

REPORT

DATE ISSUED: February 23, 2007

REPORT NO: HCR 07-13

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of March 2, 2007

SUBJECT: Final Bond Authorization and Loan Amendment for Alabama Manor Apartments

REQUESTED ACTION: Take the final step to issue Housing Authority mortgage revenue bonds and approve an amendment to the previously approved loan to provide for the acquisition, rehabilitation, and preservation of 66 units of affordable senior rental housing.

STAFF RECOMMENDATION:

Recommend that the Housing Authority:

- 1) Authorize the issuance of tax-exempt multifamily housing revenue bonds in an amount not to exceed \$6,800,000 for the acquisition, rehabilitation, and preservation of the Alabama Manor Apartments by Community Housing Works (CHW) and its affiliate, Alabama Manor Housing Associates, a California Limited Partnership, located at 3822- 3836 Alabama Street.
- 2) Amend the interest rate on the previously approved \$3,800,000 Housing Commission residual receipts loan from 3% to 0%.

BACKGROUND:

Alabama Manor is an existing 67-unit rental housing project that was built in 1984 under a conditional use permit for senior housing. The project consists of two three-story apartment buildings built on approximately .61 acres. A central courtyard separates the two buildings. The courtyard is well landscaped and provides sitting areas, a fountain, concrete sidewalks, and pedestrian bridges that connect the buildings. Amenities include a laundry facility, elevator access to all floors, a community room with kitchen and bathroom, a library area and 25 open parking spaces. The property is fully gated with a telephone entry system and 24-hour video surveillance. Most ground floor units have either direct access to the courtyard or a private patio. The project is located one-half block south of University Avenue and is in close proximity to many transportation and community amenities. The location map is included as Attachment 1.

The project currently does not have income or rent restrictions. The proposed financing actions would extend the useful life of the project and restrict 66 units of housing for extremely low to low income households. The proposed actions would also ensure that current tenants with qualifying incomes would pay affordable rents in the future.

The project will undergo substantial rehabilitation to update both the exterior and interior of the structures. A large portion of the rehabilitation budget will be used to replace appliances to enhance energy efficiency and apply Universal Design Standards to the units. The developer will also retrofit 4 units to Americans with Disabilities Act (ADA) standards and 4 units to hearing and vision impairment standards. The community center and entrance will also be updated to meet ADA standards.

Housing Affordability

As a condition of the proposed financing sources, the project will be restricted for occupancy by, and at rents affordable to, households earning between 30% Area Median Income (AMI) (\$14,500 for a

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household of one) and 50% AMI (\$24,150 for a household of one). One unit will be occupied by an on-site manager. In addition, all 66 restricted units will be occupied by senior and/or disabled residents, and 23 of the 66 units will be reserved for tenants with special housing needs. Rent and income restrictions for the project are outlined in the chart below:

Unit Type	AMI	Number of Units	Restricted Rent (net of utility allowance)	Market Rent	Monthly Savings per Unit
Studio	30%	1	\$348	\$750	\$402
1 bedroom	30%	13	\$369	\$880	\$511
1 bedroom	35%	13	\$433	\$880	\$447
1 bedroom	50%*	34	\$613	\$880	\$267
2 bedroom	50%*	5	\$751	\$1,204	\$452
2 bedroom	MGR	1			
Total		67			
Total Annual Savings					\$290,328

*Rents set at the lesser of 50% AMI or 10% below market.

Development Team

The owner and the borrower will be Alabama Manor Housing Associates, a California Limited Partnership. Community Housing Works (CHW) will act as the managing general partner. A tax credit investor will be the limited partner. CHW is a California tax-exempt non-profit corporation formed by the 2002 merger of Community Housing of North County (founded in 1988) and San Diego Neighborhood Housing Services (founded in 1982). CHW's mission is to revitalize neighborhoods through creation of affordable housing with services for residents. CHW has participated in the development of over 1,250 affordable rental housing units in San Diego County. CHW has been certified as a Community Housing Development Organization under the federal HOME Program. CHW's Developer Statement is included as Attachment 2.

Financing Structure

The project has a total development cost of approximately \$10,600,000; sources of funds include tax-exempt bonds, a Housing Commission loan, federal tax credits, a loan from the State of California's Multifamily Housing Program, a loan from CHW, a deferred developer fee, and income from operations.

Although approximately \$5,800,000 in bonds will be issued for the project, approximately \$4,900,000 of the bond amount will be paid off at conversion to permanent financing, resulting in a permanent bond of approximately \$900,000. Permanent financing sources are summarized in the following table.

Proposed Permanent Financing Sources	
SDHC Loan	\$3,800,000
Federal Tax Credits	\$2,750,000
MHP Loan	\$2,650,000
Housing Revenue Bonds	\$890,000
CHW Loan	\$270,000
Deferred Developer Fee	\$140,000
Project Income	\$100,000
Total	\$10,600,000

The bonds will be sold through a private placement with Wells Fargo Bank (Wells). As part of proposed financing, Wells will be required to sign an investor letter certifying that they are a sophisticated investor and understand the risk associated with the purchase of the bonds. The transfer of the bonds by Wells or any subsequent bondholder will be restricted to transferees who would take all of the bonds (to maintain ownership by a single bondholder), and who would represent to the Authority and the Commission that they are sophisticated investors, are buying for investment and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds. Finally, Wells must agree that should a mortgage default occur, there would not be a bond default.

Public Disclosure and Bond Authorization

Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will not be subject to continuing disclosure requirements nor will they be credit enhanced or rated. However, it is necessary for members of the Housing Authority to disclose any knowledge, not available to the general public, about the viability of the project.

As part of its authorizing resolution, the Housing Authority will be asked to approve a Master Agency Agreement, a Master Pledge and Assignment Agreement, a Regulatory Agreement and Declaration of Restrictive Covenants, and any other document as may be necessary or advisable in consultation with the City Attorney’s Office and Bond Counsel to document the transaction. At the time of docketing, all bond documents in substantially final form will be presented to members of the Housing Authority.

The Housing Authority and Wells will be parties to the Master Agency Agreement and the Master Pledge and Assignment Agreement. The Master Agency Agreement appoints Wells to act as the Housing Authority’s agent and loan the proceeds of the bond issuance to Alabama Manor Housing Associates, a California Limited Partnership, in order to acquire and rehabilitate the property. The Master Pledge and Assignment Agreement contains the basic financial terms of the bonds (maturity dates, interest rates redemption provisions), sets forth the collateral and project revenues pledged to repay the bonds, and established events of default and remedies available to Wells. The Housing Authority, Wells, and Alabama Manor Housing Associates, a California Limited Partnership (the borrower), are parties to the Regulatory Agreement and Declaration of Restrictive Covenants. The Regulatory Agreement contains all the affordable housing requirements and is recorded against the property in order to ensure the long-term

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use of the project as affordable housing. The Regulatory Agreement also includes covenants to ensure compliance with all applicable federal and state laws.

The issuance of bonds will not constitute a financial liability of the Housing Authority, the City, or the Housing Commission. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds because security for bond payments is limited to the value of the property and its revenue sources. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

Staff has been working with CSG Advisors (CSG), the Housing Commission's financial advisor, to perform due diligence concerning the proposed financing and to formulate a recommendation for the Housing Authority. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is CSG's recommendation that the bond issuance for the project be authorized. CSG's analysis and recommendation to proceed is included as Attachment 3. A description of the Housing Commission's Multifamily Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed bond financings are described in Attachment 4.

Staff is also working with the City's Disclosure Practices Working Group to assure that the issuance of Housing Authority bonds is in conformance with the City's requirements.

Loan Amendment

The Housing Authority approved a \$200,000 loan increase at the November 21, 2006 Housing Authority meeting bringing the Housing Commission's gap loan to \$3,800,000. This approval was needed to cover a gap created by a reduction in the tax credit pricing available for the development. The need to lower project rents in order to successfully maintain a competitive position with the State of California Multifamily Housing Program has also impacted the project's projected financial income position. The Limited Partner's capital account is now projected to be negative at the end of Year 15, which will result in the development team's need to pay the limited partner's exit taxes, currently estimated at approximately \$1million, to acquire the property under a right of first refusal.

The development team has requested that the San Diego Housing Commission reduce the previously approved 3% loan interest rate to a 0%, no-interest rate in order to minimize the exit tax amount to a more manageable level, estimated at approximately \$135,000, due and payable at Year 15. In exchange for this consideration, CHW is willing to extend the affordability period from 55 years to 65 years. CHW is also agreeable to initiating a 3% loan interest rate beginning in Year 16. All other previously approved loan terms and conditions would remain unchanged.

Conclusion

Alabama Manor will provide for the acquisition, rehabilitation, and preservation of 66 units of affordable housing. In its Housing Needs Assessment of the rental housing market, the City's Consolidated Plan identifies senior and disabled households as an under-served tenant population. If approved, the recommended actions for this project will provide 66 affordable units for extremely and very low-income senior and disabled households, and benefit the community by improving the appearance of the property.

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FISCAL CONSIDERATIONS:

The issuance of bonds will not constitute a financial liability of the Housing Authority, the City, or the Housing Commission. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for bond payments is limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the developer. The Housing Commission's origination fee under the financing will be up to \$13,340 (0.23 percent of the bond amount). The change of terms on the Housing Commission loan will mean that interest income of approximately \$1,710,000 is not collected.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

At the October 6, 2006 Housing Commission meeting and the November 21, 2006 Housing Authority meeting, the Housing Commission loan for Alabama Manor was increased from \$3,600,000 to \$3,800,000. At the March 3, 2006 Housing Commission meeting and at the April 4, 2006 Housing Authority meeting, actions were taken to approve and authorize funding of a loan in the amount of \$3,600,000 and to take the initial steps to issue up to \$6,800,000 in multi-family housing mortgage revenue bonds. The Housing Authority actions were a companion item to City Council Item #334 on the same date.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The project received unanimous approval (11-0-0) at the March 21, 2006 meeting from the Greater North Park Planning Committee and its Urban Design Project Review Committee.


ENVIRONMENTAL REVIEW:

This project is categorically excluded from the requirements of the National Environmental Policy Act (NEPA) pursuant to the applicable provisions of NEPA 24CFR Part 58, Section 58.35(a)(3)(ii). The project is also categorically exempt from the provisions of the California Environment Quality Act (CEQA) pursuant to section 15301 of the CEQA guidelines.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

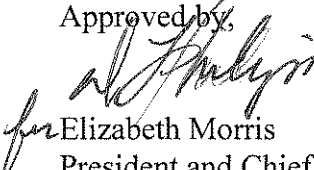
Extremely and very low income seniors are the intended residents of the project. The sellers of the property are Ronald A. Crampton and Michael J. Hall. Community Housing Works is the buyer and development team. Wells Fargo Bank and a still to be determined and selected investor are providing debt and equity for the project. CSG Advisors and Stradling, Yocca, Carlson & Rauth have been selected by the Housing Commission to assist in preparing the bond financing.

