

REPORT

DATE ISSUED: July 3, 2009

REPORT NO: HCR09-051

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of July 10, 2009

SUBJECT: Riverwalk Apartments Finance Plan (Council District 8)

REQUESTED ACTION:

Approve a proposed plan for the Housing Commission to acquire the land and to finance development of the Riverwalk Apartments.

STAFF RECOMMENDATIONS:

Proposed recommendations as described in this report:

1. Approve purchase of the land generally located at 1194 Hollister Street ("Property") for its current fair market appraised value of up to \$2,200,000.
2. Approve lease of the Property to Riverwalk Apartments L.P. (the "L.P.") a tax credit partnership, for 65 years with at an annual rent of 4.5% of gross income, up to 100% of the project's residual receipts.
3. Approve a loan to the L.P., in the amount of \$2,275,145, pursuant to the powers delegated to the Housing Commission by Real Estate Acquisition Policy 300.103, and/or extend the deadline for making the residual receipts loan to the L.P., which was previously approved by the Housing Authority on March 20, 2007, however the amount of the loan shall be reduced to \$2,275,145 (3% simple interest, 50% residual receipts, 55-year affordability restrictions), which shall be secured by a leasehold deed of trust.
4. Approve entry into an option agreement whereby the Housing Commission will have the option to purchase the improvements ("Project") at the end of the fifteen-year tax credit compliance period, for an amount equal to the greater of fair market value (restricted value of the leasehold) or the sum of exit taxes, forgiveness of all principal and interest on the Housing Commission loan, plus assumption of the first position loan.
5. Find that the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) is less than the fair market value for the same, as determined by Wayne S. Froboese, MAI, and therefore the acquisition complies with the Housing Commission's Real Estate Acquisition Policy 300.103.
6. Authorize the President and Chief Executive Officer, or his designee, to:
 - a. execute a resolution in the form attached hereto as Attachment 1.
 - b. execute any and all documents deemed necessary to effectuate the transaction and implement the project;

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Riverwalk Apartments Finance Plan

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- c. adjust financing terms/conditions as necessary to accommodate market changes that may occur after approval of this report but before close of escrow, provided that the \$2,200,000 land purchase price and \$2,275,145 maximum loan amount may not increase.

This funding commitment is for the 2009 tax credit competition round and may be extended to subsequent tax credits rounds with the written approval of the President and Chief Executive Officer. The L.P., must obtain necessary TCAC 9% low-income housing tax credits. The proposed land purchase, lease and loan would be completed concurrently with the tax credit closing (estimated February 6, 2010). Documentation of the terms and conditions of the lease and loan would be approved by the Housing Commission's General Counsel.

BACKGROUND:

On March 20, 2007, the Housing Authority approved (HAR07-003) a \$2,991,557 loan for the Project, contingent upon the project obtaining 9% tax credits within two tax credit competition rounds. In 2007, Affirmed Housing Group (Affirmed) (which controls the L.P.), applied twice to TCAC (March 2007 and July 2007) but, due to intense competition, did not obtain TCAC approval for 9% tax credits for Riverwalk. Staff recommends Housing Commission approval of an extension of the L.P.'s deadline from obtaining tax credits

In addition, the Housing Commission is authorizing the loan pursuant to the powers delegated to the Housing Commission pursuant to Real Estate Acquisition Policy 300.103, which grants the Housing Commission the power to obtain dwelling units, pursuant to the procedures set forth therein. Section 3 of Policy 300.103 provides the Housing Commission "is authorized to review, approve, and execute any and all documents necessary and/or appropriate to effectuate the acquisition(s) referenced in this policy." Section 14 of Policy 300.103 delegates the authority and power to the Housing Commission to acquire other units and projects, to achieve the goal of acquiring and/or producing a minimum of 350 units required by HUD in its approval of the public housing disposition, without further action by the Housing Authority. The Housing Commission's purchase of the Property, loan to the developer and option to purchase the improvements at the end of the 15-year tax credit compliance period, as described in this Board Report, are intended to be an acquisition of units by the Housing Commission pursuant to Policy 300.103 and to partially satisfy the Housing Commission's obligation to acquire and/or produce a minimum of 350 units as required by HUD.

In September 2007, the Housing Commission received HUD approval to transition its public housing stock. On March 24, 2009, the Housing Authority adopted the Housing Commission Real Estate Acquisitions Policy 300.103 (Attachment 2 - Summary).

In May 2008, in response to the Housing Commission's "Creation of San Diego Housing Commission Owned Affordable Housing" Request for Proposals, Affirmed proposed building the Project and selling it to the Housing Commission upon completion. The Housing Commission did not proceed with this proposal. In October 2008, Affirmed submitted a new application (revised in June 2009), requesting a \$4,475,000 residual receipts loan, under the Housing Commission's current Notice of Funding Availability (NOFA) for Construction, Acquisition, and Operation of Affordable Rental Housing dated March 14, 2008. On June 9, 2009 Affirmed applied to TCAC for 9% tax credits to build the Project's 50 units. TCAC's 2009 single round tax credit application deadline was June 9, 2009, but August 17, 2009

is the milestone for local (Housing Commission) funding commitments to be in place. Allocation awards are expected September 9, 2009.

The L.P., has the option to purchase the 2.56 acre Property until September 30, 2009, for \$2,200,000. The L.P., will assign the purchase option to the Housing Commission. The L.P. has agreed to obtain and pay for one or more extensions of the option so that the Property may be acquired by the Housing Commission concurrently with the tax credit closing (estimated February 6, 2010). The Property was appraised on February 2009 by Steven L. Bowen MAI, at \$2,200,000. The proposed Housing Commission funding would be contingent upon the Housing Commission's General Counsel approval of: acceptable appraisal of the improvements, site control, acceptable/transferable development permits and developer compliance with all City development requirements.

Staff has identified several possible funding sources for acquisition of the property and making the loan described herein, which include local funds, HUD HOME funds and the bank line of credit and permanent financing that the Housing Commission is seeking to obtain. A final determination of the funding source(s) to be used will be made by the CEO.

The Development – The L.P., proposes to construct 50 one-, two- and three-bedroom affordable, rental housing units on the 111,513 square foot (2.56 acre) Property at 1194 Hollister Street (Attachment 3 Location Map and Site Plan), west of the I-5 Freeway and south of Coronado Avenue, in the Otay Mesa-Nestor Community. Currently the only building on the property is the single family residence of the seller, Mr. Otto Roppel. The site has single family homes to the west and south, apartments to the north and a mobile home park to the east, across Hollister Street. Nestor Creek bisects the property east to west and is about ten feet below grade. On October 21, 2003, the property's seller obtained a Planned Development Permit and Site Development Permit (Resolution No.R-298522 adopted on October 21, 2003) but he did not proceed with his planned 48-unit condominium project, called Riverwalk Estates.

The proposed Riverwalk Apartments will include: eight buildings (one two-story, six three-story and a one story community building), 80-onsite parking spaces, a residents' computer learning center, a management office, a laundry facility, free internet for each unit, and two tot lot play areas. At least three units (5%) will be handicap accessible and an additional one unit (2%) will incorporate features for the visually or hearing impaired. Also, the project will include Universal Design features and will comply with all federal accessibility standards. The project will utilize materials that increase energy efficiency by at least 15% above State Title 24 energy standards. The community building will have solar electric (photovoltaic) and solar water heating. The site plan (Attachment 3) shows buildings to be constructed on both sides of Nestor Creek with a small walkway/bridge traversing the Creek. The development proposal includes cleaning up a portion of Nestor Creek, restoring that portion to its natural state, and constructing an extension to a community-desired pedestrian/bike trail along the Creek.

The Developer – Affirmed is an award-winning, for-profit, real estate development firm located in San Diego. The firm specializes in the development of affordable housing. Its President, James Silverwood, has over thirty years of experience in housing development and has extensive experience acting as general partner in various partnerships. Since 1994, Affirmed has developed over 1,500-units in California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Their developments include rehabilitation and new construction of senior and family rentals and for-sale housing. Affirmed's financing experience includes use of: low-income housing tax credits, multi-family

tax exempt bonds, HOME funds, Redevelopment Agency set-aside funds, and private loans for construction and permanent financing. Affirmed's recent local projects include:

- 94-units Hollywood Palms Apartments completed in 2002, (new construction 4% tax credits, \$2,200,000 Commission loan, 4372 Home Avenue, San Diego 92105);
- 106-units Tesoro Grove Apartments completed in 2003 (new construction 9% tax credits, \$2,630,000 Commission loan, 1150 Tesoro Grove Way, San Diego 92154);
- 50-units Creekside Trails Apartments completed in 2006 (new construction 9% tax credits, \$2,800,000 Commission loan, 2125-2155 Coronado Avenue, San Diego 92154);
- 69-units Auburn Park Apartments (new construction 9% tax credits, with a \$13,588,940 Redevelopment Agency loan, located at 5135 University Avenue, San Diego 92105);
- 275-SRO units Studio 15 Apartments, completed in 2009 five-stories, (4% tax credits, with a \$16,498,000 Redevelopment Agency loan, 1475 Imperial Avenue, San Diego 92101); and
- 229-units Ten Fifty B, 23-story high rise, currently in construction (multifamily affordable and retail) located at 1050 B Street, San Diego 92101, with 4% tax credits, \$34m of Redevelopment Agency funding and \$48.5m of Housing Authority tax exempt housing revenue bonds.

The developer is fully in compliance with its Housing Commission loans.

