

REPORT

DATE ISSUED: December 7, 2007 REPORT NO: HCR 07-103
ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 14, 2007
SUBJECT: Final Bond Authorization for Bay Vista Methodist Heights (Council District 4)

REQUESTED ACTION:

Take the final step to authorize the issuance of Housing Authority mortgage revenue bonds for Bay Vista Methodist Heights (Bay Vista).

STAFF RECOMMENDATION:

Recommend that the Housing Authority authorize the issuance of up to \$27,000,000 in multifamily housing revenue bonds to fund the acquisition and rehabilitation of Bay Vista, a 268-unit apartment complex located at 4888 Logan Avenue, by Bay Vista Housing Partners, L.P. (Bay Vista LP).

BACKGROUND:**The Project**

Bay Vista is an existing 268-unit affordable housing complex located at 4888 Logan Avenue. The project includes 100 two-bedroom and 168 three-bedroom units in 32 buildings. Bay Vista also includes three playgrounds, a community room, and an on-site daycare facility. The property was built in 1969 by a non-profit affiliate of St. Paul United Methodist Church. St. Paul's has owned and operated Bay Vista since its opening and has recently agreed to sell the property to Amerland Group, LLC (Amerland). A site map is included as Attachment 1.

Bay Vista has a project based Section 8 contract with the Department of Housing and Urban Development (HUD). Through the Section 8 contract tenants pay 30% of their incomes toward rent. Bay Vista is an "at risk" affordable housing project because the Section 8 contract expires within three years and it is possible that the rents could be converted to market rates.

Amerland intends to acquire Bay Vista, preserve and extend the affordable rents, and substantially rehabilitate the property. The proposed property renovations will include improvements to unit interiors, roof repairs, interior and exterior painting, window repairs and replacements, plumbing and landscaping upgrades, and retrofits of the community and laundry rooms. In addition, Amerland will invest in upgrading the security on the property by providing new security gates and additional common area lighting.

Housing Affordability

Through the Housing Commission's Bond Program, rents on all the units will be restricted at 50% and 60% of the Area Median Income (AMI) (\$35,100 and \$42,120 respectively for a family of four) for a minimum of 55 years. However, Amerland will also be seeking a 20-year extension of the HUD Section 8 contract to ensure that tenants will continue to pay 30% of their incomes toward rent after the acquisition and rehabilitation of the project. Bond Program rent and income restrictions for Bay Vista are outlined in the chart below:

Type	AMI	Unit Size (sq. ft.)	Number of Units	Restricted Rent (net of utility allowance)	Market Rate	Monthly Savings per unit
Two Bedroom	50% AMI	750	10	\$760	\$1,050	\$290
Three Bedroom	50% AMI	950	17	\$839	\$1,225	\$386
Two Bedroom*	60% AMI	750	90	\$918	\$1,050	\$132
Three Bedroom	60% AMI	950	151	\$1,014	\$1,225	\$211
Total			268			\$1,019
Total Annual Savings						\$634,436

*Includes one manager's units.

Development Team

Amerland will act as the developer of Bay Vista and act as the co-general partner of Bay Vista LP, the limited partnership that will own and operate the project. Amerland is a San Diego-based company founded in 2001 by Ruben Islas and Jules Arthur. The firm specializes in the creation and maintenance of affordable multifamily housing. Amerland currently owns 15 affordable housing developments totaling over 2,500 units. In 2001 the Housing Commission worked with Amerland to finance the acquisition and rehabilitation of the 170-unit Bella Vista Apartments located at 4742 Solola Avenue. A developer disclosure statement for Amerland is included as Attachment 2. Pacific Housing, Inc. (Pacific Housing), a California non-profit organization, will act as the managing general partner of Bay Vista LP. A developer disclosure statement for Pacific Housing is included as Attachment 3.

Financing Structure

The total development cost of the project is estimated to be approximately \$35.8 million. Major cost items include property acquisition, rehabilitation, developer fee, and financing, legal, and other soft costs. A summary of development costs is included below:

Proposed Permanent Financing Sources	
Property Acquisition	\$21,400,000
Rehabilitation	9,000,000
Developer Fee	2,500,000
Financing, Legal, and Other Soft Costs	2,900,000
Total	\$35,800,000

Proposed permanent financing sources will consist of housing revenue bonds, tax credit equity, income from operations during construction, and a deferred developer fee. Estimated permanent sources of funding are summarized in the following table: ...

Proposed Permanent Financing Sources	
Housing Revenue Bonds	\$23,200,000
Tax Credits	12,000,000
Deferred Developer Fee	400,000
Income from Operations	200,000
Total	\$35,800,000

Public Disclosure and Bond Authorization

The bonds will be sold through a public offering with Citibank acting as the underwriter and will bear interest at a variable rate. The bonds will be credit enhanced by Fannie Mae and rated “AAA/A-1+” by Standard and Poor’s.

The following documents will be executed on behalf of the Housing Authority: Official Statement, Trust Indenture, Financing Agreement, Regulatory Agreement, Intercreditor Agreement, and a Bond Purchase Agreement. At the time of docketing, all bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney’s office and bond counsel.

An Official Statement in preliminary form will be used to market the bonds to investors. The official statement will contain limited information about the Housing Authority as the issuer. This information verifies that the Housing Authority is an appropriate issuer of the bonds and that there is no existing or threatened litigation that would jeopardize the validity of the bonds. Financial statements of the Housing Commission or Housing Authority are not included in the Official Statement. Furthermore, it is necessary for members of the Housing Authority to disclose any knowledge, not available to the general public, about the feasibility of the project. Attachment 4 contains the language regarding the Housing Authority that will be used in the Official Statement.

The bonds will be issued pursuant to a Trust Indenture between the Housing Authority and the trustee. Based upon instructions contained in the Trust Indenture, the trustee will disburse bond proceeds for eligible costs, collect project revenues and make payments to bondholders, and hold collateral to secure payment of the bonds.

Under the terms of the Financing Agreement, the Housing Authority will loan the proceeds of the bonds to the borrower in order to acquire and rehabilitate the project. The Financing Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the trustee.

The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

The Bond Purchase Agreement outlines the terms under which the Housing Authority will issue and the underwriter will purchase the bonds. The Bond Purchase Agreement is executed and delivered by the Housing Authority, the borrower, and the underwriter.

The Intercreditor Agreement outlines the respective rights of the trustee on behalf of the Housing Authority and Fannie Mae in the event the Borrower defaults on any of its obligations associated with the bond financing. The Intercreditor Agreement is executed by the Housing Authority, Fannie Mae, and the trustee. In the event of a default, Fannie Mae will have principal control and enforcement rights.

Since the bonds will not be repaid using any City or Housing Authority revenues, it is not appropriate to provide any information about the City's finances. For a summary of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize bond financings, please see Attachment 5.

Staff has been working with Public Financial Management (PFM), 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 PFM's recommendation that the bond issuance for the project be authorized. PFM's analysis and recommendation to proceed is included as Attachment 6.

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

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City, or Housing Authority associated with the requested actions. Approval of the bond inducement and TEFRA resolutions do not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City of San Diego. If bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

PREVIOUS HOUSING AUTHORITY And/Or COMMITTEE ACTIONS:

On September 27, 2007, the Housing Authority and City Council approved preliminary bond items for the project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On September 27, 2007, the Housing Commission approved preliminary bond items for the project. On December 11, 2007, Amerland will present their proposal for Bay Vista to the Knox/Lincoln Park Town Council.

ENVIRONMENTAL REVIEW:

The project is categorically exempt from the provisions of the California Environment Quality Act (CEQA) pursuant to section 15301 of from the CEQA guidelines.

KEY STAKEHOLDERS & PROJECTED IMPACTS:


The residents of Bay Vista are stakeholders. Amerland will acquire and rehabilitate the project. The seller of the property is a non-profit established by St. Paul's United Methodist Church. The tax credit investor for the project is Red Capital Markets, the underwriter is Citibank, and the mortgage lender is ARCS Commercial Mortgage.

