



HOUSING AUTHORITY REPORT

DATE ISSUED: February 17, 2010

REPORT NO: HAR 10-013

ATTENTION: Members of the Housing Authority
For the Agenda of February 23, 2010

SUBJECT: Acquisition of the Hotel Sandford

REQUESTED ACTION:

That the San Diego Housing Authority ("Authority") approve the acquisition and rehabilitation of Hotel Sandford ("Property") authorizing President and CEO of the San Diego Housing Commission to execute a Purchase and Sale Agreement, and other necessary and appropriate associated documents, including, without limitation escrow instructions, with the property owner ("Owner") to purchase the Sandford Hotel; and authorizing the President and CEO of the Commission to execute an Owner's Participation Agreement and related agreements and documents with the San Diego Redevelopment Agency ("Agency") under the terms discussed in this report; and, to proceed with the process of procuring the necessary professional services to complete the rehabilitation work and for the permanent management of the property after acquisition.

STAFF RECOMMENDATION:

The Housing Authority authorizes the President and Chief Executive Officer (CEO) of the San Diego Housing Commission to take the following actions:

1. To execute any and all documents necessary and appropriate to allow the Commission to acquire the Property and to take such actions as are necessary to procure the services for the design, rehabilitation and permanent management services for the property in accordance with the development budget outlined in this report and on terms approved by General Counsel. Further, that the CEO is authorized to execute an Owner's Participation Agreement, and associated documents and agreements with the Redevelopment Agency, in a form approved by General Counsel, on terms discussed in this report and in substantially the form attached to the companion Redevelopment Agency Report.
2. To execute an affordability covenant against the property for 99 years in length, with 40 percent of the units remaining affordable at, or below, 50 percent of the area median income and the remaining units affordable at, or below, 60 percent of area median income, on terms and conditions as approved by the General Counsel of the Commission.
3. To approve the payment of option payments to the Owner, if necessary, in an amount not to exceed \$175,000 which will be applicable to the purchase price, but shall be non-refundable upon release to the Owner prior to close of escrow.

SUMMARY:

Hotel Sandford is a 130-unit Single Room Occupancy (SRO) hotel that provides affordable housing for low-income seniors. It is located on a 15,000-square-foot site at the northeast corner of Fifth Avenue and A Street within the Cortez neighborhood in downtown San Diego (Attachment 1). The four-story

building also includes approximately 7,663 square feet of first floor retail and 18,275 square feet of basement area. The basement has a television lounge, commercial-grade kitchen, large community dining room, laundry room and storage for the benefit of the 130 SRO units located on floors two through four. In addition the basement has approximately 3,267 square feet of commercial space, which was leased to an office user at one time.

The building was constructed in 1914, and has been designated by the San Diego Historical Resources Board as a local historical resource (HRB #215). The land is owned by the Downtown Senior Center Corporation, a California 501(c) (3) nonprofit corporation, while the building is owned by Senior Fifth Avenue Associates – Sandford, a California Limited Partnership. The two entities are interested in selling the Property to the Commission.

The ground floor contains five rentable commercial/retail spaces containing approximately 7,663 square feet of rentable commercial/retail space, as well as main and secondary SRO lobbies/entrances and two lounges for the SRO units. Each SRO unit includes a private bath, a small closet and sleeping room, but no kitchen facilities. The units range in size from 86 to 150 square feet. One of the units measures 396 square feet in size and serves as the manager's apartment. The building contains two passenger elevators that serve all five floors. The building's last renovation occurred in 1989 and included the addition of fire sprinklers, upgraded mechanical systems and plumbing, and a new roof. The Property contains no on-site parking.

This acquisition represents a unique opportunity for the Housing Commission to assist with preventing homelessness by restricting SRO units to very low income tenants. While this acquisition will not generate significant income to the Housing Commission, the opportunity to leverage funds available from the former public housing portfolio with funds from the Agency to acquire and rehabilitate this property, meets the Housing Commission's mission and provides balance to the portfolio. This acquisition will allow the Commission to preserve 130 affordable housing units in the downtown housing stock, as well as secure long-term affordability covenants on the Property at a favorable per-unit cost. Acquisition of this property also satisfies the requirements of the U.S. Department of Housing and Urban Development (HUD) that land and building ownership by the Commission meets the definition of "acquisition and/or production," and these units will count toward the Commission's goals of providing affordable housing within the City.

On December 18, 2009, the Housing Commission recommended to the Housing Authority the acquisition of the Hotel Sandford property. While the Housing Commission's Real Estate Acquisition Policy 300.103 allows the Commission to approve the acquisition subject to Housing Authority review, the Owner Participation Agreement between the Redevelopment Agency and the San Diego Housing Commission requires the approval of the Housing Authority and the Redevelopment Agency. Therefore, the Commission has elected to forward the request for acquisition to the Housing Authority so that all matters related to the acquisition could be heard at one time and together.

Acquisition Deal Terms

Over the past several months, Commission staff and Centre City Development Corporation (CCDC) staff, on behalf of the Redevelopment Agency; have been negotiating specific deal terms for the Owner Participation Agreement, subject to Board approval:

Agency Loan: The total acquisition and rehabilitation cost is \$12,190,000. The Agency will provide a loan covering 50 percent of the total acquisition, and rehabilitation costs. The loan amount will be approximately \$6,095,000, which will be included in the Owner's Participation Agreement between the Agency and Commission, in a form as approved by General Counsel. The Commission will make reasonable best efforts to procure additional gap financing sources, which if successful, will allow both Agency and Commission to reduce their respective funding obligations on a pro rata basis.

Affordability Covenant: The Property shall be encumbered by affordability covenants of 99 years in length, with at least 40% of the units being affordable at or below 50% of AMI (approximately \$691 per month) and the remainder being affordable at or below 60% of AMI (approximately \$830 per month). At any time after the expiration of 55 years of affordability, the SDHC may request the Housing Authority, to modify, release or rescind the balance of the 99 year Covenant Period if any of the following conditions occurs:

1. The Hotel Sandford has an unfunded negative operating income;
2. The Hotel Sandford requires substantial rehabilitation for which there is no dedicated and available source of funds; and/or
3. Any other factors which in the opinion of the Housing Authority justifies the release of the covenants.

In the event of Release within 10 years after the expiration of 55 years of affordability during the Covenant Period, and upon the SDHC's transfer or sale of the Property or any part thereof, the SDHC and Agency shall share equally the proceeds of any disposition of the Property up to point that the Agency receives an amount of money that is equal to its forgivable loan amount plus accrued interest through the loan maturity date, if any. Any balance of disposition proceeds in excess of that required to be paid to the Redevelopment Agency would be allocated entirely to the SDHC. The SDHC shall be prohibited from transferring the Property during the first 55 years of the Covenant Period without the Agency's written consent.

Loan Terms: The loan from the Agency shall be a forgivable loan, with a term of 55 years. Agency's loan shall be secured by a first priority deed of trust. The loan shall be a residual receipts loan with residual receipts being paid to Agency and the Commission equally. However, no residual receipts shall be paid to either Agency nor the Commission until an operating reserve has accumulated enough capital, plus a ten percent contingency, to cover anticipated negative NOI in the projects later years (through Year 55). The reserves shall be placed by the Commission into an interest-bearing

account with the highest secured yield available in accordance with all HUD regulations.

The amount of the necessary reserves shall be analyzed and re-evaluated after five years of operation of the Property and then again every two years thereafter. To the extent it is determined that reserves are in excess of amounts necessary to fund the anticipated negative NOI; any excess amounts shall be distributed to Agency and Commission on an equal basis.

Loan Interest Rate: 1%, simple interest

Commission Matching Funds: The Commission will match Agency loan with an amount not to exceed 50 percent of the total acquisition and rehabilitation cost as documented in the final proforma. As such, 50 percent is estimated to be \$6,095,000.

Due Diligence: The Commission and Agency have agreed to equally share costs for the preparation of various due diligence reports. Due diligence cost sharing shall be subject to a cap of \$130,000, and based upon a list of costs that will be attached to the OPA.

Closing Cost: The Agency and Commission shall equally share the cost associated with the close of escrow.

Property Management: With CCDC's reasonable approval, the Commission shall select a permanent property manager with experience in operating SRO Hotels, through an RFP process. A property manager shall operate the project in a decent, safe and sanitary condition for seniors for the term of the forgivable loan and the regulatory agreement. The contract for the long term property management will be subsequently brought forward for approval by the Housing Authority after review by the Housing Commission Board.

Relocation Benefits: Agency and Commission shall equally share in the cost of any and all relocation benefits required under applicable law with Agency's share to be included as a cost within the principal of the loan. The Commission has procured a relocation consultant, Overland Pacific & Cutler, Inc., to prepare a relocation study in accordance with relocation law. The Relocation Plan dated December 2009, drafted by Overland Pacific & Cutler, Inc., is attached. (Attachment 5) Richard C. Gentry, the President and CEO of the Commission and Executive Director of the Housing Authority has reviewed and approved the Relocation Plan in accordance with Title 25 of the California Code of Regulations, Section 6038.

Purchase Price: The purchase price for the land will be \$3,300,000 and the purchase price for the building will be \$3,500,000. The total will be \$6,800,000, which is

the appraised value plus the Commission shall reimburse the Seller for real estate commissions and costs of up to \$70,000.

Commercial

Tenant Leases:

The first floor commercial space is partially leased. Tenants include a barber college, a delicatessen and a possible convenience store (not yet open). The lease for the barber college and delicatessen are on a month to month lease. As part of the purchase of the building, these leases will be assigned to the Housing Commission.

Project Schedule:

Close of escrow by the Commission for the land and building is tentatively scheduled for March 15, 2010, subject to a 30 days extension contained in the Purchase and Sale Agreement. See Attachment 2 for a detailed project rehabilitation schedule.

The Purchase and Sale Agreement ("PSA") for the land and building with the seller, in substantially the form attached hereto, as approved by General Counsel, will be executed by the Seller and the Commission, upon approval of this matter by the Housing Authority. Attached is a copy of the PSA (Attachment 4). The Commission is also requesting authority for the President and CEO to execute such other documents as are appropriate to acquire the property including, without limitation, escrow instructions, etc.

Owner's Participation Agreement

Upon approval of this matter, the Agency will enter into an OPA with the Commission to provide financial assistance for the Commission's acquisition and rehabilitation of the Property in a form to be negotiated between the parties with approval of General Counsel, and in substantially the form attached to the companion Redevelopment Agency Report on the Sandford Hotel. The Commission will make reasonable best efforts to procure additional gap financing sources, which if successful, will allow both Agency and Commission to reduce their respective funding obligations on a pro rata basis. CCDC staff will work cooperatively with Commission to explore the additional gap financing sources, including tax credits, federal stimulus, grants, and other state and federal affordable housing programs. Due to the need to close the Property's acquisition by March of 2010, it is not anticipated that additional gap financing would be explored or obtained prior to the closing. If additional gap financing is not feasible, Agency and Commission funding commitments will remain in place. The Commission shall not add debt service on the Property at any time during the Agency loan period without the Agency's written approval. Other proposed terms related to the loan include:

- **Fee Simple Title:** In consideration for the loan, the Commission shall acquire clear fee simple title to the Property and the Property will be subject to an affordability covenant in favor of the Agency restricting occupancy and rents for a period of 99 years, which will allow the Agency to count these units to meet California Community Redevelopment Law production and housing expenditure requirements.
- **Subdivision of Commercial Uses:** In the event the Commission subdivides the commercial portion of the Property and sells it or any part thereof, the Commission shall share the net proceeds on a pro rata basis with Agency. Agency's share shall be deposited into Agency's Low and Moderate Income Housing budget.

- Disbursement of Loan: The building acquisition costs shall be disbursed through escrow at closing. All other monies shall be disbursed as construction proceeds, based upon draw requests from the Commission, based upon the percentage of completion as determined by the Commission architect and verified by Corporation staff or consultant. CCDC shall deposit the necessary funds for acquisition into escrow prior to the closing. All other loan funds shall be disbursed through Corporation oversight outside of escrow.
- Assigned Responsibilities: Specific responsibilities placed upon the Commission or Agency through the OPA include:
 - a. The Commission will purchase the land and building and will receive a loan from Agency to fund a portion of the building and rehabilitation work. An affordable housing covenant will be recorded against the property to ensure the property will be used for low-income seniors for a minimum of 99 years.
 - b. The Commission shall manage the building's rehabilitation. The Commission will obtain bids, select a licensed contractor(s), obtain all necessary approvals, permits, and insurances, oversee the work of contractors, ensure compliance with environmental requirements and the payment of prevailing wages and pay all invoices for the work, materials, and supplies. The Commission shall procure contractors for the rehabilitation in accordance with its procurement policy.
 - c. The Commission shall use commercially reasonable efforts to incorporate energy efficient and sustainable components that are likely to reduce operating costs, as referenced in the proforma, and strive to meet guidelines and methods from Leadership in Energy and Environmental Design-Existing Buildings (LEED-EB) or an equivalent green building rating system to provide an environmentally sustainable rehabilitation.
 - d. Both parties will mutually cooperate regarding the future use of the building basement's non-commercial space. The majority of the basement space is designated for residential ancillary uses, which would be rehabilitated using Agency loan funds. The OPA includes a mutual cooperation provision regarding efficient future uses of the basement space (e.g. conversion from residential common areas to office or retail) including provisions for a rebate of a portion of the Agency's subsidy based upon square footage, due to conversion from residential to commercial uses, and consideration for using the basement space for use by non-profit health/social service organizations.
 - e. The OPA shall be subject to the approval of the Housing Commission, Housing Authority and Redevelopment Agency of the City of San Diego. The Agency Board is not required to approve a purchase agreement, but will be requesting to review and recommend approval of the OPA to the Agency. The OPA specifies that neither party shall be obligated to proceed until approval from its approving body is obtained. The form of the agreement shall be subject to the approval of the General Counsel of the Commission.

Funding Sources

The Housing Commission will use funds received from the recently refinanced existing public housing stock in the amount of \$6,095,000. Other sources of funds available to the Commission may be substituted after acquisition. Agency funding source would be from its 2010 Low and Moderate Income Housing Budget. A detailed cash flow statement has been provided as Attachment 3 of the staff report. The following table provides a proposed breakdown of the acquisition and rehabilitation costs:

Entity	Property Portion	Funding Amount	Cost per SRO Unit
Commission	Acquisition		
	Land	\$3,300,000	
	Building (Ground Floor & Basement Commercial)	\$500,000	
	Other (Due Diligence, Closing, Relocation)	\$140,000	
	Rehabilitation(Directs, Indirects, Lease-up Reserves)	\$2,155,000	
	Commission Subtotal	\$6,095,000	\$46,885
Agency	Acquisition		
	Land	\$0	
	Building (SRO Residential)	\$3,000,000	
	Other (Due Diligence, Closing, Relocation)	\$139,000	
	Rehabilitation (Directs, Indirects, Lease-up Reserves)	\$2,956,000	
	Agency Subtotal	\$6,095,000	\$46,885
TOTALS		\$12,190,000	\$93,770

Proposed Schedule of Performance

A detailed project schedule can be found as Attachment 2 to this report.

Action	Anticipated Completion
Joint Agency and Housing Authority meeting	February 2010
Property Closing Date	March 2010
Construction Drawings Completed	August 2010
Building Permit Availability	October 2010
Construction Start Date	November 2010
Construction Completion Date	July 2011

FISCAL CONSIDERATIONS:

The Housing Commission will use funds received from the recently refinanced existing public housing stock in the amount of \$6,095,000. Other sources of funds available to the Commission may be substituted after acquisition, including the Build America Bond financing being acquired by the Commission. This project will allow the Commission to take advantage of the Build America Bonds interest rebate of 35 percent on portions of the debt related to housing since the project will be entirely owned by the San Diego Housing Commission. Acquisition of this property satisfies the requirements

of the U.S. Department of Housing and Urban Development (HUD) that land and building ownership by the Commission meets the definition of “acquisition and/or production,” and these units will count toward the Commission’s goals of providing affordable housing within the City. These 130 units will count toward the 350 unit minimum that HUD has required the Commission acquire and/or produce.

The Agency will use funds in the amount of \$6,095,000 from its Fiscal Year 2010 Low and Moderate Income Housing Budget for acquisition and rehabilitation costs associated with this acquisition. The Property is included within CCDC’s adopted Affordable Housing Guidelines and Project Priorities regarding Expenditures of the Centre City and Horton Low and Moderate Income Housing Funds (Affordable Housing Guidelines) as one of several acquisition and/or rehabilitation projects under consideration. No part of the Low Mod Funds will be utilized for any of the retail portion of the project.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

CCDC staff presented the opportunity to acquire the property to the CCDC Board on January 27, 2010. The Board voted to support the request. In addition, on January 20, 2010, CCDC and SDHC staff attended the Centre City Advisory Committee (CCAC) meeting to request the members of the committee to recommend approval of the Owner’s Participation Agreement and Relocation Plan to the Centre City Development Corporation Board. At the meeting, the CCAC members unanimously recommended approval to the CCDC Board.

Further, CCDC staff presented this potential acquisition to the Real Estate and Budget Finance and Administration Joint Committee on January 13, 2010. CCDC staff requested CCDC Board and the Real Estate Committee to recommend approval to the CCDC Board the terms of the Owner’s Participation Agreement for the acquisition and rehabilitation of the Hotel Sandford and adoption of a relocation plan in accordance with Section 33411 of the California Health and Safety Code.

On December 18, 2009, the Housing Commission Board approved unanimously the acquisition of the Hotel Sandford property. In addition, and in an advisory role, the Housing Commission Board of Commissioner’s Ad Hoc Committee reviewed the proposed deal terms and proforma and provided staff with input regarding the proposed acquisition on September 1, 2009, October 7, 2009 and November 10, 2009.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On January 20, 2010, as required by relocation law, a public notice was delivered to all occupants of the Hotel Sandford regarding the acquisition of the property by the Housing Commission and proposed rehabilitation work that are expected to improve the appearance and quality of the property. In addition, an informal meeting was held on February 4, 2010, to answer questions regarding the proposed rehabilitation work on the property.

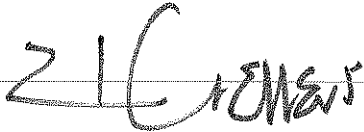
KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders for this project include the property owner, the Redevelopment Agency, the Housing Commission and City of San Diego and extremely low-income residents who would benefit from having these single room occupancy units available for rent.

ENVIRONMENTAL REVIEW:

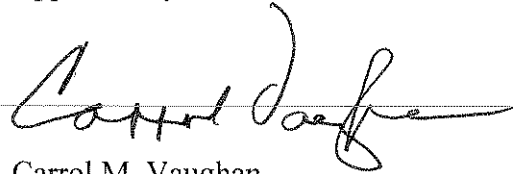
This activity is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15331 (entitled "Historical Resource Restoration/Rehabilitation") in that the project will involve the rehabilitation and restoration of a designated historic resource in a manner consistent with the Secretary of the Interior's standards for the treatment of historic properties. The activity does not fall within any of the classes of projects for which a categorical exemption may not be applied (Pub. Resources Code Section 21084). Moreover, the activity triggers none of the exceptions to the application of a categorical exemption set forth in CEQA Guidelines Section 15300.2. Therefore, the application of the categorical exemption(s) set forth under CEQA Guidelines Sections 15326 and 15331 is appropriate for this activity. In addition, the proposed activity is Categorically Excluded under the National Environmental Policy Act pursuant to 24 CFR Part 58.35(a) (3) (ii).

Respectfully submitted,



D. Lawrence Clemens
Senior Vice President

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

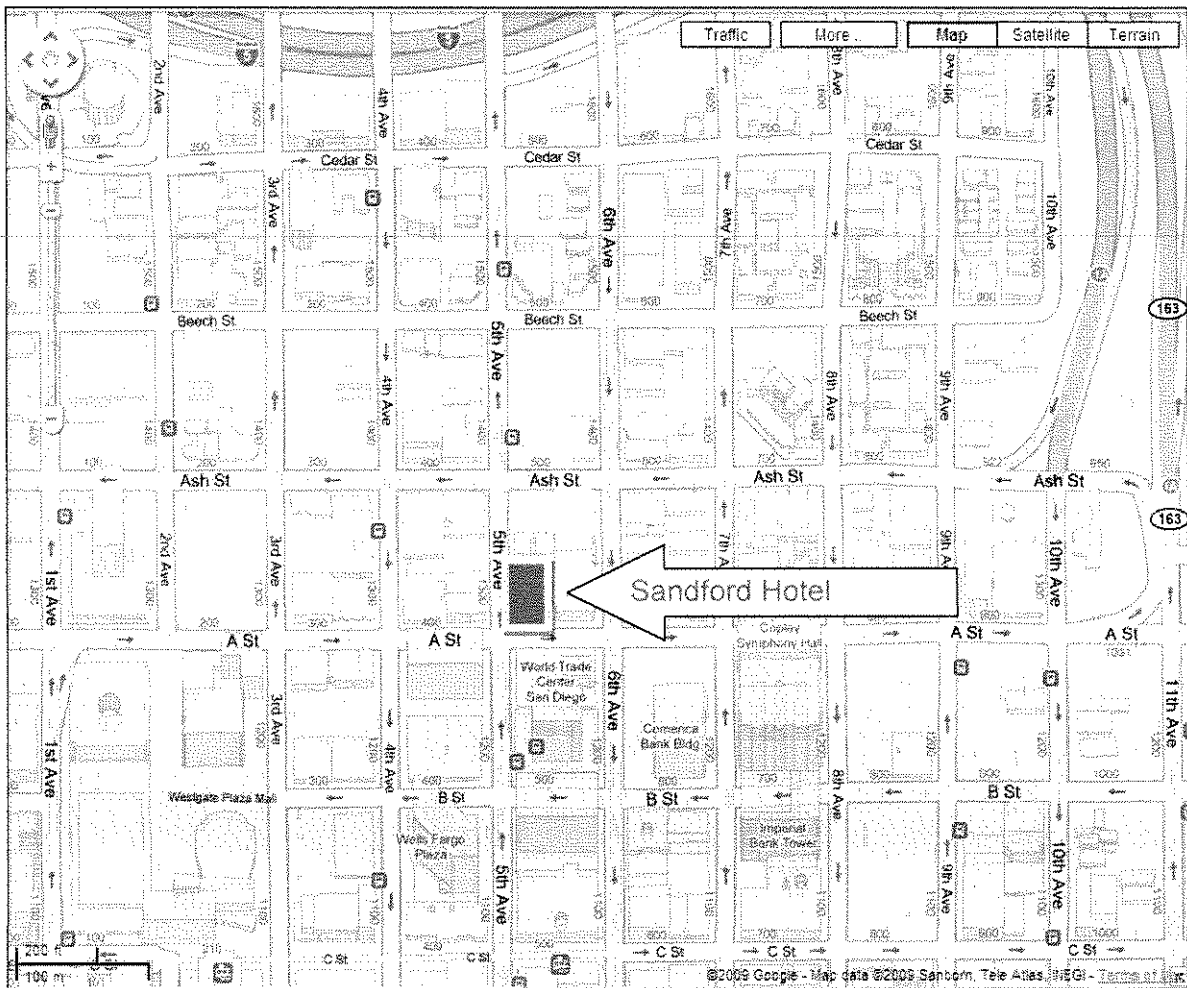
Attachments:

1. Site Location Map
2. Project Rehabilitation Schedule
3. Proforma dated January 20, 2010
4. Purchase and Sale Agreement
5. Relocation Plan dated December 2009

Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101.