The L.P.'s and Affirmed's credit reports are satisfactory. The developer proposes to use the same team that worked on the nearby Creekside Trails and Tesoro Grove Apartments projects:

Role/Firm	Contact	Ownership
Owner: Riverwalk Apartments, LP	James Silverwood	James Silverwood, Initial Agent
Architect: Studio E	Eric Naslund	Eric Naslund & John Sheehan
Contractor: To be determined.	--	--
Management Company: Solari Enterprises*	Johrita Solari	Johrita Solari & Bruce Solari
Construction Lender	**	**

*Solari also manages the nearby Creekside Trails and Tesoro Grove Apartments.

**There have been preliminary discussions with possible lender US Bank.

AFFORDABLE HOUSING IMPACT:

The Housing Commission's loan to the L.P., would provide construction and permanent gap financing to construct 49 units of affordable rental housing for families and one unrestricted manager's unit. Housing Commission rent and occupancy restrictions would be recorded against the property for 55 years. The units will be affordable to Area Median Income (AMI) levels ranging from 30% AMI to 60% AMI. Attachment 4 summarizes the project's 50 units by type, proposed rents, and affordability.

FISCAL CONSIDERATIONS:

The estimated total development cost is \$14,214,686 (\$284,294). The Housing Commission's proposed cost for development of these 50 rental housing units would be \$4,475,145 (land cost: \$2,200,000 plus the proposed development loan: \$2,275,145; \$89,503 per unit and \$43,874 per bedroom, 102 bedrooms). The Housing Commission's proposed purchase of the land and 55-year residual receipts permanent loan are contingent upon TCAC's prior award and concurrent closing of 9% tax credits to the Project.

Appraisals and Option to Purchase Improvements

On March 24, 2009, the Housing Authority approved updating the Housing Commission's Real Estate Acquisition Policy 300.103, and delegated to the President and Chief Executive Officer and the Board of Commissioners the authority to acquire additional affordable housing under specific conditions. Section 11 of Policy 300.103 provides "the purchase price for the property to be acquired must be at or below the appraised value."

Steven Bowen, MAI, appraised the Property at \$2,200,000 as of February 4, 2009, which equals the Housing Commission's purchase price for the Property. In addition, the Housing Commission will have an option to purchase the improvements to the Property at the end of the of the fifteen-year tax credit compliance period, for an amount equal to the greater of fair market value (restricted value of the leasehold) or the sum of exit taxes, forgiveness of all principal and interest on the Housing Commission loan, plus assumption of the first position loan. The L.P. has requested that Wayne S. Froboese, MAI produce a further appraisal to determine whether the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) exceeds its fair market value. That appraisal was not completed by the deadline for finalization of this Report, but is expected to be completed prior to the Board meeting.

Proposed Land Lease

The Housing Commission would lease the land to the L.P., at an annual rent of 4.5% of gross income up to 100% of the project's residual receipts, with any amounts exceeding the project's residual receipts being forgiven. The land lease would be a triple net lease with all costs paid by the L.P. For year one, gross income is estimated at \$532,744 (Attachment 5, SDHC Application page 7) and the estimated residual land lease payment (at 4.5% of gross) would be \$ 23,973. However, year one's residual receipts are estimated to be \$20,164 and therefore the first year's lease payment is estimated to be \$20,164, with the \$3,809 difference being forgiven.

Proposed Loan

Concurrently with closing on the tax credits, the Housing Commission will make the \$2,275,145 residual receipts construction and permanent loan to the L.P. The Housing Commission loan shall bear 3% simple interest. The Housing Commission loan is expected to be secured by a second trust deed recorded against the leasehold. The Housing Commission deed of trust will be subordinate to the construction loan deed of trust and then to the permanent bank loan deed of trust, both of which will be recorded against the leasehold only and not the fee). The Commission loan would be recourse until the timely completion of the project, after which it would become non recourse (as required by the tax credit program). To minimize public financing, the Housing Commission's loan would require the developer to obtain the largest possible bank loan. Staff has identified several possible funding sources for the loan described herein, which include local funds, HUD HOME funds and the bank line of credit and permanent financing that the Housing Commission is seeking to obtain. A final determination of the funding source(s) to be used will be made by the CEO. In addition to the Housing Commission loan, other estimated permanent financing sources include private bank financing and tax credit equity.

The following table outlines the various estimated funding sources for the proposed project:

Project Estimated Permanent Sources of Funds	Amount
Private Bank Loan	\$2,716,496
San Diego Housing Commission land acquisition plus loan (\$89,300/unit)	\$4,475,145
Tax Credit Equity	\$7,023,045
Estimated Total Sources of Funds	\$14,214,686

Proposed Permanent Loan - Annual payments on the Housing Commission loan will equal 50% of residual receipts payments when available after payment of the residual land lease payment. If the option to purchase at year 15 is not utilized, the note would be due and payable in 55 years from the funding of the Commission Loan.

Cost Savings - Cost savings will be used as allowed by TCAC. If allowed by TCAC, additional tax credit and/or additional senior debt will be used to reduce the principal of the Housing Commission's loan. The developer will obtain the largest possible private first mortgage and largest possible tax credit equity. The cost savings, and possible Housing Commission loan reduction, will be determined at the end of construction and TCAC placed in service date, with a TCAC-required cost certification which shall: reflect all costs, expenditures and funds used for the project, up to the funding of the permanent loan; and include a TCAC-provided sources and uses closing form reflecting the actual total costs incurred up to the funding of the permanent loan.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Authority approved a \$2,991,557 loan commitment (March 20, 2007, Resolution HAR-1335) contingent upon the project obtaining 9% tax credits. Extension of that loan commitment (at a reduced loan amount) is one of the recommendations being made by staff in this report.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The developer has presented the proposed Riverwalk Apartments development to the Otay Mesa-Nestor Community Planning Group, as follows:

- On February 14, 2007, project was presented to the Group. The Group's Chair reported the Group members voiced strong opposition with an advisory vote of 13 opposed, 1 in favor and 1 abstention.
- On April 9, 2008 the project was presented to the Group. The meeting minutes say: "there was a considerable amount of discussion on this item – general public feeling and comments were that there is too much affordable housing in the 92154 area." A motion "...to approve the proposed Affirmed Housing Project at Riverwalk" failed; 4 voted in favor of Riverwalk and 9 voted opposed to Riverwalk.
- On April 8, 2009 the project was presented to the Group with a proposed Housing Commission turnkey purchase. The Group voted against the proposal; 9 voted against the Riverwalk project and 7 voted in favor of the project.

The developer has submitted a support letter from the neighboring Nestor United Methodist Church (Attachment 6).

ENVIRONMENTAL REVIEW:

A mitigated negative declaration, Project No. 3339, was prepared for the Riverwalk Apartments project in accordance with the State of California Environmental Quality Act (CEQA) guidelines. City staff concluded on February 19, 2009, that this project was found to be in substantial conformance to the Mitigated Negative Declaration prepared on July 3, 2003, pursuant to State CEQA guidelines. In compliance with the National Environmental Policy Act (NEPA) and HUD environmental review procedures, an Environmental Assessment was prepared for the project resulting in a Finding of No Significant Impact on June 1, 2007. An Authority to Use Grant Funds was received from the U.S. Department of Housing and Urban Development on July 6, 2007.


KEY STAKEHOLDERS & PROJECTED IMPACTS:

Stakeholders include: Affirmed Housing Group, which controls the L.P., the property seller Mr. Otto Roppel, the neighborhood community of Otay Mesa-Nestor which will obtain a pedestrian walking trail and improvements on a portion of Nestor Creek, and the City of San Diego as this project supports its efforts to increase affordable housing.

Riverwalk will add to the City's housing stock for low-income families by restricting 49 units for 55 years and will create construction/supplier jobs in San Diego to help stimulate the area's economy. The proposed loan would enable the project to compete for TCAC tax credits without delay. Construction may start as soon as February 2010. For the reasons stated above, staff recommends project funding upon the terms and conditions outlined in this report.

Respectfully submitted,

Approved by,


D. Lawrence Clemens
Senior Vice President


Carrol M. Vaughan
Executive Vice President
and Chief Operating Officer

Attachments:

1. Resolution
2. Summary
3. Location Map and Site Plan
4. Development Summary
5. SDHC General Application Form
6. Support Letter
7. Development Timeline
8. Developer Disclosure Statement
9. Developer Financial Information

Hard copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, Suite 300, San Diego and at the City Clerk's office, 2nd floor, 202 "C" Street, San Diego. You may review docket materials on the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1

SAN DIEGO HOUSING COMMISSION
RESOLUTION NO. _____
ADOPTED ON JULY 10, 2009

A RESOLUTION : (1) APPROVING HOUSING COMMISSION PURCHASE OF THE LAND GENERALLY LOCATED AT 1194 HOLLISTER STREET (THE "PROPERTY") FOR ITS CURRENT APPRAISED VALUE OF UP TO \$2,200,000; (2) APPROVING LEASE OF THE PROPERTY TO RIVERWALK APARTMENTS L.P. (the "L.P.") FOR 65 YEARS; (3) APPROVING A RESIDUAL RECEIPTS LOAN TO THE L.P., IN THE AMOUNT OF \$2,275,145 AND/OR APPROVING EXTENSION OF THE DEADLINE FOR MAKING THE RESIDUAL RECEIPTS LOAN TO THE L.P., WHICH WAS PREVIOUSLY APPROVED BY THE HOUSING AUTHORITY ON MARCH 20, 2007, BUT REDUCING THE LOAN AMOUNT TO \$2,275,145; (4) APPROVING ENTRY INTO AN OPTION AGREEMENT WHEREBY THE HOUSING COMMISSION WILL HAVE THE OPTION TO PURCHASE THE IMPROVEMENTS AT THE END OF THE 15-YEAR TAX CREDIT COMPLIANCE PERIOD; (5) FINDING THAT THE TOTAL AMOUNT TO BE PAID BY THE HOUSING COMMISSION FOR THE PROPERTY IS LESS THAN ITS APPRAISED FAIR MARKET VALUE AND THEREFORE COMPLIES WITH HOUSING COMMISSION REAL ESTATE ACQUISITION POLICY 300.103; AND (6) AUTHORIZING THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE HOUSING COMMISSION, OR DESIGNEE, TO EXECUTE ALL NECESSARY DOCUMENTS