Respectfully submitted,


Cissy Fisher

Director of Housing Finance and Development

Approved by,


for Elizabeth Morris

President and Chief Executive Officer

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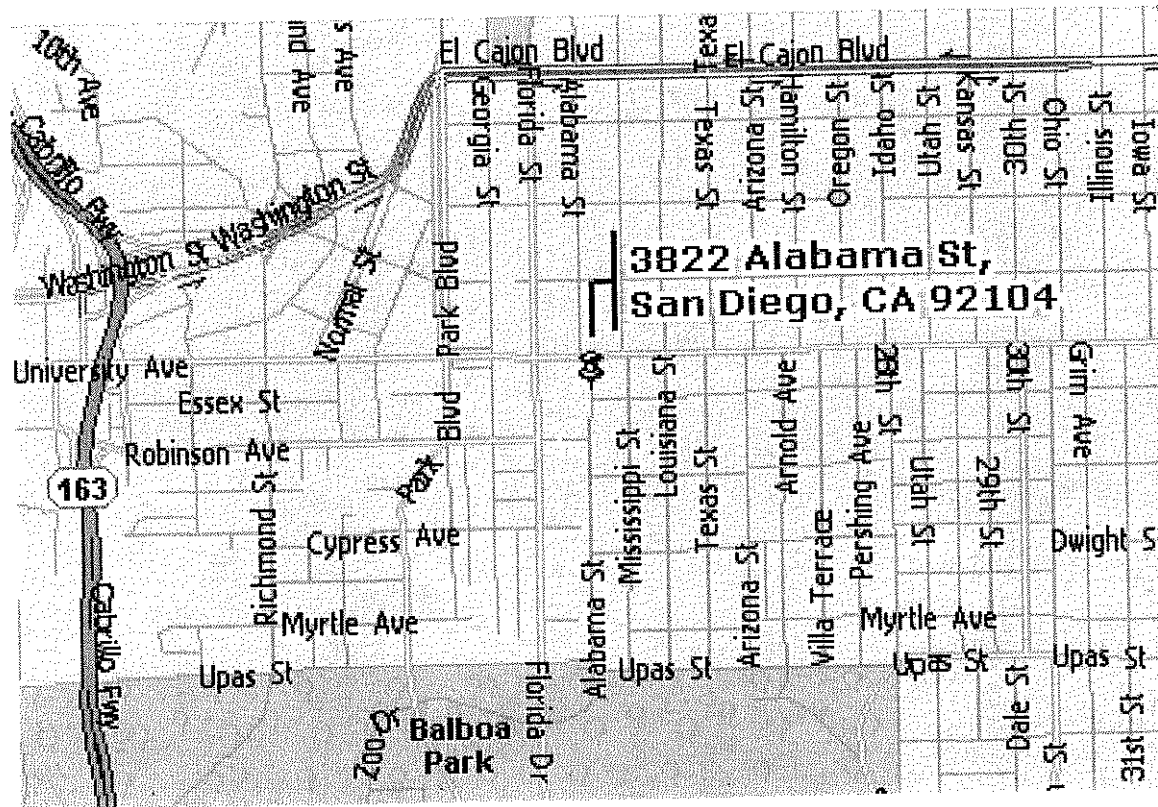
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- Attachments:
1. Location Map
 2. Developer's Disclosure Statement*
 3. Financial Advisor's Recommendation
 4. Multifamily Bond Program Summary

* Distribution of these attachment(s) may be limited. Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, Suite 300, San Diego, California.

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Attachment 1



**Alabama Manor is located on Alabama Street in the
Greater North Park Planning Area**

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

- 1. Name of CONTRACTOR: Community Housing Works
- 2. Address and Zip Code: 4305 University Ave., Suite 550
San Diego, CA 92105
- 3. Telephone Number: (619) 282-6647
- 4. Name of Principal Contact for CONTRACTOR: Terry Coyne
- 5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950

If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- A corporation (Attach Articles of Incorporation)
- A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).
- A partnership known as: _____ (Name)
Check one
 - General Partnership (Attach statement of General Partnership)
 - Limited Partnership (Attach Certificate of Limited Partnership)
- A business association or a joint venture known as: _____ (Attach joint venture or business association agreement)
- A Federal, State or local government or instrumentality thereof.
- Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1982

Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
Please refer to Board of Directors attachment.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and
Zip Code _____

Position Title (if any) and
percent of interest or description
of character and extent of interest

(Attach extra sheet if necessary)

Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months. If yes, please explain in detail.
N/A

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.
N/A

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and
Zip Code

Position Title (if any and
extent of interest

N/A

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Please refer to Board of Directors Attachment.

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

No.

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

At the close of the fiscal year 2004, Community HousingWorks had Unrestricted Net Assets of \$11,500,810 and has never laid-off staff due to cash flow. Community HousingWorks typically has a cash position covering four to six months of operations, including short-term predevelopment activities. Our Funding sources are diverse and include government, foundations, corporate grants, developer fees and property management fees. Community HousingWorks has access to over \$1,000,000 in lines of credit, some at below market rate interest. Or annual audits are made in conformity with generally accepted accounting principals for nonprofit organizations and have always had an opinion expressing full compliance to those procedures. Community HousingWorks has no pending litigation and has no other issues that would detract from our ability to perform contractually. Community HousingWorks has a history of forming and maintaining partnerships with governments investors, neighborhood association, other nonprofits and residents for positive outcomes. The organization has a strong reputation for good business management and form delivering on its promises. Copies of most recent audits are included in the attachments.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

The proposed permanent financing plan for the acquisition and rehabilitation of the 67-unit project includes a \$1,297,800 first position tax-exempt bond financing secured by a letter of credit issued by Citibank; \$3,073,008 equity from the syndication of low-

income tax credits; a \$3,600,000 residual receipt loan from the San Diego Housing Commission's HOME program: and \$2,653,611 from state MHP.

Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

Community HousingWorks does not anticipate any difficulty raising funds for the deal. Community HousingWorks has long standing relationships with LIIF, LISC and other predevelopment lenders. In addition, major equity investors such as NEF, MMA Financial, PNC Columbia, and Red Capital routinely compete for our business.

a. In banks/savings and loans:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

17. Names and addresses of bank references, and name of contact at each reference:

Please see attached references.

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
 Yes No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years? Yes No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

<u>Type Bond</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
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Please see attached and also Schedule and Analysis of Real Estate Owned (Tab 13).

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

N/A

a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract? Yes No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ Approximately \$74,000,000.

General description of such work: See Project Summaries in Attachments.

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

Please see Attachment.

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
Pineview Apartments	Fallbrook, CA		
Las Serenas	San Diego, CA		
Solara/Community Road	Poway, CA		

- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
N/A		

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

See attached Developer Qualifications and Technical Capacity.

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor? ___ Yes X No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation? X Yes ___ No

If yes, explain: One subcontractor has filed mechanics liens against two limited partnerships, Mission Grove Housing LP and Breihan Housing Associates LP. The General Contractor has bonded around the liens and a settlement is being negotiated. The total value is \$12,000.00

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category:

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Premises - Operations
- Explosion and Collapse Hazard
- Underground Hazard
- Products/Completed Operations Hazard
- Contractual Insurance
- Broad Form Property Damage
- Independent Contractors
- Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

Business Auto Insurance
Schedules vehicle in company's name.

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
Yes.
 - d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
NA
 - e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
NA
 - f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
NA
27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

<u>Government Entity Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
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None

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

Never

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
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Please refer to attached copies of CHW Licenses.

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

None

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

CHW has a proud history of successful contract administration that will assure its successful completion of this project.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved (i.e., CITY, COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
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See Attachments

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? Yes No

If yes, explain:

N/A, we are not a general contractor

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
___ Yes ___ No

If yes, explain:

N/A

38. List three local references who would be familiar with your previous construction project:

Name: Please refer to attached references

Address: In addition the Summary of Projects in Attachments lists references for projects completed since 1999.

Phone:

Project Name and Description:

Name:

Address:

Phone:

Project Name and Description:

Name:

Address:

Phone:

Project Name and Description:

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

N/A

40. Give the name and experience of the proposed Construction Superintendent.
N/A

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

Providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 13 day of Feb, 2006, at San Diego, California.

CONTRACTOR

Signature


Susan M. Reynolds, President & CEO

Title

CERTIFICATION

The CONTRACTOR, Community Housing Works, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature] By:

Title: PRESIDENT / CEO Title:

Dated: 2/13/06 Dated:

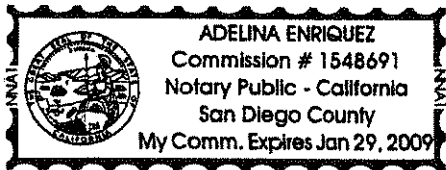
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 13 day of February, 2006.



[Signature]
Signature of Notary

Adelina Enriquez
Name of Notary

SEAL

DISCLOSE.PUB

Community Housing Works
Developer Characteristics

LUCE FORWARD
ATTORNEYS AT LAW • FOUNDED 1873
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

RECEIVED
JUL 12 2002
BY: _____

600 West Broadway
Suite 2600
San Diego, CA 92101
619.236.1414
619.232.8311 fax
www.luce.com

NANCY CRANE, PARALEGAL
DIRECT DIAL NUMBER 619.699.5473
DIRECT FAX NUMBER 619.645.5333
EMAIL ADDRESS NCRANE@LUCE.COM

July 9, 2002

24214-00001

Ms. Susan M. Reynolds
Community Housing of North County
1820 S. Escondido Blvd, #101
Escondido, CA 92025

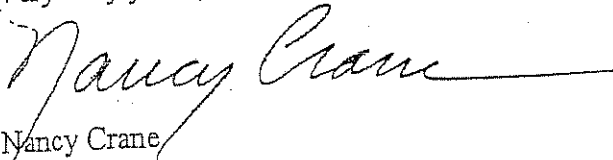
Re: Amended and Restated Articles of Incorporation for Community Housing of North
County

Dear Ms. Reynolds:

Enclosed for your records is a certified copy of the Amended and Restated Articles of Incorporation for Community Housing of North County changing the name of the corporation to Community HousingWorks. The Amended and Restated Articles were filed on July 1, 2002 by the California Secretary of State.

If you have any questions regarding this matter, please feel free to call me.

