



Located at 3783 – 3825 Florida Street within the North Park Redevelopment Project Area, the Arbor Crest site is less than one block south of public transportation access and retail services on University Avenue and within walking distance of a grocery store, a pharmacy, schools, and a recreation area (see Attachment 1). The owner and seller is Northcrest Partners, LLC represented by Mr. Mike Kootchick and Mr. Chris LaFornara. The seller previously obtained a development permit to construct 71 condominium units on the property.

The proposed construction would cost approximately \$19 million including architect fees, engineering fees, and a contingency. The scope of work includes subterranean parking, energy conservation systems, and the implementation of “green” building technologies such as on-site generation of electrical power utilizing photovoltaic panels, and water conservation measures.

Arbor Crest would provide 15 one-bedroom units, 41 two-bedroom units, and 26 three-bedroom units. One two-bedroom unit reserved for occupancy by a resident manager would not be rent restricted. The Housing Commission would record 55-year rent and occupancy restrictions against the property establishing affordability of 63 units to households with annual incomes of 50 percent or less of Area Median Income (currently \$35,500 for a three-person household) and 19 units to households with incomes at 60 percent or less of Area Median Income (currently \$42,660 for a three-person household). The actual rents would be calculated to meet the more stringent tax credit requirements and, as a result, would be affordable to tenants with incomes as low as 31 percent of Area Median Income. The proposed rent structure is outlined in detail in the San Diego Housing Commission General Application Form (see Attachment 4).

A permanent loan of up to \$5.7 million from the Housing Commission would fund acquisition of the property. Construction would not proceed until the developer receives a construction loan and nine-percent tax credit financing. The land would provide security for the \$5.7 million Housing Commission loan and ensure the use of the property for affordable housing. However, there is a possibility that after the Housing Commission loan is funded the developer may not receive an allocation of tax credits or otherwise obtain adequate financing. Should this occur, CHW is unlikely to have adequate resources to repay the loan and would deed the land to the Housing Commission.

This development would require the relocation of approximately fifteen households and removal of fifteen existing structures from the one-acre site. Because the existing residential improvements on the site were deemed to have insignificant historical value and are in poor condition, their demolition would be a benefit to the surrounding neighborhood and contribute to meeting the objectives of the City’s Redevelopment Plan.

Under Federal Law, CHW's relocation consultant would conduct tenant interviews and administer advisory services and monetary compensation to the displaced households. CHW budgeted \$300,000 for relocation and \$58,500 for relocation consultant fees. The seller agreed to pay any relocation costs above \$300,000 up to a total of \$500,000. In the event that CHW defaults on the Housing Commission loan agreement prior to completion of relocation, the Housing Commission may be responsible for relocation of the households and any associated costs.

In 2006, the Housing Commission made a \$6.7 million loan to Arbor Terrace, LP for the new 71-unit Arbor Terrace development adjacent to the Arbor Crest site. Arbor Terrace, scheduled for completion early next year, will be affordable rental housing for low-income families. Because of the high demand for affordable rental housing in San Diego, Arbor Crest is not likely to experience significant market competition from Arbor Terrace. CHW is in contact with Los Angeles-based Advanced Development & Investment, Inc., the developer of Arbor Terrace, regarding preferential placement of eligible residents of the development site to the waiting list for units at Arbor Terrace.

Arbor Crest's tenants would be provided with access to services tailored to their specific needs. CHW's resident services staff would include a part-time services coordinator assigned to the property. CHW works to enhance the lives of the residents of its facilities by offering training in economic self-sufficiency, first-time homebuyer skills, after-school tutoring for children, computer classes, and other educational activities. In support of the neighborhood, CHW would explore the benefits of Arbor Crest's proximity to their Alabama Manor senior housing facility by encouraging the establishment of intergenerational support programs such as senior mentors for youth and youth outreach to seniors. CHW would contract with a professional firm to provide day-to-day property management for the complex.

#### FISCAL CONSIDERATIONS:

The \$5.7 million sales price for the property is equal to the appraised value. Housing Commission participation would be in the form of a 55-year receipts loan of up to \$5.7 million at three percent (3%) simple interest per year. A 55-year, three percent simple interest residual receipts loan of \$3.8 million from the Redevelopment Agency would be subordinate to the Housing Commission loan.

Financing at acquisition would consist of the \$5.7 million permanent loan from the Housing Commission and a \$3.8 million permanent loan from the Redevelopment Agency. The Redevelopment Agency would make an unsecured funding of approximately \$550,500 at closing to fund title fees, escrow fees, relocation, and demolition costs. The Housing Commission loan would fund at closing to pay the cost of the land and would be secured by the value of the property. Upon funding of the Housing Commission loan, CHW will not have obtained a tax

credit allocation or other financing necessary to construct the project. The following table outlines the estimated sources of funding for acquisition:

<b>Acquisition Sources</b>	<b>Amount</b>	<b>Terms</b>
Housing Commission Loan	\$ 5,700,000	55 yrs. @ 3% simple interest; residual receipts
Redevelopment Agency Loan	\$ 550,500	55 yrs. @ 3% simple interest; residual receipts
<b>Total</b>	<b>\$ 6,250,500</b>	

The estimated total development cost is \$31,053,300 including site acquisition, predevelopment costs, building construction, contractor overhead and fees, and a developer fee (a detailed analysis of project costs is included in Attachment 4).

Permanent financing would consist of a secured first position loan from a private lender, the Housing Commission loan in second position, the Redevelopment Agency loan in third position, equity from the sale of nine-percent Low Income Housing Tax Credits, cash from energy efficiency rebates, and utility deposit refunds. Upon completion of permanent financing, the borrower would be a tax credit limited partnership formed by CHW with Arbor Crest as its sole asset. The following table summarizes the estimated sources of permanent financing outlined in Attachment 4:

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>
Institutional Loan	\$ 4,350,000	35 yrs. / 6.75% interest; amortized
Housing Commission Loan	\$ 5,700,000	55 yrs. / 3% simple interest; residual receipts
Redevelopment Agency Loan	\$ 3,800,000	55 yrs. / 3% simple interest; residual receipts
Tax Credit Equity	\$16,998,300	
Energy Efficiency Rebates	\$ 205,000	
<b>Total Development Cost</b>	<b>\$31,053,300</b>	

At the end of the first full year of the project, the borrower would retain 50 percent (50%) of the residual receipts and the remaining 50 percent (50%) would be used to make annual payments on the Housing Commission and Redevelopment Agency loans in pro-rata shares based upon their percentage of participation in the public financing of the project (30 percent to the Housing Commission and 20 percent to the Redevelopment Agency). However, the borrower would be required to make an annual minimum payment to the Housing Commission of \$2,376 based upon 30 percent of the estimated residual receipts at the end of the first full year. In the event that residual receipts are less than (fall below) the established required minimum annual payment, then the Housing Commission would take up to 80 percent (80%) of the residual receipts of the project to satisfy the minimum payment requirements.

Unpaid principal and interest on the Housing Commission loan would be due and payable upon refinancing or maturity of the first position loan, whichever occurs first. The Housing Commission would obtain an option to acquire the development should the borrower decline or otherwise be unable to secure the limited partnership interest at the end of the 15-year

tax credit period. The Housing Commission would acquire Arbor Crest through forgiveness of the principal and accrued interest of the Housing Commission loan, assumption or payoff of the senior loan and the subordinate loan, and payment of all project-related tax liability of the limited partner of the partnership.

CHW will submit a tax credit application in July of 2009. The Housing Commission's loan commitment would limit CHW to three tax credit rounds. If tax credit financing and construction financing are not closed within 24 months from the date of funding of the Housing Commission loan, all principal and interest shall be due and payable immediately in a balloon payment. However, the balloon payment may be deferred at the sole discretion of the President and Chief Executive Officer of the Housing Commission until title to the property can be transferred to the Housing Commission.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On October 21, 2008, the North Park Planning Committee voted to support this development. The community group will receive project progress updates from CHW.