Information: Mr. Roger Green (619) 578-7587

Location Map



Hotel Sandford - 1301 Fifth Avenue

ID	Task Name	Duration	Start	Finish	Predecessors	8/23	8/30	9/6	9/13	9/20	9/27	10/4
1	Contract Status	125 days	Tue 9/8/09	Mon 3/1/10								
2	Finalize Deal Term Sheet	89 days	Tue 9/8/09	Fri 1/8/10								
3	SDHC and CCDC to Execute Deal Term Sheet	1 day	Mon 1/11/10	Mon 1/11/10	2							
4	Negotiate OPA with CCDC	15 days	Tue 1/12/10	Mon 2/1/10	3							
5	Negotiate P&SA for Land and Building w/ Seller	15 days	Tue 1/12/10	Mon 2/1/10	3							
6	Execute P&SA for Land and Building	5 days	Tue 2/2/10	Mon 2/8/10	5							
7	Execute OPA	5 days	Tue 2/23/10	Mon 3/1/10	32							
8												
9	Remaining Due Diligence Items	63 days	Tue 12/1/09	Thu 2/25/10								
10												
11	ALTA Survey	36 days	Fri 12/18/09	Fri 2/5/10								
12	Request Proposal	10 days	Fri 12/18/09	Thu 12/31/09								
13	Negotiate Contract	11 days	Fri 1/1/10	Fri 1/15/10	12							
14	Issue Notice to Proceed	0 days	Fri 1/15/10	Fri 1/15/10	13							
15	Survey Completed	15 days	Mon 1/18/10	Fri 2/5/10	14							
16												
17	Phase II Environmental Report	41 days	Fri 12/18/09	Fri 2/12/10								
18	Request Proposal	10 days	Fri 12/18/09	Thu 12/31/09								
19	Negotiate Contract	11 days	Fri 1/1/10	Fri 1/15/10	18							
20	Issue Notice to Proceed	0 days	Fri 1/15/10	Fri 1/15/10	19							
21	Report Complete	20 days	Mon 1/18/10	Fri 2/12/10	20							
22												
23	Relocation Plan	63 days	Tue 12/1/09	Thu 2/25/10								
24	Issue Notice To Proceed	0 days	Tue 12/1/09	Tue 12/1/09								
25	Relocation Study Prepared	10 days	Tue 12/1/09	Mon 12/14/09	24							
26	SDHC Staff Reviews and Approves Relocation Study	24 days	Tue 12/15/09	Fri 1/15/10	25							
27	Public Notice and Review of Relocation Plan (30 Days)	24 days	Mon 1/18/10	Thu 2/18/10	26							
28	Prepare Response to Public Comments	5 days	Fri 2/19/10	Thu 2/25/10	27							
29												
30	Housing Commission Approval Process	47 days	Fri 12/18/09	Tue 2/23/10								
31	SDHC Commission Hearing	0 days	Fri 12/18/09	Fri 12/18/09								
32	SDHC and CCDC Joint Housing Authority Hearing	0 days	Tue 2/23/10	Tue 2/23/10								
33												
34	CCDC Approval Process	29 days	Wed 1/13/10	Tue 2/23/10								
35	CCDC Committee Review	0 days	Wed 1/13/10	Wed 1/13/10								
36	CCDC Board Review	0 days	Wed 1/27/10	Wed 1/27/10								
37	CCDC and SDHC Joint Agency Meeting	0 days	Tue 2/23/10	Tue 2/23/10	32							
38												
39	Management Contract	31 days	Fri 1/22/10	Fri 3/5/10								
40	Release RFP for New Property Manager	15 days	Fri 1/22/10	Thu 2/11/10								
41	Review Proposals and Select New Property Manager	2 wks	Fri 2/12/10	Thu 2/25/10	40							
42	Sign Contract	6 days	Fri 2/26/10	Fri 3/5/10	41							
43												
44	Close Escrow for Land and Building	15 days	Tue 2/23/10	Mon 3/15/10								

Project: Jan 12 10 - Schedule

Date: Mon 2/1/10

Task

Split

Progress

Milestone

Summary

Project Summary

External Tasks

External Milestone

Deadline

Page 1

Hotel Sandford - 1301 Fifth Avenue												
ID	Task Name	Duration	Start	Finish	Predecessors	8/23	8/30	9/6	9/13	9/20	9/27	10/4
45	Deposit Funds, Sign Loan Docs and Clear Title	15 days	Tue 2/23/10	Mon 3/15/10	32							
46												
47	Construction Drawing and Permit Process	215 days	Mon 2/1/10	Fri 11/26/10								
48	Release RFP to Architectural Consultant Team	15 days	Mon 2/1/10	Fri 2/19/10	31SF+6 wks							
49	SDHC Review Architectural Proposals	10 days	Mon 2/22/10	Fri 3/5/10	48							
50	Hire Architecture Firm and Sign Contract	5 days	Mon 3/8/10	Fri 3/12/10	49							
51	Construction Drawing Process	24 wks	Mon 3/15/10	Fri 8/27/10	50							
52	Hire Construction Manager	4 wks	Mon 8/30/10	Fri 9/24/10	51							
53	Plan Check Process	12 wks	Mon 8/30/10	Fri 11/19/10	51							
54	Permit Ready	5 days	Mon 11/22/10	Fri 11/26/10	53							
55												
56	Construction Rehab and Relocation Process	276 days	Fri 7/9/10	Fri 7/29/11								
57	Release RFP for Tenant Relocation	15 days	Fri 7/9/10	Thu 7/29/10								
58	Hire Relocation Consultant	5 days	Fri 7/30/10	Thu 8/5/10	57							
59	General Notification of Tenant Relocation (60 days required)	60 days	Fri 8/6/10	Thu 10/28/10	58							
60	Construction Drawing Review and Bid by General Contractor	4 wks	Mon 9/27/10	Fri 10/22/10	53SS+4 wks							
61	Hire General Contractor and Sign Contract	2 wks	Mon 10/25/10	Fri 11/5/10	60							
62	Construction Mobilization and Start Date	5 days	Mon 11/22/10	Fri 11/26/10	53,60							
63	Construction Completion Date	35 wks	Mon 11/29/10	Fri 7/29/11	62							

CASH FLOW ANALYSIS

Hotel Sandford

**San Diego Housing Commission
January 20, 2010**

SUMMARY TABLE A
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	up to 45% AMI by Year 4 with Section 8	
I. Average Rent - Residential		
Year 0	\$437	
Year 1	\$479	
Year 2	\$532	
Year 3	\$603	
Year 4	\$651	
Year 5	\$667	
Year 15	\$854	
Year 16	\$876	
Year 17	\$897	
Year 18	\$920	
II. Operating Expenses	Current Expenses + 3.5%/year	
III. Uses of Funds		
Acquisition Costs		
Land Value	\$3,300,000	
Building Value	\$3,500,000	
Due Diligence	\$130,000	
Closing Fees	\$100,000	
Relocation Costs - Temporary	\$27,000	
Relocation Costs - Permanent	\$22,000	
Total Acquisition Costs	\$7,079,000	
Direct Costs	\$3,888,000	
Indirects/Operating Lease-Up Reserve	\$1,223,000	
Total Uses of Funds	\$12,190,000	
IV. Agency/SDHC Contribution		
San Diego Housing Commission	\$6,095,000	50%
Agency Loan	\$6,095,000	50%
Total Uses of Funds	\$12,190,000	100%
V. NPV of Project Cash Flow (55 years)		
NPV of SDHC Share @	\$177,000	50%
NPV of Agency Share @	\$177,000	50%
Total	\$354,000	100%
VI. Outstanding Agency Loan @ Year 55	\$7,386,000	

SUMMARY TABLE B

RENT INCREASE ASSUMPTIONS

HOTEL SANDFORD

SAN DIEGO HOUSING COMMISSION

up to 45% AMI by Year 4 - with Section 8 (2)(3)									
	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Years 5-15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18-55</u>
Existing Rents - 33% AMI	100%	80%	55%	20%	0%	-	-	-	-
40% AMI	-	-	-	-	-	-	-	-	-
45% AMI	-	10%	30%	50%	70%	70%	80%	85%	100%
50% AMI	-	-	-	-	-	-	-	-	-
45% AMI - Section 8 (1)	-	10%	15%	30%	30%	30%	20%	15%	-

(1) Per HUD Guidelines, when project based Section 8 vouchers are used, AMI cannot exceed the AMI rent levels for non-Section 8 tenants.

(2) Existing turnover at Hotel Sandford is estimated at approximately 25% per year based on historical operating data resulting from the following:

- (i) no private kitchens; (ii) roommates are prohibited; (iii) tenants awarded HUD Section 8 vouchers relocate to other properties; (iv) tenants over time may require assisted living or 24 hour care; and (v) natural attrition. The cash flow analysis projects an annual turn over rate at 20%.

(3) Project based Section 8 vouchers are assumed to be used by existing residents currently paying rents at approximately 33% AMI. Project based vouchers are proposed to benefit only existing tenants. The cash flow analysis assumes that Section 8 vouchers will be used by 10% of the units in Year 1, an additional 5% of the units in Year 2, and an additional 15% of the units in Years 3 and 4, for a total of 30% of all units. Beginning in Year 4, all units are assumed to achieve rents up to 45% AMI.

SUMMARY TABLE C

**COMPARISON OF RENTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	Subject Hotel Sandford (Market Rent)	Survey of Market Rents (1)				
		C Street Inn	Centre City Manor	Chadwick Hotel	Peachtree Hill	Sara Francis Hometel
Room Size	86 - 150 SF	100 - 150 SF	100 - 120 SF	168 SF	150+ SF	150+ SF
Private Bath	Yes	Yes	Yes	Yes	Yes	Yes
Private Kitchen	No	No	No	No	No	No
Monthly Rent	\$650	\$575	\$880 (2)	\$550	\$615 - \$795	\$625

Maximum Affordable Rent, 2009 (3)		
40% AMI	45% AMI	50% AMI
\$525	\$590	\$656
		60% AMI
		\$787

(1) Sources: Anderson & Brabant, Inc., August 2009; Jones, Roach & Caringella, Inc., August 2009; San Diego Housing Commission, September 2009.
 (2) Based on weekly rate.
 (3) Based on State of California Housing and Community Development Income Limits for San Diego County, April 3, 2009.

TABLE 1

PROJECT DESCRIPTION
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

I. Location	1301 - 1333 Fifth Avenue San Diego, California	
II. Site Area	0.34 Acres 15,000 SF	
III. Gross Building Area		
Residential	56,019 SF	68%
Basement - Residential - Improved	8,814 SF	11%
Basement - Residential - Unimproved	<u>6,194</u> SF	<u>8%</u>
Total Residential	71,027 SF	87%
Retail		
BB's Deli	752 SF	1%
Associated Barber College - Salon	705 SF	1%
Associated Barber College - Barber	2,902 SF	4%
Fifth Avenue Corp.	250 SF	0%
Corner Space	3,054 SF	4%
Basement - Retail - Improved	<u>3,267</u> SF	<u>4%</u>
Total Retail	10,930 SF	13%
Total Gross Building Area	81,957 SF	100%
Above Grade - Gross Building Area	63,682 SF	78%
Below Grade - Gross Building Area	<u>18,275</u> SF	<u>22%</u>
Total Gross Building Area	81,957 SF	100%
IV. Number of Units	130 Units	
V. Number of Stories / Density	4 Floors + Basement 378 Units/Acre	
VI. Construction Type	Unreinforced Masonry	
VII. Parking	None provided	

TABLE 2

**DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments</u> (1)	<u>Source</u>
I. Acquisition Costs				
Land Value (2)	\$3,300,000	\$25,385	\$220 /SF Site Area	Anderson and Brabant, Inc.
Building Value (2)	\$3,500,000	\$26,923	\$46 /SF GBA	Anderson and Brabant, Inc.
Subtotal Acquisition Costs	\$6,800,000	\$52,308	\$90 /SF GBA	
Due Diligence (3)	\$130,000	\$1,000	Allowance	Agency and SDHC
Closing Fees (3)	\$100,000	\$769	Allowance	Stewart Title and SDHC
Relocation Costs - Temporary (3)(4)	\$27,000	\$208	Allowance	Relocation Report
Relocation Costs - Permanent (3)	\$22,000	\$169	Allowance	Relocation Report
Total Acquisition Costs	\$7,079,000	\$54,454	\$93 /SF GBA	
II. Direct Costs (5)				
Rehabilitation (6)	\$3,055,000	\$23,500	\$40 /SF GBA	Cornerstone Construction Management
Sustainability / LEED Upgrades (6)(7)	\$91,000	\$700	3.0% of above Directs	Cornerstone Construction Management
Tenant Improvements (8)	\$108,000	\$831	\$10 /SF Retail & Res. Basement-Unimp.	SDHC
FF&E - Common Area (9)	\$78,000	\$600	Allowance	Cornerstone Construction Management
FF&E - Resident Rooms (10)	\$157,000	\$1,205	\$1,205 /Unit	Cornerstone Construction Management
Universal Design Upgrade	\$50,000	\$1,205	\$1 /SF GBA	SDHC
Owner Contingency	\$349,000	\$2,685	10.0% of Directs	Industry standard
Total Direct Costs	\$3,888,000	\$29,908	\$51 /SF GBA	
III. Indirect Costs				
Architecture & Engineering	\$467,000	\$3,592	12.0% of Directs	Heritage Architecture
Permits & Fees	\$50,000	\$385	\$1 /SF GBA	Cornerstone Construction Management
Legal & Accounting	\$75,000	\$577	1.9% of Directs	KMA
Property Taxes and Assessments (11)	\$5,000	\$38	0.1% of Directs	KMA
Business Taxes (11)	\$0	\$0	0.0% of Directs	SDHC
Construction Management Fee	\$122,000	\$500	4.0% of Rehabilitation Costs	Cornerstone Construction Management
Relocation Consultant Management Fee	\$61,000	\$469	1.6% of Directs	Relocation Consultant
Leasing Commissions - Retail (12)	\$55,000	\$423	\$7 /SF Retail GBA	SDHC
Property and Liability Insurance	\$15,000	\$115	0.4% of Directs	SDHC
Contingency	\$39,000	\$300	4.6% of Indirects	Industry standard
Total Indirect Costs	\$889,000	\$6,838	22.9% of Directs	

TABLE 2

**DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments (1)</u>	<u>Source</u>
IV. Operating/Lease-Up Reserves				
Operating/Lease-Up Reserve-Residential (13)	\$236,000	\$1,815	6.1% of Directs	SDHC/Industry Standard
Operating/Lease-Up Reserve-Retail	\$98,000	\$754	2.5% of Directs	SDHC
Total Operating/Lease-Up Reserves	\$334,000	\$2,569	8.6% of Directs	
V. Subtotal Development Costs excluding Acquisition	\$5,111,000	\$39,315	\$67 /SF GBA	
VI. Total Development Costs including Acquisition	\$12,190,000	\$93,769	\$161 /SF GBA	

- (1) Per SF GBA estimates exclude unimproved residential basement (6,194 SF).
 (2) Source: Hotel Sandford Appraisal Report, Anderson & Brabant, August 12, 2009.
 (3) Per OPA agreement cost to be split 50/50 between the Agency and SDHC.
 (4) Reflects the cost of moving residents' belongings from one unit to another during rehabilitation. Excludes resident room furniture. Assumes a 12-unit phasing plan schedule.
 (5) Includes payment of prevailing wages.
 (6) Rehabilitation estimate verified by Cornerstone Construction Management Services, October 23, 2009. Includes 15% design contingency. Assumes a 12-unit phasing plan schedule.
 (7) Reflects energy efficiency upgrades to building.
 (8) Estimate based on SDHC discussion with retail broker. Excludes "corner space" and improved retail basement space.
 (9) Assumes full replacement of security and phones systems and furniture for elevator lobby, front lobby, and men's and women's sitting room.
 (10) Assumes replacement of a bed, night stand, chair, small television and table, and dresser.
 (11) SDHC is exempt from property and business taxes. SDHC must pay tax assessments.
 (12) Excludes "corner space" retail. Leasing commission based on SDHC discussion with retail broker.
 (13) Approximate reserve requirement based on four months of operating expenses and lease-up reserve of 10.0% of operating expenses.

TABLE 3

ALLOCATION OF DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Residential	Retail	Total
I. Cost Allocation Method			
Gross Building Area	71,027 SF 86.7%	10,930 SF 13.3%	81,957 SF 100.0%
II. Uses of Funds			
A. Acquisition Costs (1)			
Land Value	\$2,795,000	\$505,000	\$3,300,000
Building Value	<u>\$3,000,000</u>	<u>\$500,000</u>	<u>\$3,500,000</u>
Subtotal Acquisition Costs	\$5,795,000	\$1,005,000	\$6,800,000
Due Diligence	\$130,000	\$0	\$130,000
Closing Fees	\$100,000	\$0	\$100,000
Relocation Costs - Temporary	\$27,000	\$0	\$27,000
Relocation Costs - Permanent	<u>\$22,000</u>	<u>\$0</u>	<u>\$22,000</u>
Total Acquisition Costs	\$6,074,000	\$1,005,000	\$7,079,000
B. Direct Costs			
Rehabilitation	\$2,648,000	\$407,000	\$3,055,000
Sustainability / LEED Upgrades	\$79,000	\$12,000	\$91,000
Tenant Improvements	\$88,000	\$20,000	\$108,000
FF&E - Common Area	\$78,000	\$0	\$78,000
FF&E - Resident Rooms	\$157,000	\$0	\$157,000
Universal Design Upgrade	\$50,000	\$0	\$50,000
Owner Contingency	<u>\$305,000</u>	<u>\$44,000</u>	<u>\$349,000</u>
Total Direct Costs	\$3,405,000	\$483,000	\$3,888,000
C. Indirect Costs			
Architecture & Engineering	\$405,000	\$62,000	\$467,000
Permits & Fees	\$43,000	\$7,000	\$50,000
Legal & Accounting	\$65,000	\$10,000	\$75,000
Property Taxes and Assessments	\$4,000	\$1,000	\$5,000
Business Taxes	\$0	\$0	\$0
Construction Management Fee	\$106,000	\$16,000	\$122,000
Relocation Consultant Management Fee	\$61,000	\$0	\$61,000
Leasing Commissions - Retail	\$0	\$55,000	\$55,000
Property Liability Insurance	\$13,000	\$2,000	\$15,000
Contingency	<u>\$32,000</u>	<u>\$7,000</u>	<u>\$39,000</u>
Total Indirect Costs	\$729,000	\$160,000	\$889,000
D. Operating Lease-Up/Reserves			
Operating Lease-Up/Reserves-Residential	\$236,000	\$0	\$236,000
Operating Lease-Up/Reserves-Retail	<u>\$0</u>	<u>\$98,000</u>	<u>\$98,000</u>
Total Operating Lease-Up/Reserves	\$236,000	\$98,000	\$334,000
E. Total Costs	\$10,444,000	\$1,746,000	\$12,190,000

(1) Allocation of value per Anderson & Brabant, Inc.

TABLE 3

ALLOCATION OF DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Residential	Retail	Total
III. Sources of Funds			
<u>San Diego Housing Commission</u>			
Acquisition Costs			
Land Value	\$2,795,000	\$505,000	\$3,300,000
Building Value	<u>\$0</u>	<u>\$500,000</u>	<u>\$500,000</u>
Subtotal Acquisition	\$2,795,000	\$1,005,000	\$3,800,000
Due Diligence	\$65,000	\$0	\$65,000
Closing Fees	\$50,000	\$0	\$50,000
Relocation Costs - Temporary	\$14,000	\$0	\$14,000
Relocation Costs - Permanent	<u>\$11,000</u>	<u>\$0</u>	<u>\$11,000</u>
Total Acquisition	\$2,935,000	\$1,005,000	\$3,940,000
Direct Costs	\$931,000	\$483,000	\$1,414,000
Indirect Costs	\$365,000	\$160,000	\$525,000
Operating Lease-Up/Reserves	<u>\$118,000</u>	<u>\$98,000</u>	<u>\$216,000</u>
Total San Diego Housing Commission	\$4,349,000	\$1,746,000	\$6,095,000 50%
<u>Agency</u>			
Acquisition Costs			
Land Value	\$0	\$0	\$0
Building Value	<u>\$3,000,000</u>	<u>\$0</u>	<u>\$3,000,000</u>
Subtotal Acquisition	\$3,000,000	\$0	\$3,000,000
Due Diligence	\$65,000	\$0	\$65,000
Closing Fees	\$50,000	\$0	\$50,000
Relocation Costs - Temporary	\$13,000	\$0	\$13,000
Relocation Costs - Permanent	<u>\$11,000</u>	<u>\$0</u>	<u>\$11,000</u>
Total Acquisition	\$3,139,000	\$0	\$3,139,000
Direct Costs	\$2,474,000	\$0	\$2,474,000
Indirect Costs	\$364,000	\$0	\$364,000
Operating Lease-Up/Reserves	<u>\$118,000</u>	<u>\$0</u>	<u>\$118,000</u>
Total Agency	\$6,095,000	\$0	\$6,095,000 50%
Total Sources of Funds	\$10,444,000	\$1,746,000	\$12,190,000 100%

TABLE 4

**SUMMARY OF NET OPERATING INCOME
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	(A) 2008 (Actual) (1)	(B) 2009 (Budget) (1)	(C) 2010 (w/Section 8)	(C-B) Difference
I. Revenues				
Gross Scheduled Income				
BB's Deli		\$1.22 /SF/Month		
752 SF		\$10,980		
Associated Barber College - Salon		\$0.72 /SF/Month		
705 SF		\$6,120		
Associated Barber College - Barber		\$0.62 /SF/Month		
2,902 SF		\$21,504		
Fifth Avenue Corp.		\$0.00 /SF/Month		
250 SF		\$0		
Subtotal Ground Level Retail	\$63,543	\$0.70 /SF/Month	\$0.75 /SF/Month	\$2,896
4,609 SF				
Comeer Space	\$0	\$0	\$0	\$0
3,054 SF				
Residential	\$619,416	\$437 /Unit/Month	\$479 /Unit/Month	\$65,184
130 Units				
Total Gross Scheduled Income	\$682,959	\$681,816	\$747,000	\$65,184
		\$720,420	\$788,500	\$68,080
Other Income				
Refrigerator Rents	\$6,510	\$4 /Unit/Month	\$5 /Unit/Month	\$1,490
Laundry (Wash & Dry)	\$2,258	\$1 /Unit/Month	\$2 /Unit/Month	\$742
Security Deposits	\$1,055	\$1 /Unit/Month	\$1 /Unit/Month	\$945
Miscellaneous Income	\$104	\$0 /Unit/Month	\$0 /Unit/Month	\$105
Subtotal Other Income	\$8,927	\$6 /Unit/Month	\$8 /Unit/Month	\$3,282
(Less) Vacancy - Residential	(\$33,801)	7.0% of Residential GSI	15.0% of Residential GSI	(\$64,323)
(Less) Vacancy - Commercial	\$0	0.0% of Commercial GSI	10.0% of Commercial GSI	(\$4,150)
Total Vacancy	(\$33,801)	(\$47,727)	(\$16,200)	(\$68,473)
Effective Gross Revenue	\$659,085	\$682,621	\$685,510	\$2,889
II. Operating Expenses				
Operating Expenses				
Administration and Legal Expenses (2)	(\$145,304)	\$1,250 /Unit/Year	\$400 /Unit/Year (10)	\$110,558
Management Fee (3)	\$0	\$0 /Unit/Year	\$460 /Unit/Year (10)	(\$59,800)
Operating & Maintenance Expense (4)	(\$222,675)	\$1,439 /Unit/Year	\$600 /Unit/Year (10)	\$109,058
Taxes and Insurance (5)	(\$44,548)	\$451 /Unit/Year	\$115 /Unit/Year (10)	\$43,674
Payroll Salary (6)	\$0	\$0 /Unit/Year	\$1,374 /Unit/Year (10)	(\$178,603)
Financial Expenses (7)	\$0	\$0 /Unit/Year	\$100 /Unit/Year (10)	(\$13,000)
Audit and Tax Preparation	(\$11,227)	\$115 /Unit/Year	\$119 /Unit/Year (10)	(\$525)
Utilities (8)	(\$168,878)	\$1,402 /Unit/Year	\$1,451 /Unit/Year (10)	(\$6,378)
Operating Contingency	\$0	\$0 /Unit/Year	\$200 /Unit/Year (10)	(\$25,000)
Total Operating Expenses	(\$592,632)	\$4,657 /Unit/Year	\$4,819 /Unit/Year	(\$21,015)

TABLE 4

**SUMMARY OF NET OPERATING INCOME
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	(A) 2008 (Actual) (1)	(B) 2009 (Budget) (1)	(C) 2010 (w/Section 8)	(C-B) Difference
II. Operating Expenses (cont'd.)				
Property Taxes and Assessments	\$108 /Unit/Year	\$111 /Unit/Year	\$38 /Unit/Year (10)	\$9,449
Social Services/Amenities	\$0 /Unit/Year	\$0 /Unit/Year	\$150 /Unit/Year (10)	(\$19,500)
Replacement Reserves	\$0 /Unit/Year	\$0 /Unit/Year	\$275 /Unit/Year (10)	(\$35,750)
Furniture Replacement	\$0 /Unit/Year	\$0 /Unit/Year	\$150 /Unit/Year (11)	(\$19,500)
Mattress Replacement	\$0 /Unit/Year	\$0 /Unit/Year	\$75 /Unit/Year (12)	(\$9,750)
SDHC Monitoring Fee	\$0 /Unit/Year	\$0 /Unit/Year	\$54 /Unit/Year (13)	(\$7,050)
Total Operating Expenses	\$4,667 /Unit/Year (\$606,660)	\$4,768 /Unit/Year (\$619,904)	\$5,562 /Unit/Year (\$723,020)	(\$103,116)
III. Net Operating Income	\$52,425	\$62,717	(\$37,510)	(\$100,227)

(1) Source: Senior Fifth Avenue Associates, March 4, 2009.

(2) Includes marketing, office supply, phone service, internet, training for staff, audit, computer supplies, credit check of tenants, and bank fees.

(3) Fee paid to property management company to manage the property.

(4) Costs associated with building repair such as painting, minor repairs, supplies, property maintenance, elevator contract, fire alarm and sprinkler monitoring, fire extinguisher recharge, pest control, security, signage, and HVAC maintenance.

