount:	A \$927,500 loan leverages \$5,897,287 from other sources.
Security:	The Housing Commission loan would be substantially unsecured. The loan would be recorded in second lien position subordinate to a \$1,844,000 loan from the Redevelopment Agency. A 2003 appraisal valued the property at \$1,740,000 with restricted rents.
Recourse:	The Housing Commission loan would be a non-recourse loan because of tax credit rules.
Cure Rights:	The Housing Commission maintains the right to cure defaults in accordance with the requirements of the Owner Participation Agreement CCDSD has with the Redevelopment Agency.
Housing Commission Loan Payments:	The \$927,500 principal would be due as a balloon payment upon loan maturity.
Affordability Restrictions:	A Housing Commission Declaration of Covenants, Conditions, and Restrictions with a 55-year term would be recorded against the property to restrict occupancy of 23 units to tenants with incomes of 40 percent or less of AMI. Tenants would pay no more than 30 percent of their incomes in rent.
First Deed of Trust:	A \$1,844,000, zero-interest 55-year deferred loan from the Redevelopment Agency.
Second Deed of Trust:	A \$927,500, zero-interest 55-year deferred loan from the Housing Commission.

Third Deed of Trust:	A \$180,000 loan from the federal Affordable Housing Program.
Management Plan:	The Management Plan for The Leah Residence is subject to periodic review and approval by the Housing Commission in its reasonable discretion.
Operating Expense:	Monthly operating expenses are estimated at \$10,603 (\$442 per unit for 24 units).
Pro Forma Assumptions:	Income increases are projected at 2.5 percent per year; operating expenses at 3.5 percent per year; the vacancy rate at 5 percent per year. Any shortfall in project income available for operating expenses will be funded from reserves with the permission of the Housing Commission.
Reserves:	The borrower would make minimum annual payments of \$7,200 into a reserve account. All residual cash from operations would be retained by CCDS and used for operation of the project. Use of reserves would require the reasonable approval of the Chief Executive Officer of the San Diego Housing Commission.



January 18, 2007

Sister RayMonda DuVall
Executive Director
Catholic Charities Diocese of San Diego
349 Cedar Street
San Diego, California 92101-3197

Re: 798 Ninth Avenue
Subject: Loan Increase for The Leah Residence

Dear Ms. DuVall:

I am pleased to offer Catholic Charities 9th & F Street, LP a loan, under the terms and conditions outlined below, subject to the approval of the Housing Commission Board, the Housing Authority, and the City Council.

The parameters of this loan commitment are as follows:

- Ownership: Catholic Charities 9th & F Street, LP (Borrower) is the sole owner and operator.
- Use of Loan Proceeds: The loan shall be used by Borrower to permanently finance the development by replacing Borrower equity used to pay for construction costs.
- Terms of the Loan: A zero-percent interest deferred payment loan will be increased from \$75,000 to \$927,500. This loan will be due and payable in full 55 years from the date Borrower executes the Promissory Note secured by a Deed of Trust to the Housing Commission.
- Acceleration Upon Default: In the event of a default of the terms of the Housing Commission Loan Agreement the loan will become due and payable in full, including any applicable interest penalties.
- Insurance: Borrower shall at all times during the term of the loan maintain General Liability and Property Damage Insurance in a form and amounts acceptable to the Housing Commission and approved by the Housing Commission's

General Counsel. The Housing Commission shall be listed as an additional insured for General Liability Insurance and shall be a loss payee of the Property Insurance.

Number of Units: A minimum of 23 units of permanent supportive rental housing.

Affordability Terms: The Housing Commission will record rent and occupancy restrictions against the property making 23 units affordable to residents with incomes at or below 40 percent of AMI. However, the Redevelopment Agency could impose additional affordability restrictions. A Declaration of Covenants, Conditions, and Restrictions restricting rents and occupancy of 23 units for 55 years will be recorded against the property in favor of the Housing Commission. Such Declaration of Covenants, Conditions, and Restrictions shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.

Loan Security: The Housing Commission loan shall be secured by a deed of trust, in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions, made in favor of the Housing Commission and secured by the property.

Senior Financing: The Housing Commission loan will be subordinate to a loan from the Redevelopment Agency of the City of San Diego.

Expenses All expenses of this project shall be approved by the Housing Commission in its sole discretion.

Reserves Subject to the approval of the senior lender, Borrower shall deposit a minimum of \$7,200 per year into a dedicated replacement reserve account. Use of reserves shall be subject to the reasonable approval of the Housing Commission's Chief Executive Officer or designee.

Recourse: The loan shall be a non-recourse loan.

Cure Rights: The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all

subordination agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.

Management Plan: The Management Plan shall be subject to periodic approval by the Housing Commission, in its reasonable discretion.

Approval of Management: The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the project.

Monitoring Fees: The Housing Commission shall be entitled to its standard yearly monitoring fees calculated on a per-unit basis during the affordability period.

Time of Funding: The Housing Commission will fund its loan upon satisfaction of all conditions set forth in the Housing Commission loan documents. All documentation, including any senior loan documents, shall be subject to review and approval of the Housing Commission's President and Chief Executive Officer or designee and General Counsel, in their sole discretion.

ALTA Lender's Policy: The Borrower shall acquire, at its sole cost and expense, ALTA Lender's Policies for the loan with endorsements acceptable to the Housing Commission insuring the Housing Commission's lien position.

Other Terms: The Housing Commission reserves the right to impose any additional conditions in the Housing Commission Loan Documents that may be necessary, in its reasonable discretion, to protect the interests of the Housing Commission and fulfill the intent of this commitment. Such documentation shall be approved by the President and Chief Executive Officer, or designee, and the General Counsel of the Housing Commission.

Acceptance: This commitment is conditional upon the Borrower receiving approval from its other lenders for the restructured financing of this development. Signing and

delivering to the Housing Commission of this letter by January 31, 2007, shall evidence Borrower's acceptance of this commitment. Until receipt of such acceptance by the Housing Commission, the Housing Commission shall have no liability hereunder, and unless acceptance is made by that date, this commitment shall be null and void.

If Borrower wishes to obtain a Housing Commission loan under the terms described herein, please accept this commitment by signing below and returning this signed original to my office.

Sincerely,

Cissy Fisher
Director of Housing Finance and Development
619.578.7585
619.578.7356 fax

Agreed to and accepted this ____ day of _____, 2007 by:

Authorized Representative