ENVIRONMENTAL REVIEW:

Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under NEPA. If this activity requires compliance with NEPA, the project will undergo a combined review under NEPA and the California Environmental Quality Act (CEQA), with a joint EIR-EIS or Negative Declaration-Finding of No Significant Impact being prepared by the City of San Diego's Development Services Department.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders include CHW as the nonprofit developer and the Community of North Park. The project is expected to have a positive impact on the community because it will contribute to the quality of the surrounding neighborhood and provide much-needed rental housing affordable to low-income and very low-income families.

Date Issued: October 24, 2008

Loan for Arbor Crest

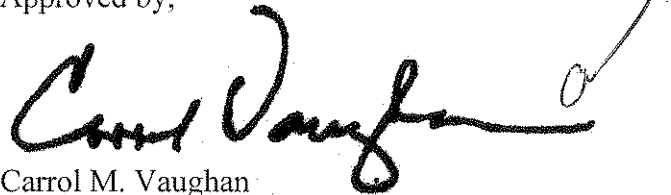
Page 6

Respectfully submitted,



Cissy Fisher  
Director of Housing Finance

Approved by,



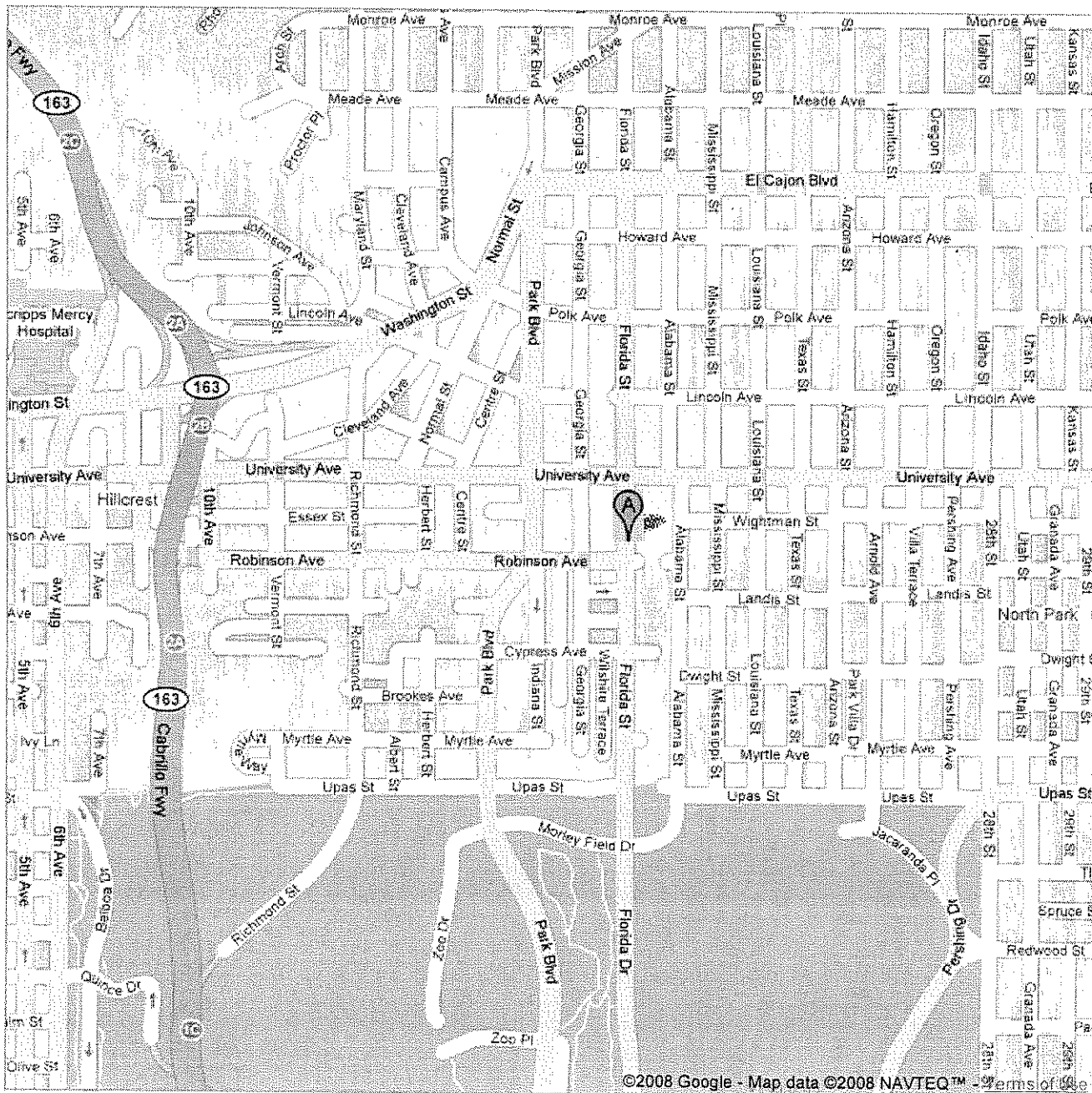
Carrol M. Vaughan  
Executive Vice President and Chief  
Operating Officer

- Attachments:
1. Location Map
  2. Development Summary
  3. Development Timeline
  4. General Application
  5. Developer Disclosure Statement \*
  6. Developer Financial Information \*
  7. Appraisal Summary
  8. Commitment Letter

\*Distribution of this attachment is limited. Hard Copies are 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. You may review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

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

Address 3783 Florida St  
San Diego, CA 92104



ATTACHMENT - 2

**DEVELOPMENT SUMMARY  
RENTAL HOUSING FOR LOW INCOME FAMILIES  
October 24, 2008**

Name: Arbor Crest  
Location: 3783 – 3825 Florida Street  
Description: Rental housing for low-income and very low-income families  
Sponsor: Community Housing Works

**Unit Affordability**

Total # of units: 83  
Assisted units: 82  
Restricted rents: 50 percent to 60 percent of Area Median Income (\$431 to \$1,061)  
Market rent: \$1,021 to \$1,484 per month  
Percent of AMI: occupancy of 63 units restricted at 50 percent or less of AMI  
occupancy of 19 units restricted at 60 percent or less of AMI  
  
Affordability: 55 years

**Development Cost**

Total development cost: \$ 31,053,300  
HC development cost: \$ 5,700,000  
Total development cost per unit: \$ 374,136 per unit / 83 units  
HC cost per unit: \$ 68,675 per unit / 83 units

**Permanent Sources of Funds**

Housing Commission Loan \$ 5,700,000  
Institutional Loan \$ 4,350,000  
Redevelopment Agency Loan \$ 3,800,000  
Tax Credit Equity \$16,998,300  
Energy Efficiency Rebates \$ 205,000

**Pro Forma Summary**

Estimated net operating income: \$ 349,800 (year 1)  
Estimated annual expense: \$ 408,733 (year 1)  
Annual debt service: \$ 324,379  
Annual reserves: \$ 24,900 (year 1)



ATTACHMENT - 3

**ARBOR CREST  
AFFORDABLE RENTAL HOUSING FOR FAMILIES  
ESTIMATED TIMELINE**

November 18, 2008	Loan to the Housing Authority for approval
December 22, 2008	Housing Commission loan closing
December 1, 2009	Start of Construction
September 30, 2010	Completion of Construction

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

Last revised: November 27, 2007

DATE: October 20, 2008

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

REQUEST FOR:  EARLY ASSISTANCE  PROJECT FUNDING \$ 5,700,000  
 TECHNICAL ASSISTANCE  PREDEVELOPMENT LOAN \$ \_\_\_\_\_  
  PROJECT SUPPORT GRANT \$ \_\_\_\_\_

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

PROJECT CONDITION:  UNIMPROVED SITE  RESIDENTIAL  COMMERCIAL  
YEAR BUILT: \_\_\_\_\_  EXISTING STRUCTURE  OTHER (DESCRIBE) redevelopment of existing parcels