Very truly yours,



Nancy Crane

for

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NC/

Enclosure

cc: Dennis J. Doucette, Esq.

2-15

AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
COMMUNITY HOUSING OF NORTH COUNTY

JUL - 1 2002

BILL JONES, Secretary of State

Jack Mawhinney and Michael Sprague certify that:

1. They are the President and Secretary, respectively, of COMMUNITY HOUSING OF NORTH COUNTY, a California Corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read in full as follows:

ARTICLE I

Name. The name of this corporation is: Community HousingWorks.

ARTICLE II

Character. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes, (within the meaning of Section 501(c)(3) of the Internal Revenue Code.)

ARTICLE III

Purpose. The purposes of the corporation are: (i) to lessen the burdens of government by developing affordable housing for low-income persons and low and moderate income families; (ii) to provide human services and housing on a non-profit basis to relieve the distress of the elderly, the physically handicapped and people with special needs; (iii) to combat community deterioration and preserve neighborhood stability by promoting community development, which improves housing and economic conditions as is appropriate; (iv) to assist in the facilitation of low to moderate income persons and families to secure affordable mortgage financing to support efforts in improving select neighborhoods and communities; (v) to provide below-market rate flexible capital and other services in order to increase and preserve homeownership opportunities among underserved low to moderate income households; (vi) to provide new housing opportunities that will assist in eliminating discrimination and prejudice; and (vii) to revitalize and stimulate reinvestment in selected neighborhoods through programs involving a partnership of neighborhood residents, the business community, representatives of local governmental agencies, local financial institutions, and other interested persons.

ARTICLE IV

Limitations. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(a)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law). No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. This corporation shall not participate or intervene in any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office.

ARTICLE V

Dedication of Assets. The property of the corporation is irrevocably dedicated to charitable purposes. No part of the net assets or income of the corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon dissolution or liquidation, the assets remaining after payment, or provisions for payment, of all debts and liabilities of this corporation shall be distributed in the manner provided by law to a fund or corporation which is organized and operated exclusively for charitable purposes and which has established its status pursuant to Section 501(c)(3) of the Internal Revenue Code.

3. The foregoing amended and restated Articles of Incorporation have been duly approved by the board of directors.
4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

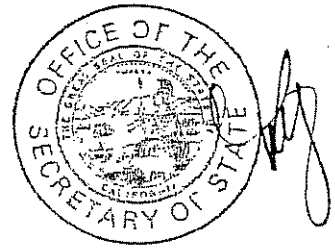
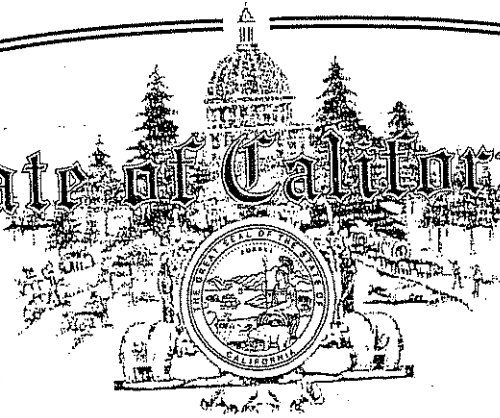
Date: 6/24, 2002

Jack Mawhinney
Jack Mawhinney, President

Michael Sprague
Michael Sprague, Secretary



State of California



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JUL - 5 2002



Bill Jones
Secretary of State

State of California

SECRETARY OF STATE CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the **20th day of June, 1988**, **COMMUNITY HOUSING WORKS** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

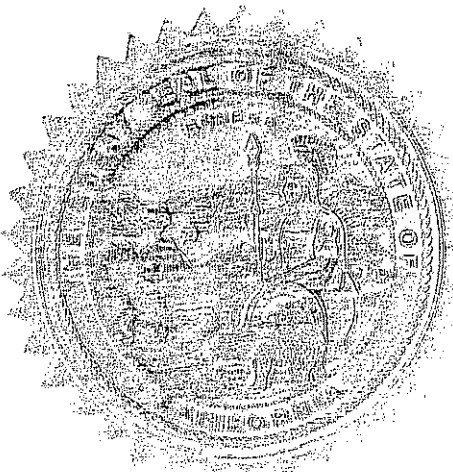
That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of August 21, 2002.



Bill Jones
BILL JONES
Secretary of State

is

Internal Revenue Service

Department of the Treasury OCT - 9 2002

P. O. Box 2508
Cincinnati, OH 45201

Date: October 5, 2002

Community Housing Works
1820 South Escondido Blvd, Suite 101
Escondido, CA 92025-6535

Person to Contact:
Jeremy L. Vogelpohl 31-03888
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 8:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
33-0317950

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on July 1, 2002. We have updated our records to reflect the name change as indicated above.

Our records indicate that a determination letter issued in November 1992 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Community Housing Works
33-0317950

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

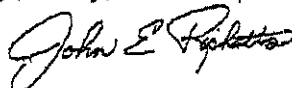
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services



Community HousingWorks

Building Communities. Changing Lives.

12/19/2005 Board of Directors

Elba Amador
Board Member
Eucalyptus View Cooperative

Tim Baker
Senior Project Manager
American Property Enterprises

June Collins – President
Environmental Planner
Dudek and Associates

Michelle Glenn
University of California, San Diego

Albert Graff
Deacon
Catholic Diocese

Profirio Ramírez
Board Member
15th Avenue Cooperative

Steve Siemers – Treasurer
Vice President
California Bank and Trust

Patricia Sinay
Community Investment Strategies

G. Maxine Smith
Resident Services Coordinator
City Heights CDC

Michael Sprague – Secretary
Retired Real Estate Professional

Karny Stefan
Associate Vice President of Development
San Diego Hospice Foundation

Annie Stokes
Retired Public Relations Professional

Chi Tran
Community Relations Officer
Citibank

□ 1820 South Escondido Blvd., Suite 101, Escondido, CA 92025
Phone: 760-432-6878 Fax: 760-432-6883

□ 4305 University Avenue, Suite 550, San Diego, CA 92105
Phone: 619-282-6647 Fax: 619-640-7119

www.communityhousingworks.org



Community HousingWorks
2005 Board of Directors List
1/10/06

<p>Albert Graff 8561 Cliffridge Avenue La Jolla, CA 92037 858-452-3684 (h) <u>allain@san.rr.com</u></p>	<p>Annie Stokes 4070 Kansas Street, #108 San Diego, CA 92104 619-584-7978 (h) <u>astokes20032003@cox.net</u></p>	<p>Chi Tran Citibank 11848 Bernardo Plaza Court, Ste. 201B San Diego, CA 92128 858-673-3741 (w) <u>chi.k.tran@citigroup.com</u></p>
<p>Elba Amador Board Vice Chair & Secretary 1821 S. Escondido Blvd., #207 Escondido, CA 92025 760-214-1839 (c) <u>Elba.Amador@sdcounty.ca.gov</u></p>	<p>G. Maxine Smith 4165 Highland Ave. #8 San Diego, CA 92105 619-584-5866 (w) 619-339-2221 (cell) 619-584-7992 (f) <u>gertrude92105@yahoo.com</u></p>	<p>Guadalupe R. Corona 3618 Knoxie Street San Diego, CA 92105 619 260-4716 (w) 619-265-1131 (h) 619-260-4610 (f) 619-847-8606 (c) <u>gcorona@sandiego.edu</u></p>
<p>June Collins (Dudek & Associates) Board Chair 605 Third Street Encinitas, CA 92024 760-942-5147 x.246 (w) 760-632-8710 (f) 760-436-7659 (h) <u>ollins@dudek.com</u></p>	<p>Karyn Stefan San Diego Hospice & Palliative Care 8022 Mission Vista Drive San Diego, CA 92120 619-795-6463 (h) 619-688-0552 (f) 619-278-6179 (w) 619-405-4402(c) <u>kstefan@sdhospice.org</u></p>	<p>Michael Sprague 4341 Manzanita Dr. San Diego, CA 92105 619-255-7902 (h) <u>michael_email@juno.com</u></p>
<p>Michelle Glenn 6135 Wolfstar Court San Diego, CA 92122 858-822-0805 (w) 619-895-6650 (cell) <u>michelleglenn4@hotmail.com</u></p>	<p>Steve Siemers Treasurer 12961 Caminito En Flor Delmar, CA 92014 760-471-3060 (w) 858-481-1073 (h) 760-471-0176 (f) 619-889-1073 (cell) <u>SSIEMERS@calbt.com</u></p>	<p>Tim Baker American Property Enterprises 2052 Historic Decatur Rd. San Diego, CA 92105 858-546-7474 x.105 (w) 619-284-8107 (h) 858-546-7472 (f) 858-472-1257 (c) <u>Tbaker@propertyenterprises.com</u></p>
<p><u>Legal Counsel:</u> Dennis Doucette Luce, Forward, Hamilton & Scripps 11988 El Camino Real, Suite 200 San Diego, CA 92130 858-720-6322 (w) 858-523-4305 (f) <u>doucette@luce.com</u></p>	<p><u>Management Consultant:</u> Mary Clark Neighborhood Reinvestment 2400 E. Katella, Suite 440 Anaheim, CA 92806 877-316-8913 (w) 714-940-0973 (f) <u>mclark@nw.org</u></p>	
<p>Changes are in BOLD & circled</p>		

Information on Development Projects

- a. Development Currently Under Construction
- b. New Construction Completed Since 1999
- c. Acquisition/Rehabilitation Completed Since 1999

Community Housing Works

Summaries

Developments Currently Under Construction

Las Serenas: 108 unit rehabilitation project in the City of San Diego, construction completion December 2006.

Pine View Apartments: 101 unit rehabilitation project in the City of Fallbrook with special needs housing, construction completion April 15, 2006.

Solara: 56 unit new construction project with multiple "Green Building" elements, estimated date of completion is in early 2007.

Community HousingWorks

Summaries

New Construction Developments Since 2000

A. PROJECT NAME The Affordable Housing at The Greens in the Villages of La Costa
El Camino Real and Alga Road
Carlsbad, CA

B. DEVELOPER: Dove Family Housing Associates, LP

C. PROJECT OWNERSHIP STRUCTURE:
 General Partners: CHNC and Mercy Housing California
 Limited Partner: N/A

D. PROJECT DESCRIPTION:

The proposed development will have 32-one bedroom units, 39-two bedroom units, 79-three bedroom units and 30-four bedroom units. Rents will be set for the 50% and 60% Area Median Income households, with the average at 56.7% AMI. An October 2001 market study illustrates that these rents are 38% to 47% below market. There are no market rate four-bedroom units, and the newest, and fully occupied affordable housing development in the area reports a waiting list in the hundreds for the four bedroom units. The units are larger than normal, with an average two bedroom at 1000 square feet and an average four bedroom at over 1300 square feet. Parking is tucked under or at grade around the loop service road.