(5) Includes business property taxes and property insurance. SDHC is exempt from taxes.

(6) Assumes one full-time manager, one full-time maintenance coordinator, one full-time janitor, and one half-time assistant manager. Also includes expense of one free manager unit.

(7) Payments toward loan amount, mortgage, interest fees, and miscellaneous expenses.

(8) Includes electric, gas, cable, and trash collection.

(9) Included in administration and legal fees.

(10) Source: San Diego Housing Commission, October-November 2009.

(11) Assumes replacement of resident room furniture every 10 years.

(12) Assumes replacement of resident mattresses every 3 years.

(13) Source: San Diego Housing Commission. Assumes \$65/unit for 1-40 units, \$55/unit for 41-80 units, and \$45/unit for 81-130 units.

ASSUMED PHASE-IN OF RENT INCREASES
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

H. Residential	Year	0 (2009 Budget)			1			2			3			4			5		
		# of Units	\$/Month	Total Annual	# of Units	\$/Month	Total Annual	# of Units	\$/Month	Total Annual	# of Units	\$/Month	Total Annual	# of Units	\$/Month	Total Annual	# of Units	\$/Month	Total Annual
A. Basement - Improved		8,814 SF	\$0.00	\$0	8,814 SF	\$0.00	\$0	8,814 SF	\$0.00	\$0	8,814 SF	\$0.00	\$0	8,814 SF	\$0.00	\$0	8,814 SF	\$0.00	\$0
B. Existing Rent		130 100%	\$437	\$681,816	104 80%	\$448	\$559,000	71 55%	\$459	\$391,000	26 20%	\$471	\$147,000	0 0%	\$482	\$0	0 0%	\$494	\$0
40% of AMI		0 0%	\$525	\$0	0 0%	\$538	\$0	0 0%	\$552	\$0	0 0%	\$565	\$0	0 0%	\$580	\$0	0 0%	\$594	\$0
45% of AMI		0 0%	\$590	\$0	13 10%	\$605	\$94,000	39 30%	\$620	\$290,000	65 50%	\$635	\$495,600	91 70%	\$651	\$711,000	91 70%	\$668	\$729,000
50% of AMI		0 0%	\$656	\$0	0 0%	\$672	\$0	0 0%	\$689	\$0	0 0%	\$706	\$0	0 0%	\$724	\$0	0 0%	\$742	\$0
Section 8 - 45% of AMI		0 0%	\$590	\$0	13 10%	\$605	\$94,000	20 15%	\$620	\$149,000	38 30%	\$635	\$287,400	38 30%	\$651	\$305,000	38 30%	\$668	\$312,000
Subtotal		130 100%	\$437	\$681,816	130 ~100%	\$479	\$747,000	130 100%	\$532	\$830,000	130 100%	\$603	\$940,000	130 100%	\$651	\$1,016,000	130 100%	\$687	\$1,041,000
Add: Other Income		\$6 /Unit/Month	\$9,927	\$9,927	\$8 /Unit/Month	\$13,210	\$13,210	\$10 /Unit/Month	\$15,600	\$15,600	\$12 /Unit/Month	\$18,700	\$18,700	\$12 /Unit/Month	\$19,200	\$19,200	\$13 /Unit/Month	\$19,700	\$19,700
Vacancy		7.0% of GSI		(\$47,727)	15.0% of GSI		(\$112,050)	10.0% of GSI		(\$93,000)	7.5% of GSI		(\$70,500)	7.5% of GSI		(\$70,500)	5.0% of GSI		(\$52,050)
Effective Gross Revenue - Residential				\$644,016			\$648,160			\$752,800			\$888,200			\$984,400			\$1,008,650

Prepared by: Keyser Marston Associates, Inc.
Filename: PSDHC_Hotel Sandford_v18.17202010.jag

TABLE 6

**MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	Year (1)										
	1	2	3	4	5	6	7	8	9	10	11
I. Retail											
Gross Scheduled Income (1)	\$31,125	\$107,481	\$121,308	\$132,370	\$137,900	\$139,836	\$147,318	\$149,351	\$151,436	\$153,573	\$155,763
(Less) Vacancy @ 10.0% of GSI	(\$3,113)	(\$10,748)	(\$12,131)	(\$13,237)	(\$13,790)	(\$13,984)	(\$14,732)	(\$14,935)	(\$15,357)	(\$15,576)	(\$15,756)
(Less) Tenant Improvements \$10 /SF	(\$30,540)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,080)
(Less) Leasing Commissions \$7 /SF	(\$21,378)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75,139)	(\$30,156)
Effective Gross Income	(\$23,906)	\$96,733	\$109,177	\$119,133	\$124,110	\$125,853	\$132,586	\$134,416	\$136,292	\$138,266	\$140,251
II. Residential											
Effective Gross Income (EGI) - Residential	\$486,120	\$762,600	\$888,200	\$984,400	\$1,008,650	\$1,033,866	\$1,059,713	\$1,086,206	\$1,113,361	\$1,141,195	\$1,169,725
(Less) Operating Expenses	(\$469,853)	(\$648,396)	(\$671,090)	(\$694,579)	(\$718,888)	(\$744,050)	(\$770,092)	(\$787,045)	(\$824,941)	(\$853,814)	(\$883,698)
(Less) Property Taxes and Assessments	(\$5,100)	(\$5,100)	(\$5,202)	(\$5,306)	(\$5,412)	(\$5,520)	(\$5,631)	(\$5,743)	(\$5,858)	(\$5,975)	(\$6,095)
(Less) Social Services/Amenities	(\$14,625)	(\$20,183)	(\$20,889)	(\$21,620)	(\$22,377)	(\$23,160)	(\$23,970)	(\$24,809)	(\$25,678)	(\$26,576)	(\$27,507)
(Less) Replacement Reserves	(\$26,813)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)
(Less) Furniture Replacement	(\$14,625)	(\$20,183)	(\$20,889)	(\$21,620)	(\$22,377)	(\$23,160)	(\$23,970)	(\$24,809)	(\$25,678)	(\$26,576)	(\$27,507)
(Less) Mattress Replacement	(\$7,313)	(\$10,051)	(\$10,444)	(\$10,810)	(\$11,166)	(\$11,580)	(\$11,965)	(\$12,405)	(\$12,839)	(\$13,288)	(\$13,753)
(Less) SDHC Monitoring Fee	(\$5,288)	(\$7,297)	(\$7,552)	(\$7,816)	(\$8,090)	(\$8,373)	(\$8,666)	(\$8,970)	(\$9,284)	(\$9,608)	(\$9,945)
(Less) Operating Expenses	(\$542,265)	(\$746,999)	(\$771,817)	(\$797,501)	(\$824,063)	(\$851,593)	(\$880,065)	(\$909,531)	(\$940,028)	(\$971,589)	(\$1,004,254)
III. Project Cash Flow											
Total Net Operating Income	(\$80,051)	\$112,333	\$225,560	\$306,032	\$308,678	\$308,126	\$312,234	\$311,090	\$309,626	\$125,340	\$232,422
(Less) Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flow	(\$80,051)	\$112,333	\$225,560	\$306,032	\$308,678	\$308,126	\$312,234	\$311,090	\$309,626	\$125,340	\$232,422
IV. Operating Reserve Fund											
(Less) Deposits into Operating Reserve Fund	\$0	(\$112,333)	(\$225,560)	(\$306,032)	(\$308,678)	(\$308,126)	(\$312,234)	(\$311,090)	(\$309,626)	(\$125,340)	(\$232,422)
Add: Reserve Funds for Shortfall	\$80,051	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
V. Net Project Cash Flow Available for Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VI. Cash Flow to Agency/SDHC @ 100%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow To Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow to SDHC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VII. Repayment of Agency Loan											
Beginning Balance	\$6,095,000	\$6,140,713	\$6,201,663	\$6,262,613	\$6,323,563	\$6,384,513	\$6,445,463	\$6,506,413	\$6,567,363	\$6,628,313	\$6,689,263
Interest 1.0%	\$45,713	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950
(Less) Cash Flow Credit of 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$6,140,713	\$6,201,663	\$6,262,613	\$6,323,563	\$6,384,513	\$6,445,463	\$6,506,413	\$6,567,363	\$6,628,313	\$6,689,263	\$6,750,213
NPV Cash flow to Agency @ 10% (3)	\$177,000										
VIII. Repayment of SDHC Investment											
Beginning Balance	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000
Interest 0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) Cash Flow Credit of 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000
NPV Cash flow to SDHC @ 10% (3)	\$177,000										

Assumptions:

Income Escalation	2.50%	Replacement Reserves Escalation	0.00%
Tenant Improvement/Leasing Escalation	3.50%	Property Tax Escalation	2.00%
Operating Expenses Escalation	3.50%	SDHC Monitoring Escalation	3.50%
Furniture / Mattress Escalation	3.50%		

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010).

(2) Assumes 10-year lease for corner retail space, beginning January 1, 2011.

(3) Excludes outstanding loan balance at Year 55.

TABLE 6

**MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	Year (1)	12	13	14	15	16	17	18	19	20	21	22
I. Retail												
Gross Scheduled Income (1)		\$159,657	\$163,648	\$167,740	\$171,933	\$176,231	\$180,637	\$185,153	\$188,782	\$194,526	\$199,390	\$204,374
(Less) Vacancy @ 10.0% of GSI		(\$15,966)	(\$16,365)	(\$16,774)	(\$17,193)	(\$17,623)	(\$18,064)	(\$18,515)	(\$18,978)	(\$19,453)	(\$19,939)	(\$20,437)
(Less) Tenant Improvements \$10 /SF		\$0	\$0	\$0	(\$127,486)	(\$51,165)	\$0	\$0	\$0	(\$151,416)	\$60,769	\$0
(Less) Leasing Commissions \$7 /SF		\$0	\$0	\$0	(\$89,242)	(\$35,816)	\$0	\$0	\$0	(\$105,991)	(\$42,538)	\$0
Effective Gross Income		\$143,691	\$147,284	\$150,966	(\$61,991)	\$71,627	\$162,573	\$166,638	\$170,804	(\$82,334)	\$76,145	\$183,937
II. Residential												
Effective Gross Income (EGI) - Residential		\$1,198,968	\$1,228,942	\$1,259,666	\$1,291,563	\$1,323,822	\$1,356,897	\$1,390,835	\$1,425,606	\$1,461,246	\$1,497,777	\$1,535,222
(Less) Operating Expenses		(\$914,627)	(\$946,639)	(\$979,772)	(\$1,014,064)	(\$1,049,556)	(\$1,086,290)	(\$1,124,310)	(\$1,163,661)	(\$1,204,389)	(\$1,246,543)	(\$1,290,172)
(Less) Property Taxes and Assessments		(\$6,217)	(\$6,341)	(\$6,468)	(\$6,597)	(\$6,729)	(\$6,864)	(\$7,001)	(\$7,141)	(\$7,284)	(\$7,430)	(\$7,578)
(Less) Social Services/Amenities		(\$28,469)	(\$29,466)	(\$30,497)	(\$31,565)	(\$32,669)	(\$33,813)	(\$34,996)	(\$36,221)	(\$37,489)	(\$38,801)	(\$40,159)
(Less) Replacement Reserves		(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)
(Less) Furniture Replacement		(\$28,469)	(\$29,466)	(\$30,497)	(\$31,565)	(\$32,669)	(\$33,813)	(\$34,996)	(\$36,221)	(\$37,489)	(\$38,801)	(\$40,159)
(Less) Mattress Replacement		(\$14,235)	(\$14,733)	(\$15,249)	(\$15,782)	(\$16,335)	(\$16,906)	(\$17,498)	(\$18,111)	(\$18,744)	(\$19,400)	(\$20,079)
(Less) SDHC Monitoring Fee		(\$10,293)	(\$10,653)	(\$11,026)	(\$11,412)	(\$11,811)	(\$12,225)	(\$12,652)	(\$13,095)	(\$13,554)	(\$14,028)	(\$14,519)
(Less) Operating Expenses		(\$1,038,060)	(\$1,073,048)	(\$1,109,258)	(\$1,146,734)	(\$1,185,520)	(\$1,225,661)	(\$1,267,205)	(\$1,310,200)	(\$1,354,699)	(\$1,400,753)	(\$1,448,417)
III. Project Cash Flow												
Total Net Operating Income		\$304,599	\$303,178	\$301,373	\$82,839	\$209,930	\$293,810	\$290,268	\$286,209	\$24,213	\$173,169	\$270,742
(Less) Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flow		\$304,599	\$303,178	\$301,373	\$82,839	\$209,930	\$293,810	\$290,268	\$286,209	\$24,213	\$173,169	\$270,742
IV. Operating Reserve Fund												
(Less) Deposits into Operating Reserve Fund		(\$304,599)	(\$303,178)	(\$301,373)	(\$82,839)	(\$209,930)	(\$41,831)	\$0	\$0	\$0	\$0	\$0
Add: Reserve Funds for Shortfall		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
V. Net Project Cash Flow Available for Distribution		\$0	\$0	\$0	\$0	\$0	\$251,979	\$290,268	\$286,209	\$24,213	\$173,169	\$270,742
VI. Cash Flow to Agency/SDHC @ 100%												
Cash Flow To Agency		\$0	\$0	\$0	\$0	\$0	\$251,979	\$290,268	\$286,209	\$24,213	\$173,169	\$270,742
Cash Flow to SDHC		\$0	\$0	\$0	\$0	\$0	\$125,990	\$145,134	\$143,105	\$12,107	\$86,585	\$135,371
VII. Repayment of Agency Loan												
Beginning Balance		\$6,750,213	\$6,811,163	\$6,872,113	\$6,933,063	\$6,994,013	\$7,054,963	\$6,989,923	\$6,905,739	\$6,823,584	\$6,872,428	\$6,846,793
Interest 1.0%		\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950
(Less) Cash Flow Credit of 50%		\$0	\$0	\$0	\$0	\$0	(\$125,990)	(\$145,134)	(\$143,105)	(\$12,107)	(\$86,585)	(\$135,371)
Ending Balance		\$6,811,163	\$6,872,113	\$6,933,063	\$6,994,013	\$7,054,963	\$6,969,923	\$6,905,739	\$6,823,584	\$6,872,428	\$6,846,793	\$6,772,372
NPV Cash flow to Agency @ 10%							\$177,000					
VIII. Repayment of SDHC Investment												
Beginning Balance		\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$5,969,010	\$5,823,876	\$5,680,772	\$5,668,665	\$5,582,080
Interest 0.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) Cash Flow Credit of 50%		\$0	\$0	\$0	\$0	\$0	(\$125,990)	(\$145,134)	(\$143,105)	(\$12,107)	(\$86,585)	(\$135,371)
Ending Balance		\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$6,095,000	\$5,969,010	\$5,823,876	\$5,680,772	\$5,668,665	\$5,582,080	\$5,446,709
NPV Cash flow to SDHC @ 10%							\$177,000					

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)

(2) Assumes 10-year lease for corner retail space, beginning January 1, 2011.

(3) Excludes outstanding loan balance at Year 55.

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		<u>Year (1)</u>										
	<u>Retail</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>31</u>	<u>32</u>	<u>33</u>
I. Retail												
Gross Scheduled Income (1)		\$209,484	\$214,721	\$220,089	\$225,591	\$231,231	\$237,012	\$242,937	\$249,010	\$255,236	\$261,616	\$268,157
(Less) Vacancy @ 10.0% of GSI		(\$20,948)	(\$21,472)	(\$22,009)	(\$22,559)	(\$23,123)	(\$23,701)	(\$24,294)	(\$24,901)	(\$25,524)	(\$26,162)	(\$26,816)
(Less) Tenant Improvements \$10 /SF		\$0	\$0	(\$175,835)	(\$72,174)	\$0	\$0	\$0	(\$213,586)	(\$85,719)	\$0	\$0
(Less) Leasing Commissions \$7 /SF		\$0	\$0	(\$125,884)	(\$50,521)	\$0	\$0	\$0	(\$149,511)	(\$50,004)	\$0	\$0
Effective Gross Income		\$188,535	\$193,249	(\$107,639)	\$60,337	\$208,108	\$213,310	\$218,643	(\$138,988)	\$63,989	\$235,455	\$241,341
II. Residential												
Effective Gross Income (EGI) - Residential		\$1,573,602	\$1,612,942	\$1,653,266	\$1,694,598	\$1,736,963	\$1,780,387	\$1,824,896	\$1,870,519	\$1,917,282	\$1,965,214	\$2,014,344
(Less) Operating Expenses		(\$1,335,328)	(\$1,382,065)	(\$1,430,437)	(\$1,480,502)	(\$1,532,320)	(\$1,585,951)	(\$1,641,459)	(\$1,698,910)	(\$1,756,372)	(\$1,819,915)	(\$1,883,612)
(Less) Property Taxes and Assessments		(\$7,730)	(\$7,884)	(\$8,042)	(\$8,203)	(\$8,367)	(\$8,534)	(\$8,705)	(\$8,879)	(\$9,057)	(\$9,238)	(\$9,423)
(Less) Social Services/Amenities		(\$41,564)	(\$43,019)	(\$44,525)	(\$46,083)	(\$47,686)	(\$49,356)	(\$51,093)	(\$52,882)	(\$54,732)	(\$56,648)	(\$58,631)
(Less) Replacement Reserves		(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)
(Less) Furniture Replacement		(\$41,564)	(\$43,019)	(\$44,525)	(\$46,083)	(\$47,686)	(\$49,356)	(\$51,093)	(\$52,882)	(\$54,732)	(\$56,648)	(\$58,631)
(Less) Mattress Replacement		(\$20,782)	(\$21,510)	(\$22,262)	(\$23,042)	(\$23,848)	(\$24,683)	(\$25,547)	(\$26,441)	(\$27,366)	(\$28,324)	(\$29,315)
(Less) SDHC Monitoring Fee		(\$15,027)	(\$15,553)	(\$16,097)	(\$16,661)	(\$17,244)	(\$17,848)	(\$18,472)	(\$19,119)	(\$19,788)	(\$20,480)	(\$21,197)
(Less) Operating Expenses		(\$1,497,746)	(\$1,548,800)	(\$1,601,639)	(\$1,656,324)	(\$1,712,921)	(\$1,771,497)	(\$1,832,120)	(\$1,894,862)	(\$1,959,796)	(\$2,027,004)	(\$2,096,559)
III. Project Cash Flow												
Total Net Operating Income		\$264,391	\$257,391	(\$56,012)	\$118,610	\$232,149	\$222,200	\$211,420	(\$163,333)	\$41,473	\$173,665	\$159,126
(Less) Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flow		\$264,391	\$257,391	(\$56,012)	\$118,610	\$232,149	\$222,200	\$211,420	(\$163,333)	\$41,473	\$173,665	\$159,126
IV. Operating Reserve Fund												
(Less) Deposits into Operating Reserve Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Reserve Funds for Shortfall		\$0	\$0	\$56,012	\$0	\$0	\$0	\$0	\$163,333	\$0	\$0	\$0
V. Net Project Cash Flow Available for Distribution												
		\$264,391	\$257,391	\$0	\$118,610	\$232,149	\$222,200	\$211,420	\$0	\$41,473	\$173,665	\$159,126
VI. Cash Flow to Agency/SDHC @ 100%												
Cash Flow To Agency		\$132,196	\$128,695	\$0	\$59,305	\$116,075	\$111,100	\$105,710	\$0	\$20,736	\$86,832	\$79,563
Cash Flow to SDHC		\$132,196	\$128,695	\$0	\$59,305	\$116,075	\$111,100	\$105,710	\$0	\$20,736	\$86,832	\$79,563
VII. Repayment of Agency Loan												
Beginning Balance		\$6,772,372	\$6,701,126	\$6,633,381	\$6,694,331	\$6,695,976	\$6,640,851	\$6,590,701	\$6,545,941	\$6,606,891	\$6,647,105	\$6,621,222
Interest 1.0%		\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950
(Less) Cash Flow Credit of 50%		(\$132,196)	(\$128,695)	\$0	(\$59,305)	(\$116,075)	(\$111,100)	(\$105,710)	\$0	(\$20,736)	(\$86,832)	(\$79,563)
Ending Balance		\$6,701,126	\$6,633,381	\$6,694,331	\$6,695,976	\$6,640,851	\$6,590,701	\$6,545,941	\$6,606,891	\$6,647,105	\$6,621,222	\$6,602,609
NPV Cash flow to Agency @ 10%												
VIII. Repayment of SDHC Investment												
Beginning Balance		\$5,446,709	\$5,314,514	\$5,185,818	\$5,185,818	\$5,126,513	\$5,010,439	\$4,899,338	\$4,793,629	\$4,793,629	\$4,772,892	\$4,686,060
Interest 0.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) Cash Flow Credit of 50%		(\$132,196)	(\$128,695)	\$0	(\$59,305)	(\$116,075)	(\$111,100)	(\$105,710)	\$0	(\$20,736)	(\$86,832)	(\$79,563)
Ending Balance		\$5,314,514	\$5,185,818	\$5,185,818	\$5,126,513	\$5,010,439	\$4,899,338	\$4,793,629	\$4,793,629	\$4,772,892	\$4,686,060	\$4,606,497
NPV Cash flow to SDHC @ 10%												

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)

(2) Assumes 10-year lease for corner retail space, beginning January 1, 2011.

(3) Excludes outstanding loan balances at Year 55.

TABLE 6

**MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	Year (1)											
I. Retail	34	35	36	37	38	39	40	41	42	43	44	
Gross Scheduled Income (1)	\$274,861	\$281,732	\$288,776	\$295,995	\$303,395	\$310,980	\$318,754	\$326,723	\$334,891	\$343,263	\$351,845	
(Less) Vacancy @ 10.0% of GSI	(\$27,486)	(\$28,173)	(\$28,878)	(\$29,600)	(\$30,339)	(\$31,098)	(\$31,875)	(\$32,672)	(\$33,489)	(\$34,326)	(\$35,185)	
(Less) Tenant Improvements \$10 /SF	\$0	(\$253,675)	(\$101,808)	\$0	\$0	\$0	(\$301,286)	(\$120,916)	\$0	\$0	\$0	
(Less) Leasing Commissions \$7 /SF	\$0	(\$177,572)	(\$71,265)	\$0	\$0	\$0	(\$210,900)	(\$84,641)	\$0	\$0	\$0	
Effective Gross Income	\$247,375	(\$177,688)	\$86,825	\$266,366	\$273,055	\$279,882	(\$225,308)	\$68,494	\$301,402	\$308,937	\$316,661	
II. Residential												
Effective Gross Income (EGI) - Residential	\$2,064,703	\$2,116,320	\$2,169,228	\$2,223,459	\$2,279,045	\$2,336,022	\$2,394,422	\$2,454,283	\$2,515,640	\$2,578,531	\$2,642,994	
(Less) Operating Expenses	(\$1,949,539)	(\$2,017,772)	(\$2,088,394)	(\$2,161,488)	(\$2,237,140)	(\$2,315,440)	(\$2,396,481)	(\$2,480,358)	(\$2,567,170)	(\$2,657,021)	(\$2,750,017)	
(Less) Property Taxes and Assessments	(\$9,611)	(\$9,803)	(\$9,999)	(\$10,199)	(\$10,403)	(\$10,611)	(\$10,824)	(\$11,040)	(\$11,261)	(\$11,486)	(\$11,716)	
(Less) Social Services/Amenities	(\$60,683)	(\$62,807)	(\$65,005)	(\$67,280)	(\$69,635)	(\$72,072)	(\$74,595)	(\$77,206)	(\$79,908)	(\$82,705)	(\$85,599)	
(Less) Replacement Reserves	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	
(Less) Furniture Replacement	(\$80,683)	(\$82,807)	(\$85,005)	(\$87,280)	(\$89,635)	(\$92,072)	(\$94,595)	(\$97,206)	(\$99,908)	(\$102,705)	(\$105,599)	
(Less) Mattress Replacement	(\$30,341)	(\$31,403)	(\$32,503)	(\$33,640)	(\$34,817)	(\$36,036)	(\$37,297)	(\$38,603)	(\$39,954)	(\$41,352)	(\$42,800)	
(Less) SDHC Monitoring Fee	(\$21,939)	(\$22,707)	(\$23,502)	(\$24,324)	(\$25,176)	(\$26,057)	(\$26,969)	(\$27,913)	(\$28,890)	(\$29,901)	(\$30,947)	
(Less) Operating Expenses	(\$2,168,546)	(\$2,243,050)	(\$2,320,159)	(\$2,399,963)	(\$2,482,557)	(\$2,568,039)	(\$2,656,510)	(\$2,748,074)	(\$2,842,840)	(\$2,940,919)	(\$3,042,428)	
III. Project Cash Flow												
Total Net Operating Income	\$143,531	(\$304,418)	(\$64,105)	\$89,892	\$69,544	\$47,864	(\$487,396)	(\$205,298)	(\$25,798)	(\$53,452)	(\$82,773)	
(Less) Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Project Cash Flow	\$143,531	(\$304,418)	(\$64,105)	\$89,892	\$69,544	\$47,864	(\$487,396)	(\$205,298)	(\$25,798)	(\$53,452)	(\$82,773)	
IV. Operating Reserve Fund												
(Less) Deposits into Operating Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Add: Reserve Funds for Shortfall	\$0	\$304,418	\$64,105	\$0	\$0	\$0	\$487,396	\$205,298	\$25,798	\$53,452	\$82,773	
V. Net Project Cash Flow Available for Distribution	\$143,531	\$0	\$0	\$89,892	\$69,544	\$47,864	\$0	\$0	\$0	\$0	\$0	
VI. Cash Flow to Agency/SDHC @ 100%												
Cash Flow to Agency	\$143,531	\$0	\$0	\$89,892	\$69,544	\$47,864	\$0	\$0	\$0	\$0	\$0	
Cash Flow to SDHC	\$71,766	\$0	\$0	\$44,946	\$34,772	\$23,932	\$0	\$0	\$0	\$0	\$0	
	\$71,766	\$0	\$0	\$44,946	\$34,772	\$23,932	\$0	\$0	\$0	\$0	\$0	
VII. Repayment of Agency Loan												
Beginning Balance	\$6,602,609	\$6,591,794	\$6,652,744	\$6,713,694	\$6,729,698	\$6,755,876	\$6,792,894	\$6,853,844	\$6,914,794	\$6,975,744	\$7,036,694	
Interest 1.0%	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	
(Less) Cash Flow Credit of 50%	(\$71,766)	\$0	\$0	(\$44,946)	(\$34,772)	(\$23,932)	\$0	\$0	\$0	\$0	\$0	
Ending Balance	\$6,591,794	\$6,652,744	\$6,713,694	\$6,729,698	\$6,755,876	\$6,792,894	\$6,853,844	\$6,914,794	\$6,975,744	\$7,036,694	\$7,097,644	
NPV Cash flow to Agency @ 10%												
VIII. Repayment of SDHC Investment												
Beginning Balance	\$4,606,497	\$4,534,731	\$4,534,731	\$4,534,731	\$4,489,785	\$4,455,013	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	
Interest 0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Less) Cash Flow Credit of 50%	(\$71,766)	\$0	\$0	(\$44,946)	(\$34,772)	(\$23,932)	\$0	\$0	\$0	\$0	\$0	
Ending Balance	\$4,534,731	\$4,534,731	\$4,534,731	\$4,489,785	\$4,455,013	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	
NPV Cash flow to SDHC @ 10%												

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)

(2) Assumes 10-year lease for corner retail space, beginning January 1, 2011.