PROJECT NAME: Arbor Crest  
ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
STREET CITY STATE ZIP  
LEGAL DESCRIPTION: 7-18 257 University Heights 453-012-0200 thru 1000 8.00  
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL:  DEED  OPTION  OTHER (DESCRIBE) \_\_\_\_\_  
DWELLING UNITS: 15 42 26 83 177  
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS  
HC Assisted Units: 15 41 26 82 175  
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS

EXISTING USES OF PROPERTY: single-family and multi-family residential

DESCRIPTION OF PROPOSED PROJECT: 15 existing structures would be demolished and the site would be graded prior to construction of 83 units of multi-family housing with enclosed parking.  
NO. OF BUILDINGS: 1

APPLICANT/BORROWER:  
NAME: Community Housing Works CONTACT PERSON: Ms. Anne B. Wilson  
ADDRESS: 4305 University Avenue, Suite 550 San Diego CA 92105  
STREET CITY STATE ZIP  
TELEPHONE: (619) 282-6647 FAX NO. (619) 282-4145 E-mail address: awilson@chworks.org

LEGAL DESCRIPTION OF APPLICANT:  
 FOR PROFIT CORPORATION  NONPROFIT CORPORATION  PARTNERSHIP  INDIVIDUAL OWNER  
 CHDO  OTHER \_\_\_\_\_  
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 33-0317950

CURRENT OWNER/SELLER INFORMATION:  
NAME: Northcrest Partners, LLC LEGAL DESCRIPTION: Limited Liability Corporation  
ADDRESS: 4901 Morena Boulevard, Suite 121 San Diego CA 92117  
STREET CITY STATE ZIP  
TELEPHONE: (858) 273-8800 FAX NO. \_\_\_\_\_

ZONING: MR-800B COMMUNITY PLAN AREA: Area 17 - Greater North Park  
COUNCIL DISTRICT: 3 SCHOOL DISTRICT: San Diego Unified

\_\_\_\_\_  
SIGNATURE PRINT NAME TITLE DATE

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

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

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

PROJECT NAME: Arbor Crest  
 ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
ADDRESS CITY STATE ZIP  
 OWNERSHIP NAME: Community Housing Works DATE: October 20, 2008

1. Ms. June Collins Chair Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
605 Third Street (760) 942-5147  
STREET/PO BUSINESS TELEPHONE NO.  
Encinitas CA 92024  
CITY STATE ZIP  
PERCENT INTEREST

2. Ms. Karen Bucey Vice Chair Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
4269 Pepper Drive (619) 446-5318  
STREET/PO BUSINESS TELEPHONE NO.  
San Diego CA 92105  
CITY STATE ZIP  
PERCENT INTEREST

3. Mr. Steve Siemers Treasurer Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
12961 Caminito En Flor (760) 471-3060  
STREET/PO BUSINESS TELEPHONE NO.  
Del Mar CA 92014  
CITY STATE ZIP  
PERCENT INTEREST

4. Ms. Annie Stokes Secretary Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
4070 Kansas Street 108 (619) 584-7978  
STREET/PO BUSINESS TELEPHONE NO.  
San Diego CA 92104  
CITY STATE ZIP  
PERCENT INTEREST

5. Mr. Albert Graff Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
8561 Cliffridge Avenue (858) 452-3684  
STREET/PO BUSINESS TELEPHONE NO.  
La Jolla CA 92037  
CITY STATE ZIP  
PERCENT INTEREST

6. Mr. Christian F. Dick Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
10914 Ivy Hill Drive, Unit 8 (619) 549-2640  
STREET/PO BUSINESS TELEPHONE NO.  
San Diego CA 92131  
CITY STATE ZIP  
PERCENT INTEREST

7. Ms. Maxine Baker-Smith Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
4165 Highland Avenue, Unit 8 (619) 584-5866  
STREET/PO BUSINESS TELEPHONE NO.  
San Diego CA 92105  
CITY STATE ZIP  
PERCENT INTEREST

8. Ms. Guadalupe R. Corona Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
3618 Knoxie Street (619) 265-1131  
STREET/PO BUSINESS TELEPHONE NO.  
San Diego CA 92105  
CITY STATE ZIP  
PERCENT INTEREST

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

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

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

PROJECT NAME: Arbor Crest  
 ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
ADDRESS CITY STATE ZIP  
 OWNERSHIP NAME: \_\_\_\_\_ DATE: October 20, 2008

9. Mr. Eddie Lopez Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
13414 Community Road #F625 (619) 251-4559  
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST  
Poway CA 92064  
CITY STATE ZIP

10. Ms. Josie Calderon Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
3462 Malito Drive (619) 475-8524  
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST  
Bonita CA 91902  
CITY STATE ZIP

11. Mr. Greg Fitchitt Board Member  
NAME TITLE/POSITION NATURE OF INTEREST  
402 West Broadway, Suite 2050 (619) 544-8134  
STREET/PO BUSINESS TELEPHONE NO. PERCENT INTEREST  
San Diego CA 92101  
CITY STATE ZIP

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

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

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

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

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

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

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

DATE: October 20, 2008

PROJECT TYPE  ACQUISITION  ACQUISITION & REHABILITATION  RENTAL  
 NEW CONSTRUCTION  REHABILITATION  OWNERSHIP

PROJECT NAME: Arbor Crest  
 ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
 STREET CITY STATE ZIP

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

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

**INCOME BY UNIT TYPE**

COLUMN:

A	B	C	D	E	F	G	H	I	J	K	L	M
BASIS FOR RENT*	NO. OF UNITS	BED-ROOMS PER UNIT	BATH-ROOMS PER UNIT	SQ FT PER UNIT	CURRENT RENT	MONTHLY HOUSING COST PER UNIT	LESS: MONTHLY UTILITY ALLOW. PER UNIT	EQUALS: MONTHLY Tenant Paid RENT PER UNIT	COMPARE TO: MARKET RENT PER UNIT	AFFORDABILITY LEVEL- PERCENT MEDIAN INCOME**	YEARLY GROSS RENTS ALL UNITS	YEARLY MARKET RENTS
	3	1	1.00	500	\$ n/a	\$ 870	\$ 17	\$ 853	\$ 1,021	60 %	\$ 30,708	\$ 36,756
	8	1	1.00	500	\$ n/a	\$ 725	\$ 17	\$ 708	\$ 1,021	50 %	\$ 67,968	\$ 98,016
	2	1	1.00	500	\$ n/a	\$ 596	\$ 17	\$ 579	\$ 1,021	41 %	\$ 13,896	\$ 24,504
	2	1	1.00	500	\$ n/a	\$ 448	\$ 17	\$ 431	\$ 1,021	31 %	\$ 10,344	\$ 24,504
	10	2	1.00	750	\$ n/a	\$ 978	\$ 22	\$ 956	\$ 1,322	60 %	\$ 114,720	\$ 158,640
	21	2	1.00	750	\$ n/a	\$ 815	\$ 22	\$ 793	\$ 1,322	50 %	\$ 199,836	\$ 333,144
	6	2	1.00	750	\$ n/a	\$ 714	\$ 22	\$ 692	\$ 1,322	44 %	\$ 49,824	\$ 95,184
	4	2	1.00	750	\$ n/a	\$ 537	\$ 22	\$ 515	\$ 1,322	33 %	\$ 24,720	\$ 63,456
	6	3	2.00	1,000	\$ n/a	\$ 1,087	\$ 26	\$ 1,061	\$ 1,484	60 %	\$ 76,392	\$ 106,848
	13	3	2.00	1,000	\$ n/a	\$ 906	\$ 26	\$ 880	\$ 1,484	50 %	\$ 137,280	\$ 231,504
	4	3	2.00	1,000	\$ n/a	\$ 826	\$ 26	\$ 800	\$ 1,484	46 %	\$ 38,400	\$ 71,232
	3	3	2.00	1,000	\$ n/a	\$ 621	\$ 26	\$ 595	\$ 1,484	34 %	\$ 21,420	\$ 53,424
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
MGR	1	2		750	\$ n/a	\$	\$	\$	\$	%	\$	\$
MGR					\$	\$	\$	\$	\$	%	\$	\$

\* Indicate Tax Credit Rents with "TC", Housing Commission Rents with "SDHC", HOME rents with "HOME", and Resident Manager's unit(s) with "MGR (bottom two rows)."  
 \*\* This calculation is based on a household size of one plus the bedroom type; Please note that using tax credit rents may produce a different AMI percentage.