The development is in the La Costa community of Carlsbad and overlooks the fourth fairway of the north course of the La Costa Resort. It is nestled in with other housing with values starting at \$400,000 and rising to over one million. The site is located within 1/2 mile of an elementary school, and 1/4 mile from retail services and entertainment, and a one-mile walk to South Carlsbad beaches. The site is in the developing master planned community of The Greens at La Costa. This will also result in additional amenities, such as a city owned swimming and recreational facility located 1/2 mile north of the site at build out. Located across the street is a Carlsbad Fire Station, and two blocks away the City's new library.

On site amenities include a 5000 square foot community facility that will house a computer-learning center and an exercise facility. The site's open space provides for ample playground and other activities.

E. PROJECT DELIVERY:

Construction Projected to commence in February 2003 and is scheduled for completion in June 2004.

F. PROPERTY MANAGEMENT INFORMATION

Mercy Properties, Inc.
500 South Main Street, Suite 110
Orange, CA

G. AFFORDABILITY LEVELS

# of Units	@CDLAC Application	@8609	Current
10 One Bedroom	50% AMI	N/A	N/A
10 Two Bedroom	50% AMI		
24 Three Bedroom	50% AMI		
9 Four Bedroom	50% AMI		
22 One Bedroom	60% AMI		
27 Two Bedroom	60% AMI		
55 Three Bedroom	60% AMI		
21 Four Bedroom	60% AMI		
2 Two Bedroom	Mgr.		

H. DEVELOPMENT BUDGET SUMMARY:

<u>Sources</u>		<u>Uses</u>	
Tax Exempt Bond	\$10,631,945	Land	\$0
City of Carlsbad	\$2,070,000	Construction	\$15,535,984
RECMC	\$4,334,110	Design & Engineering	\$463,000
Deferred Developer Fee	\$300,000	Financing Cost	\$1,709,665
Tax Credit Equity	\$7,518,789	Legal	\$100,000
Total	<u>\$24,854,844</u>	Permits and Fees	\$3,567,573
		Other Costs	\$2,378,622
		Developer Fee	\$1,200,000
		Total	<u>\$24,954,844</u>

I. Comparison of Project Particulars at TCAC Application and 8609

	<u>@ CDLAC Application</u>	<u>@8609</u>
Project Cost	\$24,854,844	N/A
Project Basis	\$21,284,829	
Construction Loans	\$23,161,110	
Permanent Loans	\$17,335,955	
Tax Credit Equity	\$7,518,789	

J. Attachments:

	<u>@ CDLAC Application</u>	<u>@8609</u>
1. Project Financing (Sources of Funds)		
a. Construction Financing	Yes	N/A
b. Permanent Financing	Yes	
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	
b. Income Information	Yes	
c. Monthly Utility Allowance	Yes	
d. Operating Expenses	Yes	
e. Cost Certification	N/A	
3. Fifteen Year Cash Flow	Yes	
4. Construction Cost Breakdown	N/A	
5. Project Operating Budget for 2001		N/A

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	N/A
Approved Hard Cost Contingency	
Total Construction Budget	
Final Construction Cost (Per final cost cert.)	N/A

H. DEVELOPMENT BUDGET SUMMARY:

<u>Sources</u>		<u>Uses</u>	
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City of Carlsbad	\$2,070,000	Construction	\$15,535,984
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J. Attachments:

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1. Project Financing (Sources of Funds)		
a. Construction Financing	Yes	N/A
b. Permanent Financing	Yes	
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	
b. Income Information	Yes	
c. Monthly Utility Allowance	Yes	
d. Operating Expenses	Yes	
e. Cost Certification	N/A	
3. Fifteen Year Cash Flow	Yes	
4. Construction Cost Breakdown	N/A	
5. Project Operating Budget for 2001		N/A

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	N/A
Approved Hard Cost Contingency	
Total Construction Budget	
Final Construction Cost (Per final cost cert.)	N/A

- A. PROJECT NAME Fallbrook View Apartments
 901 Alturas
 Fallbrook, CA
- B. DEVELOPER: Fallbrook View Housing Associates, LP

- C. PROJECT OWNERSHIP STRUCTURE:
 General Partner: CHNC
 Limited Partner: N/A

D. PROJECT DESCRIPTION:

Fallbrook View Apartments will be located in the community of Fallbrook, situated in the northern and rural unincorporated area of San Diego County. Over 5,000 existing farmworker families are located in northern San Diego or southern Riverside Counties and are eligible to live in this proposed housing development. The development will consist of 80 apartments (6-1bd, 44-2bd, 30-3bd units) along with a 6,200 square foot community center housing a child day care facility, multi-purpose office space and community-learning center on the 4.11-acre site. Sixty units will be reserved exclusively for year round agricultural-employed families. Twenty-nine units will be available to both agricultural and non-agricultural-employed families. In concert with RCAC's healthy housing initiative, selected residents from this development will be trained as health educators, forming a community asset linking others to available health services, in both forms, increased awareness and physically via transportation.

The community center will provide meeting space, computer room and management office, a Head Start childcare facility, and offices for health, and employment and educational services. On site services will consist of CHNC Learning Communities program, including an after-school homework club, adult education, job counseling and training, and computer training. Several service agencies have collaborated to provide these additional educational, employment training and placement, health and variety of life-skills services.

E. PROJECT DELIVERY:

Construction is planned to commence in September 2002 and is scheduled for completion in September 2003.

F. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
 9948 Hilbert, Suite 207
 San Diego, CA 92131
 Contact: Peter Purtell (858) 537-2026
 Ext. 24

G. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
3 One Bedroom	30% AMI	N/A	N/A
8 Two Bedroom	30% AMI		
9 Three Bedroom	30% AMI		
2 One Bedroom	35% AMI		
8 Two Bedroom	35% AMI		
10 Three Bedroom	35% AMI		
1 One Bedroom	50% AMI		
27 Two Bedroom	50% AMI		
11 Three Bedroom	50% AMI		
1 Two Bedroom	Mgr.		

AMI = Area Median Income for San Diego County

H. DEVELOPMENT BUDGET SUMMARY:

<u>Sources</u>		<u>Uses</u>	
RCAC	\$1,500,00	Land	\$1,413,936
Farmworker Housing Grant	\$1,400,000	Construction	\$8,789,201
RCAC Joe Serna Jr. Fund	\$750,000	Design & Engineering	\$450,971
County of San Diego	\$1,263,000	Financing Cost	\$826,071
Tax Credit Equity	\$10,035,117	Legal	\$26,000
		Permits and Fees	\$884,156
		Other Costs	\$1,357,782
		Developer Fee	\$1,200,000
Total	<u>\$14,948,117</u>	Total	<u>\$14,948,117</u>

I. Comparison of Project Particulars at TCAC Application and 8609

	<u>@ TCAC Application</u>	<u>@8609</u>
Project Cost	\$14,948,117	N/A
Project Basis	\$12,177,121	
Construction Loans	\$13,813,000	
Permanent Loans	\$4,913,000	
Tax Credit Equity	\$10,035,117	

J. Attachments:

	<u>@ TCAC Application</u>	<u>@8609</u>
1. Project Financing (Sources of Funds)		
a. Construction Financing	Yes	N/A
b. Permanent Financing	Yes	
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	
b. Income Information	Yes	
c. Monthly Utility Allowance	Yes	
d. Operating Expenses	Yes	
e. Cost Certification	N/A	
3. Fifteen Year Cash Flow	Yes	
4. Construction Cost Breakdown	N/A	
5. Project Operating Budget for 2001		N/A

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	N/A
Approved Hard Cost Contingency	
Total Construction Budget	
Final Construction Cost (Per final cost cert.)	N/A

Project: La Costa Paloma Apartments
1953 Dove Lane
Carlsbad, CA 92009-4078

References:

Construction Lender: Citibank
Alice Carr
787 West Fifth Street
Los Angeles, CA 90017
(213) 239-1934

Tax Credit Investor: California Equity Fund
Todd Fabian
1055 Wilshire Blvd. Suite 1600
Los Angeles, CA 90017
(213) 240-3144

Local Public Agency: City of Carlsbad- Housing Department
Craig Ruiz
2965 Roosevelt Street, Suite B
Carlsbad, CA 92008-2389
(760) 434-2817

Community Group: Not Applicable

Development Partner: Mercy Housing California
Ramie Dare
1360 Mission Street Suite 300
San Francisco, CA 94109
(415) 355-7118

A. PROJECT NAME Solutions Family Center
722 W. California Avenue
Vista, CA 92083-3565

B. DEVELOPER: Solutions Family Center, LP

C. PROJECT OWNERSHIP STRUCTURE:

General Partner: Community Housing Works, Developer
Limited Partner: North County Solutions For Change

D. PROJECT DESCRIPTION:

Solutions Family Center is the new construction of a permanent transitional housing facility for use by San Diego County's homeless families. Through the adoption and implementation of the City of Vista's 1999-2004 Housing Element and Community Revitalization Plan, Vista has identified a High Priority Need for homeless needs including transitional shelters such as the Solutions Family Center. For over three years, the North County Regional Shelter Task Force, a coalition of cities (Vista, Carlsbad, Encinitas, San Marcos, and Oceanside), has participated in the development and financing of the Center. This is the first joint-city development in the history of San Diego County's northern area, and proposes to serve homeless residents on a regional basis. It is the product of many years of community organizing in Vista faith communities, which have supported regional homeless housing efforts through monthly contributions and hundreds of supporters at Council meetings.

When complete, the Center will house approximately 70 homeless adults and 120 children through the provision of 33 units (31 living units and 1 resident manager unit) with shared kitchens and extensive supportive services on-site. Each two-bedroom living unit will have 3 rooms (two sleeping quarters and a family living area) and a private bathroom, with shared kitchen privileges to be determined during the intake, assessment and goal-setting period of the supportive service program on-site. The STEP-UP (Supportive Transitional Employment Program for Un-housed Persons) service provision program assesses individual and family housing needs, employment and service needs, and health, child care and youth development needs. The support services to be provided on-site will include:

- Individual case management;
- Initial food, clothing and hygiene provision and education;
- Referrals to affordable child care in the immediate area;
- Individual and family counseling,
- Training and skills development to improve economic self-sufficiency for residents,
- Health screening and education for youth and adults;
- Youth educational services;
- Computer resource center for training and educational development

E. PROJECT DELIVERY: PROJECT WILL RECEIVE CERTIFICATES OF OCCUPANCY
BY SEPTEMBER 30 2004.
Construction commenced in September 2003 and is on schedule to be completed in August 2004.