(3) Excludes outstanding loan balance at Year 55.

TABLE 6

**MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION**

	Year (1)	45	46	47	48	49	50	51	52	53	54	55
I. Retail												
Gross Scheduled Income (1)		\$360,641	\$369,657	\$378,898	\$388,371	\$398,080	\$408,032	\$418,233	\$428,689	\$439,406	\$450,391	\$461,651
(Less) Vacancy @	10.0% of GSI	(\$36,064)	(\$36,966)	(\$37,890)	(\$38,837)	(\$39,808)	(\$40,803)	(\$41,823)	(\$42,869)	(\$43,941)	(\$45,039)	(\$46,165)
(Less) Tenant Improvements	\$10 /SF	(\$357,834)	(\$143,610)	\$0	\$0	\$0	(\$424,994)	(\$170,594)	\$0	\$0	\$0	(\$504,760)
(Less) Leasing Commissions	\$7 /SF	(\$250,484)	(\$100,527)	\$0	\$0	\$0	(\$297,456)	(\$119,395)	\$0	\$0	\$0	(\$353,332)
Effective Gross Income		<u>\$283,740</u>	<u>\$86,554</u>	<u>\$341,009</u>	<u>\$349,534</u>	<u>\$358,272</u>	<u>\$335,261</u>	<u>\$86,452</u>	<u>\$385,820</u>	<u>\$395,466</u>	<u>\$405,352</u>	<u>\$442,605</u>
II. Residential												
Effective Gross Income (EGI) - Residential		\$2,709,069	\$2,776,796	\$2,846,216	\$2,917,371	\$2,990,305	\$3,065,063	\$3,141,699	\$3,220,232	\$3,300,737	\$3,383,256	\$3,467,837
(Less) Operating Expenses		(\$2,846,267)	(\$2,945,887)	(\$3,048,983)	(\$3,155,707)	(\$3,266,157)	(\$3,380,473)	(\$3,498,789)	(\$3,621,247)	(\$3,747,991)	(\$3,879,170)	(\$4,014,941)
(Less) Property Taxes and Assessments		(\$11,950)	(\$12,189)	(\$12,433)	(\$12,682)	(\$12,935)	(\$13,194)	(\$13,458)	(\$13,727)	(\$14,002)	(\$14,282)	(\$14,567)
(Less) Social Services/Amenities		(\$88,595)	(\$91,696)	(\$94,905)	(\$98,227)	(\$101,665)	(\$105,223)	(\$108,906)	(\$112,718)	(\$116,663)	(\$120,746)	(\$124,972)
(Less) Replacement Reserves		(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)	(\$35,750)
(Less) Furniture Replacement		(\$88,595)	(\$91,696)	(\$94,905)	(\$98,227)	(\$101,665)	(\$105,223)	(\$108,906)	(\$112,718)	(\$116,663)	(\$120,746)	(\$124,972)
(Less) Mattress Replacement		(\$44,298)	(\$45,848)	(\$47,453)	(\$49,114)	(\$50,832)	(\$52,612)	(\$54,453)	(\$56,359)	(\$58,331)	(\$60,373)	(\$62,486)
(Less) SDHC Monitoring Fee		(\$32,031)	(\$33,152)	(\$34,312)	(\$35,513)	(\$36,756)	(\$38,042)	(\$39,374)	(\$40,752)	(\$42,178)	(\$43,654)	(\$45,182)
(Less) Operating Expenses		<u>(\$3,147,486)</u>	<u>(\$3,256,218)</u>	<u>(\$3,368,751)</u>	<u>(\$3,485,220)</u>	<u>(\$3,605,761)</u>	<u>(\$3,730,517)</u>	<u>(\$3,859,636)</u>	<u>(\$3,993,270)</u>	<u>(\$4,131,578)</u>	<u>(\$4,274,722)</u>	<u>(\$4,422,871)</u>
III. Project Cash Flow												
Total Net Operating Income		(\$722,157)	(\$390,868)	(\$181,527)	(\$218,315)	(\$257,183)	(\$1,020,715)	(\$631,495)	(\$387,219)	(\$435,375)	(\$486,113)	(\$1,397,639)
(Less) Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flow		<u>(\$722,157)</u>	<u>(\$390,868)</u>	<u>(\$181,527)</u>	<u>(\$218,315)</u>	<u>(\$257,183)</u>	<u>(\$1,020,715)</u>	<u>(\$631,495)</u>	<u>(\$387,219)</u>	<u>(\$435,375)</u>	<u>(\$486,113)</u>	<u>(\$1,397,639)</u>
IV. Operating Reserve Fund												
(Less) Deposits into Operating Reserve Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Reserve Funds for Shortfall		<u>\$722,157</u>	<u>\$390,868</u>	<u>\$181,527</u>	<u>\$218,315</u>	<u>\$257,183</u>	<u>\$1,020,715</u>	<u>\$631,495</u>	<u>\$387,219</u>	<u>\$435,375</u>	<u>\$486,113</u>	<u>\$2,162,639</u>
V. Net Project Cash Flow Available for Distribution												
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$765,000
VI. Cash Flow to Agency/SDHC @ 100%												
Cash Flow To Agency		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow to SDHC		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$382,500
VII. Repayment of Agency Loan												
Beginning Balance		\$7,087,644	\$7,158,594	\$7,219,544	\$7,280,494	\$7,341,444	\$7,402,394	\$7,463,344	\$7,524,294	\$7,585,244	\$7,646,194	\$7,707,144
Interest	1.0%	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950	\$60,950
(Less) Cash Flow Credit of	50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$382,500)
Ending Balance		<u>\$7,158,594</u>	<u>\$7,219,544</u>	<u>\$7,280,494</u>	<u>\$7,341,444</u>	<u>\$7,402,394</u>	<u>\$7,463,344</u>	<u>\$7,524,294</u>	<u>\$7,585,244</u>	<u>\$7,646,194</u>	<u>\$7,707,144</u>	<u>\$7,986,000</u>
NPV Cash flow to Agency @ 10%												\$177,000
VIII. Repayment of SDHC Investment												
Beginning Balance		\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081	\$4,431,081
Interest	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) Cash Flow Credit of	50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance		<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,081</u>	<u>\$4,431,000</u>
NPV Cash flow to SDHC @ 10%												\$177,000

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)

(2) Assumes 10-year lease for corner retail space, beginning January 1, 2011.

(3) Excludes outstanding loan balance at Year 55.

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Year	0	1	2	3	4	5	6	7	8	9	10	11
Operating Reserve Fund													
Beginning Balance			\$0	\$0	\$112,333	\$340,141	\$652,975	\$974,712	\$1,302,332	\$1,640,613	\$1,984,515	\$2,333,831	\$2,505,848
Interest @ 2.0%			\$0	\$0	\$2,247	\$6,803	\$13,060	\$19,494	\$26,047	\$32,812	\$39,690	\$46,677	\$50,117
Subtotal			\$0	\$0	\$114,580	\$346,943	\$666,035	\$994,206	\$1,328,379	\$1,673,425	\$2,024,206	\$2,380,508	\$2,555,965
Add: Reserve Fund Deposits			\$0	\$112,333	\$225,560	\$306,032	\$308,678	\$308,126	\$312,234	\$311,090	\$309,626	\$125,340	\$232,422
Add: Deposit from Operating Lease-Up/Reserves			\$80,051										
(Less) Cash Shortfall			<u>(\$80,051)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Ending Balance			\$0	\$112,333	\$340,141	\$652,975	\$974,712	\$1,302,332	\$1,640,613	\$1,984,515	\$2,333,831	\$2,505,848	\$2,788,386

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Operating Reserve Fund	Year	12	13	14	15	16	17	18	19	20	21	22
Beginning Balance		\$2,788,386	\$3,148,753	\$3,514,905	\$3,886,576	\$4,047,146	\$4,338,019	\$4,466,610	\$4,555,942	\$4,647,061	\$4,740,002	\$4,834,802
Interest @ 2.0%		\$55,768	\$62,975	\$70,298	\$77,732	\$80,943	\$86,760	\$89,332	\$91,119	\$92,941	\$94,800	\$96,696
Subtotal		\$2,844,154	\$3,211,728	\$3,585,203	\$3,964,308	\$4,128,089	\$4,424,780	\$4,555,942	\$4,647,061	\$4,740,002	\$4,834,802	\$4,931,498
Add: Reserve Fund Deposits		\$304,599	\$303,178	\$301,373	\$82,839	\$209,930	\$41,831	\$0	\$0	\$0	\$0	\$0
Add: Deposit from Operating Lease												
(Less) Cash Shortfall		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance		\$3,148,753	\$3,514,905	\$3,886,576	\$4,047,146	\$4,338,019	\$4,466,610	\$4,555,942	\$4,647,061	\$4,740,002	\$4,834,802	\$4,931,498

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	<u>Year</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>31</u>	<u>32</u>	<u>33</u>
Operating Reserve Fund												
Beginning Balance		\$4,931,498	\$5,030,128	\$5,130,731	\$5,177,333	\$5,280,880	\$5,386,498	\$5,494,228	\$5,604,112	\$5,552,861	\$5,663,919	\$5,777,197
Interest @ 2.0%		\$98,630	\$100,603	\$102,615	\$103,547	\$105,618	\$107,730	\$109,885	\$112,082	\$111,057	\$113,278	\$115,544
Subtotal		\$5,030,128	\$5,130,731	\$5,233,346	\$5,280,880	\$5,386,498	\$5,494,228	\$5,604,112	\$5,716,194	\$5,663,919	\$5,777,197	\$5,892,741
Add: Reserve Fund Deposits		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Deposit from Operating Lease		\$0	\$0	(\$56,012)	\$0	\$0	\$0	\$0	(\$163,333)	\$0	\$0	\$0
(Less) Cash Shortfall		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance		\$5,030,128	\$5,130,731	\$5,177,333	\$5,280,880	\$5,386,498	\$5,494,228	\$5,604,112	\$5,552,861	\$5,663,919	\$5,777,197	\$5,892,741

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Year	<u>34</u>	<u>35</u>	<u>36</u>	<u>37</u>	<u>38</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>42</u>	<u>43</u>	<u>44</u>
Operating Reserve Fund											
Beginning Balance	\$5,892,741	\$6,010,596	\$5,826,390	\$5,878,812	\$5,996,388	\$6,116,316	\$6,238,643	\$5,876,020	\$5,788,242	\$5,878,209	\$5,942,321
Interest @ 2.0%	<u>\$117,855</u>	<u>\$120,212</u>	<u>\$116,528</u>	<u>\$117,576</u>	<u>\$119,928</u>	<u>\$122,326</u>	<u>\$124,773</u>	<u>\$117,520</u>	<u>\$115,765</u>	<u>\$117,564</u>	<u>\$118,846</u>
Subtotal	\$6,010,596	\$6,130,808	\$5,942,917	\$5,996,388	\$6,116,316	\$6,238,643	\$6,363,415	\$5,993,540	\$5,904,007	\$5,995,773	\$6,061,168
Add: Reserve Fund Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Deposit from Operating Lease											
(Less) Cash Shortfall	<u>\$0</u>	<u>(\$304,418)</u>	<u>(\$64,105)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$487,396)</u>	<u>(\$205,298)</u>	<u>(\$25,798)</u>	<u>(\$53,452)</u>	<u>(\$82,773)</u>
Ending Balance	\$6,010,596	\$5,826,390	\$5,878,812	\$5,996,388	\$6,116,316	\$6,238,643	\$5,876,020	\$5,788,242	\$5,878,209	\$5,942,321	\$5,978,394

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Total Shortfall	(\$7,651,000)
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**PURCHASE AND SALE AGREEMENT
(Sandford Hotel)**

THIS PURCHASE AND SALE AGREEMENT ("Agreement") dated as of the 1st day of February, 2010, ("Effective Date") by and between Downtown Senior Center, a California nonprofit, public benefit corporation ("Land Seller"), Senior Fifth Avenue Associates-Sandford, a California limited partnership ("Improvements Seller"), and the San Diego Housing Commission ("Purchaser"). The Improvements Seller and the Land Seller may be collectively referred to herein as "Seller".

RECITALS

A. The Land Seller currently owns the fee interest in that certain real property generally located at 1301-1333 Fifth Avenue in San Diego, California, which is more particularly described on the Legal Description attached hereto as Exhibit A. The Land Seller ground leases the Fee Interest (as defined below) to the Improvements Seller pursuant to that certain Amended and Restated Ground Lease by and between the Land Seller and the Improvements Seller dated August 31, 1989 ("Lease").

B. Provided the various conditions to Closing set forth in this Agreement and the Joint Escrow Instructions are satisfied, Purchaser will acquire all of the Property (as defined below) from Land Seller and Improvements Seller.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, the Land Seller, the Improvements Seller and the Purchaser hereby agree as follows:

1. Purchase and Sale. In consideration of the mutual covenants set forth in this Agreement, and on the terms and conditions set forth herein, then provided the various conditions to Closing set forth in this Agreement and the Joint Escrow Instructions are satisfied, Purchaser will acquire all of the Property, as set forth in this Section 1.

(a) Sale of Fee Interest. The Land Seller agrees to sell the Fee Interest and all of the Land Seller's Personal Property to the Purchaser, and the Purchaser agrees to purchase the same, on the terms and conditions set forth herein. At Closing, the Land Seller shall: (i) convey to the Purchaser title to the Fee Interest by recordation of a Grant Deed, as defined below; (ii) agree to a termination of the Lease and convey all of Land Seller's interest in the Improvements, if any, by execution and delivery of the Assignment and Termination Agreement, as defined below; and (iii) convey title to all of the Land Seller's Personal Property by delivery of the Bill of Sale. The Land Seller shall cause Escrow Agent to issue to the Purchaser and the Purchaser shall receive on the Closing Date the Title Policy, as defined below.

(b) Sale of Improvements. The Improvements Seller agrees to sell the Improvements and all of the Improvements Seller's Personal Property to the Purchaser, and the Purchaser agrees to purchase the same, on the terms and conditions set forth herein. At Closing, the Improvements Seller shall: (i) convey to the Purchaser title to the Improvements by recordation of a Grant Deed, as defined below, and terminate the Lease by execution and delivery of the Assignment and Termination Agreement, as defined below; and (ii) convey title to all of the Improvements Seller's Personal Property by delivery of the Bill of Sale.

(c) Possession of the Property. The Land Seller and the Improvements Seller shall deliver possession of the Property to Purchaser at closing. Possession of the Property shall be delivered to Purchaser subject to the Property Contracts and Tenant Agreements.

2. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" means this Purchase and Sale Agreement between the Land Seller, the Improvements Seller and the Purchaser.

~~"Applicable Environmental Law" means all laws applicable to the physical condition of~~ the Property or the presence of any substance thereon, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601, et seq.); the Resource Conservation and Recovery Act (42 U.S.C. §6901, et seq.); the Clean Water Act (33 U.S.C. §2601, et seq.); the Safe Drinking Water Act (14 U.S.C. §300f, et seq.); the Hazardous Materials Transportation Act (49 U.S.C. §5101, et seq.); the Toxic Substances Control Act (15 U.S.C. §2601, et seq.); the Federal Water Pollution Control Act (33 U.S.C. §1300, et seq.); the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §136, et seq.); the Atomic Energy Act (42 U.S.C. §2011, et seq.); the Nuclear Waste Policy Act (42 U.S.C. §10101, et seq.); the Clean Air Act (42 U.S.C. §7401, et seq.); the California Hazardous Waste Control Act (California Health and Safety Code §25100, et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code §25300, et seq.); the Safe Drinking Water and Toxic Enforcement Act ("Proposition 65") (California Health and Safety Code §25249.5, et seq.); and the Porter-Cologne Water Quality Control Act (California Water Code §13000, et seq.); and any similar federal, state or local laws, all regulations and publications implementing or promulgated pursuant to the foregoing, as any of the foregoing may be amended or supplemented from time to time.

"Assignment and Termination Agreement" means an assignment and termination agreement duly executed by the Land Seller, the Improvements Seller and the Purchaser terminating the Lease and the Leasehold and conveying title to the Improvements to the Purchaser, in substantially the form attached hereto as Exhibit B.

"Bill of Sale" means the bill of sale duly executed and acknowledged by the Land Seller and the Improvements Seller, conveying all Personal Property to the Purchaser, in substantially the form attached hereto as Exhibit C.

“Business Day” means any day other than a Saturday, Sunday or any other day on which Purchaser or Escrow Agent is not open for business. In the event any date, deadline or due date set forth in this Agreement or in the Joint Escrow Instructions falls on a day that is not a Business Day, then such deadline or due date shall automatically be extended to the next Business Day.

“Close” or “Closing” means the close of Escrow as provided herein, which shall in no event be later than March 15, 2010, except as otherwise set forth in this paragraph. Notwithstanding the foregoing, the Purchaser shall have one (1) thirty-day option (but not the obligation) to extend the foregoing deadline. The thirty-day option may be exercised by Purchaser delivering written notice of Purchaser’s election to exercise the same to the Land Seller, the Improvements Seller and the Escrow Agent on or before March 10, 2010.

“Closing Date” means the date on which the Closing occurs, which shall be one Business Day after the latest of: (i) the date all of the Conditions Precedent for the Benefit of the Land Seller have been satisfied; (ii) the date all of the Conditions Precedent for the Benefit of the Improvements Seller have been satisfied; or (iii) the date all of the Conditions Precedent for the Benefit of the Purchaser have been satisfied. In no event shall the Closing Date be later than April 14, 2010.

“Conditions Precedent for the Benefit of the Improvements Seller” shall have the meaning set forth in Section 5 of this Agreement.

“Conditions Precedent for the Benefit of the Land Seller” shall have the meaning set forth in Section 6 of this Agreement.

“Conditions Precedent for the Benefit of the Purchaser” shall have the meaning set forth in Section 7 of this Agreement.

“Due Diligence Period” means the period of time commencing on the Effective Date and ending on March 1, 2010.

“Effective Date” means February 1, 2010.

“Escrow” means the escrow depository and disbursement services to be performed by Escrow Agent pursuant to the provisions of this Agreement.

“Escrow Agent” means Stewart Title of California, Inc., located at 7676 Hazard Center Drive, 14th Floor, San Diego, CA 92108.

“Fee Interest” means that certain fee interest in real property generally located at 1301-1333 Fifth Avenue in San Diego, California (“Property”), which is more particularly described on the Legal Description attached hereto as Exhibit A.

“Grant Deeds” means collectively, (i) a duly executed and acknowledged grant deed conveying fee simple title to the Fee Interest from the Land Seller to the Purchaser, in

substantially the form attached hereto as Exhibit D-1; and (ii) a duly executed and acknowledged grant deed conveying title to the Improvements from the Improvements Seller to the Purchaser, in substantially the form attached hereto as Exhibit D-2. Each of the foregoing Grant Deeds shall be referred to individually herein as the "Grant Deed."

"Hazardous Materials" means:

(1) Those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste," "pollutant" or "contaminant" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 *et seq.*); the Resource Conservation and Recovery Act (42 U.S.C. §6901 *et seq.*); the Clean Water Act (33 U.S.C. §2601 *et seq.*); the Toxic Substances Control Act (15 U.S.C. §9601 *et seq.*); the Hazardous Materials Transportation Act (49 U.S.C. §1801 *et seq.*); or under any other Environmental Laws.

(2) Those substances included within the definitions of "Extremely Hazardous Waste," "Hazardous Waste," or "Restricted Hazardous Waste," under §§25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to §§25140 or 44321 of the California Health and Safety Code.

(3) Those substances included within the definitions of "Hazardous Material," "Hazardous Substance," "Hazardous Waste," "Toxic Air Contaminant" or "Medical Waste" under §§25281, 25316, 25501, 25501.1, 25023.2 or 39655 of the California Health and Safety Code.

(4) Those substances included within the definitions of "Oil" or a "Hazardous Substance" listed or identified pursuant to §311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321, as well as any other hydrocarbonic substance or by-product.

(5) Those substances included within the definitions of "Hazardous Waste," "Extremely Hazardous Waste" or an "Acutely Hazardous Waste" pursuant to Chapter 11 of Title 22 of the California Code of Regulations.

(6) Those substances listed by the State of California as a chemical known by the State to cause cancer or reproductive toxicity pursuant to §25249.9(a) of the California Health and Safety Code.

(7) Any material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, damages or threatens to damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or public agency requires in order for the property to be put to any lawful purpose.

(8) Any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field

Manual, whether or not the presence of such material resulted from a leaking underground fuel tank.

(9) Pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §136 *et seq.*

(10) Asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*

(11) Any radioactive material including, without limitation, any "source material," "special nuclear material," "by-product material," "low-level wastes," "high-level radioactive waste," "spent nuclear fuel" or "transuranic waste" and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. §§2011 *et seq.*, the Nuclear Waste Policy Act, 42 U.S.C. §§10101 *et seq.*, or pursuant to the California Radiation Control Law, California Health and Safety Code §§25800 *et seq.*

(12) Any material regulated under the Occupational Safety and Health Act, 29 U.S.C. §§651 *et seq.*, or the California Occupational Safety and Health Act, California Labor Code §§6300 *et seq.*

(13) Any material regulated under the Clean Air Act, 42 U.S.C. §§7401 *et seq.* or pursuant to Division 26 of the California Health and Safety Code.

(14) Those substances listed in the United States Department of Transportation Table (49 CFR Part 172.101), or by the Environmental Protection Agency, or any successor agency, as hazardous substances (40 CFR Part 302).

(15) Other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state or local laws or regulations.

(16) Any material, waste or substance that is a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 U.S.C. §1321 or listed pursuant to 33 U.S.C. §1317, a flammable explosive or a radioactive material.

"Immediately Available Funds" means a bank wire transfer or a certified bank or cashier's check.

"Improvements" means collectively: (i) any and all buildings, structures and improvements, of any kinds whatsoever, located at or affixed to the Fee Interest and/or the Leasehold; (ii) all rights, privileges and easements appurtenant to the Fee Interest and/or the Leasehold, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the Fee Interest; (iii) all development rights, air rights, and water rights relating to the Fee Interest; and (iv) all easements, rights-of-way or appurtenances which run with the Fee Interest.

"Improvements Seller" means Senior Fifth Avenue Associates-Sandford, a California limited partnership.