Respectfully submitted,



for
Cissy Fisher
Director of Housing Finance & Development

Approved by,



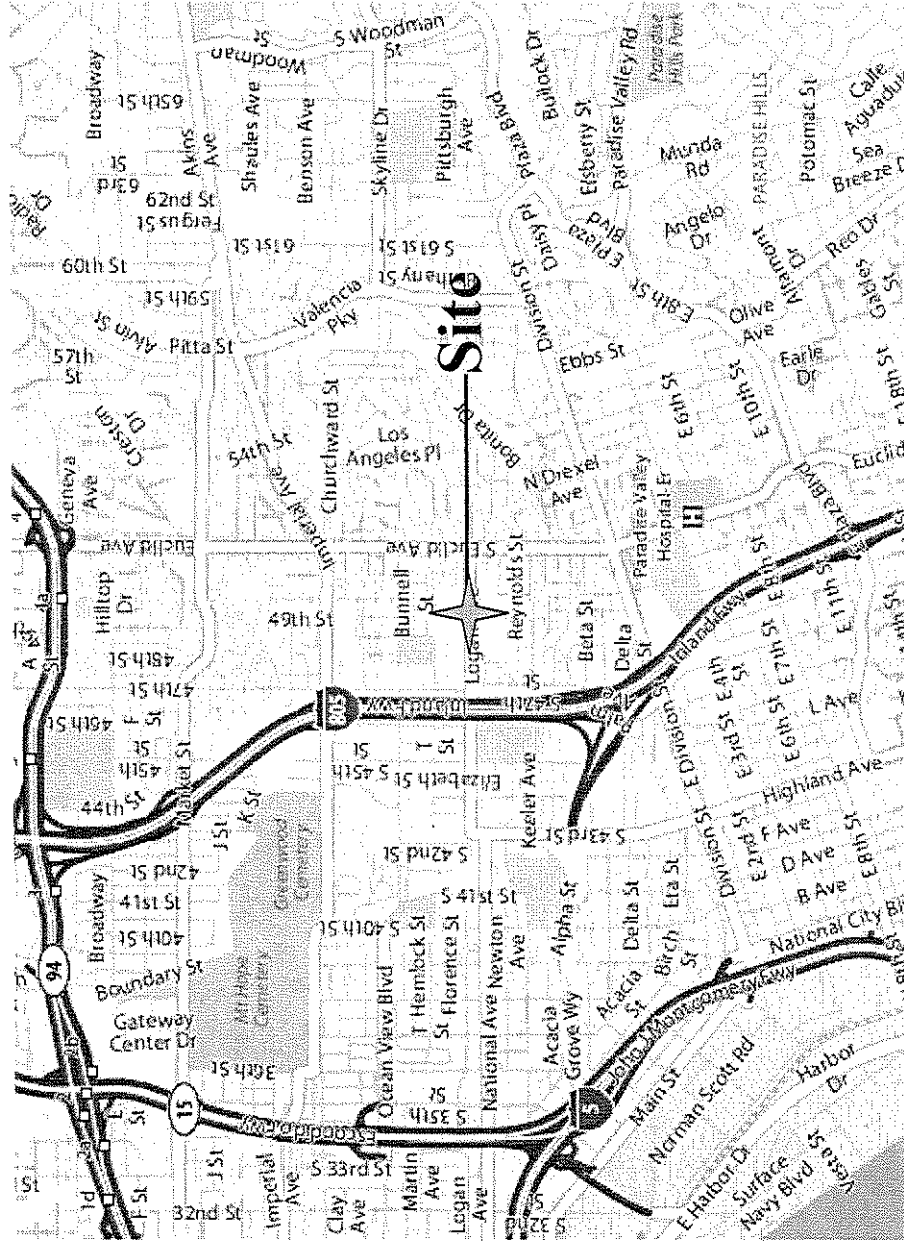
Elizabeth C. Morris
President & Chief Executive Officer

Attachments:

1. Site Map
2. Amerland Developer Disclosure Statement*
3. Pacific Housing Developer Disclosure Statement*
4. Housing Authority Disclosure Summary
5. Multifamily Bond Program Summary
6. Financial Advisor's Analysis

Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, Main Lobby.

Attachment 1: Location Map



Site Address: 4888 Logan Avenue

ATTACHMENT 2



San Diego
HOUSING COMMISSION

Housing Finance & Development

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer: The Amerland Group, LLC

2. Address, phone number and ZIP Code:
2878 Camino Del Rio South #240
San Diego, CA 92108
619-260-5562

3. IRS Number of Developer:
20-1591015

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

 A corporation
 A nonprofit or charitable institution or corporation
 A partnership known as: same as above
 A business association or a joint venture known as _____
 A Federal, State or local government or instrumentality thereof.
 Other (explain)

5. If the developer is not an individual or a government agency or instrumentality, give date of organization:
August 19th, 2004

6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:
 - a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
N/A

Developer Disclosure Statement Page 2

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
N/A
- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.
Islas Development, LLC (51%) and Manager and Member and Suffolk Development, LLC (49%) as Member
- d. If the developer 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.
N/A
- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%. N/A

<u>Name, Address & Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
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7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer):

<u>Name, Address and Zip Code</u>	<u>Description of character and extent of interest</u>
Ruben Islas 2878 Camino Del Rio South #240 San Diego, CA 92108 858-456-1135	Sole Member of Islas Development, LLC

Developer Disclosure Statement Page 3

Jules Arthur
Trustee of the 2001 Arthur Family Trust, Sole
Member of Suffolk Development, LLC
2878 Camino Del Rio South #240
San Diego, CA 92108.
619-260-5562

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above: N/A
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm. N/A
10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:

We will be utilizing tax exempt bonds and 4% tax credits in order to acquire the property. The lender on the deal will be either Arcs Commercial Mortgage or Redstone and the tax credit investor will be Red Capital.

11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:

Developer Fee will be deferred into the deal. No other equity required. However, if such equity would be required, then developers have \$1,195,682 in cash and cash equivalents in addition to other liquid assets.

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
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- b. By loans from affiliated or associated corporations or firms:

<u>Name, Address and ZIP Code of Source</u>	<u>\$ Amount</u>
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- c. By sale of readily salable assets:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
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12. Name and addresses of bank references:

Developer Disclosure Statement Page 4

See attached references.

13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes ___ No X
If yes, give date, place, and under what name.

14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes ___ No X
If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken. Attach any explanation deemed necessary.

15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:
See attached.

16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder: N/A

- a. Name and address 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, explain:
c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ _____
General description of such work:
d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of</u> <u>Contract or Development</u>	<u>Location</u>	<u>Date to be</u> <u>Amount</u>	<u>Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency

Amount

Date Opened

17. Brief 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 for resume of contractor used in the majority of our projects.

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?

Yes _____ No X _____

If yes, explain.

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

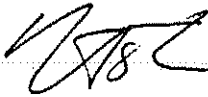
Please see attached.

CERTIFICATION

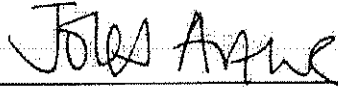
I (We) Ruben Islas and Jules Arthur certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: 8-2-2007

Date: 8-2-2007



Signature



Signature

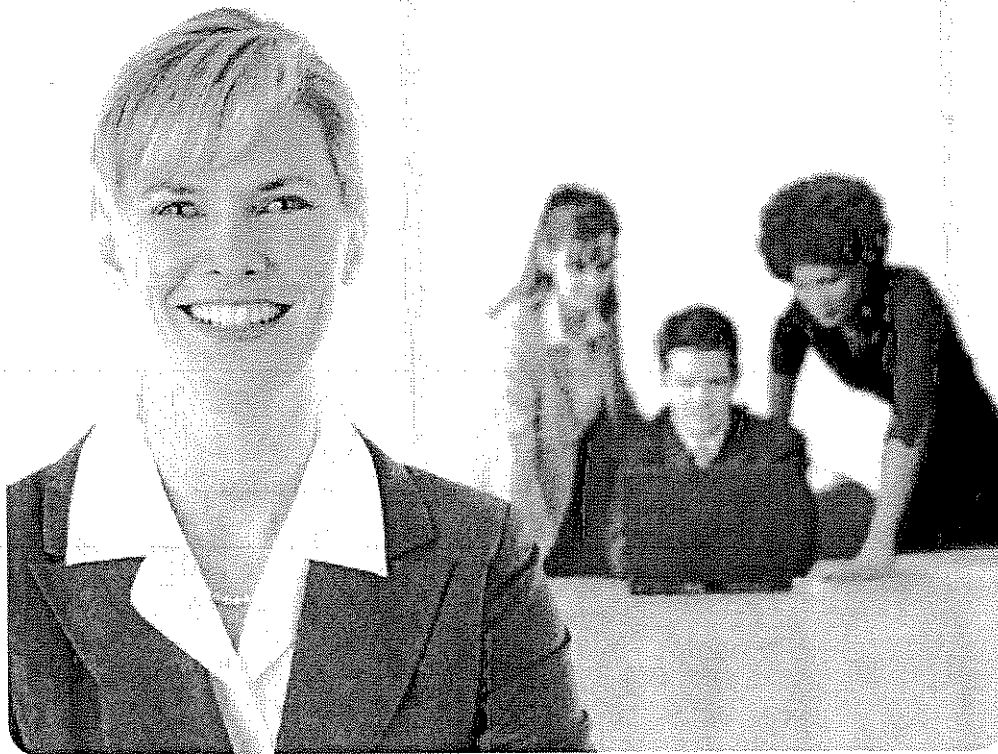
Title: President and CEO

Title: COO

Address & ZIP Code

2878 Camino Del Rio South #240
San Diego, CA 92108

2878 Camino Del Rio South #240
San Diego, CA 92108



REFERENCES

The Amerland Group has assembled an incredible team of attorneys, consultants, non-profits, lenders and investors who are leaders in their respective fields. These individuals are extremely professional, have excellent reputations in the affordable housing industry and have been instrumental in our success. It's a diverse assembly of talent, but each of these professionals shares the same passion: to create affordable housing and innovative developments throughout the United States.