WHEREAS, the San Diego Housing Commission has issued a Notice of Funding Availability (NOFA) for proposals from qualified developers for the Construction, Acquisition, and Operation of Affordable Rental Housing; and

WHEREAS, Affirmed Housing Group, on behalf of itself and/or the Riverwalk Apartments L.P. a California Limited Partnership [the "Developer"], has proposed and requested that the San Diego Housing Commission provide financial assistance for the land acquisition and new construction of a fifty unit rental housing development known as "Riverwalk Apartments", at 1194 Hollister Street (also identified as assessors parcel no. 634-010-013) [the "Property"], of which forty-nine rental units will be restricted for occupancy by very low-and low-income families [the "Development"]; and

WHEREAS, the Developer has an option to purchase the Property; and

WHEREAS, Developer has applied to the State of California Tax Credit Allocation Committee (TCAC) for nine percent tax credits for the Development; and

WHEREAS, under the application for nine percent tax credits, TCAC requires submittal of a resolution confirming the local funds contribution; and

WHEREAS, as described in the San Diego Housing Commission Report HCR 09-051 “Riverwalk Apartments Finance Plan”, and acting pursuant to the authority described in Housing Commission Acquisitions Policy 300.103, on July 10, 2009 the San Diego Housing Commission approved acquisition of the 1194 Hollister Street Property and approved making a residual receipts loan, up to \$2,275,145, to the Developer for the Development; and

WHEREAS, an Authority to Use Grant Funds was received from the U.S. Department of Housing and Urban Development on July 6, 2007; NOW, THEREFORE,

BE IT RESOLVED by the San Diego Housing Commission that on the terms and conditions as described in the San Diego Housing Commission Report HCR09-051 “Riverwalk Apartments Finance Plan”:

1. The San Diego Housing Commission is authorized to purchase the Property for its current fair market appraised value of up to \$2,200,000.
2. The San Diego Housing Commission is authorized to lease the Property to Developer for 65 years with at an annual rent of 4.5% of gross income, up to 100% of the project’s residual receipts.
3. The San Diego Housing Commission is authorized to approve a loan to Developer in the amount of \$2,275,145, pursuant to the powers delegated to the Housing Commission by Real Estate Acquisition Policy 300.103, and/or extend the deadline for

making the residual receipts loan to the L.P., under the administrative powers of the Housing Commission set forth in SDMC Section 98.0301, which was previously approved by the Housing Authority on March 20, 2007, however the amount of the loan shall be reduced to \$2,275,145, to December 31, 2010, or such later date as the Chief Executive Officer of the Commission shall determine, in his reasonable discretion.

4. The San Diego Housing Commission is authorized to enter into an option agreement whereby the San Diego Housing Commission will have the option to purchase the improvements at the end of the fifteen-year tax credit compliance period. Section 11 of Real Estate Acquisition Policy 300.103 provides “the purchase price for the property to be acquired must be at or below the appraised value”.

5. The appraisal performed by Steven L. Bowen MAI, determined:
(1) the fair market value of the land is \$2,200,000, which equals the purchase price; and
(2) the fair market value of the fee will be \$8,215,000 after 15 years, which is more than the \$6,735,145 total amount to be paid by the Commission for the fee (\$2,200,000 land acquisition, plus the projected option price to be paid by the Housing Commission of \$4,535,145 (forgiveness of the Housing Commission loan of approximately \$2,275,145, assumption of the first position loan which will have a then principal balance of approximately \$2,010,000, plus exit taxes estimated at \$250,000).

6. The San Diego Housing Commission hereby finds that the total amount to be paid by the Housing Commission for the Property and the improvements (provided the Housing Commission exercises the option to purchase the improvements) is less than the fair market value for the same, as determined by Wayne S. Froboese, MAI, and therefore the acquisition complies with the Housing Commission’s Real Estate Acquisition Policy 300.103.

7. A mitigated negative declaration, Project No. 3339, was prepared for the Riverwalk Apartments project in accordance with the State of California Environmental Quality Act (CEQA) guidelines.

8. City staff concluded on February 19, 2009, that this project was found to be in substantial conformance to the Mitigated Negative Declaration prepared on July 3, 2003, pursuant to State CEQA guidelines.

9. In compliance with the National Environmental Policy Act (NEPA) and HUD environmental review procedures, an Environmental Assessment was prepared for the project resulting in a Finding of No Significant Impact on June 1, 2007.

10. The President and Chief Executive Officer of the San Diego Housing Commission, or his designee, is authorized to: (a) execute any and all documents deemed necessary to effectuate this transaction and implement the project; (b) adjust financing terms/conditions as necessary to accommodate market changes that may occur after approval of this report but before close of escrow, provided the \$2,200,000 land purchase price and \$2,275,145 maximum loan amount may not increase.

THIS ACTION OF THE SAN DIEGO HOUSING COMMISSION BOARD OF COMMISSIONERS SHALL BECOME FINAL IF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO DOES NOT ELECT TO HEAR THE MATTER, ON OR BEFORE THE CLOSE OF BUSINESS ON JULY 17, 2009, BY WRITTEN REQUEST TO THE CHIEF EXECUTIVE OFFICER OF THE SAN DIEGO HOUSING COMMISSION, PURSUANT THE APPLICABLE PROVISIONS OF SAN DIEGO HOUSING COMMISSION ACQUISITION POLICY 300.103.

I hereby certify that the foregoing is a full, true and correct copy of Resolution Number
____, passed and adopted by the San Diego Housing Commission on July 10, 2009.

By: _____
Richard C. Gentry, President and CEO
San Diego Housing Commission

Approved as to Form:
Christensen & Spath

By: _____
General Counsel
San Diego Housing Commission

ATTACHMENT 2 - Summary

The Housing Commission submitted an application to transition from the Federal public housing program to the U.S. Department of Housing and Urban Development in March 2007 and received approval on September 10, 2007 to “dispose” of the public housing stock (excepting thirty-six units that were in acquisition stage resulting from a taking of units by the San Diego Unified School District). The approval included the transfer of title to the units to the Housing Commission and new Housing Choice Vouchers made available to the Housing Commission. In addition, as proposed in the original application, the Housing Commission agreed to leverage the equity in the former public housing units to create a minimum of 350 additional affordable units. The 1366 housing units that were the subject of this approval continue to be rented to low income households at rent levels affordable to either 50% AMI (\$41,300 for a family of four), 80% AMI (\$66,100 for a family of four) or at market rate rents, whichever is less.

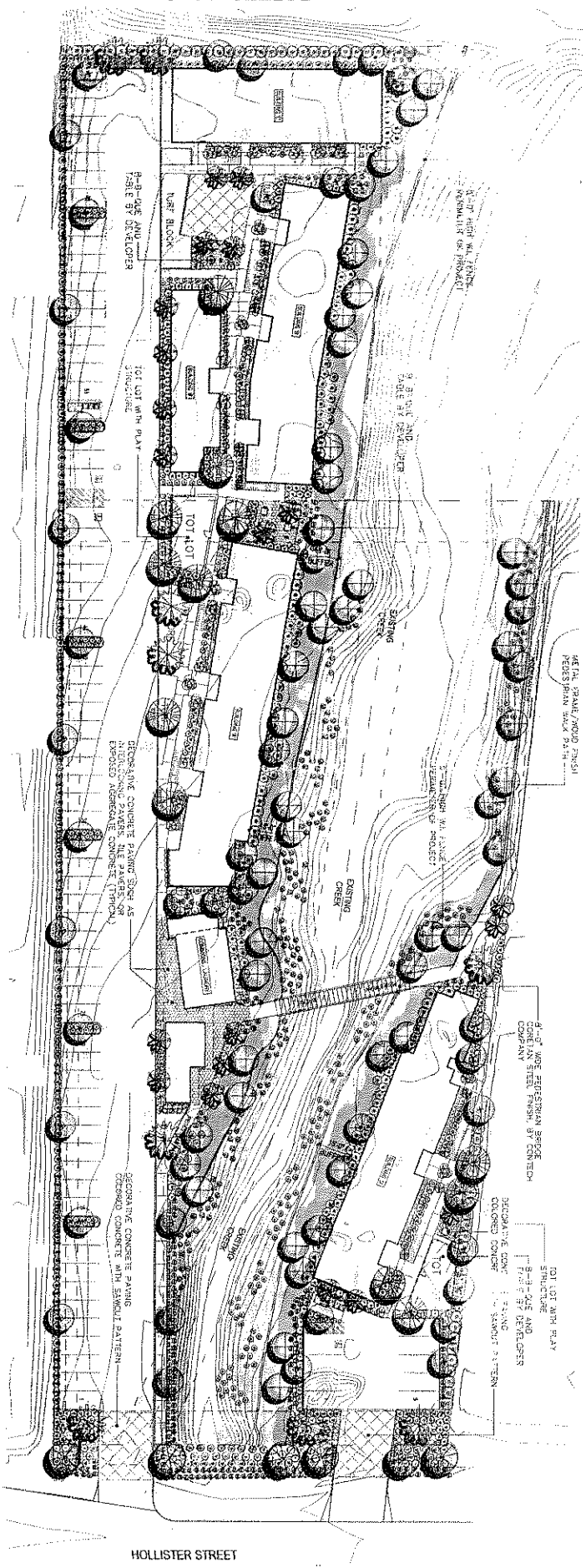
On March 24, 2009, the Housing Authority approved updating the Housing Commission’s Real Estate Acquisitions Policy 300.103, and delegated, under specific conditions, to the President and Chief Executive Officer and the Board of Commissioners the authority to acquire single-family and multifamily properties for the purpose of providing additional affordable housing. The Housing Commission was also delegated the power and authority to acquire lending necessary and appropriate for any acquisition approved by it. In addition, under the new policy 300.103 the Housing Authority may ask to review the action within seven (7) days.