"Joint Escrow Instructions" means the Joint Escrow Instructions being executed by the Land Seller, the Improvements Seller and the Purchaser concurrently with the execution of this Agreement and being delivered to the Escrow Agent concurrently with the delivery of this Agreement to the Escrow Agent.

"Land Seller" means Downtown Senior Center, a California nonprofit, public benefit corporation.

"Lease" means that certain Amended and Restated Ground Lease by and between Land Seller and Improvements Seller dated August 31, 1989.

"Leasehold" means Improvements Seller's interest in the Lease.

"Personal Property" means all personal property owned by the Land Seller or the Improvements Seller and located on or in or used in connection with the Property, including ~~without limitation, all those items designated on Exhibit E, attached hereto and made a part~~ hereof, and all deposits made by tenants, occupants or renters of all of any portion of the Property. Notwithstanding the above, the Personal Property shall exclude those items listed on Exhibit I attached hereto.

"Property" means collectively, the Fee Interest, the Improvements, and the Personal Property.

"Property Documents" means the agreements listed on Exhibit F attached hereto and made a part hereof. True, complete and correct copies of the Property Contracts have been (or will be) delivered by the Land Seller and the Improvements Seller to Purchaser as set forth in Section 4, below.

"Purchase Price" shall have the meaning set forth in Section 3(a) of this Agreement.

"Purchaser" means the San Diego Housing Commission.

"Rent Roll" means the rent roll and security deposit report attached hereto as Exhibit G and made a part hereof.

"Tenant Agreements" means the leases and all other rental or occupancy agreements with the tenants (the "Tenants") listed on the Rent Roll. True, complete and correct copies of the Tenant Agreements have been (or will be) delivered by the Land Seller and the Improvements Seller to Purchaser as set forth in Section 4, below.

"Title Policy" means an ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, insuring that title to the Fee Interest is vested in the Purchaser subject and subordinate only to those items described on Exhibit H attached hereto.

3. Purchase Price.

(a) Total Purchase Price. The total aggregate purchase price to be paid by the Purchaser for all of the Property shall be Six Million Eight Hundred Seventy Thousand and No/100 Dollars (\$6,870,000.00) ("Purchase Price"). The Purchase Price equals the sum of the following:

(1) Land and Improvements. Six Million Eight Hundred Thousand and No/100 Dollars (\$6,800,000.00) for the Fee Interest, the Leasehold and the Improvements, which equals the value of the same as determined by the appraisal by Anderson & Brabant, Inc., dated August 24, 2009; and

(2) Seller's Broker's Commission. Seventy Thousand and No/100 Dollars (\$70,000.00) as partial payment of the brokerage fees payable to Collier's International.

(b) Deposits. Purchaser shall make deposits (the "Deposits") into Escrow of Immediately Available Funds as set forth in this Section 3(b), (provided this Agreement is not terminated prior to the due date for any Deposits). The Deposits shall be credited against the Purchase Price. If the Purchaser elects to terminate this Agreement prior to expiration of the Due Diligence Period, as set forth in Section 4, below, then the Deposits shall be immediately returned by Escrow Agent to the Purchaser. At Closing, the Deposits shall be released by Escrow Agent to the Land Seller and the Improvements Seller (and allocated between the Land Seller and the Improvements Seller as directed by them). The Deposits shall be credited in favor of the Purchaser against the Purchase Price as set forth in Section 3(c), below.

(1) One Hundred Thousand and No/100 Dollars (\$100,000.00) within five (5) Business Days of the deposit by Purchaser of this Agreement into Escrow.

(2) Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) Business Days of the Purchaser's exercise of the Purchaser's option to extend the Closing, as set forth in the definition of "Close" or "Closing" in Section 2, above (provided that Purchaser does in fact exercise such option to extend the Closing).

THE DEPOSIT SHALL BE REFUNDABLE TO PURCHASER, UNLESS ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT(S) HEREUNDER. IF ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT(S) HEREUNDER, THE SOLE REMEDY OF THE LAND SELLER AND THE SOLE REMEDY OF THE IMPROVEMENTS SELLER SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO PURCHASER AND ESCROW AGENT, WHEREUPON THE LAND SELLER AND THE IMPROVEMENTS SELLER SHALL RETAIN THE DEPOSIT(S) ACTUALLY DEPOSITED BY PURCHASER INTO ESCROW (AS SUCH DEPOSITS MAY BE ALLOCATED BETWEEN THE LAND SELLER AND THE

IMPROVEMENTS SELLER IN THE DISCRETIONS) AS LIQUIDATED DAMAGES. THEREAFTER, NO PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO ANY OTHER PARTY HERETO EXCEPT FOR: (i) THE LAND SELLER'S AND THE IMPROVEMENTS SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES; AND (ii) THE OBLIGATION OF THE PARTIES TO PAY AMOUNTS INTO ESCROW TO PAY A PORTION OF THE FEES AND COSTS OF ESCROW AS SET FORTH IN SECTIONS 5, 6 AND 7, BELOW. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE LAND SELLER'S AND THE IMPROVEMENTS SELLER'S ACTUAL DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO THE LAND SELLER AND THE IMPROVEMENTS SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

Purchaser's Initials

Land Seller's Initials

Improvements Seller's Initials

(c) Delivery of Remainder of Purchase Price into Escrow. In the event all conditions to Closing are satisfied, then not less than one (1) Business Day prior to the Closing Date, the Purchaser shall cause Immediately Available Funds to be wired to the Escrow Agent in an amount equal to the Purchase Price, minus the Deposits, and plus or minus any adjustments for prorations and expenses required under this Agreement and the Joint Escrow Instructions.

(d) Disbursement to the Land Seller and the Improvements Seller. Immediately after the Closing, Escrow Agent shall disburse to the funds that the Land Seller and the Improvements Seller are entitled to receive hereunder and under the Joint Escrow Instructions (which amounts shall be allocated between the Land Seller and the Improvements Seller as set forth in the Joint Escrow Instructions).

4. Due Diligence Period. During the Due Diligence Period the Purchaser may determine in the Purchaser's sole and absolute discretion, whether to proceed with the purchase of the Property. During the due diligence period, the Purchaser may terminate this Agreement for any reason or for no reason at all. If the Purchaser terminates this Agreement during the Due Diligence Period, then: (i) all rights and liabilities of the Purchaser, the Land Seller and the Improvements Seller with respect to this Agreement and/or the Joint Escrow Instructions shall immediately terminate, except for rights and liabilities accruing prior to the date of termination of this Agreement or that specifically survive such termination; (ii) Escrow Agent shall return to

the Purchaser all funds or other things deposited in Escrow by the Purchaser; (iii) Escrow Agent shall return to the Land Seller all funds or other things deposited in Escrow by the Land Seller; and (iv) Escrow Agent shall return to the Improvements Seller all funds or other things deposited in Escrow by the Improvements Seller. Provided, however, all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Land Seller and the Improvements Seller, and one-half (1/2) by the Purchaser.

(a) Access to the Property and Cooperation. During normal business hours, upon not less than twenty-four (24) hours advance notice to Land Seller and Improvements Seller, during the Due Diligence Period, Purchaser, its representatives, consultants and attorneys shall have access to the Property. Purchaser and Seller shall cooperate in order to allow for the minimum disturbance to tenants and residents on the Property. Purchaser agrees to indemnify Seller and to hold Seller, Seller's agents and employees, and the Property harmless for any losses, costs, damages, claims, or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney fees, proximately caused by the actions of Purchaser and its agents upon the Property. In the event Escrow does not close due to an election by Purchaser not to purchase the Property or a default by Purchaser, Purchaser shall, at its sole cost and expense, repair any physical damage caused by Purchaser to the Property. Purchaser, or its agents, employees and ~~contractors will secure and maintain, at Purchaser's or such other person's sole cost, the~~ following policies of insurance which include coverage of Purchaser's activities on the Property: (1) comprehensive public liability and property damage insurance, including direct contractual and contingent liability with limits of \$2,000,000 for personal liability to or death of any one person, \$2,000,000 for personal injury to or death of any one person on an occurrence basis, \$1,000,000 for property damage in any one accident and \$2,000,000 policy limit for aggregate operation on an occurrence basis; (2) comprehensive automobile liability insurance with limits of \$1,000,000 for personal injury to or death of any one person, \$2,000,000 for personal injury to or death of more than one person in any one accident and \$1,000,000 for property damage in any one accident; (3) workers compensation and employer's liability insurance in accordance with the provisions of California law. Policies of insurance described in clauses (1) and (2) above shall each name Seller as an additional insured and shall contain a provision that Seller may not be terminated until thirty (30) days after written notice of the proposed termination to Seller. Certificates of such insurance shall be delivered by Purchaser to Seller before entry onto the Property by Purchaser or its agents, contractors or employees. Purchaser shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work done by Purchaser or its agents pursuant to this Agreement to stand against the Property. If any such lien shall be filed against the Property, Purchaser shall cause the same to be discharged or bonded within thirty (30) days after actual notice of such filing, by payment, deposit, bond or otherwise. Purchaser's obligations under this Section 4(a) shall survive the termination or expiration of this Agreement by Closing or otherwise. If Purchaser desires to do any invasive testing at the Property, Purchaser shall do so only after notifying Seller and obtaining Seller's prior written consent thereto, which consent may be given or withheld in Seller's sole and absolute discretion, and if given, may be subject to any terms and conditions imposed by Seller in its discretion including without limitation the prompt restoration of the Property to its condition prior to any such tests, at Purchaser's sole cost and expense. Seller shall promptly restore the Property to its condition immediately prior to any such tests, at Purchaser's sole cost and expense. Purchaser shall provide Seller with a complete set of plans, drawings and

specifications (the "Invasive Testing Plans") that define to the reasonable satisfaction of Seller the invasive testing to be performed on the Property and the names of all environmental and other consultants, contractors and subcontractors who will be performing such invasive testing (collectively "Purchaser's Consultants"). Purchaser shall deliver the names of the Purchaser's Consultants and the Invasive Testing Plans to Seller concurrently with its notification to Seller that Purchaser will be performing invasive testing (unless the name of Purchaser's Consultants have previously been provided to Seller). If the Close of Escrow does not occur, then Purchaser will furnish to Seller copies of any reports received by Purchaser relating to any inspections of the Property (the "Purchaser Reports") at no cost to Seller. It is understood by the parties that neither Purchaser nor anyone acting for or on behalf of Purchaser will make any representation or warranty, express or implied, as to the accuracy of any information contained in the Purchaser's Reports, and that such reports will be made available to Seller, if at all, solely as an accommodation to Seller and Purchaser will make no representation or warranty regarding the authenticity, source, accuracy, thoroughness of such reports. Purchaser shall have no liability to Seller for any inaccuracy in or omission in the Purchaser's Reports. Any Purchaser's Reports will be provided by Purchaser without representation or warranty of any kind and Purchaser shall have no responsibility for any reuse or reliance fees relating to any such reports.

~~(b) Due Diligence Deliveries. Promptly after execution and delivery of this Agreement to Escrow, the Land Seller and the Improvements Seller shall provide Commission with the following:~~

- ~~(1) Rent Roll.~~
- ~~(2) Tenant Agreements.~~
- ~~(3) Copies of all of the Property Documents.~~
- ~~(4) All plans and specifications for the Property (including a set of current as-built plans and specifications, if any).~~
- ~~(5) An inventory of all Personal Property.~~

5. Conditions Precedent for the Benefit of the Improvements Seller. The Improvements Seller's obligation to Close shall be conditioned upon the satisfaction or written waiver by the Improvements Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Improvements Seller") set forth in this Section 5. Any of the Conditions Precedent for the Benefit of the Improvements Seller may be waived by the Improvements Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived in writing signed by the Improvements Seller or by email from the Improvements Seller, and (ii) delivered or emailed to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Improvements Seller are not satisfied by the deadlines set forth in this Section 5 or expressly waived, the Improvements Seller (provided the Improvements Seller is not in default hereunder) may deliver written notice of the Improvements Seller's intent to unilaterally terminate this Agreement and the Joint Escrow Instructions by delivering written notice of conditional termination to Escrow Agent and

Purchaser. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement and the Joint Escrow Instructions shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Joint Escrow Instructions and the Escrow) pursuant to this Section 5, then: (w) as set forth in the liquidated damages provision of Section 3(b), above, all rights and liabilities of the Purchaser, the Land Seller and the Improvements Seller with respect to this Agreement and/or the Joint Escrow Instructions shall immediately terminate except those which specifically survive such termination; (x) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser; (y) Escrow Agent shall return to the Land Seller all funds or other things deposited in Escrow by the Land Seller; and (z) Escrow Agent shall return to the Improvements Seller all funds or other things deposited in Escrow by the Improvements Seller. Provided, however, all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Land Seller and the Improvements Seller, and one-half (1/2) by the Purchaser. Notwithstanding clause (w) of this Section 5, in the event of termination of this Agreement pursuant to this Section 5, the Purchaser, the Land Seller and the Improvements Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 5.

(a) Purchaser making the Deposits into Escrow, as set forth in Section 3(b), above.

(b) The deposit by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price as required by Section 3(c) above.

(c) The deposit by the Purchaser into Escrow of all other documents and instruments reasonably required by Escrow or the Purchaser's lender to complete the Closing, at least one (1) Business Day prior to Closing.

(d) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

6. Conditions Precedent for the Benefit of the Land Seller. The Land Seller's obligation to Close shall be conditioned upon the satisfaction or written waiver by the Land Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Land Seller") set forth in this Section 6. Any of the Conditions Precedent for the Benefit of the Land Seller may be waived by the Land Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived in writing signed by the Land Seller or by email from the Land Seller, and (ii) delivered or emailed to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Land Seller are not satisfied by the deadlines set forth in this Section 6 or expressly waived, the Land Seller

(provided the Land Seller is not in default hereunder) may deliver written notice of the Land Seller's intent to unilaterally terminate this Agreement and the Joint Escrow Instructions by delivering written notice of conditional termination to Escrow Agent and Purchaser. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement and the Joint Escrow Instructions shall terminate at the close of business on such tenth (10th) Business Days. In the event of termination of this Agreement (and by operation of law the Joint Escrow Instructions and the Escrow) pursuant to this Section 6, then: (w) as set forth in the liquidated damages provision of Section 3(b), above, all rights and liabilities of the Purchaser, the Land Seller and the Improvements Seller with respect to this Agreement and/or the Joint Escrow Instructions shall immediately terminate except those which specifically survive such termination; (x) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser; (y) Escrow Agent shall return to the Land Seller all funds or other things deposited in Escrow by the Land Seller; and (z) Escrow Agent shall return to the Improvements Seller all funds or other things deposited in Escrow by the Improvements Seller. Provided, however, all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Land Seller and the Improvements Seller, and one-half (1/2) by the Purchaser. Notwithstanding clause (w) of this Section 6, in the event of termination of this Agreement pursuant to this Section 6, the Purchaser, the Land Seller and the Improvements Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 6.

(a) Purchaser making the Deposits into Escrow, as set forth in Section 3(b), above.

(b) The deposit by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price.

(c) The deposit by the Purchaser into Escrow of all other documents and instruments reasonably required by Escrow or the Purchaser's lender to complete the Closing, at least one (1) Business Day prior to Closing.

(d) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

7. Conditions Precedent for the Benefit of the Purchaser. The Purchaser's obligation to Close shall be conditioned upon the satisfaction or written waiver by the Purchaser of all of the conditions precedent ("Conditions Precedent for the Benefit of the Purchaser") set forth in this Section 7. Any of the Conditions Precedent for the Benefit of the Purchaser may be waived by the Purchaser unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived in writing signed by the Purchaser or by email from the Purchaser, and (ii) delivered or emailed to the Land

Seller, the Improvements Seller and the Escrow Agent. If the Conditions Precedent for the Benefit of the Purchaser are not satisfied by the deadlines set forth in this Section 7 or expressly waived, the Purchaser (provided the Purchaser is not in default hereunder) may deliver written notice of the Purchaser's intent to unilaterally terminate this Agreement and the Joint Escrow Instructions by delivering written notice of conditional termination to the Land Seller, the Improvements Seller and the Escrow Agent. After receipt of such notice of conditional termination, the Land Seller and the Improvements Seller shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement and the Joint Escrow Instructions shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Joint Escrow Instructions and the Escrow) pursuant to this Section 7, then: (x) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser; (y) Escrow Agent shall return to the Land Seller all funds or other things deposited in Escrow by the Land Seller; and (z) Escrow Agent shall return to the Improvements Seller all funds or other things deposited in Escrow by the Improvements Seller. Purchaser is not waiving any default by the Land Seller or the Improvements Seller and nothing contained in this Section 7, including, without limitation, the immediately foregoing sentence shall be a waiver of any right of Purchaser to recover damages from the Land Seller or the Improvements Seller for failure of any Conditions Precedent for the Benefit of the Purchaser. Provided, however, all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Land Seller and the Improvements Seller, and one-half (1/2) by the Purchaser. Notwithstanding clause (w) of this Section 7, in the event of termination of this Agreement pursuant to this Section 7, the Purchaser, the Land Seller and the Improvements Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 7.

(a) The deposit into Escrow: (i) by the Land Seller of a Grant Deed, duly executed and acknowledged, conveying fee simple title to the Fee Interest to the Purchaser at least one (1) Business Day prior to Closing; and (ii) by the Improvements Seller of a Grant Deed, duly executed and acknowledged, conveying fee simple title to the Improvements to the Purchaser at least one (1) Business Day prior to Closing.

(b) The deposit into Escrow by the Land Seller and the Improvements Seller of the Assignment and Termination Agreement, duly executed, terminating the Lease and the Leasehold at least one (1) Business Day prior to Closing.

(c) The deposit into Escrow by the Land Seller and the Improvements Seller of the Bill of Sale, duly executed, conveying title to the Personal Property to the Purchaser at least one (1) Business Day prior to Closing.

(d) The deposit by each of the Land Seller and the Improvements Seller into Escrow of a duly executed affidavit that it is not a foreign person and is a "United States Person" as such term is defined in Section 7761(a)(30) of the Internal Revenue Code of 1986, as amended, at

least one (1) Business Days prior to Closing. The affidavit shall be in the form prescribed by federal regulations.

(e) The deposit by each of the Land Seller and the Improvements Seller into Escrow of a duly executed FTB Form 590 or other evidence that withholding of any portion of the Purchase Price is not required by the Revenue and Taxation Code of California, at least one (1) Business Day prior to Closing.

(f) The deposit by each of the Land Seller and the Improvements Seller into Escrow of all additional documents and instruments as are reasonably required by Escrow to complete the Closing, at least one (1) Business Day prior to Closing.

(g) As of the Closing Date, there exists no lease, tenancy or occupancy agreement affecting the Property, except for Tenant Agreements, Property Documents, and any new residential leases with tenants entered into in the normal course of business after the Effective Date ("New Residential Tenants").

(h) Purchaser has reviewed and approved all residential leases with New Residential Tenants.

(i) As of the Closing Date there is not pending, or threatened to be pending, any action or proceeding by any person or before any government authority (except for the Purchaser, the City of San Diego, the Housing Authority of the City of San Diego or the Redevelopment Agency of the City of San Diego), the outcome of which could prohibit the use of the Property as intended by the Purchaser.

(j) Escrow Agent is prepared and obligated to issue the Title Policy in Purchaser's favor, upon the recordation of the Grant Deeds and there are no exceptions to the Title Policy, except those set forth in the definition of Title Policy set forth above.

(k) This Agreement has been formally approved by resolution of the Purchaser's board and the Housing Authority of the City of San Diego.

(l) The Purchaser has entered into an Owner Participation Agreement with the Redevelopment Agency of the City of San Diego, in a form acceptable to the Purchaser in the Purchaser's sole discretion and the Purchaser has closed on (or will close on concurrently with the Closing) the financing to be obtained by Purchaser from the Redevelopment Agency of the City of San Diego.

8. Representations and Warranties. When making the representations and warranties set forth in this Section 8, each party making a representation and/or warranty represents that the same are true, correct and complete as of the date hereof and shall be and are true, correct and complete as of the Closing Date. The representations and warranties shall survive the Closing.

(a) Seller Representations and Warranties Regarding Authority. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that this Agreement and all documents or instruments executed by either of them which are to be delivered to Purchaser or the Escrow Agent at or prior to the Closing are, or on the Closing Date will be, duly authorized, executed and delivered by the Land Seller or the Improvements Seller.

(b) Seller Representations and Warranties Regarding Enforceability of Agreement. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that this Agreement and all documents required hereby to be executed by either of them shall be valid, legally binding obligations of, and enforceable against, the Land Seller or the Improvements Seller, as applicable, in accordance with their terms.

(c) Seller Representations and Warranties Pertaining to Real Estate and Legal Matters. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that:

(1) To the best of Seller's knowledge, there is no pending or threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portions thereof, nor any facts which might give rise to such action or proceeding.

(2) To the best of Seller's knowledge, all permits and licenses necessary for construction of all of the Improvements were obtained prior to their construction.

(3) To the best of Seller's knowledge, all laws, ordinances, rules, codes, requirements and regulations of all governmental agencies, bodies or subdivisions thereof, that are applicable to the Property have been complied with, and except as to conditions described in the Phase I Environmental Site Assessment and Building Conditions Assessment Report obtained by Purchaser and/or CCDC ("Purchaser Reports"), neither the Land Seller, nor the Improvements Seller has received notice of any kind from any governmental authority of any fire, zoning, health and safety, building code, Applicable Environmental Law, or other federal, state, or local violation of law with respect to the Property or any portion thereof, nor is the Land Seller or the Improvements Seller aware of any threat of such notice.

(4) To the best of Seller's knowledge, and except that that which has been described in the Property Documents or the Purchaser Reports, no Hazardous Materials are present on, within or under the Property, or in the soil, groundwater or soil vapor on or under the Property.

(d) Seller Representations and Warranties Pertaining to Operating Contracts and Leases. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that no person has any option or right of first refusal to purchase the Property or any parts thereof.

(e) Seller Representation and Warranty Pertaining to Rent Roll. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that the Rent Roll and all other documents required to be delivered to Purchaser (by the Land Seller or the Improvements Seller) are true and correct in all material respects as of the dates set forth thereon.

(f) Seller Representation and Warranty Pertaining to Tenant Agreements. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that: (i) except for the New Residential Tenants the Tenant Agreements constitute all of the oral or written agreements or understandings concerning the Property by which Purchaser would be bound following the Closing other than the Property Documents; (ii) the copies of the Tenant Agreements delivered (or to be delivered) to Purchaser are true and correct copies thereof, are in full force and effect, constitute the entire agreements with such Tenants relating to the rented or leased portions of the Property, and have not been amended, modified or supplemented, except for such amendments, modifications and supplements delivered to Purchaser; (iii) neither the Land Seller, nor the Improvements Seller, has knowledge of, or received notice of, any default or claim for setoff with respect to the Tenant Agreements except as described in the Rent Roll; and (iv) neither the Land Seller, nor the Improvements Seller, has any knowledge of, or received notice of, any acts or failure to act which with the passage of time may become defaults or claims for setoff with respect to the Tenant Agreements.

(g) Seller Representation and Warranty Regarding Operation of the Property Prior to Closing. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that: (i) the Property Documents constitute all of the oral or written agreements or understandings concerning the Property by which Purchaser would be bound following the Closing other than the Tenant Agreements; (ii) the copies of the Property Documents delivered (or to be delivered) to Purchaser are true and correct copies thereof, are in full force and effect, constitute the entire agreements with all parties thereto, and have not been amended, modified or supplemented, except for such amendments, modifications and supplements delivered to Purchaser; (iii) neither the Land Seller, nor the Improvements Seller, has knowledge of, or received notice of, any default or claim for setoff with respect to the Property Documents; (iv) neither the Land Seller, nor the Improvements Seller, has any knowledge of any acts or failure to act which with the passage of time may become defaults or claims for setoff with respect to the Property Documents; and (v) to the best of Seller's knowledge, the Property Documents are all of the documents and materials relating to or affecting the Property and/or the operation of the Property and constitute all of the documents, permits, approvals, licenses, certificates, notices, contracts, studies, reports, appraisals, utility bills, insurance bills and policies, applications of or to governmental or quasi-governmental entities, surveys, maps, plans, specifications, drawings, contracts, and any other agreements or instruments related to or secured by any aspect of the Property.

(h) Seller Representations and Warranties Regarding Discovery of New Information. The Land Seller and the Improvements Seller hereby jointly and severally represent and warrant to Purchaser that if either of them discovers any information or facts prior to Closing that would materially change any of the foregoing representations and warranties or cause any of the foregoing representations and warranties to be untrue or misleading in any respect, the Land

Seller and the Improvements Seller shall immediately give Purchaser notice of those facts and information.