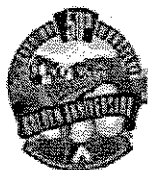
OUR REFERENCES

Detailed References Available Upon Request

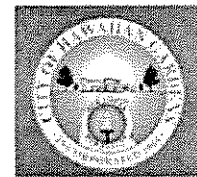
FINANCIAL



CITY AND COUNTY



THE CITY OF SAN DIEGO



OUR REFERENCES

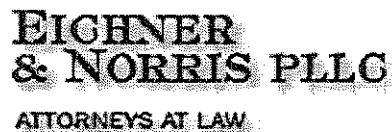
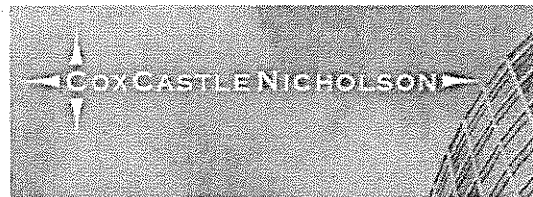
Detailed References Available Upon Request

NON PROFIT PARTNERS



Casa Familiar

LEGAL, ACCOUNTING & CONSULTING



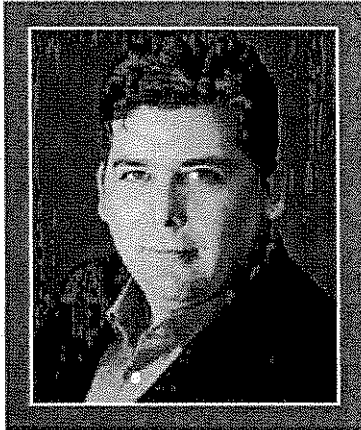
Hessel and Aluise, P.C.

LEA & COMPANY

Affordable Housing Valuation & Consulting Solutions



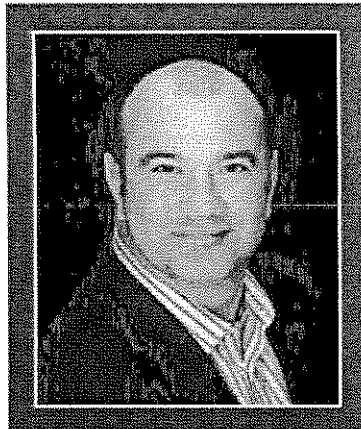
COMPANY BIOS



RUBEN ISLAS

PRESIDENT & CHIEF EXECUTIVE OFFICER

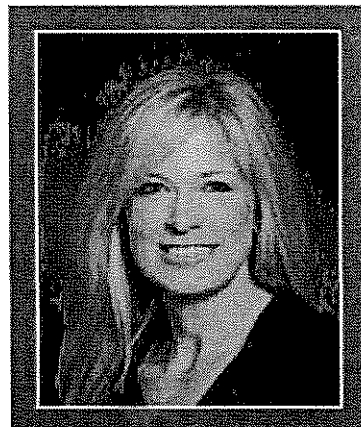
Ruben has 15 years of affordable housing development experience and is a co-founder of The Amerland Group. He is the lead developer and is responsible for putting together the financing on all properties. It is his determination and acumen in structuring affordable housing financing that has fueled Amerland's growth and established our reputation for closing complex transactions. Ruben earned a BA from the University of California, San Diego.



JULES ARTHUR

CHIEF OPERATING OFFICER

Jules has more than 20 years of real estate experience and is a co-founder of The Amerland Group, where he oversees the acquisition and asset management departments. Jules was previously an Associate Partner with Hendricks & Partners for six years where he handled the sale of over 10,000 apartment units in Southern California, in addition to founding the firm's National Affordable Housing Division. He was educated in England at Nottingham Trent University where he received a Bsc (Hons) in Urban Estate Surveying. Jules was a member of the Royal Institution of Chartered Surveyors.



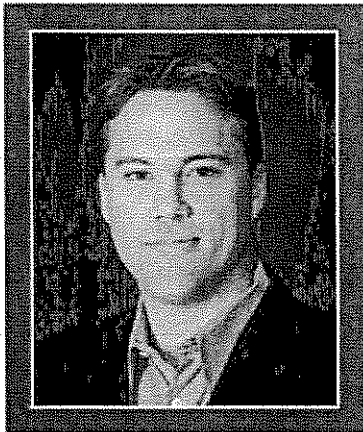
CYNDI ISGRIG

CONTROLLER

Cyndi brings to The Amerland Group more than 15 years of professional business experience, where she oversees the accounting and predevelopment departments. She began her career as a CPA with Coopers & Lybrand (now known as Price Waterhouse Coopers), with subsequent experience in business management with Household International and AirTouch Communications (now known as Verizon Wireless). Cyndi holds a business degree from the University of Cincinnati with a double major in accounting and finance.



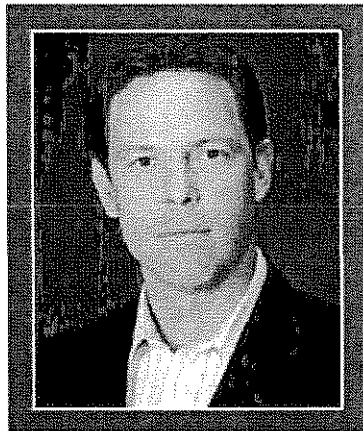
COMPANY BIOS



CASEY HAELING

DIRECTOR OF ACQUISITIONS

As the director of acquisitions, Casey brings excellent local and regional market knowledge to The Amerland Group. He spent six years with Hendricks & Partners as an associate advisor where he handled the sale of over \$200 million of commercial real estate comprising more than 3,000 apartment units. Casey graduated from the University of San Diego with a BA in Business Administration.



COLIN RICE

VICE PRESIDENT OF ACQUISITIONS

As vice president of acquisitions for The Amerland Group, Colin is responsible for property acquisitions and governmental and community relations. Previously, Colin was chief-of-staff to California State Assemblyman Juan Vargas, where he handled public policy, political and campaign matters, as well as community affairs. Colin holds a Law degree from the University of San Diego and a degree in Philosophy from San Diego State University. In addition, he serves on numerous civic and non-profit boards in the San Diego community.



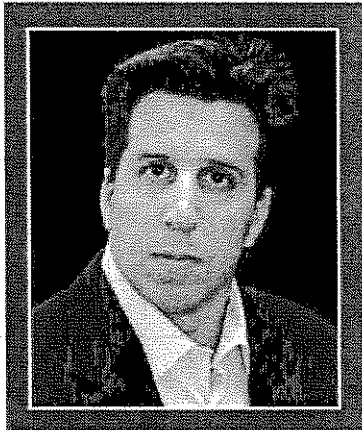
JEREMY TURNER

DIRECTOR OF CONSTRUCTION MANAGEMENT

Jeremy brings a strong background in construction to The Amerland Group. He is responsible for all phases of construction for the firm's acquisitions, including evaluation, estimation, design, bid-management, cost review and monitoring. He has personally managed more than \$30 million of construction contracts for The Amerland Group over the past three years. Before joining the firm in 2004, he developed substantial expertise with hands-on experience specializing in heavy equipment, carpentry and rigging. Jeremy holds a BA from St. John's University.



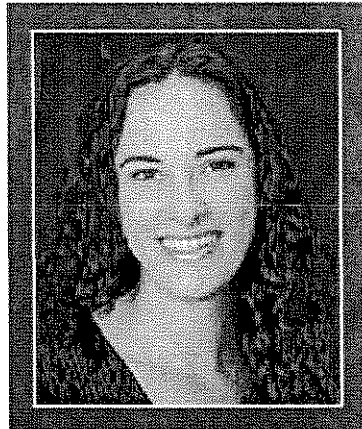
C O M P A N Y B I O S



PETER LOPEZ-HODOYAN

DIRECTOR OF PROJECT MANAGEMENT

Peter is the director of project management for The Amerland Group and is responsible for coordinating resources during the acquisition and closing phases of transactions. He works closely with the lenders, investors and their representation to ensure a smooth and efficient process. Peter graduated from San Diego State University with a BA in International Business and came to The Amerland Group in 2004 after spending 10 years working for Bose Corporation, a leading consumer electronics company.



REBECCA HYATT

DIRECTOR OF ASSET MANAGEMENT

Rebecca has been with The Amerland Group since 2004, starting out as a project manager coordinating property acquisitions, then transitioning to asset management. In this role, Rebecca oversees all the properties in Amerland's portfolio, working with lenders, investors and property management to ensure that all aspects of the projects are running smoothly. She holds a BA in English Literature from Gettysburg College, and she spent five years in pharmaceutical advertising before joining the Amerland team.