Proposed Site Plan

Riverwalk / San Diego, California - Affirmed Housing Group



STUDIO E
ARCHITECTS
MARCH 8, 2008



HOLLISTER STREET

**ATTACHMENT 4
DEVELOPMENT SUMMARY
RIVERWALK APARTMENTS**

Unit Affordability:

Total # of units: 50 units.

Assisted units: 49 units.

Percent of AMI: The restricted units will be affordable to Area Median Income (AMI) levels ranging from 30% AMI to 60% AMI, with initial rents as follows:

(a) Unit Type	(b) Unit Size (sq. ft.)	(c) No. of Units	(d) HC's Estd Restricted Monthly Rents -- Net of Utility Allowance	(e) Income Restrictions (% of Area Median Income)	(f) Estimated Monthly Market Rate Rents (from market study)	(g) Estimated Monthly Rent Savings vs. Market Rate
1br/1ba	650	2	\$448	30%	\$919	\$471
1br/1ba	650	15	\$758	50%	\$919	\$161
1br/1ba	650	2	\$913	60%	\$919	\$6
	Subtotal	19				
2br/1ba	825	1	\$539	30%	\$1,229	\$690
2br/1ba	825	4	\$725	40%	\$1,229	\$504
2br/1ba	825	5	\$910	50%	\$1,229	\$319
	Subtotal	10				
3br/2ba	1,025	2	\$602	30%	\$1,487	\$885
3br/2ba	1,025	1	\$725	40%	\$1,487	\$762
3br/2ba	1,025	5	\$1,015	50%	\$1,487	\$472
3br/2ba	1,025	12	\$1,221	60%	\$1,487	\$266
	Subtotal	20				
3br/2ba	1,025	1	Manager's unit	n/a	n/a	n/a
Total units		50				
Estimated Total Annual Rent Savings						\$361,848

Development Cost (Estimated):

Total development cost (estimated): \$14,214,686

HC total financing provided: \$ 4,475,145

Total development cost per unit: \$ 284,294

Housing Commission cost per unit: \$ 89,503

Sources of Funds (Estimated):

Bank Loan (first trust deed) \$ 2,716,496

HC (2nd trust deed) \$ 4,475,145

Tax Credit Equity +\$ 7,023,045

Est Total Sources of Funds \$14,214,686

Proforma Summary:

Estimated gross income \$ 532,744 (year 1) *

Estimated effective gross income: \$ 506,107 (year 1)

Estimated annual expense: \$ 235,241 (year 1)

Annual debt service: \$ 255,702

Estimated residual cash flow: \$ 45,164 (year 1)

* For year one 4 ½ % of gross would be = \$ 23,973. However residual for year one only equals \$20,164. Therefore, the year one land lease payment would be = \$20,164.

SAN DIEGO HOUSING COMMISSION ATTACHMENT 5 - SDHC APPLICATION
GENERAL APPLICATION FORM - Project Overview

DATE: June 24, 2009

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

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 4,475,145

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) _____

PROJECT NAME: Riverwalk Apartments

ADDRESS: 1194 Hollister Street San Diego CA 92154

LEGAL DESCRIPTION: 9 634-010-13 101.1

LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) Purchase Agreement (to be provided by 11/17/08)

DWELLING UNITS: 19 10 21 50 2 & 3

0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS # of stories

HC Assisted Units: _____

EXISTING USES OF PROPERTY: _____ No. of Buildings 6 residential & 1 commor

DESCRIPTION OF PROPOSED PROJECT: 49 rental apartments, affordable for extremely low, very low and low income individuals and families as well as 1 unit for an onsite Manager. There will be onsite management office & recreation room; laundry facility, common & play areas. Construction of pedestrian trail and clean up of Nestor Creek. 2 and 3-story wood frame slab on grade, surface

Appraised Value _____

APPLICANT/BORROWER:

NAME: Riverwalk Apartments, L.P. CONTACT PERSON: Anna Scott

ADDRESS: 13520 Evening Creek Dr. N, #360 San Diego CA 92128

TELEPHONE: (858) 679-2828 FAX NO. (858) 679-9076 E-mail address: _____

STREET CITY STATE ZIP

LEGAL DESCRIPTION OF APPLICANT:

FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER

CHDO OTHER _____

DESCRIBE

TAXPAYER IDENTIFICATION NUMBER: 20-8332041

CURRENT OWNER/SELLER INFORMATION:

NAME: Otto Roppel LEGAL DESCRIPTION: _____

ADDRESS: 1194 Hollister Street San Diego CA 92128

TELEPHONE: (619) 987-5044 FAX NO. _____

STREET CITY STATE ZIP

ZONING: RM-2-4 COMMUNITY PLAN AREA: Otay-Mesa Nestor

COUNCIL DISTRICT: 8 SCHOOL DISTRICT: Southbay Union (Elementary) & Sweetwater Union (HS)

SIGNATURE: _____ PRINT NAME: James Silverwood TITLE: General Partner of Riverwalk Apartments, L.P. DATE: February 3, 2009

**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: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: Riverwalk Apartments, L.P. DATE: June 24, 2009

1. <u>Affirmed Housing Group</u>	<u>Administrative General Partner</u>	<u>General Partner of Riverwalk Apts,</u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u>13520 Evening Creek Dr. N, #360</u>	<u>(858) 679-2828</u>	<u>0.01</u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u>San Diego</u> <u>CA</u> <u>92128</u>		
<small>CITY STATE ZIP</small>		

2. <u>James Silverwood</u>	<u>President of Affirmed Housing Grou</u>	<u>Limited Partner</u>
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
<u>13520 Evening Creek Dr. N, #360</u>	<u>(858) 679-2828</u>	<u>0.99</u>
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>
<u>San Diego</u> <u>CA</u> <u>92128</u>		
<small>CITY STATE ZIP</small>		

3. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

4. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

5. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

6. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

7. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

8. _____	_____	_____
<small>NAME</small>	<small>TITLE/POSITION</small>	<small>NATURE OF INTEREST</small>
_____	_____	_____
<small>STREET/PO</small>	<small>BUSINESS TELEPHONE NO.</small>	<small>PERCENT INTEREST</small>

<small>CITY STATE ZIP</small>		

USE ADDITIONAL SHEETS AS NECESSARY

SAN DIEGO HOUSING COMMISSION APPLICANT INTEREST FORM - AI

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

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

PROJECT NAME: Riverwalk Apartments

ADDRESS: 1194 Hollister Street San Diego CA 92154
ADDRESS CITY STATE ZIP

OWNERSHIP NAME: _____ DATE: June 24, 2009

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

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

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

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

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

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

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

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

USE ADDITIONAL SHEETS AS NECESSARY

SAN DIEGO HOUSING COMMISSION 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:

ADDRESS: 1194 Hollister Street San Diego CA 92154
ADDRESS CITY STATE ZIP

OWNERSHIP NAME: _____ DATE: June 24, 2009

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

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

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

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

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

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

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

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

USE ADDITIONAL SHEETS AS NECESSARY

**SAN DIEGO HOUSING COMMISSION
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: _____

ADDRESS: 1194 Hollister Street San Diego CA 92154
ADDRESS CITY STATE ZIP

OWNERSHIP NAME: _____ DATE: June 24, 2009

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

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

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

USE ADDITIONAL SHEETS AS NECESSARY

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

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

DATE: June 24, 2009

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
 STREET CITY STATE ZIP

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

Type (X) in ONE box
 Apartment
 Duplex, Townhouse
 House, Mobile Home

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	
Heat	E	T
Cooking	E	T
Water Heater	E	T
Water/Sewer		L
Basic Electric		T