(i) Purchaser Representations and Warranties Regarding Property Conditions. Purchaser represents and warrants that prior to the end of the Due Diligence Period it will have employed its consultants as it has deemed necessary, in its sole discretion, and will have conducted appropriate investigations of the Property. Purchaser acknowledges that on or prior to the end of the Due Diligence Period that Purchaser has or will have examined and approved all things concerning the Property which Purchaser deems material to its purchase and the use and ownership of the Property, including, but not limited to, topography, geology, Hazardous Materials, condition of the soil, condition of title to the Property, availability and capacity of utilities and sanitary facilities (including, without limitation, water, sewer, electricity, gas, telephone, cable television), the condition of the Improvements, the economic factors and land use regulations of the City of San Diego. Purchaser, by its execution of this Agreement, acknowledges that, except as may be otherwise specifically set forth in this Agreement, and subject to Seller's express representations and warranties set forth in Section 8 of this Agreement, it has made or will make its own independent investigations as deemed necessary or appropriate concerning the ownership, use, condition, development or suitability of the Property, including, without limitation, any desired investigation or analysis of present or future laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of the Property, the condition of the Property, including the existing Improvements, the status of the land use approvals for the Property, any income to be derived from the Property, the presence or absence of Hazardous Materials on, within and adjacent to the Property, the location of the Property within any natural hazard areas, the economic value of the Property, the adequacy of access to the Property, water, sewage and utilities servicing the Property, the presence or adequacy of infrastructure near or concerning the Property, any surface soil, subsoil, geologic or groundwater conditions or other physical conditions affecting the Property and the status of any existing, pending or future entitlements and/or the necessity or existence of any fees, dedications, charges or costs or future regulations relating to the Property or whether any approvals or permits may be required or granted, compliance of the Property or its operation with any law, ordinance, rule, regulation or any other matter relating to the Property ("Property Conditions"). Notwithstanding anything to the contrary set forth in this Agreement, including without limitation, this Section 8(i), any right waived by Purchaser and any release by Purchaser, shall only release or waive the Purchaser's right to enforce any judgment personally against the Land Seller and the Improvements Seller only. Purchaser is not waiving any right to bring any action against the Land Seller or the Improvements Seller or waiving recovery against or otherwise releasing or agreeing to forego Purchaser's rights with respect to any insurance policy, or any other person (other than the right to enforce a judgment personally against the Land Seller and the Improvements Seller), including without limitation persons obligated to Land Seller or the Improvements Seller, by right of subrogation or otherwise, prior owners or occupants of the Property and/or Improvements, the tenants, persons performing work at the Property and/or any insurance policies held by any or all such persons.

(j) AS IS CONDITION. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 8 OF THIS AGREEMENT, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (I) THE VALUE OF ALL OR PART OF THE PROPERTY; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SPECIFIC TERMS AND PROVISIONS OF LEASES; (IV) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PROPERTY; (V) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (VI) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (VII) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY; (VIII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (IX) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (X) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH & SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, THE TOXIC SUBSTANCE CONTROL ACT, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING; (XI) THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (XII) THE CONTENT OR ACCURACY OF THE PROPERTY DOCUMENTS; (XIII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PROPERTY, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO PURCHASER; (XIV) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (XV) DEFICIENCY OF ANY UNDERSHORING; (XVI) DEFICIENCY OF ANY DRAINAGE; (XVII) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; (XVIII) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; OR (XIX) WITH RESPECT TO ANY OTHER MATTER OTHER THAN AS SET FORTH IN THIS AGREEMENT. Notwithstanding anything to the contrary set forth in

this Agreement, including without limitation, this Section 8(j), any right waived by Purchaser and any release by Purchaser, shall only release or waive the Purchaser's right to enforce any judgment personally against the Land Seller and the Improvements Seller only. Purchaser is not waiving any right to bring any action against the Land Seller or the Improvements Seller or waiving recovery against or otherwise releasing or agreeing to forego Purchaser's rights with respect to any insurance policy, or any other person (other than the right to enforce a judgment personally against the Land Seller and the Improvements Seller), including without limitation persons obligated to Land Seller or the Improvements Seller, by right of subrogation or otherwise, prior owners or occupants of the Property and/or Improvements, the tenants, persons performing work at the Property and/or any insurance policies held by any or all such persons.

(k) NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT. SUBJECT TO THE IMMEDIATELY PRECEDING SENTENCE AND PURCHASER'S RIGHT TO RELY ON SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES IN SECTION 8 OF THIS AGREEMENT, AS PART OF PURCHASER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY "AS-IS WHERE-IS," AND NOT AS A LIMITATION ON SUCH AGREEMENT, PURCHASER HEREBY IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS PURCHASER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY OR THE PROPERTY CONDITIONS, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 8 OF THIS AGREEMENT, SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 8 OF THIS AGREEMENT, SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS, AND ANY CLAIMS UNDER CERCLA (BUT SUBJECT TO THE FIRST SENTENCE OF THIS SECTION 8(K). EFFECTIVE UPON THE CLOSING DATE, AND TO THE FULLEST EXTENT PERMITTED BY LAW, BUT SUBJECT TO THE FIRST SENTENCE OF THIS SECTION 8(K) AND PURCHASER'S RIGHT TO RELY ON SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES IN SECTION 8 OF THIS AGREEMENT, PURCHASER HEREBY RELEASES, DISCHARGES AND FOREVER ACQUITS SELLER AND ITS SUCCESSORS FROM ALL, DEMANDS, CLAIMS, LIABILITIES, OBLIGATIONS, LOSSES, LOST PROFITS, CONSEQUENTIAL DAMAGES, COSTS AND EXPENSES WHICH PURCHASER MAY SUFFER OR INCUR

RELATING TO CLAIMS (INCLUDING THIRD PARTY CLAIMS) RELATING TO, ARISING FROM OR CAUSED BY (A) THE PROPERTY CONDITIONS OR ANY OTHER ASPECT OF THE PROPERTY, (B) THE DESIGN, CONSTRUCTION, ENGINEERING OR OTHER WORK WITH RESPECT TO THE PROPERTY PROVIDED OR PERFORMED BY, CAUSED BY OR ATTRIBUTED TO SELLER EITHER BEFORE OR AFTER THE EFFECTIVE DATE AND/OR THE CLOSE OF ESCROW; (C) A VIOLATION OR ALLEGED VIOLATION BY PURCHASER, ITS EMPLOYEES OR AGENTS OF ANY LAW NOW OR HEREINAFTER ENACTED; (D) ANY SLOPE FAILURE OR SUBSURFACE GEOLOGIC OR GROUNDWATER CONDITION; (E) THE DELIVERY OF THE NATURAL HAZARDS DISCLOSURE STATEMENT; AND (F) ANY OTHER CAUSE WHATSOEVER IN CONNECTION WITH PURCHASER'S USE OF THE PROPERTY OR PURCHASER'S PERFORMANCE OR BREACH UNDER THIS AGREEMENT OR THE OTHER DOCUMENTS EXECUTED IN CONNECTION HERewith (THE MATTERS DESCRIBED IN CLAUSES (A) THROUGH (F), MAY BE COLLECTIVELY REFERRED TO AS THE "ASSUMED RISKS"). NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH ABOVE, SUCH WAIVER OF ASSUMED RISKS DOES NOT OBLIGATE PURCHASER, IN ANY WAY, TO INDEMNIFY SELLER FOR ANY SUCH ASSUMED RISKS. EXCEPT WITH RESPECT TO THE FIRST SENTENCE OF THIS SECTION 8(K) AND SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES IN SECTION 8 OF THIS AGREEMENT, PURCHASER, FOR ITSELF AND FOR ITS AGENTS, HEREBY RELEASES, WAIVES AND DISCHARGES THE SELLER FROM AND AGAINST ANY AND ALL CLAIMS (INCLUDING THIRD PARTY CLAIMS) (INCLUDING ATTORNEYS' FEES AND COSTS) OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM, RELATED TO OR CAUSED BY THE ASSUMED RISKS. EXCEPT AS OTHERWISE SET FORTH HEREIN, THE FOREGOING WAIVER SHALL APPLY TO ANY CLAIM OR ACTION BROUGHT BY A PRIVATE PARTY OR BY A GOVERNMENTAL AGENCY UNDER ANY STATUTE OR COMMON LAW NOW OR HEREINAFTER IN EFFECT. AS PART OF THE PROVISIONS OF THIS SECTION, BUT NOT AS A LIMITATION THEREON, PURCHASER HEREBY AGREES, REPRESENTS AND WARRANTS THAT THE MATTERS RELEASED HEREIN ARE NOT LIMITED TO MATTERS WHICH ARE KNOWN OR DISCLOSED, AND PURCHASER HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS WHICH IT NOW HAS, OR IN THE FUTURE MAY HAVE CONFERRED UPON IT, BY VIRTUE OF THE PROVISIONS OF FEDERAL, STATE OR LOCAL LAW, RULES OR REGULATIONS, INCLUDING WITHOUT LIMITATION, SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

IN THIS CONNECTION AND TO THE EXTENT PERMITTED BY LAW, AND SUBJECT TO THE FIRST SENTENCE OF THIS SECTION 8(K) AND SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 8 OF THIS AGREEMENT, PURCHASER HEREBY AGREES, REPRESENTS AND WARRANTS THAT

PURCHASER REALIZES AND ACKNOWLEDGES THAT FACTUAL MATTERS NOW UNKNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND PURCHASER FURTHER AGREES, REPRESENTS AND WARRANTS THAT THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND THAT PURCHASER NEVERTHELESS HEREBY INTENDS TO RELEASE, DISCHARGE AND ACQUIT SELLER FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH MIGHT IN ANY WAY BE INCLUDED IN THE WAIVERS AND MATTERS RELEASED AS SET FORTH IN THIS SECTION. THE PROVISIONS OF THIS SECTION ARE MATERIAL AND INCLUDED AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO SELLER BY PURCHASER IN EXCHANGE FOR SELLER'S PERFORMANCE HEREUNDER.

PROVIDED, HOWEVER, AND NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THIS SECTION 8(K) AND THE 1542 RELEASE SET FORTH HEREIN, ANY RIGHT WAIVED BY PURCHASER AND ANY RELEASE BY PURCHASER, SHALL ONLY RELEASE OR WAIVE THE PURCHASER'S RIGHT TO ENFORCE ANY JUDGMENT PERSONALLY AGAINST THE LAND SELLER AND THE IMPROVEMENTS SELLER ONLY. PURCHASER IS NOT WAIVING ANY RIGHT TO BRING ANY ACTION AGAINST THE LAND SELLER OR THE IMPROVEMENTS SELLER OR WAIVING RECOVERY AGAINST OR OTHERWISE RELEASING OR AGREEING TO FOREGO PURCHASER'S RIGHTS WITH RESPECT TO ANY INSURANCE POLICY, OR ANY OTHER PERSON (OTHER THAN THE RIGHT TO ENFORCE A JUDGMENT PERSONALLY AGAINST THE LAND SELLER AND THE IMPROVEMENTS SELLER), INCLUDING WITHOUT LIMITATION PERSONS OBLIGATED TO THE LAND SELLER OR THE IMPROVEMENTS SELLER, BY RIGHT OF SUBROGATION OR OTHERWISE, PRIOR OWNERS OR OCCUPANTS OF THE PROPERTY AND/OR IMPROVEMENTS, THE TENANTS, PERSONS PERFORMING WORK AT THE PROPERTY AND/OR ANY INSURANCE POLICIES HELD BY ANY OR ALL SUCH PERSONS.

9. Condemnation of the Property.

(a) Condemnation. If between the date first set forth above and the Closing Date, any condemnation or eminent domain proceedings are commenced that will result in the taking of any material part of the Property, Purchaser may, at Purchaser's election, either:

(1) Terminate this Agreement by giving written notice to the Land Seller, the Improvements Seller and the Escrow Agent (in which event all remaining funds or other things deposited in Escrow by Purchaser shall be returned to Purchaser immediately from Escrow together with any interest earned thereon and the Land Seller and the Improvements Seller shall pay all Escrow charges and all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Land Seller and the Improvements Seller, and one-half (1/2) by the Purchaser); or

(2) Proceed with the Closing, in which event the Land Seller and the Improvements Seller shall assign to the Purchaser all of the Land Seller's and the Improvements Seller's rights, titles and interests to any award made for the condemnation or eminent domain action.

(b) Notice. If the Land Seller or the Improvements Seller obtains notice of the commencement of or the threatened commencement of eminent domain or condemnation proceedings with respect to all of any portion of the Property, the Land Seller and the Improvements Seller shall notify the Purchaser in writing.

10. Broker's Commission. The Purchaser hereby represents and warrants to Seller that it has not engaged the services of any real estate agent or broker. Seller has engaged the services of Collier's International in connection with the sale ("Seller's Broker"). The Purchaser, the Land Seller and the Improvements Seller each agrees that, to the extent any real estate commission or brokerage and/or finder's fee shall be earned or claimed in connection with this Agreement or the Closing, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested (or is alleged to have requested) the services of the broker and/or finder. Notwithstanding the foregoing, Purchaser has agreed to reimburse Seller its Broker's Commission, in accordance with Section 3 above. In the event that any claim, demand or cause of action or brokerage and/or finder's fee is asserted against the party to this Agreement who did not request such services, the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action and expenses related thereto, including (without limitation) attorneys' fees and costs.

11. Assignment by Purchaser; No Assignment by Sellers. Purchaser may not assign this Agreement without the prior written consent of the Seller. Neither the Land Seller nor the Improvements Seller shall assign any of their rights or delegate any of their duties under this Agreement without the prior written consent of the Purchaser. Any attempted assignment or delegation of this Agreement by the Purchaser, Land Seller or the Improvements Seller in violation of this section shall be void. Notwithstanding anything to the contrary herein, prior to the end of the Due Diligence Period, Seller may solicit and negotiate back up offers from other interested parties for the purchase of the Property, provided that during such period Seller shall not enter into a binding Agreement to sell, convey or transfer all or any portion of the Property.

12. Notices. All notices under this Agreement shall be in writing and sent (a) by certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) Business Days after deposit, postage prepaid in the United States Mail, (b) overnight by a nationally recognized overnight courier such as UPS Overnight, or FedEx, in which case notice shall be deemed delivered one (1) Business Day after deposit with that courier, or (c) by personal delivery, in which case notice shall be deemed delivered upon the actual date of delivery. All notices shall be delivered to the following addresses:

If to Land Seller: Downtown Senior Center
525 14th Street
San Diego, CA 92101

Copy to: Peterson & Price, APC
Attn. Edward Whittler, Esq.
655 West Broadway, Suite 1600
San Diego, CA 92101

If to Improvements Seller: Senior Fifth Avenue Associates-Sandford
1045 9th Avenue
San Diego, CA 92101

Copy to: Peterson & Price, APC
Attn. Edward Whittler, Esq.
655 West Broadway, Suite 1600
San Diego, CA 92101

If to Purchaser: San Diego Housing Commission
Attn: Marco Vakili
1122 Broadway, Suite 300
San Diego, CA 92101

Copy to: Christensen & Spath LLP
550 West C Street, Suite 1660
San Diego, CA 92101

The addresses above may be changed by written notice to the other party; provided however, that no notice of a change of address shall be effective until actual receipt of the notice.

13. General Provisions.

(a) Governing Law. This Agreement shall be interpreted and construed in accordance with California law.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors, heirs and permitted assigns.

(e) Modifications; Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is sought.

(f) Entire Agreement. This Agreement, along with the Joint Escrow Instructions, Assignment Agreement and Grant Deeds, contain the entire agreement between the parties relating to Purchaser's acquisition of the Property from the Land Seller and the Improvements Seller and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded.

(g) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(h) Survival; No Merger. This Agreement, including without limitation, all representations, warranties, covenants, agreements, indemnities and other obligations of the Purchaser, the Land Seller and the Improvements Seller in this Agreement, shall survive the Closing of this transaction and will not be merged into the Grant Deeds or any other document.

(i) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(j) Time Of Essence. Time is of the essence in this Agreement.

(k) Attorneys' Fees. The parties agree that the prevailing party in litigation for the breach and/or interpretation and/or enforcement of the terms of this Agreement shall be entitled to their expert witness fees, if any, as part of their costs of suit, and attorneys' fees as may be awarded by the court, pursuant to California Code of Civil Procedure ("CCP") Section 1033.5 and any other applicable provisions of California law, including, without limitation, the provisions of CCP Section 998. All claims, disputes, causes of action or controversies shall be subject solely to the jurisdiction of the San Diego Superior Court, Downtown Branch.

(l) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Purchaser, the Land Seller and the Improvements Seller or between any of them and any third party.

(m) Recording. This Agreement shall not be recorded.

(n) Purchaser Approval. Where this Agreement refers to an action or approval of the Purchaser, it shall mean the approval of the President and CEO of the Purchaser, or designee, unless otherwise provided.

(o) Exhibits and Recitals Incorporated. All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The Recitals to this Agreement are hereby incorporated in this Agreement by this reference.

(p) Capacity and Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenant to the Purchaser that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

LAND SELLER:

Downtown Senior Center, a California nonprofit, public benefit corporation

By: [Signature]
Print Name: Marguerite Olmon
Its: President

IMPROVEMENTS SELLER:

Senior Fifth Avenue Associates-Sandford, a California limited partnership

By: Fifth Avenue Corporation, its managing general partner

By: [Signature]
Print Name: Marguerite Olmon
Its: Fifth Ave Corp. President

PURCHASER:

San Diego Housing Commission, a public agency

By: [Signature]
Richard C. Gentry
President & Chief Executive Officer

Approved as to Form:
Christensen & Spath LLP

By: [Signature]
Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit A

Legal Description of the Property

All that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

Lots D, E and F in Block 191 of Horton's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 369, filed in the Office of the County Recorder of San Diego County.

Exhibit B
Assignment and Termination Agreement

**NO CHARGE ON THIS DOCUMENT
FOR THE BENEFIT OF A STATE
AGENCY FORMED BY THE CITY OF
SAN DIEGO**

**Recording Requested By
And When Recorded Mail To:**
Christensen & Spath LLP
550 West C Street, Suite 1660
San Diego, CA 92101

**ASSIGNMENT OF LEASE AGREEMENT
AND
ACKNOWLEDGMENT OF TERMINATION OF LEASE AGREEMENT**

THIS ASSIGNMENT OF LEASE AGREEMENT AND ACKNOWLEDGEMENT OF TERMINATION OF LEASE AGREEMENT ("Assignment Agreement") is made and entered into this ____ day of _____, 2010, by ~~Downtown Senior Center~~, a California nonprofit, public benefit corporation ("Landlord"), Senior Fifth Avenue Associates-Sandford, a California limited partnership ("Tenant"), and the San Diego Housing Commission ("Purchaser").

RECITALS

A. Landlord and Tenant are all of the parties to that certain Amended and Restated Ground Lease dated August 31, 1989 (the "Lease Agreement").

B. Concurrently with the recordation of this Assignment Agreement, Landlord is conveying to Purchaser fee title to the real property ("Property") described in the Lease Agreement and more particularly described on Exhibit A attached hereto.

C. Concurrently with the recordation of this Assignment Agreement, Tenant is conveying Tenant's interest in the Lease Agreement to Purchaser.

D. As a result of such conveyances, Purchaser shall become both the fee simple owner of the Property and the tenant under the Lease Agreement, which by operation of law will terminate the Lease Agreement. Provided, however, in an abundance of caution Landlord, Tenant and Purchaser are recording this Assignment Agreement in order to provide notice of the termination of the Lease Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord, Tenant and Purchaser hereby agree as follows:

1. Assignment by Landlord. Landlord hereby assigns and transfers to Purchaser all of the Landlord's rights, title, interest, and obligations under the Lease Agreement to Purchaser concurrently with the conveyance of the Property from Landlord to Purchaser.

2. Assignment by Tenant. Tenant hereby assigns and transfers to Purchaser all of the Tenant's rights, title, interest, and obligations under the Lease Agreement to Purchaser concurrently with the conveyance of the Property from Landlord to Purchaser.

3. Acknowledgement of Termination of Lease Agreement. Landlord, Tenant and Purchaser each hereby: (i) acknowledges that the Lease Agreement is terminated and cancelled in its entirety by operation of law concurrently with the conveyance of the Property from Landlord to Purchaser; and (ii) acknowledges and agrees that none of the Landlord, Tenant or Purchaser shall have any further obligation or liability to one another under the Lease Agreement.

4. No Novation. This Assignment Agreement is not an amendment or novation of and shall not affect any agreement between Landlord, Tenant and Purchaser, except for the Lease Agreement.

5. Counterparts. This Assignment Agreement may be executed in any number of counterparts and, as so executed, the counterparts shall constitute one and the same agreement. The parties agree that each such counterpart is an original and shall be binding upon all the parties, even though all of the parties are not signatories to the same counterpart.

6. Signature Authority. All individuals signing this Assignment Agreement for a party which is a limited liability company, corporation, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenant to the other parties hereto that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement as of the date first above written.

LANDLORD:

Downtown Senior Center, a California nonprofit, public benefit corporation

By: _____

Print Name: _____

Its: _____

TENANT:

Senior Fifth Avenue Associates-Sandford, a California limited partnership

By: _____

Print Name: _____

Its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission, a public agency

By: _____

Richard C. Gentry
President & Chief Executive Officer

Approved as to Form:

Christensen & Spath LLP

By: _____

Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit C

Bill of Sale

BILL OF SALE

THIS BILL OF SALE, dated as of _____, 2010, is from Downtown Senior Center, a California nonprofit, public benefit corporation ("Land Seller") and Senior Fifth Avenue Associates-Sandford, a California limited partnership ("Improvements Seller"), to the San Diego Housing Commission, a public agency ("Purchaser").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in connection with that certain Purchase and Sale Agreement between Land Seller, Improvements Seller and Purchaser dated February 1, 2009 ("Purchase Agreement"), Land Seller and Improvements Seller each hereby grants, sells, conveys, transfers, assigns and delivers to Purchaser, each of Land Seller's and Improvements Seller's rights, titles, and interests in and to (i) all of the "Personal Property" (as defined in the Purchase Agreement), including, without limitation, the personal property listed on Schedule 1 attached hereto; (ii) all intangible property owned and used by Seller in the operation of the Improvements (as defined in the Purchase Agreement), including, without limitation, all franchises, claims, causes of action or other similar rights relating to the ownership, name, address, use or operation of the Property, and further including, without limitation, the intangible property listed on Schedule 2 attached hereto; and (iii) all transferable and assignable warranties, licenses and permits owned or held by Seller in connection with the ownership of the Improvements, including, without limitation, the licenses and permits listed in Schedule 3 attached hereto.

IN WITNESS WHEREOF, Land Seller, Improvements Seller and Purchaser have executed this Bill of Sale as of the date set forth above.

LAND SELLER:

Downtown Senior Center, a California nonprofit, public benefit corporation

By: _____
Print Name: _____
Its: _____

IMPROVEMENTS SELLER:

Senior Fifth Avenue Associates-Sandford, a California limited partnership

By: _____
Print Name: _____
Its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission, a public agency

By: _____
Richard C. Gentry
President & Chief Executive Officer

Approved as to Form:
Christensen & Spath LLP

By: _____
Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit D-1
Fee Interest Grant Deed

**Recording Requested By And When
Recorded Mail To And Mail Tax
Statements To:**

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
Attn: Marco Vakili

This document is exempt from payment of a recording fee
pursuant to government Code Section 6103.

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Downtown Senior Center, a California nonprofit, public benefit corporation

hereby Grants to

San Diego Housing Commission

the following described real property in the City of San Diego, County of San Diego, State of
California:

See attached Exhibit A

Downtown Senior Center, a California nonprofit, public benefit corporation

By: _____

Print Name: _____

Its: _____

Dated: _____, 2010

ACCEPTANCE

This is to certify that the interest(s) in real property conveyed by this instrument to the San Diego Housing Commission, a public agency, are hereby accepted by the undersigned officer on behalf of the San Diego Housing Commission, a public agency, pursuant to authority conferred by resolution of the Housing Authority of the San Diego Housing Commission, Resolution No. ____ (____), adopted on _____, 2010, and the grantee consents to recordation thereof by its duly authorized officer.

San Diego Housing Commission, a public agency

By: _____
Richard C. Gentry
President & Chief Executive Officer

Dated: _____, 2010

Approved as to Form:
Christensen & Spath LLP

By: _____
Walter F. Spath III, Esq.
San Diego Housing Commission General Counsel

Exhibit D-2
Improvements Grant Deed

**Recording Requested By And When
Recorded Mail To And Mail Tax
Statements To:**

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
Attn: Marco Vakili

This document is exempt from payment of a recording fee
pursuant to government Code Section 6103.

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Senior Fifth Avenue Associates-Sandford, a California limited partnership

hereby Grants to

San Diego Housing Commission

the following described real property in the City of San Diego, County of San Diego, State of
California:

See attached Exhibit A

Senior Fifth Avenue Associates-Sandford, a California limited partnership

By: _____

Print Name: _____

Its: _____

Dated: _____, 2010

ACCEPTANCE

This is to certify that the interest(s) in real property conveyed by this instrument to the San Diego Housing Commission, a public agency, are hereby accepted by the undersigned officer on behalf of the San Diego Housing Commission, a public agency, pursuant to authority conferred by resolution of the Housing Authority of the San Diego Housing Commission, Resolution No. ____ (____), adopted on _____, 2010, and the grantee consents to recordation thereof by its duly authorized officer.