TOTAL RENT (YEAR)	\$ 785,508	\$ 1,297,212
Comp. to 90% of Market:	\$ 785,508	\$ 1,167,491

OTHER INCOME	Laundry (\$10 per month/unit)	\$ 12,948
		\$
		\$

TOTAL ANNUAL INCOME \$798,456

TOTAL UNITS 83

TOTAL UNIT SQ. FT. 65,000 + TOTAL COMMUNITY FACILITIES SQ. FT. 3,500

TOTAL SQ. FT. 68,500

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

DATE: October 20, 2008

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY  
Last revised: November 27, 2007

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

PROJECT NAME: Arbor Crest  
ADDRESS: 3783 - 3825 Florida Street      San Diego      CA      92104  
STREET      CITY      STATE      ZIP  
TOTAL NUMBER OF UNITS: 83

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
<b>Administrative Expenses</b>			
Office Supplies & Equipment	\$ 9,100	\$ 110	\$ 0.13
Telephone	\$	\$	\$
Training & Travel	\$	\$	\$
Payroll Services	\$	\$	\$
Program Services	\$ 38,500	\$ 464	\$ 0.56
Other: credit checks	\$ 1,120	\$ 13	\$ 0.02
<b>Subtotal</b> Percent of Total <u>12%</u>	\$ 48,720	\$ 587	\$ 0.71
<b>Marketing Expenses</b>			
Advertising	\$ 400	\$ 5	\$ 0.01
Other:	\$	\$	\$
<b>Subtotal</b> Percent of Total <u>0%</u>	\$ 400	\$ 5	\$ 0.01
<b>Professional Fees</b>			
Property Management	\$ 39,840	\$ 480	\$ 0.58
Auditing Services	\$ 6,500	\$ 78	\$ 0.09
Legal Services	\$ 3,500	\$ 42	\$ 0.05
Other: on-site manager/maintenance pers.	\$ 115,150	\$ 1,387	\$ 1.68
<b>Subtotal</b> Percent of Total <u>40%</u>	\$ 164,990	\$ 1,988	\$ 2.41
<b>Utilities</b>			
Electric	\$ 8,690	\$ 105	\$ 0.13
Gas	\$ 17,082	\$ 206	\$ 0.25
Water/Sewer	\$ 33,790	\$ 407	\$ 0.49
Other:	\$	\$	\$
<b>Subtotal</b> Percent of Total <u>15%</u>	\$ 59,562	\$ 718	\$ 0.87
<b>Contract Services</b>			
Exterminating	\$ 1,250	\$ 15	\$ 0.02
Trash Removal	\$ 18,924	\$ 228	\$ 0.28
Security Patrol	\$	\$	\$
Building/Grounds Maintenance	\$ 8,525	\$ 103	\$ 0.12
Janitorial Services	\$	\$	\$
Repair Services	\$ 20,750	\$ 250	\$ 0.30
Elevator & Other Equipment	\$ 5,115	\$ 62	\$ 0.07
Garage Operations/Maintenance	\$ 1,705	\$ 21	\$ 0.02
Other: life safety systems/drains/plumbing	\$ 13,978	\$ 168	\$ 0.20
<b>Subtotal</b> Percent of Total <u>17%</u>	\$ 70,247	\$ 846	\$ 1.03
<b>Cleaning &amp; Decorating</b>			
Painting Supplies	\$ 6,225	\$ 75	\$ 0.09
Grounds Supplies	\$	\$	\$
Other: miscellaneous supplies	\$ 3,904	\$ 47	\$ 0.06
<b>Subtotal</b> Percent of Total <u>2%</u>	\$ 10,129	\$ 122	\$ 0.15
<b>Taxes &amp; Insurance</b>			
Real Property Tax Assessment	\$	\$	\$
Property Insurance	\$ 25,000	\$ 301	\$ 0.36
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
<b>Subtotal</b> Percent of Total <u>6%</u>	\$ 25,000	\$ 301	\$ 0.36
<b>Other</b>			
SDHC Monitoring Fees	\$ 3,735	\$ 45	\$ 0.05
Other: licenses and fees	\$ 1,050	\$ 13	\$ 0.02
Other: replacement reserve	\$ 24,900	\$ 300	\$ 0.36
Other:	\$	\$	\$
<b>Subtotal</b> Percent of Total <u>7%</u>	\$ 29,685	\$ 358	\$ 0.43
<b>Total Annual Operating Costs</b>	\$ 408,733	\$ 4,924	\$ 5.97



DEVELOPMENT FORM - SOURCES AND USES OF FUNDS - SU

DATE: October 20, 2008

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

PROJECT TYPE:  ACQUISITION  ACQUISITION & REHABILITATION  RENTAL NUMBER OF UNITS 83  
 NEW CONSTRUCTION  REHABILITATION  OWNERSHIP

PROJECT NAME: Arbor Crest  
 ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
STREET CITY STATE ZIP

**SOURCES**

POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST <u>to be determined</u>	<u>35</u> YRS. <u>6.75</u> RATE % <input checked="" type="checkbox"/> N	DATE OR EXPECTED	\$ <u>4,350,000</u>				
2ND <u>SDHC</u>	<u>55</u> YRS. <u>3.00</u> RATE % <input checked="" type="checkbox"/> N	DATE OR EXPECTED	\$	\$ <u>5,700,000</u>			
(Select one) <b>Residual Receipts</b> or <b>Amortized</b>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Subsidy/Assisted Unit \$ <u>69,512</u> Subsidy/Assisted Bdrr \$ <u>32,571</u>					
3RD <u>Redevelop. Agency</u>	<u>55</u> YRS. <u>3.00</u> RATE % <input checked="" type="checkbox"/> N	DATE OR EXPECTED	\$	\$ <u>3,800,000</u>			
	<u>55</u> YRS. <u>3.00</u> RATE % <input checked="" type="checkbox"/> N	DATE OR EXPECTED	\$	\$			
TAX CREDIT <u>9% LIHTC</u>	<input checked="" type="checkbox"/> N	DATE OR EXPECTED			\$ <u>16,998,300</u>		
EQUITY <u>energy rebates</u>	<input checked="" type="checkbox"/> N	DATE OR EXPECTED					\$ <u>205,000</u>
<b>TOTAL</b>			\$ <u>31,053,300</u>	\$ <u>4,350,000</u>	\$ <u>9,500,000</u>	\$ <u>16,998,300</u>	\$ <u>205,000</u>

**FUNDING SCHEDULE FOR SOURCES**

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
			1ST QUARTER	2ND QUARTER	3RD QUARTER		
to be determined	\$ <u>4,350,000</u>	\$	\$	\$	\$	\$	\$ <u>4,350,000</u>
SDHC	\$ <u>5,700,000</u>	\$ <u>5,700,000</u>	\$	\$	\$	\$	\$
Redevelop. Agency	\$ <u>3,800,000</u>	\$	\$ <u>550,500</u>	\$	\$	\$	\$ <u>3,249,500</u>
	\$	\$	\$	\$	\$	\$	\$
9% LIHTC	\$ <u>16,998,300</u>	\$	\$	\$	\$	\$	\$ <u>16,998,300</u>
energy rebates	\$ <u>205,000</u>	\$	\$	\$	\$	\$	\$ <u>205,000</u>
<b>TOTAL</b>	\$ <u>31,053,300</u>	\$ <u>5,700,000</u>	\$ <u>550,500</u>	\$ -	\$ -	\$ -	\$ <u>24,802,800</u>