INCOME BY UNIT TYPE

BASIS FOR RENT*	NO. OF UNITS	BED-ROOMS PER UNIT	BATH-ROOMS PER UNIT	SQ FT PER UNIT	CURRENT RENT	MONTHLY HOUSING COST PER UNIT	LESS MONTHLY UTILITY ALLOW. PER UNIT	EQUALS MONTHLY Tenant Paid RENT PER UNIT	COMPARE TO MONTHLY MARKET RENT PER UNIT	AFFORDABILITY LEVEL: PERCENT MEDIAN INCOME**	YEARLY GROSS RENTS ALL UNITS	YEARLY MARKET RENTS
SDHC	2	1	1.00	650	\$ 464	\$ 464	\$ 16	\$ 448	\$ 919	30 %	\$ 10,752	\$ 22,056
SDHC	15	1	1.00	650	\$ 774	\$ 774	\$ 16	\$ 758	\$ 919	50 %	\$ 136,440	\$ 165,420
SDHC	2	1	1.00	650	\$ 929	\$ 929	\$ 16	\$ 913	\$ 919	60 %	\$ 21,912	\$ 22,056
SDHC	1	2	1.00	825	\$ 557	\$ 557	\$ 18	\$ 539	\$ 1,229	30 %	\$ 6,468	\$ 14,748
SDHC	4	2	1.00	825	\$ 743	\$ 743	\$ 18	\$ 725	\$ 1,229	40 %	\$ 34,800	\$ 58,992
SDHC	5	2	2.00	825	\$ 928	\$ 928	\$ 18	\$ 910	\$ 1,229	50 %	\$ 54,600	\$ 73,740
SDHC	2	3	2.00	1,025	\$ 620	\$ 620	\$ 18	\$ 602	\$ 1,487	30 %	\$ 14,448	\$ 35,688
SDHC	1	3	2.00	1,025	\$ 743	\$ 743	\$ 18	\$ 725	\$ 1,487	40 %	\$ 8,700	\$ 17,844
SDHC	5	3	2.00	1,025	\$ 1,033	\$ 1,033	\$ 18	\$ 1,015	\$ 1,487	50 %	\$ 60,900	\$ 89,220
SDHC	12	3	2.00	1,025	\$ 1,239	\$ 1,239	\$ 18	\$ 1,221	\$ 1,487	60 %	\$ 175,824	\$ 214,128
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
					\$	\$	\$	\$	\$	%	\$	\$
MGR	1	3	2.00		\$	\$	\$	\$	\$	%	\$	\$
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)	\$ 524,844	\$ 713,892
Comp. to 90% of Market:	\$ 524,844	\$ 642,503

OTHER INCOME	Laundry	\$ 6,700
	Interest Income	\$ 1,200
		\$

TOTAL ANNUAL INCOME \$532,744

TOTAL UNITS 50

TOTAL UNIT SQ. FT. 41,100 + TOTAL COMMUNITY FACILITIES SQ. FT. 2,500

TOTAL SQ. FT. 43,600

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

DATE: June 24, 2009

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

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

PROJECT NAME: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
STREET CITY STATE ZIP

TOTAL NUMBER OF UNITS 50

OPERATING EXPENSE ITEM	ANNUAL COST	COST PER UNIT	COST PER SQ. FT.
Administrative Expenses			
Office Supplies & Equipment	\$ 1,000	\$ 20	\$ 0.02
Telephone	\$ 1,000	\$ 20	\$ 0.02
Training & Travel	\$	\$	\$
Payroll Services	\$	\$	\$
Program Services	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 2,000	\$ 40	\$ 0.05
Marketing Expenses			
Advertising	\$ 1,000	\$ 20	\$ 0.02
Other:	\$	\$	\$
Subtotal Percent of Total <u>0%</u>	\$ 1,000	\$ 20	\$ 0.02
Professional Fees			
Property Management	\$ 31,491	\$ 630	\$ 0.72
Auditing Services	\$ 7,500	\$ 150	\$ 0.17
Legal Services	\$ 1,000	\$ 20	\$ 0.02
Other: <u>Manager/Maintenance Payroll</u>	\$ 57,500	\$ 1,150	\$ 1.32
Subtotal Percent of Total <u>41%</u>	\$ 97,491	\$ 1,950	\$ 2.24
Utilities			
Electric	\$ 7,500	\$ 150	\$ 0.17
Gas	\$ 2,500	\$ 50	\$ 0.06
Water/Sewer	\$ 16,000	\$ 320	\$ 0.37
Other: <u>Internet (free for each apartment)</u>	\$ 10,000	\$ 200	\$ 0.23
Subtotal Percent of Total <u>15%</u>	\$ 36,000	\$ 720	\$ 0.83
Contract Services			
Exterminating	\$ 1,000	\$ 20	\$ 0.02
Trash Removal	\$ 5,500	\$ 110	\$ 0.13
Security Patrol	\$ 2,000	\$ 40	\$ 0.05
Building/Grounds Maintenance	\$ 14,000	\$ 280	\$ 0.32
Janitorial Services	\$	\$	\$
Repair Services	\$ 8,000	\$ 160	\$ 0.18
Elevator & Other Equipment	\$	\$	\$
Garage Operations/Maintenance	\$	\$	\$
Other: <u>Fire Monitoring</u>	\$ 4,500	\$ 90	\$ 0.10
Subtotal Percent of Total <u>15%</u>	\$ 35,000	\$ 700	\$ 0.80
Cleaning & Decorating			
Painting Supplies	\$ 2,000	\$ 40	\$ 0.05
Grounds Supplies	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>1%</u>	\$ 2,000	\$ 40	\$ 0.05
Taxes & Insurance			
Real Property Tax Assessment	\$ 4,000	\$ 80	\$ 0.09
Property Insurance	\$ 20,000	\$ 400	\$ 0.46
Director's & Officer's Insurance	\$	\$	\$
Other:	\$	\$	\$
Subtotal Percent of Total <u>10%</u>	\$ 24,000	\$ 480	\$ 0.55
Other			
SDHC Monitoring Fees	\$ 2,750	\$ 55	\$ 0.06
Other:	\$	\$	\$
Other: <u>Replacement Reserve</u>	\$ 15,000	\$ 300	\$ 0.34
Other: <u>Service Amenities Budget</u>	\$ 20,000	\$ 400	\$ 0.46
Subtotal Percent of Total <u>16%</u>	\$ 37,750	\$ 755	\$ 0.87
Total Annual Operating Costs	\$ 235,241	\$ 4,705	\$ 5.40

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - DEVELOPMENT COST - DC**

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

DATE: June 24, 2009

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

PROJECT NAME: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
STREET CITY STATE ZIP
 Number of Units 50

DEVELOPMENT COST ITEM	PERCENT	AMOUNT	DEVELOPMENT COST ITEM	PERCENT	AMOUNT
ACQUISITION / LAND COST			LEGAL, PERMIT, & AUDIT		
LAND		\$ 2,200,000	SDHC'S LEGAL (not to exceed)		\$ 5,000
BUILDINGS		\$	BORROWER'S LEGAL		\$
SUBTOTAL		\$ 2,200,000	LENDERS' LEGAL		\$ 35,000
LEGAL/BROKER'S FEE/TITLE		\$	PERMITS		\$ 175,000
OTHER		\$	TITLE & RECORDING		\$ 23,000
TOTAL ACQUISITION / LAND COST		\$ 2,200,000	INSURANCE		\$ 80,000
REHABILITATION / CONSTRUCTION			AUDIT		\$
SITE WORK		\$ 1,076,915	TAXES DURING CONSTRUCTION		\$ 45,000
DEMOLITION		\$	OTHER <u>Partnership</u>		\$ 25,000
STRUCTURES		\$ 4,862,291	TOTAL LEGAL, PERMIT, & AUDIT		\$ 388,000
TOTAL HARD COSTS		\$ 5,939,206	OTHER COSTS		
GENERAL REQUIREMENTS	8.9 %	\$ 528,000	DEVELOPER'S FEE	9.8 %	\$ 1,400,000
CONTRACTOR'S OVERHEAD	%	\$	CONSULTANT FEE	%	\$
CONTRACTOR'S PROFIT	7.4 %	\$ 437,636	APPRAISAL COSTS		\$ 10,000
TOTAL REHABILITATION / CONSTRUCTION		\$ 6,904,842	ENVIRONMENTAL STUDY		\$ 6,000
CONSTRUCTION CONTINGENCY			MARKET STUDY		\$ 6,000
	5% %	\$ 363,253	MARKETING & RENT-UP		\$ 25,000
BOND PREMIUM			SDHC MONITOR SET-UP		\$ 500
		\$ 182,217	SDHC LOAN ORIGINATION FEE		\$ 2,000
CONSTRUCTION LOAN			REPLACEMENT RESERVES <u>MONTHS</u>		\$
CONSTRUCTION INTEREST COST		\$ 372,000	OPERATING RESERVES <u>3 MONTHS</u>		\$ 115,236
APPLICATION FEE		\$	REHABILITATION PROJECTS:		\$
LOAN ORIGINATION FEE		\$ 80,000	SDHC TECHNICAL SERVICES FEE (\$5,000)		\$
OTHER <u>Construction Services</u>		\$ 12,000	Site security		\$ 78,000
		\$ 464,000	Solar/PV		\$ 100,000
PERMANENT LOAN			TCAC App/Alloc/Monitor Fees		\$ 55,936
APPLICATION FEE		\$	Local Development Impact Fees		\$ 986,438
LOAN ORIGINATION FEE		\$	Furnishings		\$ 50,000
OTHER		\$	Loan Origination		\$ 7,000
		\$	Cost Certification		\$ 25,000
RELOCATION COST					\$
		\$			\$
ARCHITECTURAL FEES					\$
DESIGN		\$ 492,500			\$
SUPERVISION		\$			\$
TOTAL ARCHITECTURAL FEES	0.1 %	\$ 492,500			\$
SURVEYS, SOIL BORINGS, & ENGINEERING					\$
		\$ 225,000			\$
			TOTAL OTHER COSTS		\$ 2,867,110
			SOFT COSTS CONTINGENCY	3.22 %	\$ 127,764
			TOTAL DEVELOPMENT COST		\$ 14,214,686

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - SOURCES AND USES OF FUNDS - SU**
PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NUMBER OF UNITS 50
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
STREET CITY STATE ZIP