San Diego Housing Commission, a public agency

By: _____
Richard C. Gentry
President & Chief Executive Officer

Dated: _____, 2010

Approved as to Form:
Christensen & Spath LLP

By: _____
Walter F. Spath III, Esq.
San Diego Housing Commission General Counsel

Exhibit E
Hotel Sandford Personal Property

<u>Location</u>	<u>Item Description</u>
1. From inside of hotel	Front Entrance
2. Chandelier	Ceiling of Lobby
3. Lobby	8 Green Panels
4. Lobby	Antique Table
5. Lobby	Antique Table
6. Lobby Hallway	Plant Stand
7. Lobby Hallway	Plant Stand
8. Men's Reading Room	Red Barber Chair
9. Men's Reading Room	Red Barber Chair
10. Men's Reading Room	2 Blue Chairs w/ Antique Table
11. Men's Reading Room	Green & Gold Italian Fabric
12. Women's Reading Room	Green & Gold Italian Fabric
13. Men's Reading Room	2 Blue Chairs on Oriental Rug
14. Dining Room Entrance, Lobby, Floors	16 Green Chairs
15. Women's Reading Room	Glass Top Table
16. Women's Reading Room	Blue Chair on Oriental Rug
17. Women's Reading Room	Antique Glass Book Case
18. Men's Reading Room	Antique Wooden Table
19. Women's Reading Room	Antique Desk w/Bottom Cabinets
20. Women's Reading Room	Antique Desk w/Green Felt Center
21. Men's Reading Room	Antique Glass Bookcase
22. Women's Reading Room	Antique Games Table
23. A Street Entrance	Antique Cabinet w/Doors
24. Managers Office	Antique Seven Drawer Chest
25. Entrance to Dining Room	Mirror
26. Men's Reading Room	Oriental Rug
27. Ladies Reading Room	Oriental Rug
28. Entrance to Dining Room	Oriental Rug
29. Dining Room	Photo of Dining Room
30. Dining Room	15 4-Seat Tables 60 Chairs
31. Dining Room	8 2-Seat Tables 16 Chairs
32. Dining Room	Serving Cabinet
33. Dining Room	Serving Cabinet
34. Kitchen	Refrigerator
35. Kitchen	Stove
36. Kitchen	Prep Table
37. Kitchen	View of Vending Machines
38. Media Room	2 Henry Clarke Prints

39. Media Room
40. Media Room
41. Media Room
42. Media Room
43. Basement Storage
44. Basement Storage
45. Basement Storage
46. Lobby Hallway
47. Lobby Hallway
48. Ladies Reading Room
49. Men's Reading Room
50. Ladies Reading Room
51. Dining Room Entrance
52. Men's Reading Room
53. A Street Entrance
54. Room

Flat Screen Television
James Dean Print
Antique Piano
15 Burgundy Chairs
Antique Phone Booth
2 Marble Urns
2 Wicker Plant Stands
Brass Frame Female Oil
Brass Frame Male Oil
Brass Frame Valley Painting
Brass Frame Cottage Painting
Green Matting w/Lake Portrayal
Blaudie Zeigle Soap Print
Medieval Men Fighting
Cows Drinking From a Lake
Photo of Sample Room

Exhibit F

Sandford Property Documents

1.	San Diego Elevators, Inc. Guaranteed Maintenance Agreement
2.	San Diego Power Clean Contract
3.	Pacific Waste Services Customer Service Agreement
4.	Alsco Service Agreement
5.	Maid Fast Inc. Proposal Agreement
6.	Truly Nolen Commercial Service Agreement
7.	A.O. Reed & Co. Mechanical Contractor HVAC Preventive Maintenance Service Agreement
8.	WEB Service Company, Inc. Multifamily Laundry Systems Lease and Addendum to Lease
9.	Alarms Unlimited, Inc. Service Agreement dated October 24, 2002
10.	Weiser Security Services, Inc. Service Agreement dated October 15, 2009

Exhibit G

Rent Roll

Sandford

Monthly Rent Roll (Rent Only)

From 12/1/2009 To 12/31/2009

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
2		\$350.00	\$0.00	\$0.00	\$350.00	\$350.00	\$0.00	\$350.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$415.00	\$415.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$415.00	\$415.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
2		\$420.00	\$0.00	\$420.00	\$420.00	\$420.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
2		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
2		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
2		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
2		\$330.00	\$0.00	\$0.00	\$330.00	\$330.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
2		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
2		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00

Sandford

Monthly Rent Roll (Rent Only)

From 12/1/2009 To 12/31/2009

Room No	Tenant	Rent Due	Pro-Rated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
		\$335.00	\$0.00	\$0.00	\$340.00	\$340.00	\$0.00	\$335.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$355.00	\$0.00	\$0.00	\$360.00	\$360.00	\$0.00	\$355.00	\$0.00	\$0.00	\$0.00
		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
		\$340.00	\$0.00	\$0.00	\$345.00	\$345.00	\$0.00	\$340.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$65.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00

Wednesday, January 06, 2010

Sandford

Monthly Rent Roll (Rent Only)

From 12/1/2009 To 12/31/2009

Room No	Tenant	Rent Due	Pro-Rated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
2		\$415.00	\$0.00	\$0.00	\$415.00	\$415.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
2		\$360.00	\$0.00	\$0.00	\$360.00	\$360.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
2		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
2		\$395.00	\$5.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
2		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
2		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
2		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
2		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$435.00	\$0.00	\$435.00	\$435.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3		\$390.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00

Sandford

From 12/1/2009 To 12/31/2009

Monthly Rent Roll (Rent Only)

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$415.00	\$134.00	\$0.00	\$485.00	\$485.00	\$0.00	\$281.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$330.00	\$330.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00	\$0.00	\$10.00	\$10.00	\$0.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$160.00	\$0.00	\$395.00	\$395.00	\$0.00	\$170.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$286.00	\$5.00	\$340.00	\$340.00	\$0.00	\$54.00	\$0.00	\$0.00	\$0.00

Sandford

Monthly Rent Roll (Rent Only)

From 12/1/2009 To 12/31/2009

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
3		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5.00)	(\$5.00)	\$0.00
3		\$390.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
3		\$430.00	\$0.00	\$0.00	\$435.00	\$435.00	\$0.00	\$430.00	\$0.00	\$0.00	\$0.00
3		\$425.00	\$0.00	\$0.00	\$430.00	\$430.00	\$0.00	\$425.00	\$0.00	\$0.00	\$0.00
3		\$415.00	\$0.00	\$0.00	\$420.00	\$420.00	\$0.00	\$415.00	\$0.00	\$0.00	\$0.00
3		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
3		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
3		\$390.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
3		\$345.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$345.00	\$0.00	\$0.00	\$0.00

Sandford

From 12/1/2009 To 12/31/2009

Monthly Rent Roll (Rent Only)

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
3		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
3		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
3		\$435.00	\$0.00	\$440.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$440.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$99.00	\$0.00	\$505.00	\$505.00	\$0.00	\$336.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
4		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
4		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00

Sandford

From 12/1/2009 To 12/31/2009

Monthly Rent Roll (Rent Only)

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
4		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
4		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
4		\$390.00	\$226.00	\$0.00	\$455.00	\$455.00	\$0.00	\$164.00	\$0.00	\$0.00	\$0.00
4		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
4		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
4		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
4		\$335.00	\$0.00	\$0.00	\$340.00	\$340.00	\$0.00	\$335.00	\$0.00	\$0.00	\$0.00
4		\$395.00	\$91.00	\$0.00	\$465.00	\$465.00	\$0.00	\$369.00	\$0.00	\$0.00	\$0.00
4		\$330.00	\$0.00	\$0.00	\$335.00	\$335.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
4		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
4		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
4		\$290.00	\$0.00	\$131.00	\$476.00	\$390.00	\$0.00	\$295.00	\$86.00	\$0.00	\$86.00
4		\$385.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$385.00	\$0.00	\$0.00	\$0.00
4		\$335.00	\$0.00	\$0.00	\$390.00	\$390.00	\$0.00	\$335.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
4		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00

Wednesday, January 06, 2010

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Sandford

From 12/1/2009 To 12/31/2009

Monthly Rent Roll (Rent Only)

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
		\$388.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$388.00	\$0.00	\$0.00	\$0.00
		\$438.00	\$0.00	\$0.00	\$443.00	\$443.00	\$0.00	\$438.00	\$0.00	\$0.00	\$0.00
		\$438.00	\$443.00	\$0.00	\$443.00	\$443.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		\$420.00	\$0.00	\$0.00	\$425.00	\$425.00	\$0.00	\$420.00	\$0.00	\$0.00	\$0.00
		\$360.00	\$0.00	\$0.00	\$365.00	\$365.00	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$345.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$345.00	\$0.00	\$0.00	\$0.00
		\$390.00	\$0.00	\$0.00	\$395.00	\$395.00	\$0.00	\$390.00	\$0.00	\$0.00	\$0.00
		\$395.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00	\$395.00	\$0.00	\$0.00	\$0.00
		\$330.00	\$0.00	\$0.00	\$330.00	\$330.00	\$0.00	\$330.00	\$0.00	\$0.00	\$0.00
		\$435.00	\$0.00	\$0.00	\$440.00	\$440.00	\$0.00	\$435.00	\$0.00	\$0.00	\$0.00
		\$915.00	\$0.00	\$0.00	\$915.00	\$940.00	\$25.00	\$915.00	\$0.00	\$0.00	\$0.00
		\$1,792.20	\$0.00	\$0.00	\$1,792.20	\$1,792.20	\$0.00	\$1,792.20	\$0.00	\$0.00	\$0.00
		\$509.85	\$0.00	\$0.00	\$509.85	\$509.85	\$0.00	\$509.85	\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00	\$0.00	\$490.50	\$490.50	\$0.00	\$0.00	\$0.00	\$0.00

Sandford

From 12/1/2009 To 12/31/2009

Monthly Rent Roll (Rent Only)

Room No	Tenant	Rent Due	ProRated Rent	Prior Balance	Total Due	Total Paid + Adj	Advanced Payment	Rent Paid	Forward Balance	Prepaid Rent	Rent Rec
<i>Total</i>		\$51,420.05	\$1,879.00	\$1,501.00	\$52,731.05	\$53,170.55	\$525.50	\$49,636.05	\$81.00	(\$5.00)	\$86.00

Exhibit H

Policy Exceptions

Items A-B, 1-4, 7 and 9 shown on that certain Preliminary Report for the Fee Interest, Order No. 210615, dated as of August 20, 2009, issued by Stewart Title of California, Inc.

Exhibit I

Personal Property Exclusions

Two Paintings of Dutch Women

RELOCATION PLAN



HOTEL SANDFORD

PREPARED FOR

SAN DIEGO HOUSING COMMISSION

By

OVERLAND, PACIFIC & CUTLER
438 Camino Del Rio South Suite 213
San Diego, CA 92103
Phone: (619) 688-7980

DECEMBER 2009

INTRODUCTION

The San Diego Housing Commission (Commission) is planning to purchase and rehabilitate the Hotel Sanford (Hotel) located at 1301 5th Avenue, San Diego CA (Please see **Exhibit 1** for regional and project site maps). The proposed Hotel Sanford Project (Project) will allow the Commission to rehabilitate the Hotel and preserve 130 affordable housing units, provided to seniors, in the Downtown housing stock with long term affordability covenants.

The Hotel is a four-story building with ground floor retail space occupied by commercial tenants and 130 Single Room Occupancy (SRO) residential units on floors 2 through 4. Built in 1914, and last renovated in 1989, the Hotel now needs to be rehabilitated with code and life-safety upgrades and improvements. Planned rehabilitation improvements include seismic upgrades, ADA-compliant plumbing upgrades, hazardous materials abatement, roof replacement, interior repair, installation of new water saving plumbing fixtures and new paint and carpet in residential tenant floors.

Moving forward with the planned rehabilitation work will require the temporary displacement of current SRO Hotel tenants and possibly the permanent displacement of one SRO tenant. Rehabilitation activities will not require any temporary or permanent displacement of commercial tenants which include a barber college, deli and a future convenience store.

Funding sources for the Project include a proposed loan from the Redevelopment Agency of the City of San Diego from its 2010 Low and Moderate Income Housing Budget and the Commission's use of a line of credit.

Overland, Pacific & Cutler, Inc. (OPC), an experienced acquisition and relocation firm, has been selected to prepare this Relocation Plan (the 'Plan'), and will provide all subsequently required relocation assistance. In compliance with statutory requirements, the Plan has been prepared to evaluate the present circumstances and replacement housing requirements of Project tenants.

This Plan provides the results of a needs assessment survey, their incorporation into the planning process and details of the Commission's proposed relocation plan. This Plan sets forth policies and procedures necessary to conform with the Uniform Relocation Act (46 U.S.C. § 4600 et seq.) and its implementing regulations (49 C.F.R.) Part 24), the California Relocation Assistance Law, California Government Code Section 7260 et seq (the "CRAL"), the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq. (the "Guidelines") and the San Diego Municipal Code Chapter 14, Article 3, Division 5: SRO Hotel Regulations (collectively referred to as the governing laws and implementing regulations). No mandatory temporary or permanent displacement activities will take place prior to the required reviews and approval of this Plan.

Hotel Sanford Residential Unit Rehabilitation

The Commission's planned rehabilitation activities include interior improvements to each of the Hotel's 130 SRO residential units. To complete the interior improvements, Hotel tenants will be required to relocate temporarily from their room for approximately 10 days. Temporarily displaced tenants will have to remove their personal property from their unit, which should be limited to clothing, toiletries and personal effects. Temporarily displaced tenants will be able to return to their unit once the improvements are completed.

The rehabilitation of interior units is expected to begin in November 2010 in staggered phases 12 units at a time. The Commission intends to house temporarily displaced tenants in other vacant Hotel rooms. Therefore each temporarily displaced tenant will remain onsite in the Hotel Sanford, albeit in another room, thus minimally impacting Hotel tenants. As of December 4, 2009 there were 14 vacancies at the Hotel.

There is one SRO tenant that may be permanently displaced so their unit could be utilized as the onsite Hotel manager's residence. This unit is approximately 396 square feet with a separate bedroom, living room and kitchen. For planning and budgetary purposes it is assumed that this one tenant will be permanently displaced.

The following subject matter of this Plan addresses the housing characteristics and demographics of Hotel Sanford tenants who will be temporarily displaced, one tenant who may be permanently displaced, rehousing resources for tenants and relocation benefits and compensation for tenants.

A. GENERAL DEMOGRAPHIC AND HOUSING CHARACTERISTICS

Information necessary for the implementation of this Plan was obtained from a Hotel Sanford rent roll provided by the Commission, a tour of the Hotel Sanford by Hotel Sanford staff, an interview with the Hotel Sanford property manager and a telephone interview of the tenant that may be permanently displaced.

Temporary Displacement Tenant Population

The Hotel Sanford limits residence to seniors, qualified as low income (Please see **Exhibit 2** for a table of current HCD income levels for the County of San Diego) and capable of independent living. There are currently (as of November 2009 rent roll dated 12-04-09) 115 Hotel tenants who will be temporarily displaced. These 115 tenants are seniors, low income and capable of independent living per the Hotel Sanford residency requirements.

The SRO units are all relatively similar to each other, ranging in size from 86 to 150 square feet, consisting of a private bathroom with either a shower or bathtub, a sleeping room with either a single or double bed and a closet. The rooms are furnished with Hotel property which includes a bed, dresser, chair, lamp, television and some tenants rent a mini-refrigerator. Hotel SRO units

do not have a kitchen or cooking appliances, except for one unit which is described below. The units rent from a low of \$290 to a high of \$438 per month with a median monthly rent of \$400.

Permanent Displacement Tenant Population

There is one Hotel Sandford tenant that may be permanently displaced as a result of the proposed acquisition and rehabilitation. The tenant is a senior, qualified as low income and capable of independent living per Hotel residency requirements. This unit may ultimately be utilized as an onsite manager's residence for the Hotel, requiring the displacement of the existing occupant. If this tenant is permanently displaced, and is of low or moderate income, the Commission will give this tenant priority to rent another vacant unit in the Hotel Sandford.

This tenant resides in a unit that is approximately 396 square feet with a separate bedroom, living room and kitchen. The unit is furnished with the tenant's personal property, only the stove and refrigerator belong to the Hotel.

B. RELOCATION NEEDS

The Commission plans to temporarily displace 12 tenants at a time onsite in other vacant Hotel rooms. To meet Project relocation needs the Commission must have at least 12 vacant rooms available as temporary housing during the rehabilitation period. To meet the rehousing needs of the tenant that may be permanently displaced the Commission will provide referrals to comparable dwellings or, if temporarily displaced, this tenant will be temporarily housed onsite and provided a daily meal allowance.

The Hotel Sandford property management explained that there are six rooms that are considered wheelchair accessible. These rooms have modified bathrooms which may accommodate individuals with mobility disabilities. The Hotel property management also explained that there were four individuals with disabilities including two who use a wheelchair, one who uses a walker and one who has a medical bed. The Commission will take additional measures to ensure that these individuals are temporarily housed onsite in a unit as similar as possible to their current unit which will accommodate their disability.

C. REPLACEMENT RESOURCES

The Hotel Sandford will be the primary temporary relocation resource for the Project population that will be temporarily displaced. The Commission will rehouse tenants temporarily onsite in other vacant Hotel Sandford rooms during the rehabilitation period. Tenants will be temporarily displaced 12 units at a time for approximately 10 days. The Commission will need at least 12 units vacant by October 2010 when interior rehabilitation work is anticipated to begin. To meet temporary rehousing needs the Commission will keep 6 units that are now currently vacant off-market and add one vacant unit per month starting in March 2010 to off-market status. By October 2010 there should be at least 13 vacant units available for temporary housing.

The Commission is confident to have at least 12 units available onsite for use as temporary housing, however as a precaution, a resource study was conducted by OPC in December 2009 to identify available comparable, decent, safe and sanitary units, in close proximity to the Project site which could be used as temporary housing if needed. The survey identified two very close (less than a ½ mile from the Hotel Sandford) SRO hotels (the Centre City Manor and the Plaza Hotel) which offer weekly rates which could be used as temporary housing. The rates quoted by these two hotels were \$225 and \$228 per week.

The resource study also surveyed available comparable, decent, safe and sanitary dwellings in the Downtown area for permanent rehousing of the tenant who may be permanently displaced. The survey identified 13 units with rents ranging from \$575 to \$900 per month with a median rent of \$736 per month.

Based on the results of the resource survey, an adequate number of available units were found to meet Project temporary and permanent rehousing requirements.

D. CONCURRENT RESIDENTIAL DISPLACEMENT

There are no known projects now, or planned in the immediate future, which will impact negatively upon the efforts and ability to temporarily and permanently relocate Project tenants.

E. PROGRAM ASSURANCES AND STANDARDS

There are adequate funds to relocate all the tenants. Services will be provided to ensure that displacement does not result in different or separate treatment of tenants based on race, color, religion, national origin, gender, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VII of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the California Fair Employment & Housing Act, and the Unruh Act, as well as any other arbitrary or unlawful discrimination.

No tenant will be temporarily displaced without reasonable advance written notice and unless temporary replacement housing can be located. No tenant will be permanently displaced without 90 days written notice and unless comparable replacement housing can be located. Comparable housing includes standards such as: decent, safe, and sanitary (as defined in the governing laws and implementing regulations); comparable as to the number of bedrooms, living space, and type and quality of construction of the tenant's current unit but not lesser in rooms or living space than necessary to accommodate the displaced tenant; in an area that does not have unreasonable environmental conditions; not generally less desirable than the acquired unit with respect to location to schools, employment, health and medical facilities, and other public and commercial facilities and services.

The relocation program to be implemented by the Commission conforms with the governing laws and implementing regulations.

F. RELOCATION ASSISTANCE PROGRAM

OPC staff is available to assist the displaced tenants with questions about relocation and/or assistance in relocating. Relocation staff can be contacted at (619) 688-7980 from 8:30 a.m. to 5:00 p.m. Monday through Friday and also available on-site by appointment. The Relocation Office is located at 438 Camino Del Rio South, Suite 213, San Diego, CA 92103.

A comprehensive relocation assistance program, with technical and advisory assistance, will be provided to the tenants being displaced. Close contact will be maintained with each tenant. Specific activities will include:

1. To distribute written information concerning the Commission's permanent relocation programs (please see **Exhibit 3**) to each displacee and to fully inform eligible project displacees of the nature of, and procedures for, obtaining relocation assistance and benefits;
2. To distribute written information concerning the Commission's temporary relocation program to each displacee and to fully inform eligible project displacees of the nature of, and procedures for, obtaining relocation assistance and benefits;
3. To distribute timely notices informing tenants of the proposed Project and benefits tenants may be eligible to receive. These notices (where applicable) may include a General Information Notice, Notice of Non-Displacement and a Relocation Notice;
4. To determine the needs of each residential displacee eligible for assistance;
5. To provide assistance that does not result in different or separate treatment due to race, color, religion, national origin, sex, sexual orientation, marital status or other arbitrary circumstances;
6. To assist each eligible person to complete applications for benefits.
7. To make relocation benefit payments in accordance with the governing laws and implementing regulations where applicable;
8. To inform all persons subject to displacement of the Commission's policies with regard to eviction and property management; and,
9. To establish and maintain a formal grievance procedure for use by displaced persons seeking administrative review of the Commission's decisions with respect to relocation assistance.

Because of the nature of a permanent displacement, the following services will be provided to permanently displaced tenants in addition to those outlined above:

1. To provide an adequate number of referrals.
2. To provide current and continuously updated information concerning replacement housing opportunities.

G. CITIZEN PARTICIPATION

Copies of this Plan will be provided to the tenants for review and comment.

The Commission will ensure the following:

1. Full and timely access to documents relevant to the relocation program;
2. Providing technical assistance necessary to interpret elements of the relocation program and other pertinent materials;
3. A general notice of this Plan shall be provided to all displacees of the proposed project. This Plan shall be made available for circulation for information and review by interested citizen groups, state and county agencies, and all persons affected by the project;
4. The Plan will be reviewed to ensure that it is feasible; and complies with locally-adopted rules and regulations governing relocation.

H. RELOCATION BENEFIT CATEGORIES

Benefits will be provided in accordance with the governing laws and implementing regulations. Benefits will be paid upon submission of required claim forms and documentation in accordance with approved procedures. The Commission will provide appropriate temporary and permanent benefits for the displacees as required by the governing laws and implementing regulations.

Temporary Relocation Benefits

In accordance with the governing laws and implementing regulations the Commission will reimburse each tenant for reasonable out of pocket expenses incurred in connection with the temporary move. The Commission will use onsite vacant rooms for temporary housing and anticipates that reasonable expenses incurred in connection to the move will be limited to the cost to move each tenant's personal belongings from their current room to another vacant room in the same building and relocate the tenant's personal belongings back to the rehabilitated room once the improvements have been completed. Additional reasonable expenses may include the cost to transfer any service being provided to a tenant's room to the temporary room and back to the original room. These room services may include a telephone connection, internet service

connection or other similar services being provided to the tenant's room. If the Commission is unable to temporarily house tenants onsite, the reasonable increased housing cost for comparable off site housing will be reimbursed by the Commission.

The Commission will pay reasonable costs in connection with the move to temporary housing. Temporarily displaced tenants may receive compensation, based on a schedule developed by the Commission, to move their personal property to the temporary unit and back to their original unit. Additionally, tenants may submit a claim for reimbursement for any other reasonable and eligible increased costs and/or expenses due to the temporary move (transfer of telephone service). These claims must be supported with appropriate documentation; receipts/invoices are considered appropriate documentation.

Permanent Relocation Benefits

1. Residential Moving Expense Payments

Permanently displaced tenants will be eligible to receive a payment for moving expenses. The payment will be made based upon either a fixed room count schedule or an invoice for actual reasonable moving expenses from a licensed professional mover.

- a) Fixed Payment - A fixed payment for moving expenses based on the number of rooms containing furniture or other personal property to be moved. The fixed moving payment will be based upon the most recent Federal Highway Administration schedule maintained by the California Department of Transportation. Please see **Exhibit 4** for the current fixed moving payment schedule.

- OR -

- b) Actual Reasonable Moving Expense Payments - The displaced tenants may elect to have a licensed, professional mover perform the move; if so, the Commission will pay for the actual cost of the move up to 50 miles and all reasonable charges for packing, unpacking, insurance, and utility connection charges. The payment will be made directly to the mover or as a reimbursement to the displaced tenants.