F. PROPERTY MANAGEMENT INFORMATION:

NORTH COUNTY SOLUTIONS FOR CHANGE
 CHRIS MEGISON, EXECUTIVE DIRECTOR
 890 E. Vista Way
 Vista CA., 92084

G. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
N/A			

AMI = Area Median Income for San Diego County.

H. DEVELOPMENT BUDGET SUMMARY:

<u>Sources</u>		<u>Uses</u>	
City of Vista (c)	\$580,000	Land	\$500,000
San Diego County (p)	\$957,000	Construction	\$4,395,955
City of Carlsbad (c)	\$530,000	Lender Fees and Cost	\$224,123
City of Oceanside (c)	\$300,000	Development Soft Cost	\$858,884
City of Encinitas (c)	\$100,000	Permits and Fees	\$296,436
City of San Marcos	\$75,000	Other Soft Cost Reserves	\$136,000
AHP (c)	\$176,700		<u>\$6,411,398</u>
MHP	\$2,044,512		
Capital Campaign (in progress)	\$377,000		
HUD SHP	\$400,000		
Escondido Home	\$375,100		
Ehap	\$496,086		
<u>Total</u>	<u>\$6,411,398</u>		

I. Comparison of Project Particulars at TCAC Application and 8609

	@ Application	@8609
Project Cost	\$6,411,398	N/A
Project Basis	N/A	
Construction Loans	\$1,985,862	
Permanent Loans	\$2,044,512	
Tax Credit Equity	N/A	

J. Attachments:

	@ Application	@8609
1. Project Financing (Sources of Funds)		
a. Construction Financing		
b. Permanent Financing	Yes	
2. Project Costs, Operating Expenses & Income (Uses of Funds)		

- | | | |
|--------------------------------------|-----|-----|
| a. Project Costs | Yes | |
| b. Income Information | N/A | |
| c. Monthly Utility Allowance | N/A | |
| d. Operating Expenses | N/A | |
| e. Cost Certification | N/A | |
| 3. Fifteen Year Cash Flow | N/A | |
| 4. Construction Cost Breakdown | N/A | |
| 5. Project Operating Budget for 2003 | | N/A |

K. Construction Cost Comparison Between Preliminary Reservation and 8609

- | | |
|---|-----|
| Construction Contract Amount | N/A |
| Approved Hard Cost Contingency | |
| Total Construction Budget | |
| Final Construction Cost
(Per final cost cert.) | N/A |

Project: Solutions for Change
722 West California Ave.
Vista, CA 92028

References:

Construction Lender: Bank of America
Paul Shipstead
450 B Street
San Diego, CA 92101
(619) 515-5940

Permanent Lender: State of Cal. Housing and Community Development
Allen Proso
1800 3rd Street Suite 390
Sacramento, CA 94252-2054
(916) 323-6016

Tax Credit Investor: Not Applicable

Local Public Agency: City of Vista
Jeff Wymian
600 Eucalyptus Ave.
P.O. Box 1988
Vista, Ca 92085
(760) 726-1340 ext 1102

Community Group: Not Applicable

Development Partner: Not Applicable

5. Project Operating Budget for 2003

N/A

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	N/A
Approved Hard Cost Contingency	
Total Construction Budget	
Final Construction Cost	N/A
(Per final cost cert.)	

- A. PROJECT NAME Old Grove Apartments
 4391 Mission Avenue
 Oceanside, CA
- B. DEVELOPER: Mission Grove Housing Associates, LP
- C. PROJECT OWNERSHIP STRUCTURE:
 General Partner: CHNC
 Limited Partner: California Equity Fund

D. PROJECT DESCRIPTION:

Old Grove Apartments are designed to promote community by focusing on opportunities for positive neighborly interaction and activities. This new construction development consists of eight two-story apartment buildings over tuck-under parking. Buildings are massed along the street to create an interesting streetscape, with parking distributed throughout the site to provide easy access to units and community center. Old Grove will host our first Internet Housing Program, which offers web access in each unit, as well as a range of programs focused on learning and increased skills. The project will also serve the entire neighborhood with an onsite 24-slot childcare center, with subsidized rates for working families.

Old Grove Apartments will serve 56 households in 1, 2, and 3 bedroom units in this quiet residential neighborhood, adjoining a major transportation corridor. This project emphasizes family units, with 30% of the units reserved for families comprised of 5-8 individuals. The principal people to be served are low-wage earning working families with children who currently reside or work in Oceanside. Furthermore, one mile away from the development is a shopping center, with several major retail markets that can be accessed by public transportation, which is located across the street from the Old Grove site. By building this complex in this relatively middle class neighborhood CHNC will help to economically integrate this community, while providing housing opportunities for lower income working families outside of the older, urban core of the City of Oceanside. Special links with families exiting transitional housing, home buying classes, and other program linkages, assure housing for a range of community needs.

The opportunity to develop an affordable housing complex was initiated by the City of Oceanside Notice of Funding Availability; Home and Redevelopment set-aside funds were made available to increase the supply of affordable housing. Oceanside's Housing Element shows a need for 944 new affordable units by 2005, with a particularly intense need for large family units. A vacancy rate of 1 to 2% over the last year demonstrates the urgency of the need for additional affordable units. City policy encourages affordable projects like this one: outside the oldest neighborhoods, located along major transportation, and including childcare and onsite services.

The project meets the local community need by providing family housing, including three bedroom units, outside the oldest neighborhoods, but only one block from Oceanside's major east-west avenue and two blocks from the major east-west highway. Rents are \$100 to \$500 below market. The Learning Communities, Internet, Migrant Education, and other programs in Old Grove will help children succeed in the area schools, which are not overcrowded.

E. PROJECT DELIVERY:

Construction commenced in January 2002 and is currently under construction. It is scheduled for completion in February 2003.

F. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
9948 Hilbert, Suite 207
San Diego, CA 92131
Contact: Peter Purtell (858) 537-2026
Ext. 24

G. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
4 One Bedroom	20% AMI	N/A	N/A
4 Three Bedroom	30% AMI		
4 One Bedroom	35% AMI		
3 Two Bedroom	35% AMI		
5 Three Bedroom	35% AMI		
10 One Bedroom	50% AMI		
9 Two Bedroom	50% AMI		
4 Three Bedroom	50% AMI		
6 One Bedroom	60% AMI		
2 Two Bedroom	60% AMI		
4 Three Bedroom	60% AMI		
1 Two Bedroom	MGR.		

AMI = Area Median Income for San Diego County

H. DEVELOPMENT BUDGET SUMMARY:

Sources	Amount	Uses	Amount
CHFA	\$770,000	Land	\$605,000
AHP	\$220,000	Construction	\$6,368,346
City of Oceanside	\$1,967,000	Design & Engineering	\$387,000
Deferred Developer Fee	\$393,337	Financing Cost	\$467,548
Tax Credit Equity	\$3,058,109	Legal (Other soft costs)	\$208,320
HCD-MHP	\$2,490,000	Permits and Fees	\$690,000
San Diego-HOPWA	\$200,000	Other Costs	\$325,549
HCD-Farmworker Grant	\$850,000	Developer Fee	\$940,639
Deferred Interest	43,956	Total	\$9,992,402
Total	\$9,992,402		

I. Comparison of Project Particulars at TCAC Application and 8609

	@ TCAC Application	@8609
Project Cost	\$9,992,402	N/A
Project Basis	\$8,409,087	
Construction Loans	\$9,722,337	
Permanent Loans	\$9,992,402	
Tax Credit Equity	\$3,058,109	

J. Attachments:

	<u>@ TCAC Application</u>	<u>@8609</u>
1. Project Financing (Sources of Funds)		
a. Construction Financing	Yes	N/A
b. Permanent Financing	Yes	
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	
b. Income Information	Yes	
c. Monthly Utility Allowance	Yes	
d. Operating Expenses	Yes	
e. Cost Certification	N/A	
3. Fifteen Year Cash Flow	Yes	
4. Construction Cost Breakdown	yes	
5. Project Operating Budget for 2001		N/A

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	\$5,951,725
Approved Hard Cost Contingency	416,621
Total Construction Budget	\$6,638,346
Final Construction Cost (Per final cost cert.)	N/A

Project: Old Grove Apartments
235 Via Pelicano
Oceanside, CA 92057

References:

Construction Lender: Bank of America
Paul Shipstead
450 B Street
San Diego, CA 92101
(619) 515-5940

Tax Credit Investor: California Equity Fund
Todd Fabian
1055 Wilshire Blvd. Suite 1600
Los Angeles, CA 90017
(213) 240-3144

Local Public Agency: City of Oceanside
Steve Jackson
300 North Coast Highway
Oceanside, CA 92054
(760) 435-3366

Community Group: N.A.A.C.P.
Rob Howard
P.O. Box 5786
Oceanside, CA 92052
(760) 754-9686

Development Partner: Not Applicable

- A. PROJECT NAME Eucalyptus View Cooperative
1805-1821 So. Escondido Blvd.
Escondido, CA
- B. DEVELOPER: Eucalyptus View Cooperative Housing Associates, LP
- C. PROJECT OWNERSHIP STRUCTURE:
General Partner: CHNC
Limited Partner: California Equity Fund

D. PROJECT DESCRIPTION:

This multifamily development was devised as a homeownership model for low-income families. It includes a total of 24-units, nine of which are set aside for qualified farmworker households. There are 4 one bedroom, 12 two bedroom and 8 three bedroom units. Eight units are for 30% of the area median income, six units for 40% of the area median income and nine units at 50% of the area median income.

The units are assembled around a central courtyard that is fully enclosed with the additional structures for a laundry room and learning center. This fully enclosed courtyard has a tot lot and is secure from the commercial traffic on the boulevard and nearby commercial uses.

The project also has a thirty child subsidized day care facility included, operated by North County Community Services.

E. PROJECT DELIVERY:

Construction commenced in October 2000 and was completed on schedule in July 2001.

F. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
9948 Hilbert, Suite 207
San Diego, CA 92131
Contact: Peter Purtell (858) 537-2026
Ext. 24

G. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
2 One Bedroom	30% AMI	30% AMI	30% AMI
3 Two Bedroom	30% AMI	30% AMI	30% AMI
3 Three Bedroom	30% AMI	30% AMI	30% AMI
2 One Bedroom	40% AMI	40% AMI	40% AMI
2 Two Bedroom	40% AMI	40% AMI	40% AMI
2 Three Bedroom	40% AMI	40% AMI	40% AMI
7 Two Bedroom	50% AMI	50% AMI	50% AMI
2 Three Bedroom	50% AMI	50% AMI	50% AMI
1 Three Bedroom	Mgr.	Mgr.	Mgr.