SOURCES POSITION	TERMS	COMMITMENT	AMORTIZED	DEFERRED	TAX CREDIT	GRANT	EQUITY
1ST Conventional Perm	30 YRS. 7.40% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$ 2,716,496				
2ND SDHC	55 YRS. 3.00% RATE	<input checked="" type="checkbox"/> Y DATE OR EXPECTED	\$	4,475,145			
(Select one) Residual Receipts or Amortized	<input checked="" type="checkbox"/> <input type="checkbox"/>	Subsidy/Assisted Unit \$ #DIV/0! Subsidy/Assisted Bdrm \$ #DIV/0!					
3RD		<input type="checkbox"/> N DATE OR EXPECTED	\$	\$		\$	
4TH		<input type="checkbox"/> N DATE OR EXPECTED	\$	\$		\$	
TAX CREDITS Boston Capital		<input checked="" type="checkbox"/> Y DATE OR EXPECTED			\$ 7,023,045		
EQUITY		<input type="checkbox"/> N DATE OR EXPECTED					\$
TOTAL			\$ 14,214,686	\$ 2,716,496	\$ 4,475,145	\$ 7,023,045	\$

	TOTAL	CLOSING	CONSTRUCTION PERIOD			COMPLETION 4TH QUARTER	RENT UP QTRS 5 & 6
			1ST QUARTER	2ND QUARTER	3RD QUARTER		
Conventional Perm	\$ 2,716,496	\$	\$	\$	\$	\$	\$ 2,716,496
SDHC	\$ 4,475,145	\$ 2,447,288	\$ 812,649	\$ 837,117	\$ 300,000	\$ 78,091	\$
Boston Capital	\$ 7,023,045	\$ 1,871,812	\$	\$	\$	\$ 2,345,604	\$ 2,805,629
	\$ -	\$	\$	\$	\$	\$	\$
	\$ 14,214,686	\$ 4,319,100	\$ 812,649	\$ 837,117	\$ 300,000	\$ 2,423,695	\$ 5,522,125

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: US Bank
 CONSTRUCTION TIME: 12 (MONTHS)
 CONSTRUCTION INTEREST: 5.500 %
 COMMITTED: YES NO
 DATE OF COMMITMENT/EXPECTED: June 5, 2009

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

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: June 24, 2009

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

PROJECT NAME: Riverwalk Apartments
 ADDRESS: 1194 Hollister Street San Diego CA 92154
STREET CITY STATE ZIP

Replacement Reserve	\$		LP Asset Mgmt Fee	\$	5,000	GP Management Fee	\$	20,000
Rental Income	\$	524,844	Project Income Increase		2.50 %	Mortgage Amount	\$	2,716,496 %
Other Income	\$	7,900	Operating Exp. Increase		3.50 %	Mortgage Rate		7.400
Operating Expenses	\$	235,241	Vacancy Loss		5.00 %	Mortgage Term (Years)		30
LP & GP Annual Increase			Deferred Dev. Fee	\$		Interest on Deff. Dev. Fee		3.00 %

SDHC Participation \$ 4,475,145 Residual Receipts Interest Rate 3.000 %
 or
 Percent of Residual to HC Amortize Term (Years) 55

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Project Income	\$ 532,744	\$ 546,063	\$ 559,714	\$ 573,707	\$ 588,050
Vacancy	\$ 26,637	\$ 27,303	\$ 27,986	\$ 28,685	\$ 29,402
Effective Gross Income	\$ 506,107	\$ 518,759	\$ 531,728	\$ 545,022	\$ 558,647
Operating Expense	\$ 235,241	\$ 243,474	\$ 251,996	\$ 260,816	\$ 269,944
Net Operating Income	\$ 270,866	\$ 275,285	\$ 279,732	\$ 284,206	\$ 288,703
Debt Service (1st)	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702
Coverage (1st)	1.20	1.22	1.24	1.26	1.28
Replacement Reserve	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)
Cash Flow	\$ 45,164	\$ 49,583	\$ 54,031	\$ 58,504	\$ 63,001
LP Asset Management Fee	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
GP Management Fee	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Deferred Dev. Fee Pmt.	\$	\$	\$	\$	\$
SDHC Land Lease Pmt	\$ 20,164	\$ 24,573	\$ 25,187	\$ 25,817	\$ 26,462
Residual :HC Perm Loan P	\$	\$ 5	\$ 1,922	\$ 3,844	\$ 5,769
Residual to Developer	\$	\$ 5	\$ 1,922	\$ 3,844	\$ 5,769

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Gross Income	\$ 602,751	\$ 617,820	\$ 633,265	\$ 649,097	\$ 665,324
Vacancy	\$ 30,138	\$ 30,891	\$ 31,663	\$ 32,455	\$ 33,266
Effective Gross Income	\$ 572,613	\$ 586,929	\$ 601,602	\$ 616,642	\$ 632,058
Operating Expense	\$ 279,393	\$ 289,171	\$ 299,292	\$ 309,767	\$ 320,609
Net Operating Income	\$ 293,221	\$ 297,757	\$ 302,310	\$ 306,875	\$ 311,449
Debt Service (1st)	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702
Coverage (1st)	1.30	1.32	1.34	1.36	1.38
Replacement Reserve	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)
Cash Flow	\$ 67,519	\$ 72,056	\$ 76,608	\$ 81,173	\$ 85,747
LP Asset Management Fee	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
GP Management Fee	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Deferred Dev. Fee Pmt.	\$	\$	\$	\$	\$
SDHC Land Lease Pmt	\$ 27,124	\$ 27,802	\$ 28,497	\$ 29,209	\$ 29,940
Residual :HC Perm Loan P	\$ 7,698	\$ 9,627	\$ 11,556	\$ 13,482	\$ 15,404
Residual to Developer	\$ 7,698	\$ 9,627	\$ 11,556	\$ 13,482	\$ 15,404

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Income	\$ 681,957	\$ 699,006	\$ 716,481	\$ 734,393	\$ 752,753
Vacancy	\$ 34,098	\$ 34,950	\$ 35,824	\$ 36,720	\$ 37,638
Effective Gross Income	\$ 647,859	\$ 664,056	\$ 680,657	\$ 697,674	\$ 715,116
Operating Expense	\$ 331,831	\$ 343,445	\$ 355,465	\$ 367,907	\$ 380,783
Net Operating Income	\$ 316,029	\$ 320,611	\$ 325,192	\$ 329,767	\$ 334,332
Debt Service (1st)	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702	\$ 225,702
Coverage (1st)	1.40	1.42	1.44	1.46	1.48
Replacement Reserve	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)	\$ (in expenses)
Cash Flow	\$ 90,327	\$ 94,910	\$ 99,490	\$ 104,066	\$ 108,631
LP Asset Management Fee	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
GP Management Fee	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Deferred Dev. Fee Pmt.	\$	\$	\$	\$	\$
SDHC Land Lease Pmt	\$ 30,688	\$ 31,455	\$ 32,242	\$ 33,048	\$ 33,874
Residual :HC Perm Loan P	\$ 17,320	\$ 19,227	\$ 21,124	\$ 23,009	\$ 24,878
Residual to Developer	\$ 17,320	\$ 19,227	\$ 21,124	\$ 23,009	\$ 24,878

**SAN DIEGO HOUSING COMMISSION
ENVIRONMENTAL REVIEW REQUEST**

Date: June 24, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

PROPOSED PROJECT NAME: Riverwalk Apartments

PROJECT STREET ADDRESS: 1194 Hollister Street ZIP CODE 92154

ASSESSOR'S PARCEL NO: 634-010-13 ZONING: RM-2-4

COMMUNITY PLANNING AREA: Otay-Mesa Nestor

Attach map page with arrow showing location of site. Attach assessor's parcel map if available. Attach labeled photos if available.

DEVELOPER/SPONSOR OF PROPOSED PROJECT: Riverwalk Apartments, L.P.

DEVELOPER'S ADDRESS: 13520 Evening Creek Dr. N, #360 San Diego CA 92128
STREET CITY STATE ZIP

CONTACT PERSON: Anna Scott

PHONE: (858) 679-2828 FAX: (858) 679-9076

EXISTING USE OF SITE (Check all that apply):

Vacant Residential Commercial Industrial Other (specify) _____

If residential, number of units: Studio 1-bedroom 2-bedroom
 3-bedroom 4-bedroom 5-bedroom _____ TOTAL

Number of buildings: _____ Number of stories: _____

Size of site (acres or square ft): 111514 sq. ft. Age of structure(s): _____ Years

PROPOSED PROJECT TYPE (check all that apply):

49 rental apartments, affordable for extremely low, very low and low income individuals and families as well as 1 unit for an onsite Manager. There will be onsite management office & recreation room; laundry facility, common & play areas. All of Nestor Creek that runs through the property will be completely cleaned and restored to its natural condition. A pedestrian/bike trail will be constructed which will ultimately connect to other portions of the trail. The project will utilize electric and water heating, solar energy for common areas.
Other (describe) _____

PROPOSED PROJECT DESCRIPTION (be brief, but attach additional sheets if necessary)

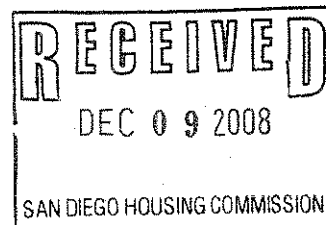
(describe differences in use, density, unit sizes, etc. between existing use and proposed use):



NESTOR UNITED METHODIST CHURCH

NURTURING CENTER FOR ALL PEOPLE.
1120 Nestor Way • San Diego, CA 92154-3096
Telephone (619) 423-2068 Russ M. Locke, Pastor
Internet Address:
http://home.earthlink.net/~Nestor_umc

November 21, 2008



Mr. Rick Gentry
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

RE: RIVERWALK APARTMENTS

Dear Mr. Gentry,

I'm writing this letter today in support of Affirmed Housing Group's proposed Riverwalk Apartments on Hollister Street, in the Otay-Nestor community. I am the pastor of Nestor United Methodist Church, neighbor to both Creekside Apartments and the proposed Riverwalk Apartments. Creekside Apartments, an Affirmed Housing development, is high quality affordable housing serving low income residents in our community. Well managed developments such as Creekside are an asset in this community, therefore I support Riverwalk Apartments.