2. Rental Assistance/Down Payment Assistance for Tenants

A tenant displaced from a dwelling may be entitled to a Replacement Housing Payment in the form of rental or downpayment assistance not-to-exceed \$5,250 (prior to consideration of eligibility for Last Resort Housing benefits - see Last Resort Housing), if the displacee:

- (1) Has actually and lawfully occupied the displacement dwelling for at least 90 days immediately prior to the initiation of negotiations; and
- (2) Has rented, or purchased, and occupied a decent, safe, and sanitary replacement dwelling within one year (unless the Commission extends this

period for good cause) after the date he or she moves from the displacement dwelling.

Rental/Downpayment Assistance payment amounts are equal to 42 times the difference between the base monthly rent and the lesser of:

- (i) The monthly rent and estimated average monthly cost of utilities for a comparable replacement dwelling; or
- (ii) The monthly rent and estimated average monthly cost of utilities for the decent, safe, and sanitary replacement dwelling actually occupied by the displaced person.

The base monthly rent for the displacement dwelling is the lesser of:

- (i) The average monthly cost for rent and utilities at the displacement dwelling for a reasonable period prior to displacement, as determined by the Commission; or
- (ii) Thirty percent (30%) of the displaced person's average, monthly gross household income if the amount is classified as "low income" by the HUD Annual Survey of Income Limits. If a displacee refuses to provide appropriate evidence of income, the base monthly rent shall be determined to be the average monthly cost for rent and utilities at the displacement dwelling; or
- (iii) The total of the amount designated for shelter and utilities if receiving a welfare assistance payment from a program that designated such amounts.

Please see **Exhibit 5** for an example of a rental assistance payment computation.

Displacees otherwise eligible to receive a Rental Assistance Payment as previously described, may choose to utilize the full amount of their rental assistance eligibility amount (including Last Resort benefits) to purchase a home. Such payments shall be deposited directly to an escrow account with provisions that allow the Commission to recover its funds should the escrow be cancelled or not proceed in a timely manner.

3. Last Resort Housing

There is adequate comparable replacement housing to meet the needs of the displaced tenants. However, a combination of factors, including the income level of the Project tenant, Project rent, and the high cost of replacement units, may create the need for a Last Resort Housing Payment.

Last Resort Housing payments are authorized by statute if affordable comparable replacement housing cannot be located for the displaced tenant (i.e., housing renting for not more than 30% of the tenant's gross monthly income). In this case, payments may be

made beyond the \$5,250 statutory cap up to forty-two (42) months' worth of rental assistance. Any supplemental increment beyond \$5,250 will be paid in installments.

If the tenant chooses to purchase a replacement home rather than rent, the tenant will have the right to request a lump sum payment of the entire balance for use as a down-payment toward the purchase of a comparable replacement dwelling.

I. PAYMENT OF RELOCATION BENEFITS

Claims and supporting documentation for relocation benefits must be filed with the Commission within eighteen (18) months from:

- The date the claimant moves from the acquired property; **or**,
- The date on which final payment for the acquisition of real property is made, whichever is later.

The procedure for the preparation and filing of claims and the processing and delivery of payments will be as follows:

1. Claimant(s) will provide all necessary documentation to substantiate eligibility for assistance.
2. Assistance amounts will be determined in accordance with the provisions of the governing laws and implementing regulations.
3. Required claim forms will be prepared by relocation personnel in conjunction with claimant(s). Signed claims and supporting documentation will be submitted by relocation personnel to the Commission.
4. The Commission will review and approve claims for payment or request additional information.
5. The Commission will issue benefit checks which will be available for pick-up or delivery, unless circumstances dictate otherwise.
6. Final payments will be issued after confirmation that the Project area premises have been completely vacated and actual residency at the replacement unit is verified or when tenants return to their original room.
7. Receipts of payment will be obtained and maintained in the relocation case file.

The affected tenants will not be displaced until comparable housing is located. Relocation staff will inspect any replacement units to which referrals are made to verify that they meet all the standards of a decent, safe, and sanitary unit.

J. RELOCATION TAX CONSEQUENCES

No relocation payment received by any person shall be considered as income for the purposes of the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax Law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. The above statement on tax consequences is not intended to be provision of tax advice by the Commission, its Agents, Consultants or Assigns. Displacees are encouraged to consult with their own tax advisors concerning the tax consequences of relocation payments.

K. APPEALS POLICY

The appeals policy will comply with standards described in the governing laws and implementing regulations. Briefly stated, displacees will have the right to ask for a review, when there is a complaint regarding any of its rights to relocation and relocation assistance, as to:

1. eligibility;
2. the amount of payment;
3. the failure to provide comparable replacement housing referrals; or,
4. the Commission's property management practices.

L. EVICTION POLICY

Eviction by the Commission is permissible only as a last alternative. With the exception of persons considered to be in unlawful occupancy, a displaced person's eviction does not affect eligibility for relocation assistance and benefits. Relocation records must be documented to reflect the specific circumstances surrounding the eviction.

Eviction may be undertaken only for one or more of the following reasons:

1. Failure to pay rent, except in those cases where the failure to pay is due to the lessor's failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or is the result of discontinuation or substantial interruption of services;
2. Performance of a dangerous, illegal act in the unit;
3. Material breach of the rental agreement and failure to correct breach within 30 days of notice;

4. Maintenance of a nuisance, and failure to abate within a reasonable time following notice;
5. Refusal to accept replacement housing;
6. A requirement under State or local law or emergency circumstances that cannot be prevented by reasonable efforts on the part of the public entity.

M. PROJECTED TIME-LINE/DATES OF DISPLACEMENT

The Commission contemplates that the relocation process will commence in October 2010 and be completed by July 2011.

N. ESTIMATED RELOCATION COSTS

The total budget estimate for relocation-related payments for this Project, including a 15 percent contingency, is **\$48,300**. This estimate assumes that there will be one permanently displaced tenant and 115 temporarily displaced tenants.

The estimated relocation budget does not include any payments related to property acquisition. In addition, the budget does not consider the cost of any services necessary to implement the Plan and complete the relocation element of the Project.

If the Project is implemented, and circumstances arise that should change either the number of residential tenants, or the nature of their activity, the Commission will authorize any additional funds that may need to be appropriated. The Commission pledges to appropriate, on a timely basis, the funds necessary to ensure the successful completion of the Project, including funds necessary for last resort housing, to meet its obligation under the relocation regulations.

EXHIBIT 1: Regional and Project Site Maps

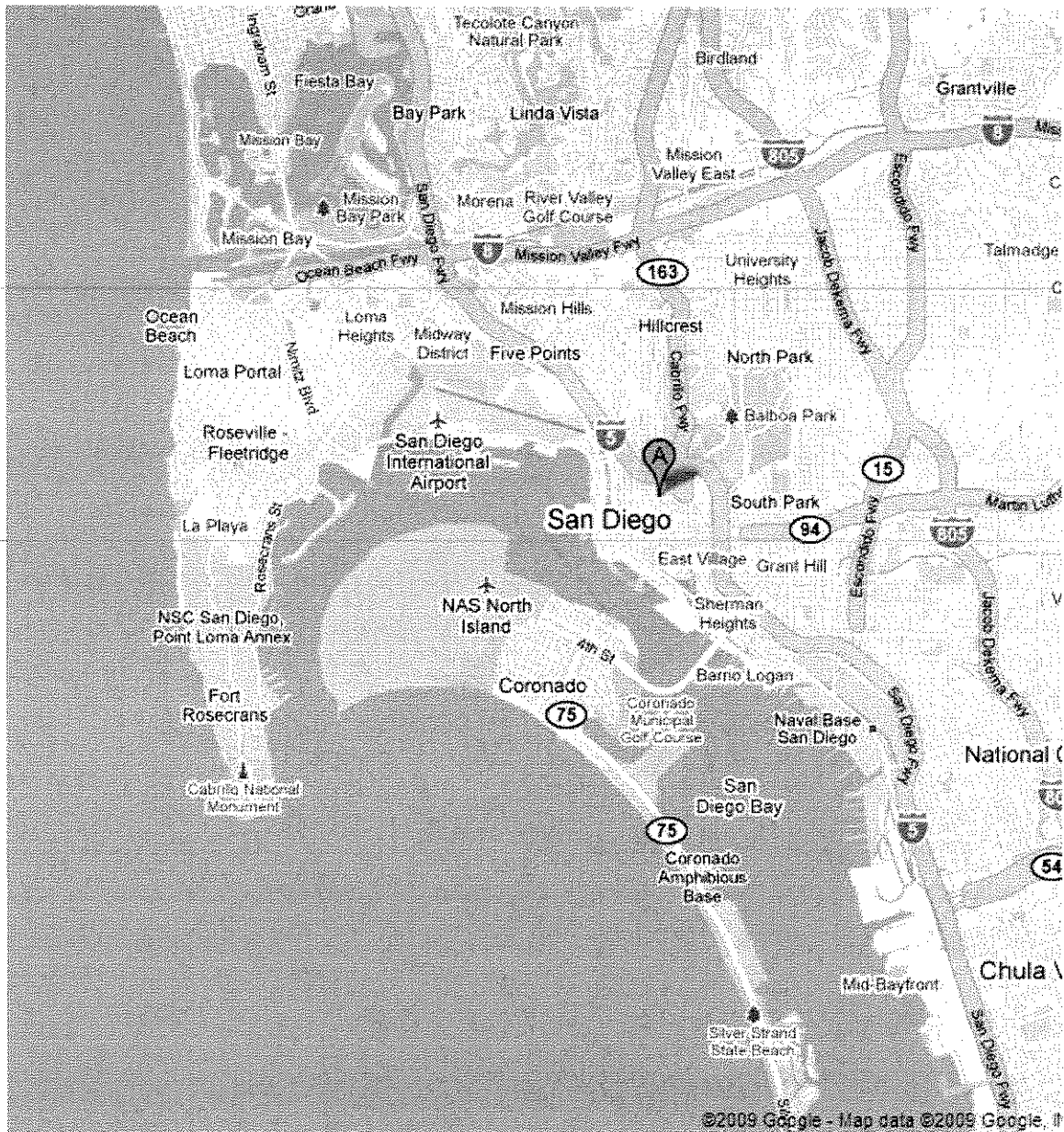


Figure 1: Regional Site Location



Figure 2: Project Site Location

EXHIBIT 2: HCD Income Limits

The following figures are approved by the California Department of Housing and Community Development (HCD) for use in the County of San Diego to define and determine housing eligibility by income level.

Area Median: \$74,900					
Family Size	Extremely Low	Very Low	Lower	Median	Moderate
1 Person	17,350	28,900	46,250	52,450	62,950
2 Person	19,850	33,050	52,900	59,900	71,900
3 Person	22,300	37,150	59,500	67,400	80,900
4 Person	24,800	41,300	66,100	74,900	89,900
5 Person	26,800	44,600	71,400	80,900	97,100
6 Person	28,750	47,900	76,700	86,900	104,300
7 Person	30,750	51,200	81,950	92,900	111,500
8 Person	32,750	54,500	87,250	98,850	118,650

Figures are per the Department of Housing and Community Development (California), Division of Housing Policy Development, effective April 2, 2009.

EXHIBIT 3: Relocation Assistance Informational Statement
(Begins next page)

Relocation Assistance Informational Statement for Families and Individuals

(CA State)

Displacing Agency:
San Diego Housing Commission

Project Name:
Hotel Sandford

Displacing Agency Representative:



**Overland, Pacific & Cutler, Inc.
438 Camino Del Rio South Suite 213
San Diego, CA 92108
Phone: (619) 688-7980**

Informational Statement Content:

1. General Information
2. Assistance In Locating A Replacement Dwelling
3. Moving Benefits
4. Replacement Housing Payment - Tenants And Certain Others
5. Section 8 Tenants
6. Replacement Housing Payment – Homeowners
7. Qualification For And Filing Of Relocation Claims
8. Last Resort Housing Assistance
9. Rental Agreement
10. Evictions
11. Appeal Procedures – Grievance
12. Tax Status of Relocation Benefits
13. Non-Discrimination and Fair Housing
14. Additional Information And Assistance Available

Spanish speaking representatives are available. Si necesita esta información en español, por favor llame a su representante.

Informational Statement for Families and Individuals

(CA State)

1. GENERAL INFORMATION

The dwelling in which you now live is in a project area to be improved by, or financed through, the Displacing Agency using state and/or local funds. If and when the project proceeds, and it is necessary for you to move from your dwelling, you may be eligible for certain benefits. You will be notified in a timely manner as to the date by which you must move. Please read this information, as it will be helpful to you in determining your eligibility and the amount of the relocation benefits you may receive under the state law. You will need to provide adequate and timely information to determine your relocation benefits. The information is voluntary, but if you don't provide it, you may not receive the benefits or it may take longer to pay you. We suggest you save this informational statement for reference.

The Displacing Agency has retained the professional firm of **Overland, Pacific & Cutler, Inc. (OPC)** to provide relocation assistance to you. The firm is available to explain the program and benefits. Their address and telephone number is listed on the cover.

PLEASE DO NOT MOVE PREMATURELY. THIS IS NOT A NOTICE TO VACATE YOUR DWELLING. However, if you desire to move sooner than required, you must contact your representative with Overland, Pacific & Cutler, Inc., so you will not jeopardize any benefits. This is a general informational brochure only, and is not intended to give a detailed description of either the law or regulations pertaining to the Displacing Agency's relocation assistance program.

Please continue to pay your rent to your current landlord, otherwise you may be evicted and jeopardize the relocation benefits to which you may be entitled to receive. Once the Displacing Agency acquires the property, you will also be required to pay rent to the Displacing Agency.

2. ASSISTANCE IN LOCATING A REPLACEMENT DWELLING

The Displacing Agency, through its representatives, will assist you in locating a comparable replacement dwelling by providing referrals to appropriate and available housing units. You are encouraged to actively seek such housing yourself.

When a suitable replacement dwelling unit has been found, your relocation consultant will carry out an inspection and advise you as to whether the dwelling unit meets decent, safe and sanitary housing requirements. A decent, safe and sanitary housing unit provides adequate space for its tenants, proper weatherproofing and sound heating, electrical and plumbing systems. Your new dwelling must pass inspection before relocation assistance payments can be authorized.

3. MOVING BENEFITS

If you must move as a result of displacement by the Displacing Agency, you will receive a payment to assist in moving your personal property. The actual, reasonable and necessary expenses for moving your household belongings may be determined based on the following methods:

- A Fixed Moving Payment based on the number of rooms you occupy (see below); **or**
- A payment for your Actual Reasonable Moving and Related Expenses based on at least two written estimates and receipted bills; **or**
- A combination of both (in some cases).

For example, you may choose a Self Move, receiving a payment based on the Fixed Residential Moving Cost Schedule shown below, plus contract with a professional mover to transport your grand piano and /or other items that require special handling. In this case, there may be an adjustment in the number of rooms which qualify under the Fixed Residential Moving Cost Schedule.

A. Fixed Moving Payment

A Fixed Moving Payment is based upon the number of rooms you occupy and whether or not you own your own furniture. The payment is based upon a schedule approved by the Displacing Agency, and ranges, for example, from \$400.00 for one furnished room to \$2,150.00 for eight rooms in an unfurnished dwelling. (For details see the table). Your relocation representative will inform you of the amount you are eligible to receive, if you choose this type of payment.

If you select a fixed payment, you will be responsible for arranging for your own move, and the Displacing Agency will assume no liability for any loss or damage of your personal property. A fixed payment also includes utility hook-up, credit check and other related moving fees.

**Fixed Moving Schedule
CALIFORNIA
Effective 6-15-2005**

Occupant Owns Furniture:

1 room	\$625
2 rooms	\$800
3 rooms	\$1,000
4 rooms	\$1,175
5 rooms	\$1,425
6 rooms	\$1,650
7 rooms	\$1,900
8 rooms	\$2,150
Each additional room	\$225

Occupant does NOT Own Furniture:

1 room	\$400
Each additional room	\$65

B. Actual Moving Expense (Professional Move)

If you wish to engage the services of a licensed commercial mover and have the Displacing Agency pay the bill, you may claim the ACTUAL cost of moving your personal property up to 50 miles. Your relocation representative will inform you of the number of competitive moving bids (if any) which may be required, and assist you in developing a "mover" scope of services for Displacing Agency approval.

4. REPLACEMENT HOUSING PAYMENT - TENANTS AND CERTAIN OTHERS

You may be eligible for a payment of up to \$5,250.00 to assist you in renting or purchasing a comparable replacement dwelling. In order to qualify, you must either be a tenant who has occupied the present dwelling for at least 90 days prior to the initiation of negotiations or an owner who has occupied the present dwelling between 90 and 180 days prior to the initiation of negotiations.

- A. Rental Assistance.** If you qualify, and **wish to rent** your replacement dwelling, your maximum rental assistance benefits will be based upon the difference over a forty-two (42) month period between the rent you must pay for a comparable replacement dwelling and the lesser of your current rent and estimated utilities or thirty percent (30%) of your gross monthly household income. You will be

required to provide your relocation representative with monthly rent and household income verification prior to the determination of your eligibility for this payment.

- OR -

- B. **Down-payment Assistance.** If you qualify, and **wish to purchase** a home as a replacement dwelling, you can apply up to the total amount of your rental assistance payment towards the down-payment and non-recurring incidental expenses. Your relocation representative will clarify procedures necessary to apply for this payment.

5. SECTION 8 TENANTS

When you do move, you may be eligible to transfer your Section 8 eligibility to a replacement site. In such cases, a comparable replacement dwelling will be determined based on your family composition at the time of displacement and the current housing program criteria. This may not be the size of the unit you currently occupy. Your relocation representative will provide counseling and other advisory services along with moving benefits.

6. REPLACEMENT HOUSING PAYMENT - HOMEOWNERS

- A. If you own and occupy a dwelling to be purchased by the Displacing Agency for **at least 180 days** prior to the initiation of negotiations, you may be eligible to receive a payment of up to \$22,500.00 to assist you in purchasing a comparable replacement unit. This payment is intended to cover the following items:
1. **Purchase Price Differential** - An amount which, when added to the amount for which the Displacing Agency purchased your property, equals the lesser of the actual cost of your replacement dwelling; **or** the amount determined by the Displacing Agency as necessary to purchase a comparable replacement dwelling. Your relocation representative will explain both methods to you.
 2. **Mortgage Interest Differential** - The amount which covers the increased interest costs, if any, required to finance a replacement dwelling. Your relocation representative will explain limiting conditions.
 3. **Incidental Expenses** - Those one time incidental costs related to purchasing a replacement unit, such as escrow fees, recording fees, and credit report fees. Recurring expenses such as prepaid taxes and insurance premiums are not compensable.
- B. **Rental Assistance Option** - If you are an owner-occupant and choose to rent rather than purchase a replacement dwelling, you may be eligible for a rental assistance payment of up to the amount that you could have received under the Purchase Price Differential, explained above. The payment will be based on the difference between an economic rent of the dwelling you occupy and the rent you must pay for a comparable replacement dwelling.

If you receive a rental assistance payment, as described above, and later decide to purchase a replacement dwelling, you may apply for a payment equal to the amount you would have received if you had initially purchased a comparable replacement dwelling, less the amount you have already received as a rental assistance payment.

7. QUALIFICATION FOR, AND FILING OF, RELOCATION CLAIMS

To qualify for a Replacement Housing Payment, you must rent or purchase and occupy a comparable replacement unit **within one year from the following:**

- For a tenant, the date you move from the displacement dwelling.
- For an owner-occupant, the latter of:
 - a. The date you receive final payment for the displacement dwelling, or, in the case of condemnation, the date the full amount of estimated just compensation is deposited in court,; or
 - b. The date you move from the displacement dwelling.

All claims for relocation benefits must be filed with the Displacing Agency **within eighteen (18) months** from the date on which you receive final payment for your property, or the date on which you move, whichever is later.

8. LAST RESORT HOUSING ASSISTANCE

If comparable replacement dwellings are not available when you are required to move, or if replacement housing is not available within the monetary limits described above, the Displacing Agency will provide Last Resort Housing assistance to enable you to rent or purchase a replacement dwelling on a timely basis. Last Resort Housing assistance is based on the individual circumstances of the displaced person. Your relocation representative will explain the process for determining whether or not you qualify for Last Resort assistance.

If you are a tenant, and you choose to purchase rather than rent a comparable replacement dwelling, the entire amount of your rental assistance and Last Resort eligibility must be applied toward the down-payment and eligible incidental expenses of the home you intend to purchase.

9. RENTAL AGREEMENT

As a result of the Displacing Agency's action to purchase the property where you live, you may become a tenant of the Displacing Agency. If this occurs, you will be asked to sign a rental agreement which will specify the monthly rent to be paid, when rent payments are due, where they are to be paid and other pertinent information.

10. EVICTIONS

Any person, who occupies the real property and is not in unlawful occupancy, is presumed to be entitled to relocation benefits. Except for the causes of eviction set forth below, no person lawfully occupying property to be purchased by the Agency will be required to move without having been provided with at least 90 days written notice from the Agency. Eviction will be undertaken only in the event of one or more of the following reasons:

- Failure to pay rent; except in those cases where the failure to pay is due to the lessor's failure to keep the premises in habitable condition, is the result of harassment or retaliatory action or is the result of discontinuation or substantial interruption of services;

- Performance of dangerous illegal act in the unit;
- Material breach of the rental agreement and failure to correct breach within the legally prescribed notice period;
- Maintenance of a nuisance and failure to abate within a reasonable time following notice;
- Refusal to accept one of a reasonable number of offers of replacement dwellings; or
- The eviction is required by State or local law and cannot be prevented by reasonable efforts on the part of the public entity.

11. APPEAL PROCEDURES - GRIEVANCE

Any person aggrieved by a determination as to eligibility for a relocation payment, or the amount of a payment, may have the claim reviewed or reconsidered in accordance with the Displacing Agency's appeals procedure. Complete details on appeal procedures are available upon request from the Displacing Agency.

12. TAX STATUS OF RELOCATION BENEFITS

California Government Code Section 7269 indicates no relocation payment received shall be considered as income for the purposes of the Personal Income Tax Law, Part 10 (commencing with Section 170 01) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. Furthermore, federal regulations (49 CFR Part 24, Section 24.209) also indicate that no payment received under this part (Part 24) shall be considered as income for the purpose of the Internal Revenue Code of 1954, which has been redesignated as the Internal Revenue Code of 1986. No federal dollars are anticipated for this project. Therefore, federal regulations may not apply and the IRS may consider relocation payments as income. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

(IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting marketing or recommending to another party any matters addressed herein)

13. NON-DISCRIMINATION AND FAIR HOUSING

No person shall on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Displacing Agency's relocation assistance program pursuant to Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and other applicable state and federal anti-discrimination and

fair housing laws. You may file a complaint if you believe you have been subjected to discrimination. For details contact the Displacing Agency.

14. ADDITIONAL INFORMATION AND ASSISTANCE AVAILABLE

Those responsible for providing you with relocation assistance hope to assist you in every way possible to minimize the hardships involved in relocating to a new home. Your cooperation will be helpful and greatly appreciated. If you have any questions at any time during the process, please do not hesitate to contact your relocation representative at Overland, Pacific & Cutler.

EXHIBIT 4: Schedule of Fixed Moving Payments

Schedule of Fixed Moving Payments									
Unfurnished Dwelling (Tenant Owned Furniture)									
Room Count	1	2	3	4	5	6	7	8	Each Additional
Amount	\$625	\$800	\$1,000	\$1,175	\$1,425	\$1,650	\$1,900	\$2,150	\$225
Furnished Dwelling (Landlord Owned Furniture)									
Room Count	1	Each Additional							
Amount	\$400	\$65							

Payment is limited to \$100 if the person has minimal possessions and occupies a dormitory style room or if the person's move is performed by an agency at no cost to the person.

Source: The Federal Highway Administration (effective 8/22/2008)

EXHIBIT 5: Computation of Rental Assistance Payment

Computation of Rental Assistance Payments		
1. Old Rent	\$650	Old Rent, plus Utility Allowance
or		
2. Ability to Pay	\$700	30% of the Gross Household Income*
3. Lesser of lines 1 or 2	\$650	Base Monthly Rental
Subtracted From:		
4. Actual New Rent	\$750	Actual New Rent including Utility Allowance
or		
5. Comparable Rent	\$775	Determined by the Commission; includes Utility Allowance
6. Lesser of lines 4 or 5	\$750	
7. Yields Monthly Need:	\$100	Subtract line 3 from line 6
Rental Assistance	\$4,200	Multiply line 7 by 42 months

* Gross income means the total annual income of an individual less the following: (1) a deduction of \$500 for each dependent in excess of three; (2) a deduction of 10% of total income for the elderly or disabled head of household; (3) a deduction for recurring extraordinary medical expenses defined for this purpose to mean medical expenses in excess of 3% of total income, where not compensated for, or covered by insurance or other sources; (4) a deduction of reasonable amounts paid for the care of children or sick or incapacitated family members when determined to be necessary to employment of the head of household or spouse, except that the amount deducted shall not exceed the amount of income received by the person who would not otherwise be able to seek employment in the absence of such care.