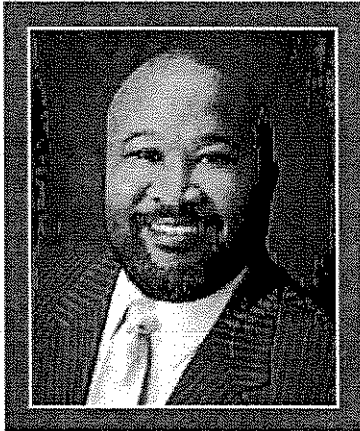
BLAIR BESTEN

DIRECTOR OF COMMUNITY DEVELOPMENT

As a Director of Community Development, Blair brings to The Amerland Group an extensive knowledge of Los Angeles real estate with a particular focus on the downtown area. She spent over two and a half years with The KOR Group as a project manager for projects such as The Santa Fe Lofts and The Eastern Columbia Building, advising on both construction and community liaison matters. Blair graduated with a BA from Indiana University.



COMPANY BIOS



GEORGE JORDAN

SENIOR DEVELOPMENT CONSULTANT

As Senior Development Consultant for the Amerland Group, George advises the company on matters related to development, project management, community service and government relations. He comes to Amerland with more than 15 years of community development and political experience including working on the staff of a San Diego Councilman and State Assemblyman. He also has served as Chief Consultant to the Select Committee on Urban Revitalization. George is a former Commissioned officer in U. S. Army and holds a BA in Business Administration from the Georgia Military College.



MARTHA ENRIQUEZ

PRESIDENT & CEO, LOGAN PROPERTY MANAGEMENT, INC. (LPM)

Martha is the president and CEO of Logan Property Management, Inc. (LPM), an affiliate of The Amerland Group. She has almost 15 years of experience in management, with an extensive background in asset management and human resources. Before founding LPM, she worked for over two years as an asset manager for The Amerland Group. Her responsibilities included rehabilitation and stabilization of new acquisitions, as well as assisting with the compilation of the developer's due diligence for lenders and investors. In this capacity, Martha dealt extensively with both the U.S. Department of Housing and Urban Development and the California Tax Credit Allocation Committee, assuring that the developer was in compliance at all times with both agencies' rigorous requirements.

In addition, Martha has successfully completed the following courses: Novogradac LIHTC Compliance certification, the AHMA Occupancy Specialist course, the Ross Management Resident Selection and Waiting List Management course, and the Spectrum Tax Credit Compliance certification.





**RECENTLY COMPLETED
PRESERVATION ACQUISITIONS***

Hawaiian Gardens Apartments, 11950 Centralia, Lakewood, CA – 264 Units

This transaction closed August 2004. Hawaiian Gardens Apartments is a Title II (ELIHPA) HUD 236 project built in 1975. The purchase price was approximately \$21,000,000 or \$79,500/unit. This project involved a decoupling of an IRP and many other complicated issues.

Lafayette Square Apartments, 3901 Lafayette, Albuquerque, NM – 188 Units

This transaction closed December 2004. Lafayette Square Apartments is a 188 unit HUD 236 property which requires a significant rehabilitation including the replacement of a two-pipe air conditioning system and other site and structural upgrades. This transaction required not only an IRP decoupling but also a very significant mark up to market of HUD rents in order to finance the acquisition and rehabilitation costs. The rehab will begin in the spring of 2005. This transaction closed at the contract price of \$5,000,000.

Plaza Seniors Apartments, 1755 W. Main Street, El Centro, CA – 172 Units

This transaction closed September 2004. Plaza Seniors Apartments is a 172 unit affordable housing property with predominantly Section 8 voucher tenancy. This property will undergo a significant rehabilitation repairing many deferred maintenance items. This transaction closed at the contract price of \$5,400,000.

Logan Square, 4715-70 Solola Avenue, San Diego, CA – 170 Units

Logan Square is a HUD 236 project built in 1970, in a challenging location, which required extensive upgrades. We purchased the project for \$9,350,000 or \$55,000/unit. Again we closed at the contract price, despite the presence of significant deferred maintenance. The City of San Diego contributed \$1,000,000 towards the rehabilitation of the project. This complex transaction also involved a mark up to market of HUD rents and a decoupling of an IRP.

Hannon Assembled Apartments, 1770 Waring, Seaside, CA – 133 Units

Hannon Assembled Apartments is a scattered-site HUD 236 property built in the 1970's which had fallen in to disrepair. This complicated transaction closed in June 2004 at the contract price of \$12,500,000 or \$94,000/unit. This transaction involved the decoupling of an IRP.

Carlton Country Club Villas, 9345 Carlton Oaks Drive, Santee, CA - 130 Units

This transaction closed October, 2003. Carlton Country Club Villas is a Title VI (LIHPRHA) HUD 236 project built in 1970. We purchased the project for \$8,000,000 which was the contact price with no credits requested from the seller. This complex transaction involved decoupling of an IRP.

Campus Gardens – 655 Howe Ave Sacramento, CA – 126 Units

This transaction closed November, 2003. Campus Gardens is a Title II (ELIHPA) HUD 236 project built in 1972. We purchased the project for the contract price, \$9,000,000, in a complex IRP decoupling transaction.

Lilly Gardens, 8000 – 8800 Lilly Avenue, Gilroy, CA – 84 Units

Lily Gardens was a HUD 236 project built in 1980, also in a challenging location, which required extensive upgrades. We purchased the project for \$9,000,000 or \$107,143/unit for mostly one and two bedroom units. The transaction involved the mark up to market of HUD rents. We closed at the contract price, despite the presence of significant deferred maintenance.

Willowbrook, 110 Bailey Road, Pittsburg, CA – 72 Units

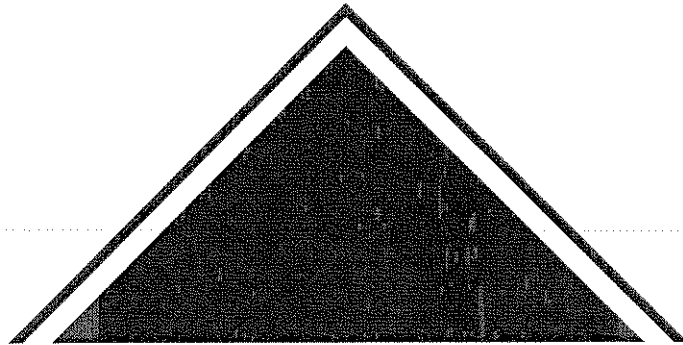
Willowbrook was a HUD project built in 1985 in a challenging location, which required modest upgrades. We closed on the property for \$6,600,000, the full CONTRACT price.

Casa de Vallejo – 1825 Sonoma Blvd. Vallejo, CA – 136 Units

Casa de Vallejo was a HUD project built in three distinct sections: one in 1919, the second in 1941, and the final section in 1979. We purchased the project for the contract price of \$9,550,000.

Briarwood Manor Apartments – 9656 Exeter Avenue, Montclair, CA – 100 Units

This transaction is set to close in October 2005. Briarwood Manor is a HUD project built in 1979. We will purchase the project for the contract price of \$4,900,000.



ICON
BUILDERS



Who We Are

From conception to completion we never lose sight of our priorities: attention to details, integrity and effective solutions.

Overview

ICON Builders specializes in the renovation and new construction of multi-family and senior apartment projects. Our projects range from government assisted low income properties through luxury apartments. We have a passion for excellence, an eye for detail, and 20 years of building experience that has produced more than 8,000 residential units in California, Washington, Nevada, Arizona and New Mexico.

Our Story

Our first company, Bezaire Electric, has been a licensed electrical contractor since 1945. Expanding upon Bezaire Electric, ICON Builders was founded in 1984 under the leadership of Allen Sands.

Locations

Scottsdale Office

8889 East Via Linda
Scottsdale, AZ 85258
480-368-8500
480-368-8700 fax

Los Angeles Office

1247 Lincoln Boulevard,
Suite 125
Santa Monica, CA 92104
310-450-5661
310-450-4371 fax

San Diego Office

2936 Lincoln Ave,
Suite 151
San Diego, CA 92104
619-229-2062
619-229-2063 fax

Locations *continued*

Oakland Office

27911 Industrial Boulevard,
Suite 150
Hayward, CA 94545
510-266-0901
510-266-0902 fax

Reno Office

18124 Wedge Parkway,
Suite B 240
Reno, NV 89511
800-787-9090

Seattle Office

15031 Military Road South,
Suite B-106
Seattle, WA 98188
425-917-2280
425-917-2272 fax

The Team

Allen W. Sands

President

Carin I. Schmidt

Vice President / Senior Project Manager

Marianne Laupp

Controller

Brad Smith

Construction Manager

Hector Dominguez

Project Manager

Scott Tenge

Project Manager

Chris Brew

Assistant Project Manager

Tara Thul

Project Coordinator

Sue O'Neil

Accounting Administrative Assistant

2-18

What We Do

ICON Builders takes your project from start to finish, on time and on budget. We learned long ago that attention to detail is the key element that can make or break a construction project. We can spot and solve problems before they impact your project.