AMI = Area Median Income for San Diego County

H. DEVELOPMENT BUDGET SUMMARY:

<u>Sources</u>		<u>Uses</u>	
Low Income Housing Fund	\$209,000	Land	\$280,000
Farmworker Grant	\$300,000	Construction	\$2,220,178
CHFA-SFFRP	\$63,092	Design & Engineering	\$221,249
City of Escondido	\$605,945	Financing Cost	\$226,467
AHP	\$125,000	Legal (Other soft costs)	\$148,372
Community Housing	\$112,638	Operating Reserve	\$34,000
Tax Credit Investor	\$2,561,715	Permits and Fees	\$441,975
GP Contribution	\$100	Other Costs	\$325,549
Total	<u>\$3,977,490</u>	Developer Fee	\$79,700
		Total	<u>\$3,977,490</u>

I. Comparison of Project Particulars at TCAC Application and 8609

	<u>@ TCAC Application</u>	<u>@8609</u>
Project Cost	\$3,668,745	\$3,977,490
Project Basis	\$3,149,179	\$2,847,753
Construction Loans	\$1,530,000	\$2,400,000
Permanent Loans	\$1,033,323	\$1,115,675
Tax Credit Equity	\$2,335,422	\$2,561,815

J. Attachments:

	<u>@ TCAC Application</u>	<u>@8609</u>
1. Project Financing (Sources of Funds)		
a. Construction Financing	Yes	Yes
b. Permanent Financing	Yes	Yes
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	Yes
b. Income Information	Yes	Yes
c. Monthly Utility Allowance	Yes	Yes
d. Operating Expenses	Yes	Yes
e. Cost Certification	N/A	Yes
3. Fifteen Year Cash Flow	Yes	Yes
4. Construction Cost Breakdown	N/A	Yes
5. Project Operating Budget for 2001		Yes

K. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	\$2,043,634
Approved Hard Cost Contingency	-0-
Total Construction Budget	\$2,043,634
Final Construction Cost (Per final cost cert.)	\$2,211,033

Project: Eucalyptus View Cooperative
1805-1821 So. Blvd.
Escondido, CA 92025

References:

Construction Lender: Bank of America
Paul Shipstead
450 B Street
San Diego, CA 92101
(619) 515-5940

Tax Credit Investor: California Equity Fund
Todd Fabian
1055 Wilshire Blvd. Ste. 1600
Los Angeles, CA 90017
(213) 240-3143

Local Public Agency: City of Escondido
Beverly Peterka
201 North Broadway
Escondido, CA 92025
(760) 839-4518

Community Group: Palomar Y.M.C.A.
1050 North Broadway,
Escondido, CA 92026
(760) 745-7490

Development Partner: Not Applicable

Community Housing Works
Summaries
Acquisition/Rehab Developments
Since 2000

- A. PROJECT NAME Bandar Salaam Apartments
3810 Winona Avenue
San Diego, CA
- B. DEVELOPER: Winona Gardens Housing Associates, LP
- C. PROJECT OWNERSHIP STRUCTURE:
General Partner: CHW
Limited Partner: California Equity Fund

D. PROJECT DESCRIPTION:

Winona Gardens Apartments was a notorious "slumlord" project serving a somewhat captive market of Somali refugees. The project's rents had been above market for years, a substantial amount of deferred maintenance existed and overcrowding was allowed. Community Housing of North County ("CHNC") worked with this Somali community, to rehab the property, to provide stabilized rents and quality management, and to support and strengthen the community's existing self-help efforts.

Winona Gardens Apartments was renamed Bandar Salaam, and is located in an ethnically diverse, lower-income neighborhood in San Diego. Since the early 1990's, Somalis have been arriving in this neighborhood as refugees from their home country and establishing a community.

The project now consists of 68 units (16 1-bd, 31 2-bd and 17 3-bd units, 2 4-bd, and 2 5-bd.), a classroom and community center, and is situated on a 2.92-acre site in a small canyon. Bandar Salaam is a 9% low-income housing tax credit deal. The original buildings were constructed in 1974, and originally consisted of 94 units (65 1-bd/ba, 25 2-bd/ba, 1 3-bd/ba units); a number of the original units were illegally reconfigured into 3 bedroom units.

CHNC ensures that the project's rents are affordable by having a blended rental rate of approximately 50% AMI, with 66% of the units affordable to families earning less than 50% of AMI. The project will be especially appealing for families since there is a great shortage of 3-bedroom or larger units in the marketplace.

Rehabilitation of the improvements has focused on renewing the property's economic life and on enhancing the property's livability/manageability. Economic life renewal was accomplished by the replacement of worn and/or inadequate building systems and by general renovation work. Rehabilitation work included new roofs, new kitchens and bathrooms and new water heaters. Livability and manageability renovations included improving the landscape, adding adequate laundry and trash areas, security fencing and lighting, a playground, resurfacing the parking area, and bringing on a professional property management company.

PROJECT DELIVERY:

Project was acquired in May 1999; construction commenced in August 2000 and was completed substantially on schedule in August 2001. There were cost increases beyond the original TCAC budget. Cost increases are common in extensive rehabilitation projects due to a high degree of unknown conditions behind the walls. The cost increases at Bandar were largely due to the need to redo electrical wiring which required disruption of the dry wall. In

spite of normal predevelopment due diligence on hazardous materials, the contractor discovered many areas of dry wall that contained asbestos and required complete removal and containment. The cost increases were covered by contingency, increases in loans and equity and deferred developer fees.

E. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
 9948 Hilbert, Suite 207
 San Diego, CA 92131
 Contact: Peter Purtell (858) 537-2026
 Ext. 24

F. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
18 One Bedroom	45% AMI		
24 Two Bedroom	45% AMI		
2 Two Bedroom	50% AMI		
18 Three Bedroom	50% AMI		
4 Four Bedroom	45% AMI		
4 One Bedroom		45% AMI	45% AMI
12 One Bedroom		50% AMI	50% AMI
7 Two Bedroom		45% AMI	45% AMI
24 Two Bedroom		50% AMI	50% AMI
16 Three Bedroom		45% AMI	45% AMI
1 Four Bedroom		45% AMI	45% AMI
2 Five Bedroom		Mgr.	Mgr.
1 Four Bedroom		Market	Market
1 Three Bedroom			

AMI = Area Median Income for San Diego County

G. DEVELOPMENT BUDGET SUMMARY:

Sources		Uses	
SD Housing Commission	\$2,100,000	Land	\$980,000
Bank of America	\$953,000	Construction	\$3,050,959
Community Housing	\$155,000	Building	\$1,396,000
AHP	\$482,000	Design & Engineering	\$83,628
Tax Credit Investor	\$3,313,328	Financing Cost	\$23,489
GP Contribution	\$61,749	Legal (Other soft costs)	\$44,858
Total	<u>\$7,065,077</u>	Operating Reserves	\$20,000
		Permits and Fees	\$53,477
		Other Costs	\$1,312,677
		Developer Fee	\$99,989
			<u>\$7,065,077</u>

H. Comparison of Project Particulars at TCAC Application and 8609

	@ TCAC Application	@8609
Project Cost	\$6,154,005	\$7,065,077
Project Basis		\$4,484,568
Construction Loans	\$4,690,072	\$6,369,365
Permanent Loans	\$3,398,072	\$3,690,000
Tax Credit Equity	\$2,675,833	\$3,313,328

I. Attachments:

	@ TCAC Application	@8609
1. Project Financing (Sources of Funds)		Yes
a. Construction Financing	Yes	Yes
b. Permanent Financing	Yes	Yes
2. Project Costs, Operating Expenses & Income (Uses of Funds)		Yes
a. Project Costs	Yes	Yes
b. Income Information	Yes	Yes
c. Monthly Utility Allowance	Yes	Yes
d. Operating Expenses	Yes	Yes
e. Cost Certification	N/A	Yes
3. Fifteen Year Cash Flow	Yes	Yes
4. Construction Cost Breakdown	Yes	N/A
5. Project Operating Budget for 2002		Yes

J. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	\$2,474,600
Approved Hard Cost Contingency	-0-
Total Construction Budget	\$2,474,600
Final Construction Cost (Per final cost cert.)	\$3,050,959

Project: Bandar Salaam Apartments
3810 Winona Ave
San Diego, CA 92105

References:

Construction Lender: Bank of America
Paul Shipstead
450 B Street
San Diego, CA 92101
(619) 515-5940

Tax Credit Investor: California Equity Fund
Wade Okada
1055 Wilshire Blvd. Suite 1600
Los Angeles, CA 90017
(213) 240-3144

Local Public Agency: San Diego Housing Commission
Carlos de Baca
1625 Newton Ave
San Diego, CA 92113
(619) 525-3622

Community Group: La Maestra Family Clinic
4185 Fairmount Ave.
San Diego, CA 92105
(619) 280-4213

Development Partner: Not Applicable

A. PROJECT NAME Maplewood Apartments
12713 Maplewood Street
Lakewood, CA

B. DEVELOPER: Maplewood Housing Associates, LP

C. PROJECT OWNERSHIP STRUCTURE:
General Partner: Maplewood/Ashwood Corporation
A California Nonprofit Public Benefit Corp.
Limited Partner: Edison Capital Housing Investments

D. PROJECT DESCRIPTION:
Community HousingWorks acquired the Maplewood Apartments, an 80-unit, thirteen-year-old multi-family residential apartment complex in Lakeside. Rehabilitation began in June of 2000. The complex was originally constructed under a density bonus agreement with the County of San Diego. This agreement was scheduled to expire in 2000 when Community Housing purchased the property to keep the rents affordable and avoid displacement of families in need of safe, decent, affordable housing. Maplewood is financed with 4% tax credits and CHFA bonds.

Maplewood Apartments is accessible to schools, shopping, and public transportation. It is located one block south of El Capital High School, three miles west of Lakeside Middle School, and one block north of Lindo Park Elementary. A community center with a library, recreation, and senior facilities, is located 3 blocks west of the complex and the Rocky Home Plaza, which includes other necessary retail and commercial facilities, is located three miles west of the project. Local buses accessing these retail centers stop in front of the complex on Mapleview Street.

After rehabilitation the complex contains 79 units (28 three bedroom/two bathroom, and 51 two bedroom/two bathroom units), a new community center with computer laboratory, a swimming pool, an outdoor play structure for children of various ages, and a laundry room.