**INFORMATION ON CONSTRUCTION LOAN**

CONSTRUCTION LENDER: TBD  
 CONSTRUCTION TIME: TBD (MONTHS)  
 CONSTRUCTION INTEREST: TBD %  
 COMMITTED:  YES  NO  
 DATE OF COMMITMENT/EXPECTED: November 1, 2009



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

Last revised: November 27, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: October 20, 2008

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

PROJECT NAME: Arbor Crest  
 ADDRESS: 3783 - 3825 Florida Street San Diego CA 92104  
STREET CITY STATE ZIP

Replacement Reserve	\$ -	LP Asset Mgmt Fee	\$ 5,000	GP Management Fee	\$ 12,500
Rental Income	\$ 785,508	Project Income Increase	2.50 %	Mortgage Amount	\$ 4,350,000 %
Other Income	\$ 12,948	Operating Exp. Increase	3.50 %	Mortgage Rate	6.750
Operating Expenses	\$ 408,733	Vacancy Loss	5.00 %	Mortgage Term(Years)	35
LP & GP Annual Increase	3.5 %	Deferred Dev. Fee	\$	Interest on Def. Dev. Fee	%

SDHC Participation \$ 5,700,000 Residual Receipts  Interest Rate 3.000 %  
 Percent of Residual to HC 30% Amortize  Term (Years) 55

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 798,456	\$ 818,417	\$ 838,878	\$ 859,850	\$ 881,346
Vacancy	\$ 39,923	\$ 40,921	\$ 41,944	\$ 42,992	\$ 44,067
Effective Gross Income	\$ 758,533	\$ 777,497	\$ 796,934	\$ 816,857	\$ 837,279
Operating Expense	\$ 408,733	\$ 423,039	\$ 437,845	\$ 453,170	\$ 469,031
Net Operating Income	\$ 349,800	\$ 354,458	\$ 359,089	\$ 363,688	\$ 368,248
Debt Service (1st)	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379
Coverage (1st)	1.08	1.09	1.11	1.12	1.14
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 25,421	\$ 30,078	\$ 34,710	\$ 39,308	\$ 43,869
LP Asset Management Fee	\$ 5,000	\$ 5,175	\$ 5,356	\$ 5,544	\$ 5,738
GP Management Fee	\$ 12,500	\$ 12,938	\$ 13,390	\$ 13,859	\$ 14,344
Deferred Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 2,376	\$ 3,590	\$ 4,789	\$ 5,972	\$ 7,136
Net Cash Flow	\$ 5,545	\$ 8,376	\$ 11,174	\$ 13,934	\$ 16,651

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 903,380	\$ 925,964	\$ 949,113	\$ 972,841	\$ 997,162
Vacancy	\$ 45,169	\$ 46,298	\$ 47,456	\$ 48,642	\$ 49,858
Effective Gross Income	\$ 858,211	\$ 879,666	\$ 901,658	\$ 924,199	\$ 947,304
Operating Expense	\$ 485,447	\$ 502,437	\$ 520,023	\$ 538,223	\$ 557,061
Net Operating Income	\$ 372,764	\$ 377,229	\$ 381,635	\$ 385,976	\$ 390,243
Debt Service (1st)	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379
Coverage (1st)	1.15	1.16	1.18	1.19	1.20
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 48,385	\$ 52,849	\$ 57,256	\$ 61,596	\$ 65,863
LP Asset Management Fee	\$ 5,938	\$ 6,146	\$ 6,361	\$ 6,584	\$ 6,814
GP Management Fee	\$ 14,846	\$ 15,366	\$ 15,903	\$ 16,460	\$ 17,036
Deferred Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 8,280	\$ 9,401	\$ 10,497	\$ 11,566	\$ 12,604
Net Cash Flow	\$ 19,320	\$ 21,936	\$ 24,494	\$ 26,987	\$ 29,409

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 1,022,091	\$ 1,047,643	\$ 1,073,835	\$ 1,100,680	\$ 1,128,197
Vacancy	\$ 51,105	\$ 52,382	\$ 53,692	\$ 55,034	\$ 56,410
Effective Gross Income	\$ 970,987	\$ 995,261	\$ 1,020,143	\$ 1,045,646	\$ 1,071,788
Operating Expense	\$ 576,558	\$ 596,738	\$ 617,624	\$ 639,240	\$ 661,614
Net Operating Income	\$ 394,428	\$ 398,523	\$ 402,519	\$ 406,406	\$ 410,174
Debt Service (1st)	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379	\$ 324,379
Coverage (1st)	1.22	1.23	1.24	1.25	1.26
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 70,049	\$ 74,144	\$ 78,140	\$ 82,027	\$ 85,794
LP Asset Management Fee	\$ 7,053	\$ 7,300	\$ 7,555	\$ 7,820	\$ 8,093
GP Management Fee	\$ 17,632	\$ 18,250	\$ 18,888	\$ 19,549	\$ 20,234
Deferred Dev. Fee	\$	\$	\$	\$	\$
SDHC Residual Receipts	\$ 13,609	\$ 14,578	\$ 15,509	\$ 16,397	\$ 17,240
Net Cash Flow	\$ 31,754	\$ 34,016	\$ 36,187	\$ 38,260	\$ 40,227

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

1. Name of CONTRACTOR: Community HousingWorks
  
2. Address and Zip Code: 4305 University Ave., Suite 550  
San Diego, CA 92105
  
3. Telephone Number: (619) 282-6647
  
4. Name of Principal Contact for CONTRACTOR: Anne B. Wilson
  
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950
  
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:  
  
 A corporation (Attach Articles of Incorporation)  
  
 A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).  
  
 A partnership known as:  

(Name)  
Check one  
 General Partnership (Attach statement of General Partnership)  
 Limited Partnership (Attach Certificate of Limited Partnership)

  
 A business association or a joint venture known as:  

\_\_\_\_\_ (Attach joint venture or business association agreement)

  
 A Federal, State or local government or instrumentality thereof.  
  
 Other (explain)
  
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
1982

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.  
**Please refer to Board of Directors attachment.**
  - c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
  - d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
  - e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and <u>Zip Code</u> _____	Position Title (if any) and percent of interest or description <u>of character and extent of interest</u>
--------------------------------------------	-----------------------------------------------------------------------------------------------------------------

(Attach extra sheet if necessary)

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

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

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

Name, Address and Zip Code _____	Position Title (if any and <u>extent of interest</u> )
-------------------------------------	-----------------------------------------------------------

N/A

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

**Please refer to Board of Directors Attachment.**

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

No.

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

**Please refer to Tab 11 for most recent financial statements**

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

**Please see the preliminary pro-forma, including permanent financing plan for the land acquisition and new construction development, attached at the end of Tab 1 of this notebook.**

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

Community HousingWorks will provide a complete list of these sources and the amount of cash available to meet proposed equity requirements at a later date.

a. In banks/savings and loans:

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

Amount: \$

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

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

Amount: \$

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

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

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

Sally. A. Lang  
Wells Fargo Bank  
Community Lending Division  
MAC E2231-053  
2030 Main Street  
Suite 570  
Irvine, CA 92614  
(949) 251-4345  
Sally.A.Lang@wellsfargo.com

Ed Quinlivan  
Vice President  
Union Bank of CA  
530 B Street, S 500  
San Diego CA 92101  
(619) 230-3256  
Edward.Quinlivan@uboc.com

Todd Fabian  
Acquisition Officer  
California Equity FUnd  
1055 Wilshire Blvd, 16th Floor  
Los Angeles, CA 90017  
(213) 240-3144  
tfabian@liscnet.org

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

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

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

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

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

Action on	Project	Date of	Amount of	
<u>Type Bond</u>	<u>Description</u>	<u>Completion</u>	<u>Bond</u>	<u>Bond</u>

N/A

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

N/A

a. Name and addresses of such contractor or builder:

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

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

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

General description of such work: **Please see the attached list of projects**

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
Oak Knoll Villas	Poway, CA	\$14 million	April 2009
Turnagain Arms	Fallbrook, CA	\$15 million	Nov. 2009
Dove Lane	Carlsbad, CA	\$37 million	Year 2012
Arbor Crest	San Diego CA	TBD	TBD

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

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

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

**See attached Developer Qualifications and Technical Capacity.**

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

If yes, explain.