Riverwalk improvements will include a pedestrian trail, creating a safe passage from Hollister to Coronado Avenue meandering along side the creek. Working with Affirmed Housing Group, our church proposes to dedicate a portion of our property to facilitate this vital pedestrian connection. This community investment can not be made without the funding associated with Riverwalk Apartments.

Please consider allocating funds to support the development of this site as quality affordable housing built by Affirmed Housing. Thank you for your time and consideration.

Sincerely,

Pastor Russ Locke

cc: James Silverwood, Affirmed Housing
Cissy Fisher, San Diego Housing Commission

ATTACHMENT 7
ESTIMATED DEVELOPMENT TIMELINE - RIVERWALK APARTMENTS

- June 9 - Tax Credit Allocation Committee (TCAC) milestone: developer submitted application to TCAC for 9% tax credits (single round for 2009).
- July 10 - Housing Commission review of proposed loan.
- Aug 17 - Local funding commitments must be in place for TCAC's 9% tax credits.
- Sept 9 - TCAC announces awards for 9% tax credits single round 2009.
- Feb 6, 2010 - TCAC closing (150 days from award)
- Feb 2010 - Estimated construction start.
- Spring 2011 - Estimated Construction Completion and Occupancy.

ATTACHMENT 8

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

1. Name of CONTRACTOR: Riverwalk Apartments, LP

2. Address and Zip Code: 13520 Evening Creek Drive N., Ste 360, SD, CA 92128

3. Telephone Number: (858) 679-2828

4. Name of Principal Contact for CONTRACTOR: James Silverwood

5. Federal Identification Number or Social Security Number of CONTRACTOR: 20-8332041

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: Riverwalk Apartments, LP
(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:

June 3, 2009

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.
 - 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%. (Attach extra sheet if necessary)

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Affirmed Housing Group, Inc. Address: 13520 Evening Creek Dr. N., Ste. 360 San Diego, CA 92128	Administrative General Partner, .01% interest
Name: James Silverwood Address: 13520 Evening Creek Dr. N., Ste. 360 San Diego, CA 92128	Limited Partner, .98% interest
Name: Non-Profit to be determined Address:	Managing General Partner, .01% interest
Name: Tax Credit Investor to be determined Address:	Limited Partner, 99% interest

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.

No.

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.

No.

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 percent of interest or description of character and extent of interest
Name: None to disclose	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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:

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest
Name: None to disclose	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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.

Name, Address and Zip Code	Relationship to CONTRACTOR
Name: Affirmed Housing Group, Inc.	General Partner
Address: 13520 Evening Creek Dr. N., Ste. 360	
San Diego, CA 92128	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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.

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:
US Bank conventional debt providing approximately \$2,700,000 in permanent financing, San Diego Housing Commission total financing of \$4,475,000, Tax Credit equity of approximately \$7,000,000.
-
-

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

- a. In banks/savings and loans:

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

Equity provided from tax credits.

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:

Description	Market Value (\$)	Mortgages or Liens (\$)

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

Name, Address and Zip Code	Contact Name
Name: US Bank	Waheed Karim
Address: 4747 Executive Drive, Third Floor	
San Diego, CA 92121	
Name: Citibank	Cecile Chalifour
Address: 787 West 5th Street, 29th Floor	
Los Angeles, CA 90071	
Name:	
Address:	
Name:	
Address:	

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

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

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

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

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
N/A	Single asset entity			

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:

- a. Name and addresses of such contractor or builder:

Name, Address and Zip Code	Affiliation
Name: Not applicable	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- 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: \$ _____

General description of such work:

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

Project Name		
Project Owner Contact Information	Name	Address
Project Location		
Project Details		
Bonding Company Involved	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details	Location/Date	Outcome Details

Project Name		
Project Owner Contact Information	Name	Address
Project Location		
Project Details		
Bonding Company Involved	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details	Location/Date	Outcome Details

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding 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:

Applicant is the developer and will not participate directly in construction activity. As Developer Affirmed Housing Group is the Administrative General Partner of the CONTRACTOR, as defined in this application. Affirmed Housing Group has successfully developed over 1,775 affordable housing units since it began operation in 1994. Further demonstrating the success and sustainability of Affirmed Housing Group is its substantial record attaining public financing for 23 communities totalling in excess of \$660 million. Led by James Silverwood, President of Affirmed Housing Group with more than 30 years experience in housing development, the development team of Lindsay Quackenbush, Anna Scott and Micah Spano will manage the successful development of Riverwalk Apartments.

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 No

If yes, explain.

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

None.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

Yes No

If yes, explain:

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)]

To be submitted prior to funding.

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

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 state:

Government Entity Making Complaining	Date	Resolution
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 state:

None.

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:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A					

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.

None.

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:

Date	Entity Involved (i.e. City Commission, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
Nov. 2005	Redevelopment Agency of the City of SD	Current	\$6,472,355
Nov. 2006	CCDC	Current	\$16,498,000
May 2008	CCDC	Current	\$33,974,852

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:

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:

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

1. Name: Jeff Graham, Centre City Development Corporation

Address: 401 B Street, San Diego, CA 92101

Phone: (619) 533-7181

Project Name and Description: Ten Fifty B Street, a 23-story high rise under construction and Studio 15, a recently completed 275 unit SRO.

2. Name: Cissy Fisher, San Diego Housing Commission

Address: 1122 Broadway, Suite 300, San Diego, CA 92101

Phone: (619) 578-7585

Project Name and Description: Tesoro Grove, Creekside Trails, Auburn Park, Hollywood Palms, Studio 15, Ten Fifty B

3. Name: Wendy DeWitt, Housing Development Partners
 Address: 1122 Broadway, Suite 300, San Diego, CA 92101
 Phone: (619) 578-7590
 Project Name and Description: Tesoro Grove, Creekside Trails, Auburn
Park, Hollywood Palms, Studio 15, Ten Fifty B

39. Give a brief statement regarding 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.

As Developer Affirmed Housing Group is the Administrative General Partner of the
CONTRACTOR, as defined in this application. Affirmed Housing Group has successfully
developed over 1,775 affordable housing units since it began operation in 1994. Further
demonstrating the success and sustainability of Affirmed Housing Group is its substantial
record attaining public financing for 23 communities totalling in excess of \$660 million. See
answer to item 22 for additional personnel information. ■

40. Give the name and experience of the proposed Construction Superintendent.

Name	Experience
Contractor yet to be selected	

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).

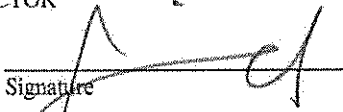
CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information 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 30th day of June 20 09, at San Diego, California.

CONTRACTOR

By:



Signature
President, Affirmed Housing Group, Inc.

Title

CERTIFICATION

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

By: [Signature] By: _____
Title: President, Affirmed Housing Group, Inc. Title: _____
Dated: 6/30/2009 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 of 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.

JURAT

State of California
County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____
by _____ personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) who appeared before me.

Signature of Notary

SEAL

DISCLOSE.PUB

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of SAN DIEGO

On June 30, 2009 before me, Kelli J. Elliott
Date Name and Title of Officer, (e.g., "Jane Doe, Notary Public")

personally appeared James Silverwood
Name(s) of Signer(s)

Who provided to me on basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Signature of Notary Public

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 re-attachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Individual |
| <input type="checkbox"/> Corporate Officer | <input type="checkbox"/> Corporate Officer |
| Title(s): _____ | Title(s): _____ |
| <input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General | <input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General |
| <input type="checkbox"/> Attorney-in-Fact | <input type="checkbox"/> Attorney-in-Fact |
| <input type="checkbox"/> Trustee | <input type="checkbox"/> Trustee |
| <input type="checkbox"/> Guardian or Conservator | <input type="checkbox"/> Guardian or Conservator |

Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer is Representing: _____

Signer is Representing: _____

ATTACHMENT 9

**AFFIRMED HOUSING GROUP
CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008**

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Matranga & Riley
An Accountancy Corporation

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Affirmed Housing Group
San Diego, California

We have reviewed the accompanying consolidated balance sheet of Affirmed Housing Group, (a California corporation), as of November 30, 2008, and the related consolidated statements of retained earnings, income, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Affirmed Housing Group

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of cost of sales and operating expenses are presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements, and we are not aware of any material modifications that should be made to them.