Rehabilitation focused on providing community space and enhancing unit interiors. This included: installation of new carpeting/flooring as needed; replacing heaters, aging appliances, and toilets; and painting selected unit interiors. Exterior improvements focus on drainage, landscape maintenance, painting, stucco patching, roof replacement, and stairway repair/replacement. A children's play area with a multi-use play structure and rubberized surface was added. Modifying an existing two-bedroom unit created a community room, complete with a computer laboratory, kitchen facilities, and large group meeting space.

• PROJECT DELIVERY:

Construction commenced in October 2000 and was completed on schedule and slightly under budget in July 2001.

E. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
9948 Hilbert, Suite 207
San Diego, CA 92131
Contact: Julia Arisiaga (858) 537-2026
Ext. 22

F. AFFORDABILITY LEVELS

# of Units	@TCAC Application	@8609	Current
2 Two Bedroom	35% AMI		35% AMI
28 Two Bedroom	50% AMI		50% AMI
19 Two Bedroom	60% AMI		60% AMI
2 Three Bedroom	35% AMI		35% AMI
16 Three Bedroom	50% AMI		50% AMI
10 Three Bedroom	60% AMI		60% AMI
2 Two Bedroom	Mgr.		
8 Two Bedroom		35% AMI	35% AMI
23 Two Bedroom		50% AMI	50% AMI
20 Two Bedroom		60% AMI	60% AMI
5 Three Bedroom		35% AMI	35% AMI
12 Three Bedroom		50% AMI	50% AMI
10 Three Bedroom		60% AMI	60% AMI
1 Threebedroom		Mgr.	Mgr.

AMI = Area Median Income for San Diego County

G. DEVELOPMENT BUDGET SUMMARY:

Sources		Uses	
CHFA	\$3,050,000	Land	\$1,120,000
San Diego County	\$1,376,364	Construction	\$700,326
Community Housing	\$192,457	Building	\$3,213,240
Operating Income	\$6,362	Design & Engineering	\$8,804
Tax Credit Investor	\$1,458,642	Financing Cost	\$103,055
GP Contribution	\$100	Legal (Other soft costs)	\$57,500
Total	<u>\$6,083,925</u>	Replacement Reserve	\$79,000
		Permits and Fees	\$36,777
		Other Costs	\$515,223
		Developer Fee	\$250,000
			<u>\$6,083,925</u>

H. Comparison of Project Particulars at TCAC Application and 8609

	@ TCAC Application	@8609
Project Cost	\$6,323,862	\$6,083,925
Project Basis		\$4,484,568
Construction Loans	\$6,070,340	\$6,083,925
Permanent Loans	\$4,758,043	\$4,618,821
Tax Credit Equity	\$1,565,819	\$1,458,642

I. Attachments:

1. Project Financing (Sources of Funds)

@ TCAC Application @8609

a. Construction Financing	Yes	Yes
b. Permanent Financing	Yes	Yes
2. Project Costs, Operating Expenses & Income (Uses of Funds)		
a. Project Costs	Yes	Yes
b. Income Information	Yes	Yes
c. Monthly Utility Allowance	Yes	Yes
d. Operating Expenses	Yes	Yes
e. Cost Certification	N/A	Yes
3. Fifteen Year Cash Flow	Yes	Yes
4. Construction Cost Breakdown	N/A	Yes
5. Project Operating Budget for 2003		Yes

J. Construction Cost Comparison Between Preliminary Reservation and 8609

Construction Contract Amount	\$620,000
Approved Hard Cost Contingency	74,400
Total Construction Budget	\$694,400
Final Construction Cost (Per final cost cert.)	\$700,326

Project: Maplewood Apartments
12713 Maplewood Street
Lakeside, CA 92040

References:

Construction Lender: Low Income Housing Fund
Lynn Hansen
911 Wilshire Blvd. Ste. 1770
Los Angeles, CA 90017
(213) 627-9611

Tax Credit Investor: Edison Capital Housing Investments
1388 Sutter Street, 11th Floor
San Francisco, CA 94109
(415) 345-4424

Local Public Agency: County of San Diego
Peggy Goldstein
3989 Ruffin Rd.
San Diego, CA 92101
(619) 694-4801

Community Group: Not Applicable

Development Partner: Not Applicable

- A. PROJECT NAME Haley Ranch Estates
 Midland Road terminus
 Poway, CA
- B. DEVELOPER: Private developer, previously owned by
 Poway Redevelopment Agency
- C. PROJECT OWNERSHIP STRUCTURE:
 Haley Ranch Estates Housing Associates, LP
 General Partner: CHNC
 Limited Partner: Esperanza Housing and Community Development
 Corp., a nonprofit public benefit corp,

D. PROJECT DESCRIPTION:
Project is leased from the Poway Redevelopment Agency and consists of 65 three-bedroom manufactured housing homes. Rents are restricted per agreement with the agency, but generally have 55 units at 50% AMI and 9 units at 35% AMI as the long term affordability requirements.

E. PROPERTY MANAGEMENT INFORMATION

The John Stewart Company
9948 Hilbert, Suite 207
San Diego, CA 92131
Contact: Peter Purtell (858) 537-2026
Ext. 24

Evidence of Insurance

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

PRODUCER
Arthur J. Gallagher & Co. Ins.
Brokers of CA Inc.#0726293
One Market Spear Twr Ste 200
San Francisco, CA 94105

INSURED
Community HousingWorks
1820 South Escondido Blvd., Suite 101
Escondido, CA 92025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Philadelphia Insurance Companies	23850
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJ-ECT <input checked="" type="checkbox"/> LOC	PPK139042	09/22/05	09/22/06	EACH OCCURRENCE	\$1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$300,000
						MED EXP (Any one person)	\$15,000
						PERSONAL & ADV INJURY	\$1,000,000
						GENERAL AGGREGATE	\$2,000,000
						PRODUCTS - COMP/OP AGG	\$2,000,000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	PPK139042	09/22/05	09/22/06	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	PUB052069	09/22/05	09/22/06	EACH OCCURRENCE	\$10,000,000
						AGGREGATE	\$10,000,000
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS	OTH-ER
		OTHER				E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

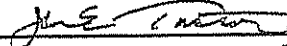
CERTIFICATE HOLDER

For Information Purposes Only

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

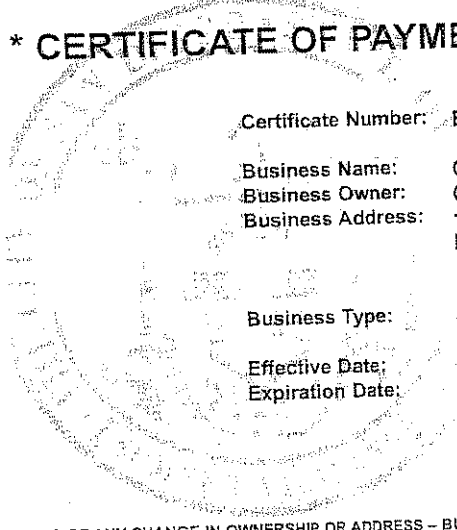
If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX



COMMUNITY HOUSINGWORKS
1820 S ESCONDIDO BLVD STE 101
ESCONDIDO, CA 92025-6535

Certificate Number: B2004013671
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 1820 S ESCONDIDO BLVD #101
ESCONDIDO CA 92025-6535
Business Type: CIVIC & SOCIAL ORGANIZATIONS
Effective Date: 01/01/2006
Expiration Date: 12/31/2006

PLEASE NOTIFY THE CITY TREASURER'S OFFICE IN WRITING OF ANY CHANGE IN OWNERSHIP OR ADDRESS -- BUSINESS TAX DIVISION, PO BOX 122289, SAN DIEGO, CA 92112

BUSINESS FILE COPY

CITY OF SAN DIEGO
CERTIFICATE OF PAYMENT OF BUSINESS TAX
PO BOX 122289, SAN DIEGO, CA 92112-2289
1200 3RD AVENUE, MS 51T, SAN DIEGO, CA 92101
(619) 615-1500; FAX (619) 533-3272
www.sandiego.gov/treasurer

Certificate Number: B2004013671
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 1820 S ESCONDIDO BLVD #101
ESCONDIDO CA 92025-6535
Business Type: CIVIC & SOCIAL ORGANIZATIONS
Effective Date: 01/01/2006
Expiration Date: 12/31/2006

*****AUTO**3-DIGIT 920 1-127
COMMUNITY HOUSINGWORKS
1820 S ESCONDIDO BLVD STE 101
ESCONDIDO, CA 92025-6535

Mailing Address: COMMUNITY HOUSINGWORKS
1820 S ESCONDIDO BLVD STE 101
ESCONDIDO CA 92025-6535



This certificate acknowledges payment of business taxes pursuant to the San Diego Municipal Code. This is not a License to do business within the City of San Diego in violation of any section of the Municipal Code or regulation adopted by the City Council including, but not limited to: Zoning restrictions; Land Use specifications as defined in Planned Districts, Redevelopment areas, Historical Districts, or Revitalization areas; Business Tax Regulations; Police Department Regulations; and Fire, Health or Sanitation Permits and Regulations.

This document is issued without verification that the payer is subject to or exempt from licensing by the State of California.

Payment of the required tax at the time or times due is for the term and purpose stated and is pursuant to City Ordinance. Please refer to delinquency information under "Notice".

NOTICE: It is the responsibility of the certificate holder to renew this certificate of payment of business tax within the proper time limits. Failure to do so, even if you have not received a renewal notice, will result in the assessment of a penalty. Please note your expiration date on this certificate above. The certificate holder is requested to notify the City Treasurer's Office upon sale or closure of the business, change of location, or change of business activity.

The tax or fees collected are Not Refundable unless collected as a direct result of an error by the City of San Diego.

This certificate is **NOT** transferable for a change in business ownership.

This information is available in alternative formats upon request.

ATTACHMENT 3



February 22, 2007

Mr. Peter Armstrong
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Alabama Manor Apartments

Dear Mr. Armstrong:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed bond financing for Alabama Manor Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project.
- The Proposed Financing.
- Project's Projected Financial Status.
- Benefits and Risks to the Commission.
- Public Purpose.
- Negotiation of Additional Public Benefit.
- Recommendations.

CSG has based the analysis of the Project on documents provided by Community Housing Works (the "Developer"), and on conversations with Wells Fargo (the Bond Purchaser) and Commission staff. The documents examined included the Developer's proposed financial schedules. CSG has not visited the site of the proposed Project.

CURRENT PROJECT STATUS AND THE PROPOSED PROJECT

The Current Project

The Project is located at 3822-3836 Alabama Street in the North Park Area of the City of San Diego and currently consists of 67 units in two three-story buildings situated on .61 acres. The Project also includes a laundry room and a 1,000 square foot community room with a kitchen. The Project was constructed under Conditional Use Permit (CUP) 83-0175, that requires each unit of the property be occupied by at least 1 person who is 62 years of age or older. The City of San Diego confirmed by letter dated August 11, 2006, that the property could be operated with an age restriction of 55 years of age, or older, but nonetheless in compliance with CUP 83-0175.