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

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

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

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

Check coverage(s) carried:

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

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



Check coverage(s) carried:

- |                                     |                    |                                      |
|-------------------------------------|--------------------|--------------------------------------|
| <input checked="" type="checkbox"/> | Comprehensive Form | Business Auto Insurance              |
| <input checked="" type="checkbox"/> | Owned              | Schedules vehicle in company's name. |
| <input checked="" type="checkbox"/> | Hired              |                                      |
| <input checked="" type="checkbox"/> | Non-Owned          |                                      |

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

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

<u>Government Entity</u> <u>Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
-----------------------------------------------------	-------------	-------------------

None

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

Never

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

<u>Governmental</u> <u>Agency</u>	<u>Description</u> <u>License</u>	<u>License</u> <u>Number</u>	<u>Date Issued</u> <u>(original)</u>	<u>Status</u> <u>(current)</u>	<u>Revocation</u> <u>(yes/no)</u>
--------------------------------------	--------------------------------------	---------------------------------	-----------------------------------------	-----------------------------------	--------------------------------------

Please refer to attached copies of CHW Licenses.

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

None

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

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

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

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

See Attachments

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

If yes, explain:

N/A, we are not a general contractor

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

If yes, explain:

N/A

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

Name: Please refer to attached references

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

REFERENCES

Sally. A. Lang  
Wells Fargo Bank  
Community Lending Division  
MAC E2231-053  
2030 Main Street  
Suite 570  
Irvine, CA 92614  
(949) 251-4345  
[Sally.A.Lang@wellsfargo.com](mailto:Sally.A.Lang@wellsfargo.com)

Todd Fabian  
Acquisition Officer  
California Equity FUnd  
1055 Wilshire Blvd, 16th Floor  
Los Angeles, CA 90017  
(213) 240-3144  
[tfabian@liscnet.org](mailto:tfabian@liscnet.org)

Ed Quilivan  
Vice President  
Union Bank of CA  
530 B Street, S 500  
SAn Diego CA 92101  
(619) 230-3256  
[Edward.Quinlivan@uboc.com](mailto:Edward.Quinlivan@uboc.com)

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

N/A

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

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

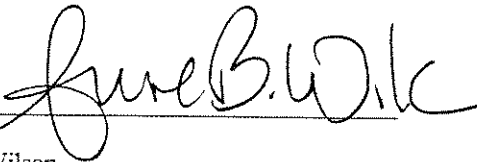
CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information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

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

Executed this 3 day of July, 20 08, at San Diego, California.

CONTRACTOR

By:

Signature:   
Anne B. Wilson  
Vice President

CERTIFICATION

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

By: [Signature] By:  
Title: Vice President Title:  
Dated: 7-3-08 Dated:

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

ATTEST:

State of California

County of \_\_\_\_\_

*See Attached*

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Name of Notary

SEAL

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

State of California

County of SAN DIEGO } ss.

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

~~\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_~~

June B. Wilson  
 Signature of Document Signer No. 1

\_\_\_\_\_  
 Signature of Document Signer No. 2 (if any)

Subscribed and sworn to (or affirmed) before me on this

3<sup>rd</sup> day of JULY, 2008, by  
Date Month Year

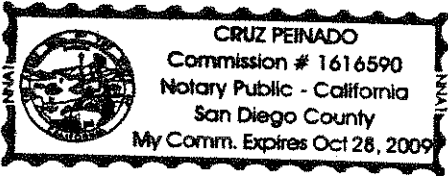
(1) Anne B. Wilson  
Name of Signer

- Personally known to me
- Proved to me on the basis of satisfactory evidence to be the person who appeared before me (.)

(2) \_\_\_\_\_  
Name of Signer

- Personally known to me
- Proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

[Signature]  
 Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Further Description of Any Attached Document**

Title or Type of Document: Developer's Disclosure Statement  
 Document Date: 7/3/08 Number of Pages: 13  
 Signer(s) Other Than Named Above: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER #1**  
 Top of thumb here

**RIGHT THUMBPRINT OF SIGNER #2**  
 Top of thumb here

COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2007





**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

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California Society of Certified Public Accountants*

## Independent Auditor's Report

To the Board of Directors  
Community HousingWorks  
(A Nonprofit Corporation)  
1820 South Escondido Blvd., Suite 101  
Escondido, California 92025

We have audited the accompanying consolidated statement of financial position of Community HousingWorks (A Nonprofit Corporation) and Subsidiaries, as of December 31, 2007, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of Community HousingWorks' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respect, the financial position of Community HousingWorks and Subsidiaries as of December 31, 2007, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2008, on our consideration of Community HousingWorks and San Diego Neighborhood Housing Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules on pages 42 thru 50 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements of Community HousingWorks and Subsidiaries. The accompanying schedule of expenditures of federal awards for Community HousingWorks and San Diego Neighborhood Housing Services is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is also not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Leaf & Cole LLP

San Diego, California  
June 3, 2008

**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007**

**ASSETS**

**Current Assets:** (Notes 1, 2 and 3)

Cash and cash equivalents	\$ 3,221,100
Grants and contracts receivable	194,065
Accounts receivable - related parties	697,622
Accounts receivable - other	48,390
Prepaid expenses	<u>27,962</u>
Total Current Assets	<u>4,189,139</u>

**Restricted Assets:** (Notes 1, 2, 4, 5, 6, 7, 8 and 9)

Cash and cash equivalents	1,054,571
Grant and contracts receivable	724,566
Contributions receivable	58,350
Accounts receivable - Other	160,270
Tenant security deposits	98,843
CDFI reserve	76,257
Capital replacement reserve	1,106,143
Operating reserves	257,636
Replacement reserves	67,911
Bond reserves	36,664
Loans in process	319,480
Accrued interest receivable	319,174
Loans receivable, net	<u>7,512,562</u>
Total Restricted Assets	<u>11,792,427</u>

**Noncurrent Assets:** (Notes 1, 10, 11, 12, 14 and 15)

Notes receivable - related parties	1,879,748
Accrued interest receivable	117,474
Land, buildings and equipment, net	13,985,561
Development costs	541,934
Investment in limited partnerships	1,983,991
Deposits	15,295
Other assets, net	<u>286,408</u>
Total Noncurrent Assets	<u>18,810,411</u>

**TOTAL ASSETS**

**\$34,791,977**

The accompanying notes are an integral part of the financial statements.

**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:** (Note 1)

Accounts payable	\$ 397,866
Accrued expenses	254,016
Deferred revenue	568,979
Current portion of long-term liabilities	<u>727,175</u>
Total Current Liabilities	<u>1,948,036</u>

**Restricted Liabilities:** (Note 13)

Accounts payable	8,989
Accrued expenses	8,772
Principal and interest payments	92,282
Loan fund control	4,910
Security deposits	94,867
Restricted notes payable	<u>5,046,558</u>
Total Restricted Liabilities	<u>5,256,378</u>

**Long-Term Liabilities:** (Notes 14 and 15)

Bonds payable	9,000,000
Notes payable	5,974,040
Interest payable	529,677
Fair value liability of total return swap	138,361
Less: Current portion	<u>(727,175)</u>
Total Long-Term Liabilities	<u>14,914,903</u>

Total Liabilities	<u>22,119,317</u>
-------------------	-------------------

**Commitments and Contingencies** (Note 16)

**Net Assets:** (Notes 1 and 17)

Unrestricted	5,301,806
Temporarily restricted	4,060,156
Permanently restricted	<u>3,310,698</u>
Total Net Assets	<u>12,672,660</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$34,791,977</u></b>
-----------------------------------------	----------------------------

The accompanying notes are an integral part of the financial statements.