Services

Acquisition Assistance through Preliminary Budgeting

We will assist you in property due diligence and create realistic construction budgets that you can count on.

Design Review and Consultation

We will guide, at key points, the proposed plans to key projects on target and within budget.

Contract Administration

We can electronically create any necessary AIA documents.

Government Entitlement Assistance

As a team player, we will help facilitate the approval process whenever possible.

Lender Assistance

We can help you get through the lenders "due diligence" phase for approval. ICON Builders will stand out as a very strong team member that is capable of making your project look more attractive to potential lenders.

Budgets and Forecasting

We develop realistic budgets that will take your project from conception to completion.

Construction and Construction Management

We are experienced general contractors who keep the owners short and long term interests in mind.

Fast Track Construction

We have the ability to work in a "Fast Track" construction sequence that allows for results and rapid project completion.

Project Close Out

Upon completion, we provide a very clear set of closeout books and as-built plans that will help with the maintenance and upkeep of the project for many years to come.

Insight

Breezewood Village Receives Award of Excellence

ICON Builders Donates Computers to Apartment Community

ICON Builders' work wins "Project of the Year"

ICON Builders Turn 7-11 into New Corporate Headquarters, Aug. 27, 2001

ICON Builders Makes Large Donation of Backpacks to T.J. Pappas School

Platinum sponsor ICON Builders Presents The Housing with HEART Community Service Award.

2-19

Our Projects

During their 20 years in the industry, ICON Builders' has produced more than 8,000 residential units in California, Washington, Nevada, Arizona and New Mexico. Their extensive experience in new construction projects has included building beautiful and functional luxury, family and senior housing units.

Renovation

Alaska House Apartments

Seattle, WA
99 Units Affordable Housing
\$1.5 Million Project.

Baywood Senior Apartments

Oakland, CA
77 Units Affordable Housing
\$600,000 Project.

Birchcrest Apartments

Downey, CA
64 Units Affordable Housing
\$1 Million Project.

Carlton Country Club Apartments

Santee, CA
130 Units Affordable Housing
\$600,000 Project.

Corona Park Apartments

Corona, CA
126 Units Affordable Housing
\$2.1 Million Project.

Deliverance Temple Apartments

Richmond, CA
82 Units Affordable Housing
\$2.5 Million Project.

Desert Villas Apartments

El Centro, CA
172 Units Affordable Housing
\$1.5 Million Project.

Ingram Preservation Properties

Los Angeles, CA
140 Units Affordable Housing
\$2 Million Project.

Hannon Assembled Apartments

Seaside, CA
133 Units Affordable Housing
\$2.5 Million Project.

Azure Park Apartments

Sacramento, CA
220 Units Affordable Housing
\$1.6 Million Project.

Bennett Valley Park Apartments

Santa Rosa, CA
180 Units Affordable Housing
\$5.4 Million Project.

Campus Gardens Apartments

Sacramento, CA
160 Units Affordable Housing
\$1.5 Million Project.

Citrus Grove Apartments

Fontana, CA
50 Units Affordable Housing
\$1.8 Million Project.

Covina Park Apartments

Covina, CA
170 Units Affordable Housing
\$2.5 Million Project.

Delores Francis Housing

Los Angeles, CA
366 Units Affordable Housing
\$8.5 Million Project.

Forest Club Estates Apartments

Forest Park, GA
250 Units Affordable Housing
\$4 Million Project.

International House Apartments

Seattle, WA
105 Units Affordable Housing
\$1.5 Million Project.

Hawaiian Gardens Apartments

Hawaiian, CA
264 Units Affordable Housing
\$2.7 Million Project.

Renovation *continued*

Hannon Assembled Apartments

Seaside, CA
133 Units Affordable Housing
\$2.5 Million Project.

La Puente Apartments

La Puente, CA
132 Units Affordable Housing
\$2 Million Project.

Lake Merritt Apartments

Oakland, CA
55 Units Affordable Housing
\$1 Million Project.

Mission Woods

Ontario, CA
150 Units Condominium Conversion
\$4 Million Project.

Plum Tree

Gilroy, CA
70 Senior Apartments
\$1.3 Million Project.

Roman Villas Apartments

Las Vegas, NV
192 Units Affordable Housing
\$2.7 Million Project.

Royal Hills Apartments

Renton, WA
284 Units Affordable Housing
\$3 Million Project.

Hawaiian Gardens Apartments

Hawaiian, CA
264 Units Affordable Housing
\$2.7 Million Project.

Lafayette Square Apartments

Albuquerque, NM
188 Units Affordable Housing
\$3.8 Million Project.

Logan Square Apartments

San Diego, CA
170 Units Affordable Housing
\$2.5 Million Project.

Parkway Plaza Apartments

Carson City, NV
316 Units Affordable Housing
\$4 Million Project.

Rio Vista Village Apartments

Los Angeles, CA
75 Units Affordable Housing
\$4.5 Million Project.

Rowland Heights Apartments

Rowland Heights, CA
144 Unit Low-Income Housing
\$2.2 million Project.

Sage Terrace Apartments

Lakewood, WA
107 Units Affordable Housing
\$1.5 Million Project.

New Construction

Breezewood Village

La Mirada, CA
120 Unit Garden-Style Affordable
Senior Apartment Complex
\$7 Million Project

Goldware Senior Housing

Riverside, CA
162 Unit Complex
\$10 Million.

ML Shepard Manor

Los Angeles, CA
90 Units Affordable Housing
\$6.5 Million Project.

The Villas at Augusta Ranch

Mesa, AZ
238 Unit Luxury Apartment Village
\$13 Million Project.

Eastside Village Apartments

Los Angeles, CA
78 Units Affordable Housing
\$8 Million Project.

Lark Ellen Village

West Covina, CA
122 Family and Senior Housing Units
\$8 Million Project.

Summercrest Villas

San Jose, CA
60 Unit Complex
\$6 Million Project.

The Villas at Camelback Crossing

Phoenix, AZ
264 Unit Luxury Apartment Village
\$15 Million Project.

Our Process

Renovation

The renovation process has its own unique set of challenges. ICON Builders has a specific process in place to make the complicated work of renovation run smoothly.

Study

We have in depth understanding of your project, because we are actively involved in developing the work scope and budgeting. We focus on your interests as a long term owner. Our recommendations are directed toward decisions that are well thought out with results that are meant to last.

Allocate Resources

We start your project with the strength of staff, commitment, finances and the confidence of having done it successfully before.

Plan Production Sequence

All work is done in sequence. Sequence is determined far in advance of the actual work. We have NEVER missed a sequence completion date. This allows you to effectively communicate with tenants and provides the least interference with your tenants's life. We work in a "fast track" fashion and complete projects in a remarkably short time frame.

Execute

The best laid plans are only beneficial if they are carried out. ICON Builders prioritizes careful execution of our work and has the resources to follow through no matter what challenges arise.

Punch List

Our punch list system allows us to track the unfinished details to insure 100% project completion. By tracking unfinished minor details, we can keep the big picture construction completion on time.

Completion

We turn over a project in a COMPLETE condition, on time, every time.

New Construction

Our new construction process is simple and fast. At ICON Builders, we know you have a lot on your mind. We know what needs to be done to save you worry, headaches and cost overruns.

Coordinate Team

ICON Builders assures success through a sound foundation in teamwork. This teamwork is rooted in efficient and accurate communication with you and your designers. We combine your designers' vision with your budget and timeline - into a profitable project.

Execute Process

Combining our complete understanding of your project and the right sub-contractors, we finish every step thoroughly and completely until your project is done - on time and within budget.

Study the Details

We have a developed method to constantly examine your project at every level of detail and to ensure quality that will last for years to come.



San Diego HOUSING COMMISSION

ATTACHMENT 3

Housing Finance & Development

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE (add extra sheets if you need more space)

- 1. Name of developer: Pacific Housing, Inc.
2. Address, phone number and ZIP Code: 1801 L Street, Suite 245 Sacramento, CA 95811 P: 916-638-5200 F: 916-325-8624
3. IRS Number of Developer: 68-0412326
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:
A corporation
XXX A nonprofit or charitable institution or corporation
A partnership known as:
A business association or a joint venture known as
A Federal, State or local government or instrumentality thereof.
Other (explain)
5. If the developer is not an individual or a government agency or instrumentality, give date of organization: February 2, 1998
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:
a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
NA - Non-Profit

Developer Disclosure Statement Page 2

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

See Attached

- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

NA

- d. If the developer 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.

NA

- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.