The units consist of the follow mix:

- one studio unit;
- sixty 1-bdm units; and
- six 2-bdm units.

The units currently have no income or rent restrictions.

The Developer currently holds an exclusive option to purchase the property. The Developer's option period expires March 27, 2007.

The Proposed Project

The Developer proposes to rehabilitate the Project. Proposed improvements include: enhancements to energy efficiency; application of universal design standards; retrofit of certain units to meet ADA and/or hearing and vision impaired standards; retrofit of the community room to meet ADA/FFHA standards; and certain immediate maintenance items including the roof, etc.

The acquisition and rehabilitation of the proposed Project will be financed by sources including the proceeds of the sale of private activity tax-exempt bonds, equity from the syndication of Low Income Housing Tax Credits, and subordinate financing from the Commission and the California Department of Housing and Community Development's Multifamily Housing Program (MHP).

In order to qualify for the proposed funding sources, the Developer has been required to restrict income and rents to meet certain affordability requirements. 66 of the units will be so restricted. One unit will be an unrestricted manager's unit. The specific affordability restrictions are as follows:

- 14 units @ 30% AMI;
- 13 units @ 35% AMI;
- 39 units @ 50% AMI; and
- 1 unrestricted manager's unit.

The affordability restrictions will be enforced by regulatory agreements associated with the tax-exempt bonds (55-year restriction), the MHP loan (55-year restriction), and with covenants associated with the Commission subordinate loan and the Low Income Housing Tax Credit program (55 year restriction).

The Developer has represented that the current residents of the Project meet all age and affordability requirements. No tenants will have to be displaced as a result of the new restrictions.

On March 28, 2006, the Authority approved a resolution indicating its official intent to issue bonds in the not-to-exceed amount of \$6,800,000 for the Project. The resolution also approved submittal of an application to the California Debt Limit Allocation Committee (CDLAC).

The Housing Authority of the City of San Diego (the "Authority") submitted a request for \$5,916,211 in bond allocation to CDLAC. On December 13, 2006, CDLAC approved an allocation in the requested amount to the Authority.

THE PROPOSED FINANCING

Financing Sources

The Developer proposes to finance the acquisition and rehabilitation of the units with certain financing sources including the proceeds of the sale of private activity tax-exempt bonds and equity from the syndication of Low Income Housing Tax Credits. The Developer's projected construction and permanent financing sources are as follows:

	<u>Construction Period</u>	<u>Permanent Period</u>
Bond Proceeds	\$5,753,088*	\$888,600
General Partner Contribution	\$272,243	\$272,243
Deferred Developer Fee	\$146,187	\$146,187
Income from Operations	\$99,066	\$99,066
Deferred Costs	\$518,592	\$0
Tax Credit Equity	\$10,000	\$2,743,080
SDHC	\$3,800,000	\$3,800,000
MHP	\$0	\$2,650,000
Sponsor Loan	<u>\$270,000</u>	<u>\$270,000</u>
Total	\$10,869,176	\$10,869,176

*Current Developer projection of need.

Ownership

The Project will be owned by Alabama Manor Housing Associates, a California Limited Partnership. Community Housing Works, the Developer, will also serve as the general partner of the limited partnership. The tax-credit investor limited partner will be Alliant Capital (or an affiliate).

Bond Structure and Credit Enhancement

The Developer proposes that the Authority issue up to \$5,916,211 of tax-exempt bonds (the "Bonds") to finance, in part, the acquisition and rehabilitation of the Project.

The Bonds would be purchased on a private placement basis by Wells Fargo Bank.

The Bonds neither would be rated nor credit enhanced and would be subject to the Authority's criteria for unrated, non-credit enhanced bonds i.e., the bonds will be held by a single, sophisticated, institutional investor; the initial and each subsequent holder of the bonds shall sign an investor letter attesting to their status as a sophisticated investor.

The \$5,753,088 loan of bond proceeds will be available during construction to fund a portion of acquisition and rehabilitation costs. At the completion of construction and upon satisfaction of

certain requirements, \$4,846,488 of the outstanding bonds will be redeemed. The remaining outstanding bonds of \$888,600 will “convert” to a permanent loan.

The construction period bond loan would have a 30-month maximum term (including 1 six-month extension.) During this period, the Bonds will accrue interest at a variable rate and will be subject to interest-only payments.

The permanent period bond loan will have 30-year maturity after conversion with full amortization during that period. The Bonds will be subject to an interest rate reset in year 16 after conversion.

The Authority has not required the services of a Trustee for this transaction, but has retained the option to require a Trustee in the future.

Projected Issuance Date

The Developer proposes that the Bonds be issued on or about March 26, 2007. CDLAC has imposed an allocation expiration date of April 2, 2007. The Developer has endeavored to cause the closing of the bond issue prior to March 27, 2007, which date marks the termination of its option to purchase the property.

Commission Financial Involvement

On March 28, 2006, the Authority approved a subordinate loan in the amount of \$3,600,000 for the project, which amount was subsequently increased to \$3,800,000 by approval of the Authority on November 21, 2006. The Developer has requested a reduction in the interest on the Authority's loan from 3% to 0%. The request will be considered by the Commission and the Authority as part of the bond approval process.

PROJECT'S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer – CSG estimates annual debt service on the senior loan of approximately \$60,411. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$45,265 at a debt coverage ratio (DCR) of 1.63. Cash flow after reserves would total \$14,713 (DCR @ 1.21).

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides a vehicle for financing the acquisition and rehabilitation of the Project. As proposed, the financing will result in the long-term affordability of 66 units in the City of San Diego.

If the Authority issues the bonds, the Commission would receive a fee at bond closing of 0.23% of the issue amount (\$13,232) and an annual fee, prior to conversion, equal to 0.23% of the original principal amount of the Bonds. After conversion, the Commission would receive a fee equal to 0.23% of the initial permanent bond amount (\$2,044).

PUBLIC PURPOSE

The proposed financing will result in 66 housing units affordable to low-income households: 14 units will be restricted to households earning 30% of AMI or less; 13 units will be restricted to households earning 35% of AMI or less; and 39 units will be restricted to household earning 50% of AMI or less.

The bond, tax credit, and MHP regulatory agreements will require that 66 units are affordable at the above affordability levels for 55 years.

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

In response to the Developer's request that the Authority reduce the interest rate on the Authority's loan from 3% to 0%, Commission staff proposes that the Developer extend affordability under the Authority's loan covenants for a period of 65 years.

RECOMMENDATIONS

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will assist in creating 66 affordable units in the City of San Diego with long-term affordability covenants.
- The Commission has received a tax-exempt bond allocation of \$5,916,211 from CDLAC for the Project.
- Wells Fargo Bank is currently underwriting the Project.
- The Developer has selected a tax credit equity investor that is also currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission, assuming the anticipated maximum loan amount, will receive an up front fee of \$13,232, an annual fee during construction of \$13,232, and a long-term annual fee of approximately \$2,044.

Contingent Items

The Commission may choose to move forward with the financing subject to the following contingencies:

- Wells Fargo must complete its underwriting for the Project and issue its final commitment. The Bonds cannot be issued without this commitment.
- Final bond documents and an approving resolution must be approved by the Authority before the Bonds can be issued.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,
CSG Advisors



John Hamilton

Exhibit A

Alabama Manor

date of rev: 5/9/05

Long-Term Bond Loan

Tax Exempt

Principal Amount ¹	\$	888,600
Mortgage Rate ¹		5.480%
Amortization Term		30
Underwriting Monthly Debt Service	\$	5,034
Underwriting Annual Debt Service	\$	60,411

¹ Source: Preliminary estimates from the Developer

Post Financing Operations Analysis¹

Income

Gross Rental Income	\$	424,512
Other Income	\$	14,472
Gross Potential Income	\$	438,984
Vacancy Collection Loss	5%	(21,949)
Effective Gross Income	\$	417,035

Expenses

Total Expenses	\$	(297,135)
Property Taxes	\$	(1,050)
Issuer Fee ²	0.23%	\$ (2,044)
Trustee Fee ³	0.00%	\$ -

Net Operating Income \$ 116,806

Required Debt Service

Senior		
Bond Loan	\$	(60,411)
DCR		1.93
Subordinate		
MHP ⁴	\$	(11,130)
Total Debt Service	\$	(71,541)

Cash Flow before Reserves \$ 45,265

Debt Coverage Ratio Before Reserves 1.63

Reserves \$ (30,552)

Cash Flow After Reserves \$ 14,713

Overall Debt Coverage Ratio (DCR) 1.21

¹ Source: Preliminary Developer Projections

² Of the permanent principal amount

³ The Authority has not required the use of a Trustee, but retains the option to require one in the future.

Exhibit A

⁴ MHP-required debt service of .42% of MHP loan amount

Alabama Manor Permanent Sources and Uses of Funds ¹

Sources

Tax Exempt Bond Loan	\$	888,600
Tax Credit Equity	\$	2,743,080
GP Capital Contribution	\$	272,243
MHP	\$	2,650,000
Sponsor Loan	\$	270,000
Income From Operations	\$	99,066
San Diego Housing Commission	\$	3,800,000
Deferred Developer Fee	\$	146,187
Total Sources	\$	10,869,176

Uses

Land and Acquisition Costs	\$	7,295,000
Rehabilitation Costs	\$	1,022,648
Construction Contingency	\$	199,706
Developer Fee	\$	884,930
Operating Reserve	\$	79,282
Other Hard and Soft Costs	\$	1,387,610
Total Uses	\$	10,869,176

Surplus(Deficit)	\$	-
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¹Source: Information provided by the Developer

ATTACHMENT 4

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM

Summary

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity bonds” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds; there is no pledge of the City’s or the Housing Authority’s faith, credit or taxing power. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: The minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires the affordability restriction to be in place for a minimum of 15 years. In practice, projects financed by multifamily housing bonds are affordable for a minimum of 30 years. Bonds may also be combined with other financing sources to create deeper affordability and longer terms of restriction.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (credit enhancement) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts the Inducement Resolution to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent a commitment by the

Housing Commission, the Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or the project.

[Note: It is uncommon for the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or the Housing Authority and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Because the Housing Authority is not

responsible for bond repayment, there are no financial statements or summaries about the Housing Authority or the City included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on the behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph stating that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue the bonds. This is the extent of disclosure required of the Housing Authority, the Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which may have an impact on the viability of the project.