**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenues:</b>				
Grants and contracts	\$ 872,995	\$ 748,966	\$ 670,000	\$ 2,291,961
Rental income	1,769,314			1,769,314
Developer fees	1,436,514			1,436,514
Contributions	716,642			716,642
Program income	485,152			485,152
Management fees	327,094			327,094
Interest income	299,350			299,350
Loan fees and interest HOC	133,343	91,367		224,710
Other income	191,516			191,516
Oversight fees	44,004			44,004
Net assets released from restrictions	<u>246,099</u>	<u>(38,564)</u>	<u>(207,535)</u>	<u>-0-</u>
<b>Total Support and Revenues</b>	<u><b>6,522,023</b></u>	<u><b>801,769</b></u>	<u><b>462,465</b></u>	<u><b>7,786,257</b></u>
<b>Expenses:</b>				
<b>Program Services:</b>				
Home Ownership Center	2,083,649			2,083,649
Pine View Apartments	1,833,897			1,833,897
Community Building/Learning Community	1,049,375			1,049,375
Housing Development	700,347			700,347
Haley Ranch Estates	642,919			642,919
Asset Management	302,216			302,216
DeLuz Senior Apartments	229,263			229,263
Las Casitas Housing	111,570			111,570
CENTRO Transitional Housing	97,447			97,447
Van Dyke Apartments	87,709			87,709
Marisol SHP and HOPWA	<u>41,853</u>			<u>41,853</u>
<b>Total Program Services</b>	<u><b>7,180,245</b></u>	<u><b>-0-</b></u>	<u><b>-0-</b></u>	<u><b>7,180,245</b></u>
<b>Supporting Services:</b>				
Management and general	255,668			255,668
Fundraising	<u>188,438</u>			<u>188,438</u>
<b>Total Supporting Services</b>	<u><b>444,106</b></u>	<u><b>-0-</b></u>	<u><b>-0-</b></u>	<u><b>444,106</b></u>
<b>Total Expenses</b>	<u><b>7,624,351</b></u>	<u><b>-0-</b></u>	<u><b>-0-</b></u>	<u><b>7,624,351</b></u>
Change in Unrestricted Net Assets Before Partnership Income (Loss) and Impairment of Long-Lived Assets	(1,102,328)	801,769	462,465	161,906
Partnership Income (Loss)	(4,723)			(4,723)
Impairment of Long-Lived Assets (Note 1)	<u>(5,326,076)</u>			<u>(5,326,076)</u>
Change in Net Assets	(6,433,127)	801,769	462,465	(5,168,893)
Net Assets at Beginning of Year	11,873,294	3,258,387	2,848,233	17,979,914
Change in Value of Total Return Swap Liability (Note 14)	<u>(138,361)</u>			<u>(138,361)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 5,301,806</b></u>	<u><b>\$4,060,156</b></u>	<u><b>\$3,310,698</b></u>	<u><b>\$12,672,660</b></u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Cash Flows From Operating Activities:**

Change in net assets	\$(5,168,893)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation	608,208
Amortization	28,367
Allowance for collection losses	855,327
Loss on disposal of equipment	862
Partnership income (loss)	4,723
Impairment of long-lived assets	5,326,076
Permanently restricted grants	(670,000)
<b>(Increase) Decrease in:</b>	
Grants and contracts receivable	(717,059)
Accounts and notes receivable	(140,883)
Prepaid expenses	(1,228)
Contributions receivable	51,450
Tenant security deposits	(391)
Accrued interest receivable	(125,605)
Deposits	(4,274)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued expenses	293,065
Deferred revenue	175,838
Security deposits	2,002
Total Cash Provided by Operating Activities	517,585

**Cash Flows From Investing Activities:**

CDFI reserve	(21,484)
Deposits to capital replacement reserve - cash	(384,508)
Withdrawals from capital replacement reserve - cash	131,342
Deposits to capital replacement reserve - investment	(44,187)
Withdrawals from capital replacement reserve - investment	256,518
Deposits to operating reserves	(27,579)
Withdrawals from operating reserves	17,393
Deposits to replacement reserves	(45,076)
Withdrawals from replacement reserves	50,815
Deposits to bond reserves	(36,664)

(Continued)

The accompanying notes are an integral part of the financial statements.

**COMMUNITY HOUSINGWORKS  
(A NONPROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Cash Flows From Investing Activities:** (Continued)

Loans in process	\$ (229,480)
Loans receivable, net	(563,877)
Land, buildings and equipment purchases	(206,707)
Development costs	<u>(238,847)</u>
Net Cash Used by Investing Activities	<u>(1,342,341)</u>

**Cash Flows From Financing Activities:**

Proceeds from restricted notes payable	1,081,683
Payments on restricted notes payable	(297,796)
Payments on notes payable	(8,910)
Permanently restricted grants	<u>670,000</u>
Net Cash Provided by Financing Activities	<u>1,444,977</u>

Net Increase in Cash and Cash Equivalents 620,221

Cash and Cash Equivalents at Beginning of Year 3,655,450

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$4,275,671

**Supplemental Disclosures of Cash Flow Information:**

Cash paid for interest \$ 454,598

The accompanying notes are an integral part of the financial statements.







July 11, 2008

Anne Wilson  
Community HousingWorks  
4305 University Ave., Ste. 550  
San Diego, CA 92105

RE: A 0.995 Acre Site for 72 Proposed Multi-Family Units  
3783-3825 Florida Street  
San Diego, CA 92104

Dear Ms. Wilson,

Per the engagement letter included as Addendum A of this report, I have conducted the investigation and analysis required to prepare an appraisal of the above referenced property which is presented in the following *Summary* report. All analysis, conclusions and opinions have been rendered on the basis of a disinterested third party. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. As such, the report sets forth detailed information regarding the property identification, regional and area economic trends, data regarding the subject and comparable data, documentation of the investigations and analyses performed, and the reasoning leading to the conclusions presented.

The purpose of this appraisal is to estimate the value of the subject under the following scenario:

- ◆ Valuation Scenario 1 - Market Value As Is

The appraisal report is intended solely for use by Community HousingWorks, The San Diego Housing Commission, The City of San Diego Redevelopment Agency, and/or other prospective acquisition lenders for purposes of obtaining financing or funding commitments for the acquisition of the site. The report will be invalid for use by any other entity or for any other purpose.

The subject site consists of nine parcels located in the Greater North Park Community Planning Area. The rectangular shaped site is 0.995 acres in size and the topography slopes downward from front to back. The site is currently improved with seven existing residential buildings operated as rental units. The owner has received approval from the City of San Diego Planning Commission to combine the existing parcels into one lot for a 72-unit residential condominium development.

**Significant factors influencing value include:**

- ◆ Multi-family land values in San Diego County have flattened over the past 18 months.
- ◆ North Park is experiencing strong demand resulting in apartment vacancy the 0% to 3% range.

**Extraordinary Assumptions**

In addition to the standard assumptions and limiting conditions of this report, the appraisal is subject to the following extra ordinary assumptions:

1. None.

**Hypothetical Conditions**

In addition to the standard assumptions and limiting conditions of this report, the appraisal is subject to the following hypothetical conditions:

1. None.

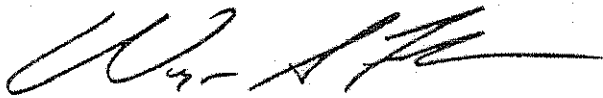
Based on the research and analyses presented in the following report, I have formed the opinion that, subject to the assumptions and limiting conditions of this report, the requested value estimates were:

SUMMARY OF VALUE CONCLUSIONS		
VALUATION PREMISE	DATE OF VALUE	VALUE ESTIMATE
Market Value As Is	6/20/2008	\$5,760,000

The marketing time associated with the subject's Market Value As Is value conclusion is estimated at twelve months, which assumes competent, professional marketing.

I believe this report has been prepared in accordance with the current requirements of the Appraisal Foundation as set forth in the Uniform Standards of Professional Practice (USPAP), Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Fair Lending Act. I appreciate this opportunity to be of service and remain available if you have any questions regarding the appraisal content or my conclusions.