<u>Name, Address & Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
See Attached		

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer):

NA

Developer Disclosure Statement Page 3

- | <u>Name, Address and
Zip Code</u> | <u>Description of character and
extent of interest</u> | | | | |
|---|--|---|------------------|--|--|
| 8. | Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:
NA | | | | |
| 9. | Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.

NA | | | | |
| 10. | If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:
NA | | | | |
| 11. | Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking: | | | | |
| a. | In banks: NA | | | | |
| | <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Name, Address and ZIP Code of Bank</u></th> <th style="text-align: right;"><u>\$ Amount</u></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table> | <u>Name, Address and ZIP Code of Bank</u> | <u>\$ Amount</u> | | |
| <u>Name, Address and ZIP Code of Bank</u> | <u>\$ Amount</u> | | | | |
| | | | | | |
| b. | By loans from affiliated or associated corporations or firms: | | | | |
| | <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Name, Address and ZIP Code of Source</u></th> <th style="text-align: right;"><u>\$ Amount</u></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table> | <u>Name, Address and ZIP Code of Source</u> | <u>\$ Amount</u> | | |
| <u>Name, Address and ZIP Code of Source</u> | <u>\$ Amount</u> | | | | |
| | | | | | |
| | NA | | | | |
| c. | By sale of readily salable assets: NA | | | | |

Developer Disclosure Statement Page 4

- | <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--------------------|---------------------|---------------------------|
|--------------------|---------------------|---------------------------|
12. Name and addresses of bank references:
- See Attached
13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes ____ No XX
If yes, give date, place, and under what name.
14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes ____ No XXX

If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken. Attach any explanation deemed necessary.
15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:
NA
16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:
- Name and address of such contractor or builder:
 - 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 XX
If yes, explain:

Developer Disclosure Statement Page 5

c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ _____

General description of such work:

NA

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>
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NA

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

NA

17. Brief 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:

NA

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor? Yes _____ No XX_____

If yes, explain.

Developer Disclosure Statement Page 6

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

See Attached

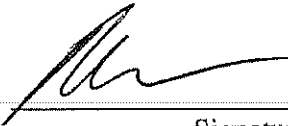
Developer Disclosure Statement Page 7

CERTIFICATION

I (We) Mark A. Wiese, President certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: 12/5/07

Date: _____



Signature

Signature

Title: PRESIDENT
PACIFIC HOUSING, INC.

Title: _____

Address & ZIP Code

1001 L St. # 245

Sacramento, CA 95811

PACIFIC HOUSING INC.

HLE

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Board of Directors Corporate Officers August 1, 2007

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Director

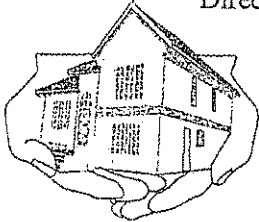
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Director



PACIFIC HOUSING INC.

#12

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

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(916) 440-4001

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Cox, Castle Nicholson, LLP
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PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

CORPORATE INFORMATION

**Dedicated to Becoming
A Leader in the
Affordable Housing
Industry**



PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Pacific Housing, Inc., a California Non Profit, Public Benefit Corporation, (501 C (3), EIN # 68-0412326) has been organized for the beneficial interest of the public sector that cannot afford conventional housing. The Pacific Housing, Inc., mission is simple; "advocate and promote, the development of quality affordable housing, affordable housing programs and affordable tenant services programs".

The organizational structure of Pacific Housing, Inc. enables the company to diversify into several disciplines of affordable housing. Pacific Housing, Inc. is dedicated to becoming a leader in the affordable housing industry. Active involvement in the following developments and housing programs is well underway through-out California:

- Assist in the coordination of inclusion planning for affordable housing in new community entitlements.
- Development of new, quality affordable rental housing for families and seniors.
- Rehabilitate existing rental housing to create a secure, quality living environment for low income families and seniors.
- Development of efficiency unit and transitional housing for very low income individuals.
- Develop small housing projects for individuals with special needs.
- Promote faith based development and finance programs for affordable housing.
- Develop affordable housing and senior assisted living facilities for veterans and military retirees through close relations with the Veteran's Administration and other veteran's groups.
- Develop "For Sale" affordable housing programs and projects for low and moderate income families.

Pacific Housing, Inc. will maintain its mission and objective by teaming and partnering with extremely qualified developers, contractors, consultants and property management companies to insure that our development and operating objectives are met with the highest degree of integrity and quality. Pacific Housing, Inc. plans to finance its development objectives with a variety of affordable housing finance programs. Pacific Housing, Inc. will utilize bond financing through applications submitted to the California Debt Limit Allocation Committee. Affordable housing tax credits applied through the California Tax Credit Allocation Committee will generate and secure equity capital. Additionally, applications and dialogue will be made to and on behalf of local Housing and Redevelopment Agencies in order to secure Multifamily Mortgage Revenue Bonds, HOME Funds, and other available affordable housing finance programs.



PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Pacific Housing, Inc. will promote several tenant services programs that will help insure that the developments maintain a level of quality, safe affordable housing:

Drug Free Awareness and Education: Pacific Housing, Inc. will team with law enforcement and social services agencies to establish drug awareness and education programs that promote a drug free lifestyle. Classes and seminars will be administered by Pacific Housing, Inc. to educate residents about the problems associated with illegal drugs and drug use.

Scholarship Programs: Pacific Housing, Inc. will develop a scholarship program that will award worthy applicants on an annual basis. The program will involve scholarships toward education or vocational training and be awarded to at least one resident of each affordable housing project owned and/or operated by Pacific Housing, Inc.

Computer Training: Pacific Housing, Inc. will provide computer education and training classes to the residents of their affordable housing developments through contracts with Superscript Technical Services and other computer service companies.

Senior Nutrition Program: Contracted through the county agencies, Pacific Housing, Inc. provides the opportunity for residents to receive nutritional meals.

Headstart Childcare Program: Pacific Housing, Inc. is proud to provide facilities at their affordable family housing developments for this exceptional program. Headstart is a toddler and preschool program that provides free children's daycare and educational services for working and education enrolled parents.

Adult Education: Through area adult education agencies, Pacific Housing, Inc. sponsors and promotes education programs such as English as a Second Language, Health & Wellness, Personal Finance and Family Nutrition for project residents.

Social Activities: Pacific Housing, Inc. also coordinates a wide variety of social activities for the residents of their projects. Programs from Bingo Nights to Garden Plots promote positive interaction for the residents of projects operated by Pacific Housing, Inc.

After School Programs: Pacific Housing, Inc. will help establish and maintain after school and youth programs for the residents of Pacific Housing communities.





A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Pacific Housing, Inc.

Tenant Services Coordination Programs and Services

Childcare: Pacific Housing, Inc. coordinates and arranges onsite childcare for residents of specific complexes and their surrounding community. On-site childcare enables parents of youth to engage in job search exercises during the day while the youth are being cared for by a quality service provider.

Youth program: This is very broad in nature. Pacific Housing, Inc. establishes dialogue with local community-based organizations, school districts, and various agencies within six months prior to the project's completion. Asset mapping is coordinated to leverage local resources, a critical component in providing optimum service integration. Focus services are homework assistance, tutoring, and art education.

English as a Second Language: Pacific Housing, Inc. coordinates with the local adult educational agency to promote and encourage attendance to ESL classes.

Social Activities: These activities are broad based in nature; they include monthly movie nights and afternoon movie showings for younger children. Kids Klub is a Pacific Housing program that provides an opportunity for parents and youth to come together for an hour of fun-filled activities for youth 2-5. Our service coordinators work with parents and management to organize games, parties, and holiday gatherings and contests. Bingo is a popular event at senior sites and is offered at each site.

Computer Training: Technical education and computer literacy are target areas of Pacific Housing, Inc. All complexes have or are scheduled to have an on-site computer lab. Pacific Housing enlists computer instructors to provide on-site computer training to youth and/or adults during specific periods of each week. Available classes range from Word, Excel, Internet Navigating, Internet Job Search, Homework Assistance, and Open Lab.

Life Skill Classes: English as a Second Language, General Mathematics and Writing Classes are offered for General Education Degree preparation or just basic skills improvement. Other life skill curriculum includes anger management, counseling, self-esteem, and teamwork activities.



PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Transportation: Coordinates, schedules, and provide offsite transportation for resident shopping, medical and social activities via a Pacific Housing, Inc. shuttle van.

Nutrition and Cooking: Classes are offered at many sites for residents to improve eating habits and cooking skills through nutritional education.

Budgeting: Classes are offered to inform residents about household record keeping and basic household economics through financial management classes, such as IDA:

Exercise Classes: Classes are offered at senior sites to stimulate the physical well-being of seniors through low-impact exercise classes. Yoga and walking classes are provided and encouraged at the sites to improve independence and to provide a healthy choice to many sedentary lifestyles.

Individual Development Account (IDA): Financial literacy programs to enable low-income residents to save money, build assets and enter the economic mainstream.

Drug Free Awareness: Classes are provided to promote education and awareness to help ensure a safe living environment.

Employment Services: Classes are provided to educate residents in best-practice methods designed to enter into the job market or move up in job fields. Courses include resume making, interview workshops, and internet job-search.

Capacity Building: All courses are geared to build capacity in individuals by increasing levels of self-confidence and promoting self-worth, effectively enabling individuals and families to move up the socio-strata.



PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

Pacific Housing, Inc.

21-Mar-07

Project List As Of: 31-Mar-07

<u>AIMCO</u>	<u>Units</u>	<u>Units</u>	<u>Units</u>
<u>1</u> Verdes del Oriente San Pedro Family	113	<u>2</u> Villa de Guadalupe San Jose Senior	101
<u>AMERLAND</u>			
<u>3</u> Briarwood Montclair Senior	83	<u>4</u> Campus Gardens Sacramento Family	126
<u>5</u> Carlton Country Club Villas San Diego Family	130	<u>6</u> Casa de Vallejo Vallejo Family	152
<u>7</u> Hannon Seaview Seaside Family	133	<u>8</u> Plaza Senior El Centro Senior	172
<u>9</u> Hawaiian Gardens Hawaiian Gardens Family	264	<u>10</u> Alexandria Hotel Los Angeles Special Needs	463
<u>GARY SQUIER</u>			
<u>11</u> Greenfair Sacramento Senior	386	<u>12</u> Californian Fresno Special Needs	217
<u>13</u> Afton Place Hollywood Senior	71	<u>14</u> Saybrook Sacramento Special Needs	61
<u>DAWSON HOLDINGS/PACIFIC AMERICAN</u>			
<u>15</u> Bryte Gardens West Sacramento Family	97	<u>16</u> College View Yuba City Family	88
<u>17</u> Countrywood Village Sacramento Family	292	<u>18</u> Florin Meadows Sacramento Family	244
<u>19</u> Rancho Cordova Rancho Cordova Family	95	<u>20</u> Rosswood Manor Sacramento Family	97
<u>21</u> Sunnyslope Sacramento Family	31	<u>22</u> Tracy Village Tracy Family	72
<u>23</u> Unity Estates Sanger Family	88	<u>24</u> Valli Hi Lompoc Family	125
<u>25</u> Willowtree Sacramento Family	108	<u>26</u> Yuba Gardens Yuba City Family	120
<u>27</u> Park Hills Hayward Family	109	<u>28</u> Kings Garden Hanford Family	100



PACIFIC HOUSING INC.

A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

ST. ANTON

<u>29</u>	Arlington Sacramento/Antelope Family	144	<u>30</u>	Churchill Downs Sacramento Family	220
<u>31</u>	Crocker Roseville Senior	131	<u>32</u>	Doverwoods Fairfield Senior	200
<u>33</u>	Natomas Park Sacramento Family	210	<u>34</u>	Normandy Sacramento Senior	116
<u>35</u>	Savannah West Sacramento Family	228	<u>36</u>	Sierra Creek Sacramento Senior	144
<u>37</u>	Geneva Pointe Elk Grove Family	152	<u>38</u>	Lincoln Creek Dixon Family	172
<u>39</u>	St Anton Building Sacramento Urban	65	<u>40</u>	Westview Ranch Sacramento Family	128
<u>41</u>	Valencia Pointe Sacramento Family	168	<u>42</u>	Vineyard Pointe Sacramento Family	176
<u>43</u>	Hurley Creek Sacramento Senior	208	<u>44</u>	Saratoga Phase I Vacaville Senior	108
<u>45</u>	Saratoga Phase II Vacaville Senior	120	<u>46</u>	Sycamore Pointe Woodland Family	136
<u>47</u>	Woodcreek Terrace Roseville Senior	104	<u>48</u>	The Alhambra Davis Family	160
<u>49</u>	Renwick Square Elk Grove Senior	150	<u>50</u>	Sutter Terrace Roseville Senior	100
<u>51</u>	The Rivers, Senior Apts. West Sacramento Senior	120			

MG PROPERTIES

<u>52</u>	Stonewood San Diego Family	255	<u>53</u>	Country Hills San Bernadino Family	412
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SKK

<u>54</u>	1801 L Street Sacramento Urban	176	<u>MICHAELS DEVELOPMENT</u>		
			<u>55</u>	Harriet Tubman Berkeley Senior	91

AHA

<u>56</u>	Mendota Gardens Mendota Gardens Family	60			
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Grand Total Units: 8,592





A California Non-Profit Public Benefit Corporation
501 (C)(3) EIN# 68-0412326

**Board of Directors
Corporate Officers
August 1, 2007**

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Director

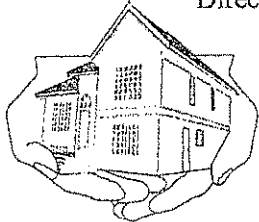
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Director



Attachment 4 Housing Authority Disclosure Summary

THE ISSUER

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968 by resolution of the City Council of the City of San Diego (the "Council"). Members of the Council serve as members of the Issuer.

In January 1979, a seven member commission (the "San Diego Housing Commission") took office to administer the functions of the Issuer. The San Diego Housing Commission is responsible for the development of low income rental projects, implementation of financing to promote low income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock. Unless the context otherwise requires, the San Diego Housing Commission will take all actions with respect to the program and the Indenture, the Financing Agreement, the Regulatory Agreement and related documents on behalf of the Issuer.

The seven members of the San Diego Housing Commission are appointed by the Mayor and approved by the Council. Sal Salas currently serves as Chair of the San Diego Housing Commission. Oversight of the San Diego Housing Commission is provided by the Issuer.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER. THE ISSUER IS NOT OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON EXCEPT FROM THE REVENUES OR ASSETS PLEDGED FOR SUCH PAYMENT. THE BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA, THE CITY OF SAN DIEGO OR ANY OTHER SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE ISSUER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The City of San Diego (the "City") has been under investigation by various federal, state, and local agencies stemming from misstatements and/or omissions concerning the City's pension system in the City's 2002 and 2003 financial statements and/or related securities offerings disclosure. The Securities and Exchange Commission (the "SEC") concluded its investigation into the matter on November 14, 2006 by entering a Cease-and-Desist Order (the "Order") against the City wherein the SEC found that the City had violated the fraud provisions of the securities laws in failing to accurately disclose the City's growing pension liability in relation to several City bond issuances in 2002 and 2003. To date, neither the investigations nor the Order have involved any housing bonds issued by the City or any bonds issued by the Issuer. Notwithstanding the fact that the Bonds are not payable from any funds of the City, the Issuer can provide no assurance that a significant negative development with respect to the City's overall financial condition or the pending investigations would not have a

negative impact on the value of the Bonds in the secondary market. It is uncertain when the investigations will be completed, and the Issuer can provide no assurance as to whether any other investigations will be initiated. The Issuer has no reason to believe that any pending or future investigation would adversely impair the ability of the Issuer to pay principal of and interest on the Bonds.

NO LITIGATION

The Issuer

At the time of issuance of the Bonds, the Issuer delivered certificates to the effect that, to the best knowledge of the Issuer, there is no action, suit or proceeding pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, the Indenture, the Financing Agreement or the Regulatory Agreement, or in any way contesting or affecting the validity of the foregoing.

**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: 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 that the affordability restriction 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 an “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 financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, 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, 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 for the project.

[Note: It is uncommon for the members of 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, etc.
- 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 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. Since the Housing Authority is not responsible, in any way, for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are 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 that details 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 bonds. This is the extent of the disclosure required of the Housing Authority, 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 might have an impact on the viability of the project.



The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
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ATTACHMENT 6

December 14th, 2007

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

RE: Proposed actions relating to the proposed issuance of approximately \$23,200,000 Housing Authority of San Diego Multifamily Housing Revenue Bonds in connection with the acquisition and rehabilitation of the Bay Vista Apartments.

Dear Mr. Armstrong:

You have asked Public Financial Management, Inc. ("PFM") to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority to issue tax-exempt multifamily housing revenue bonds for the acquisition and rehabilitation of the 268-unit Bay Vista Apartments (the "Project") by the Amerland Group, LLC in the community of Encanto. In preparing this report we have reviewed financial projections and background information provided by the borrower and the Housing Commission.

The specific findings this report addresses are:

- Whether the issuance of the Bonds will achieve a public purpose by creating or preserving affordable housing.
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing.
- Whether the Project will be able to meet debt service payments after the proposed financing.

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

DESCRIPTION OF THE PROJECT

Bay Vista is a 268-unit housing development located at 4888 Logan Avenue in the San Diego neighborhood of Encanto. The property was developed by a non-profit affiliate of the St. Paul United Methodist Church ("St. Paul's") in 1969. The Project contains 100 two-bedroom units and 168 three-bedroom units and is supported by a project based Section 8 contract from the U.S. Department of Housing and Urban Development ("HUD"). Through the Section 8 contract tenants pay 30% of their incomes toward rent. The Project is an "at risk" affordable housing project because the Section 8 contract expires within three years and it is possible that the rents could be converted to market rates.