**FROBOESE REALTY GROUP, INC.,**



Wayne S. Froboese, MAI  
California C.G.R.E.A. #AG009633  
December 27, 2008



Scott H. Morey, MAI  
California C.G.R.E.A. #AG029848  
December 30, 2008



October 24, 2008

Ms. Susan M. Reynolds  
Community Housing Works  
4305 University Avenue, Suite 550  
San Diego, California 92105

Re: 3783 – 3825 Florida Street  
Subject: Arbor Crest

Dear Ms. Reynolds:

This letter summarizes the understanding of the San Diego Housing Commission (Housing Commission) and Community Housing Works (Borrower) with respect to the above referenced development. Notwithstanding anything to the contrary contained herein, the agreement between the parties shall be subject to the approval of the Housing Commission Board and the Housing Authority of the City of San Diego (Housing Authority) and subject to your organization obtaining the other financing for the project as proposed.

A Housing Commission permanent loan, if approved by the Housing Authority, will be provided upon the terms and conditions set forth in Housing Commission and Housing Authority reports and resolutions.

The parameters of the Housing Commission permanent loan are as follows:

- Ownership: An approved California Limited Partnership formed by Borrower as the sole owner and operator. The identity of each partner of the partnership and their respective roles and responsibilities, as general and/or limited partner(s), are subject to the approval of the President and Chief Executive Officer of the Housing Commission, or a designee, and the Housing Commission's General Counsel.
- Housing Commission Loan: The Housing Commission will fund a permanent loan to Borrower in the amount of up to \$5,700,000. The Housing Commission Loan Agreement and all other loan documents shall be subject to the approval of the Housing Commission's President and Chief Executive Officer, or designee, and its General Counsel.
- Redevelopment Agency Loan: A loan of \$3,800,000 from the Redevelopment Agency of the City of San Diego shall be partially funded at acquisition in an amount of not less than \$550,500 upon terms and conditions acceptable to the Housing Commission.

- Use of Loan Proceeds: The Housing Commission loan shall be used by Borrower to finance acquisition of the property conditional upon the receipt of financing from the Redevelopment Agency of the City of San Diego.
- Term of the Loan: A 55-year permanent loan at three percent (3%) simple interest annually with payments from residual receipts. The loan shall be due and payable with accrued interest at the earlier of maturity or refinancing of the first position loan; however, this balloon payment may be deferred at the sole discretion of the Housing Commission.
- Loan Security: The Housing Commission loan shall be secured by a Trust Deed in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions and made in favor of the Housing Commission and secured by the value of the property.
- Housing Commission Option: The Housing Commission shall have the exclusive option to purchase the project upon the earlier of cancellation, redemption or termination of the tax credits for any reason, or fifteen (15) years from the date the project is placed in service with the option period expiring three years after such date. The option consideration will be forgiveness of the principal and all accrued interest of the Housing Commission loan, assumption or payoff of the senior loan and subordinate loan, and payment by the Housing Commission of all project-related tax liability of the limited partner of the partnership.
- Senior Financing: The Housing Commission loan will be subordinate only to the construction loan and the permanent institutional loan.
- Loan Payments: Accrual of interest on the Housing Commission loan shall begin on the date the Trust Deed is recorded. If tax credit financing and construction financing are not closed within 24 months from the date of funding the loan, all principal and interest shall be immediately due and payable in a balloon payment; however, this balloon payment may be deferred at the sole discretion of the Housing Commission. Payments shall be 30 percent (30%) of the residual receipts of the project; however, there will be a required annual minimum payment to the Housing Commission of \$2,376 beginning at the end of the first full year of the project. In the event that residual receipts are less than (fall below) the

established required minimum annual payment, then the Housing Commission will take up to 80 percent (80%) of the residual receipts of the project to satisfy the minimum payment requirements.

Other Liens:

All financing of this development, including without limitation the construction financing, permanent financing, tax credit financing and Redevelopment Agency financing shall be subject to the approval of the Housing Commission. The Housing Commission shall have the right to approve all documentation including the Borrower's partnership agreement; however, approval shall not be unreasonably withheld.

Acceleration Upon Default:

In the event of a default of the loan or any other sources of funds secured by the project or the rent restrictions, the Housing Commission loan shall be due and payable in full including any applicable interest penalties.

Insurance:

Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance in a form and in amounts acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insured for General Liability Insurance and Property Insurance and the San Diego Housing Commission shall be endorsed as a loss payee of the Property Insurance.

Number of Units:

83 units. With one unit used as a manager's residence, there shall be a minimum of 82 units of rent-restricted rental housing.

Affordability Terms:

The Housing Commission will record 55-year rent and occupancy restrictions against the property establishing affordability of 63 units to households with annual incomes of 50 percent or less of Area Median Income and 19 units to households with incomes at 60 percent or less of Area Median Income. One two-bedroom unit would be reserved for occupancy by a resident manager. These rent restrictions shall survive repayment of the loan. The actual rents shall be the more restrictive of the Housing Commission rents, or rents imposed by the California Department of Housing and Community Development, the County of San Diego, HUD, or any other source of funds or rent restrictions on the project.

- Fees and Expenses: All fees and expenses of the development shall be approved by the Housing Commission in its sole discretion. Asset Management Fees required by the tax credit partners shall not increase by more than three percent (3%) per year. The developer's fee shall not exceed \$1,400,000 and shall be disbursed as outlined in the Housing Commission Loan Agreement.
- Reserves Subject to the approval of the senior lender and tax credit investor, Borrower shall deposit a minimum of \$24,900 per year into a dedicated replacement reserve account. Use of reserves shall be subject to the reasonable approval of the Housing Commission's President and Chief Executive Officer or designee.
- Recourse: The Housing Commission loan will be a non-recourse loan.
- Cure Rights: The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordination agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
- Management Plan: The Management Plan shall be subject to periodic approval by the Housing Commission, in its reasonable discretion.
- Approval of Management: The Housing Commission reserves the right to declare Borrower in default of the Housing Commission loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the project.
- Monitoring Fees: The Housing Commission shall be entitled to its standard yearly monitoring fees calculated on a per-unit basis during the affordability period.
- ALTA Lender's Policy: The Borrower shall cause, at its sole cost and expense, an ALTA Lender's Policy, with endorsements acceptable to the Housing Commission, to be issued to the Housing Commission insuring the Housing Commission's lien position.
- Prevailing Wages: Borrower shall comply with any requirements to pay Federal and/or State Prevailing Wage Rates and shall pay the higher of the two in the event of a conflict on a trade-by-trade basis.

Environmental Requirements:

Notwithstanding any provision of this letter, the parties agree and acknowledge that this letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). Should HOME funds constitute a portion of the funding for the project, a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this project.

Other Terms:

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

Tax Credit Investor:

Prior to the start of construction, Borrower shall provide the Housing Commission with evidence acceptable to the President and Chief Executive Officer of the Housing Commission and its General Counsel that Borrower received a binding commitment from its tax credit partner to contribute approximately \$16,998,300 to the development, or such other amount necessary to cause the sources and uses to balance for one hundred percent (100%) of the costs to build the project, subject to the approval of the President and Chief Executive Officer of the Housing Commission and its General Counsel.



If Borrower wishes to obtain a Housing Commission loan under the terms described herein, please accept this commitment by signing below and returning this signed original to my office by November 14, 2008.

**Notwithstanding acceptance of this loan commitment with your signature, this Letter of Understanding shall not be effective and the Housing Commission shall have no obligation to make the permanent financing loan described herein until such time as the loan is authorized by the Housing Authority and all environmental clearances and received and the documentation approved by the President and Chief Executive Officer of the Housing Commission and its General Counsel.**

Sincerely,

Cissy Fisher  
Director of Housing Finance  
619.578.7585  
619.578.7356 fax

Agreed to and accepted this \_\_\_\_ day of \_\_\_\_\_, 2008 by:

\_\_\_\_\_

Authorized Representative