St. Paul's has agreed to sell the Project to the Amerland Group, LLC (the "Developer" or "Amerland") who will acquire and rehabilitate the Project using a combination of tax-exempt private activity bonds, 4% low income housing tax credits and other sources. The refinancing will allow for financial stabilization of the Project, an increased term of affordability and substantial rehabilitation of the Project. The Developer expects to spend approximately \$9.0 million on the rehabilitation of the Project with the proposed scope of work to include improvements to unit interiors, roof repairs, interior and exterior painting, window repairs and replacements, plumbing and landscaping upgrades and retrofits of the community and laundry rooms. In addition, Amerland will invest in upgrading the security on the property by providing new security gates and additional common area lighting. It is expected that all rehabilitation will be completed by 2008.

THE BORROWER

The Borrower and Project owner will be Bay Vista Housing Partners, L.P., a California limited partnership. The Managing General Partner will be Pacific Housing, Inc., a California nonprofit public benefit corporation. The Co-General Partner will be Amerland/Bay Vista, LLC, a California limited liability company. A majority interest of the Co-General Partner is owned, directly or indirectly, by the Amerland Group, LLC. Affiliates of Red Capital Markets, Inc. will be the tax credit investor and limited partner with approximately a 99% partnership interest.

Amerland is an established developer involved in the acquisition, development and management of multifamily housing projects throughout the Country, with a focus on California. Amerland was founded in 2001 to provide a high quality and well-managed outlook to the affordable housing industry and is currently headquartered in San Diego, California. Amerland specializes in the acquisition of HUD projects, SRO Hotels and Senior facilities. Of the 16 affordable housing apartment communities comprising 2,627 units that Amerland currently owns, 11 communities and 1,884 units are located in California. Furthermore, Amerland has worked with the San Diego Housing Commission and Housing Authority in the past, including on the tax credit financed development of the 170 unit Belle Vista Apartments in the community of Lincoln Park in 2001.

THE FINANCING

It is currently anticipated that \$23,200,000 in conduit multifamily housing revenue bonds will be issued to support the Project. The Series 2008A Bonds (the "Bonds") will be issued as credit enhanced variable rate bonds. The Bonds will be secured by a Fannie Mae credit enhancement instrument resulting in an "AAA" rating by Standard & Poor's. The Bonds will have a 30-year term, but payments will be interest only for the first 5 years and based on a 35-year amortization thereafter. Proceeds of the Bonds will be used to make a loan to the Project which, together with other monies, will be used to acquire and rehabilitate the Project. The Bonds will be publicly offered by Citigroup in mid-January.

Concurrent with the issuance of the Bonds, the Borrower will enter into a floating-to-fixed interest rate swap agreement (the "Swap") with a counterparty yet-to-be determined. The Swap will be structured such that the Borrower will receive a variable rate payment approximately equal to the debt service on the Bonds and make a fixed rate payment to its swap counterparty. As such, the Swap acts as a hedge for the variable rate Bonds and enables the Borrower to lock-in a fixed swap rate that will be lower than the



borrowing rate it could have achieved solely through the issuance of fixed rate multifamily housing revenue bonds. The Swap will be competitively bid in mid-January.

Neither the Bonds nor the Swap will 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 or Swap. Security for the Bond payments is provided by the FNMA credit enhancement during the life of the bonds and is limited to the value of the property and its revenue sources following Project completion. The Developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

The Project has an estimated total acquisition and development cost of \$35,834,697. In addition to the Bonds, the Project will also be financed with tax credits (\$11,975,860), income from operations (\$223,648), and a partial deferral of Amerland's developer fee (\$435,189). The financing is currently scheduled to close on January 24, 2007. Sources and uses of funds are shown in Table 1 below.

**TABLE 1
 BAY VISTA APARTMENTS**

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

Tax-Exempt Bond Proceeds	\$ 23,200,000
Low Income Housing Tax Credit Proceeds	11,975,860
Income from Operations	223,648
Deferred Developer Fee	<u>435,189</u>
TOTAL SOURCES OF FUNDS	\$ 35,834,697

USES OF FUNDS

Property Acquisition	\$ 21,400,000
Renovation Costs	9,046,024
Third Party Reports	167,500
Financing Placement Costs (includes Bond Issuance Costs)	583,960
Interest	223,648
Developer Fee	2,500,000
Other Indirect Costs	<u>1,913,565</u>
TOTAL USES OF FUNDS	\$ 35,834,697

ACHIEVING PUBLIC PURPOSE

Through the proposed bond issuance, Bay Vista Apartments will provide housing for low- and very-low income seniors for a minimum of 55 years. Under the requirements for bond financing, the Project will restrict 10% of the units for households earning no greater than 50% of Area Median Income ("AMI") (\$31,600 for a family of three and \$35,100 for a family of four) and 90% of the units to households earning



no greater than 60% of AMI (\$37,920 for a family of three and \$42,120 for a family of four) for 55 years. Twenty-seven units will be restricted at 50% AMI, 241 units will be restricted at 60% AMI. In addition Amerland will also be seeking a 20-year extension of the HUD Section 8 contract to ensure that tenants will continue to pay 30% of their incomes toward rent after the acquisition and rehabilitation of the Project. Maximum HUD rents for the Project are summarized in the following table:

Type	Unit Size (sq. ft.)	AMI	Number of Units	Restricted Rent (net of utility allowance)	Market Rate	Monthly Savings per unit
Two Bedroom	750	50% AMI	10	\$760	\$1,050	\$290
Three Bedroom	950	50% AMI	17	\$839	\$1,225	\$352
Two Bedroom	750	60% AMI	90	\$918	\$1,050	\$132
Three Bedroom	950	60% AMI	151	\$1,014	\$1,225	\$211
Total			268			\$1,020
Total Annual Savings						\$638,538

MEETING DEBT SERVICE AFTER THE FINANCING

As shown in Table 2, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon the Developer's initial cash flow estimates, there would be about \$1,605,000 of net operating income available for debt service in 2008, rising to \$1,780,000 in the first full year of stabilization (2009). This amount would provide bond debt service coverage of 1.45 times.

TABLE 2
BAY VISTA APARTMENTS
ESTIMATED CASH FLOW

Principal Amount of Senior Bonds:	\$ 23,200,000				
	Year				
	1	2	3	4	5
Rental Income	\$ 3,093,640	\$ 3,459,252	\$ 3,545,733	\$ 3,634,377	\$ 3,725,236
Plus: Other Income	66,458	74,312	76,170	78,075	80,026
Less: Vacancy	(154,682)	(172,963)	(177,287)	(181,719)	(186,262)
Effective Gross Income*	\$ 3,005,416	\$ 3,360,601	\$ 3,444,616	\$ 3,530,733	\$ 3,619,000
Less: Operating Expenses*	(1,280,158)	(1,445,392)	(1,495,958)	(1,548,293)	(1,602,459)
Less: Management Fee	(120,217)	(134,424)	(137,785)	(141,229)	(144,760)
Less: Replacement Reserves	0	0	(86,126)	(89,141)	(92,261)
Net Operating Income	\$ 1,605,041	\$ 1,780,785	\$ 1,724,747	\$ 1,752,070	\$ 1,779,520
Less: Debt Service**	(1,104,822)	(1,205,260)	(1,205,260)	(1,205,260)	(1,205,260)
Cash Flow After Debt Service	\$ 500,219	\$ 575,525	\$ 519,487	\$ 546,810	\$ 574,260
Bond Debt Service Coverage	1.45	1.48	1.43	1.45	1.48

* First stabilized year cash flow as estimated by owner, income assumed to increase at 2.5% per year and expenses assumed to increase at 3.5% per year

** Amortized in 35 years at a 5.195% mortgage rate; includes insurance, issuer fee and trustee fee.



FINANCIAL RISKS

There will be no undue risk to the Housing Authority. The Bonds are expected to receive the highest possible rating of AAA, and neither the City, the Housing Authority or the Housing Commission will be a party to the Swap. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and is not required under most circumstances to make up any cash flow shortfalls.

CONCLUSION

Based upon our review, we recommend that the Authority proceed with the issuance of the Bonds. This recommendation is based upon the following findings:

- The Bonds would achieve a public purpose by providing 268 affordable units, with 27 units affordable at 50% or less of median income and 241 units affordable at 60% of median income for a term of 55 years.
- The owner has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters relating to the financing. The owner will pay all costs of the financing.
- Based upon estimates by the owner that have been reviewed and confirmed by the credit enhancer, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert T. Gamble".

Robert T. Gamble
Senior Managing Consultant
Public Financial Management, Inc.