Matranga & Riley

San Diego, California
March 5, 2009

AFFIRMED HOUSING GROUP
CONSOLIDATED BALANCE SHEET
NOVEMBER 30, 2008

ASSETS

Current Assets	
Cash	\$ 446,836
Accounts receivable (Note B)	810,027
Development fees receivable	4,992,876
Project advances	1,287,753
Accrued interest	45,039
Loan receivable-other	5,000
Prepaid taxes (Note F)	<u>26,353</u>
Total Current Assets	7,613,884
Property and Equipment, net (Note C)	17,271
Other Assets	
Loans to projects	169,780
Land	119,856
Shareholder advance (Note D)	<u>295,765</u>
Total Assets	<u>\$ 8,216,556</u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
CONSOLIDATED BALANCE SHEET
NOVEMBER 30, 2008

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities	
Accounts payable	\$ 9,153
Pension plan payable (Note G)	72,400
Note payable-other	200,000
Current portion of long term debt (Note E)	<u>4,811</u>
Total Current Liabilities	<u>286,364</u>
Non-Current Liabilities	
Notes payable (Note E)	8,774
Investment in partnerships	1,589,096
Deferred tax liability (Note F)	<u>355,000</u>
Total Non-Current Liabilities	<u>1,952,870</u>
Total Liabilities	<u>2,239,234</u>
Shareholders' Equity	
Common stock - 100,000 shares authorized, 1,000 issued and outstanding	2,000
Retained earnings	<u>5,975,322</u>
Total Shareholders' Equity	<u>5,977,322</u>
Total Liabilities and Shareholders' Equity	<u>\$ 8,216,556</u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED NOVEMBER 30, 2008

RETAINED EARNINGS, DECEMBER 1	\$ 4,238,973
NET INCOME	<u>1,736,349</u>
RETAINED EARNINGS, NOVEMBER 30	<u><u>\$ 5,975,322</u></u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED NOVEMBER 30, 2008

Net Sales		\$	4,911,849
Cost of Sales			<u>756,143</u>
Gross profit			4,155,706
Operating Expenses (Schedule A)			<u>1,900,593</u>
Income (loss) from operations			<u>2,255,113</u>
Other Income (Expenses)			
Officers' salaries			(496,178)
Partnership income			6,397
Interest income			79,457
Interest expense			(1,971)
Depreciation			(9,611)
(Loss) on sale of fixed asset			<u>(1,945)</u>
Total other income (expenses)			<u>(423,851)</u>
Income (loss) before provision for income taxes			1,831,262
Provision for Income Taxes (Note F)			
State tax			35,000
Federal tax			<u>59,913</u>
Net Income (Loss)		\$	<u><u>1,736,349</u></u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2008

Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,963,838
Cash paid to suppliers and employees	(3,251,590)
Interest paid	(1,971)
Income taxes paid	(140,203)
Interest income	<u>79,457</u>
Net cash (used) by operating activities	<u>(350,469)</u>
Cash Flows from Investing Activities:	
Proceeds from sale of fixed assets	<u>15,000</u>
Net cash provided by investing activities	<u>15,000</u>
Cash Flows from Financing Activities:	
Principal payments on notes payable	(39,800)
Borrowings on notes payable	<u>150,000</u>
Net cash provided by financing activities	<u>110,200</u>
Net (Decrease) in Cash and Cash Equivalents	(225,269)
Cash and Cash Equivalents at December 1, 2007	<u>672,105</u>
Cash and Cash Equivalents at November 30, 2008	<u>\$ 446,836</u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS (Cont.)
FOR THE YEAR ENDED NOVEMBER 30, 2008

Reconciliation of Net Income to Net Cash (used)	
by Operating Activities:	
Net Income(Loss)	\$ 1,736,349
Adjustments to Reconcile Net Income to Net Cash	
(Used) by Operating Activities:	
Depreciation expense	9,611
Loss on sale of fixed asset	1,945
(Increase) Decrease in accounts receivable/developer fees	(1,948,011)
(Increase) Decrease in employee advances/other	93,967
(Increase) Decrease in project advances	(448,555)
(Increase) Decrease in construction in progress/land	565,961
(Increase) Decrease in shareholder advance	(220,000)
(Increase) Decrease in deferred tax asset	4,332
(Decrease) Increase in accounts payable	(365,291)
(Decrease) Increase in accrued expenses	(22,822)
(Decrease) Increase in pension plan payable	7,122
(Decrease) Increase in deferred tax liability	35,336
(Decrease) Increase in income taxes payable	(60,205)
(Decrease) Increase in investment in partnerships	259,792
	<u>259,792</u>
Net cash (used) by operating activities	<u>\$ (350,469)</u>

See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Affirmed Housing Group, a California corporation, (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, Affirmed Housing Group, Inc. and Affirmed Housing Partners Fremont, LLC. All intercompany transactions have been eliminated in this consolidation.

Business Activity

The Company was incorporated on December 18, 1990 under the laws of the State of California, and its principal business is the development of affordable apartment complexes.

Method of Income Recognition

The accounting records of the Company are maintained on the accrual basis. Accordingly, revenues are recorded in the period in which they are earned, and expenses are recorded in the period in which they are incurred. The effect of events on the business is recognized as services are rendered or consumed rather than when cash is received or paid.

The accounting records are maintained using the accrual method for financial reporting purposes and the completed contract method for income tax reporting purposes.

The company reports its developer fee project revenue on the percentage of completion method of accounting. The percentage complete is based on a contractually determined set of milestones with the customer. As various milestones are met, a percentage of the developer fee is accrued.

Statement of Cash Flows

For purposes of the statement of cash flows, the corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property and Equipment

Property and equipment is stated at cost and depreciated over the estimated useful lives of the assets (3 to 39 years) using the Modified Accelerated Cost Recovery System (MACRS) method. Leasehold improvements are depreciated over the useful lives of the assets. Maintenance and repairs that do not extend the useful life of the assets are charged to expense as incurred. Upon the retirement and other disposition, the property and related accumulated depreciation are removed from the accounts and any resulting profit or loss is credited or charged to income.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (the "Statement"). The Statement provides that deferred income taxes are recognized for the tax consequences in future years for differences between the tax bases of assets and liabilities ("temporary differences") and their financial reporting amounts at each year and based on enacted tax laws and statutory rates applicable to the periods in which the temporary differences are expected to effect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Leases

Leases are classified as either capital or operating leases. Leases that substantially transfer all of the benefits and risk of ownership of property to the Company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred. As of November 30, 2008, all of the Company's lease agreements have been properly classified.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Project Advances

Project advances represent all costs incurred and advanced on current projects in process.

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Investments in Partnerships and Joint Ventures

The Company's investment in the construction joint venture is accounted for by the cost method.

Loans to Projects

Loans to projects represent advances to partnership investments.

Development Fees Receivable

Development fees receivable represent deferred fees earned on completed contracts.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value.

Cash and Cash Equivalents. The carrying amount is a reasonable estimate of fair value.

Accounts Receivable, Prepaid Expenses and Loans Receivable. The carrying value of accounts receivable, prepaid expenses and loans receivable approximates the fair value due to the short-term nature of these instruments.

Accounts Payable and Accrued Expenses. The carrying value of accounts payable and accrued expenses approximates the fair value due to short-term nature of these instruments.

Notes Payable. The carrying amount is a reasonable estimate of fair value as interest rates and interest rates on short-term and long-term borrowings have not changed significantly from interest rates for similar loans at November 30, 2008.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk principally consist of cash and cash equivalents and accounts receivable.

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. As of November 30, 2008, the Company has established provisions for potential credit losses and sales returns that are reasonably expected to be incurred.

The Company, at times during operations, has bank account balances which exceed \$250,000. The Federal Deposit Insurance Corporation (FDIC) insures only \$250,000 of funds. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk as to cash and cash equivalents.

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of at November 30:

Trade receivables	\$ 810,027
Less: Allowance for doubtful accounts	<u>0</u>
Total Accounts Receivable	<u>\$ 810,027</u>

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided using the Modified Accelerated Cost Recovery System for financial reporting purposes and income tax reporting purposes, based on estimated useful lives of five to thirty nine years. Expenditures for maintenance and repairs are charged to expense as incurred.

The components of net property and equipment are as follows:

Property and equipment	\$ 72,239
Trucks and autos	33,518
Less: Accumulated depreciation	<u>(88,486)</u>
Property and Equipment, net	<u>\$ 17,271</u>

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE D - NOTE RECEIVABLE - SHAREHOLDER

Note receivable - shareholder consists of the following:

Unsecured advances to shareholder, with an interest rate of 4% per annum and payable on demand.	\$ 295,765
Less current portion	<u>0</u>
Note receivable - shareholder, net of current portion	<u>\$ 295,765</u>

NOTE E - NOTES PAYABLE

Notes payable consists of the following:

Note payable to North County Credit dated July 2007, interest at 6.74%, due in monthly payments of \$465.03, secured by the vehicle, and due July 2011.	\$ 13,585
Less current portion	<u>(4,811)</u>
Notes payable - net of current portion	<u>\$ 8,774</u>

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE E - NOTES PAYABLE (Cont.)

Future minimum principal payments on notes payable are as follows:

<u>Year ending November 30,</u>	<u>Total</u>
2009	\$ 4,811
2010	5,146
2011	3,628
2012	0
2013	0
	<u>13,585</u>

NOTE F - INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of accounts receivable, accounts payable, depreciable property and equipment and amortization, for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE F - INCOME TAXES (cont.)

The components of income taxes are as follows:

	<u>Total</u>	<u>Paid</u>	<u>(Receivable) Payable</u>
Current tax expense:			
U.S. federal	\$ 20,844	\$ 36,000	\$ (15,156)
State	32,803	44,000	(11,197)
	<u>\$ 53,647</u>	<u>\$ 80,000</u>	<u>\$ (26,353)</u>
Total income taxes payable			
Deferred tax expense following:			
U.S. federal	\$ 16,034		
State tax	25,232		
	<u>41,266</u>		
Total deferred			
Total tax provision (benefit)	<u>\$ 94,913</u>		

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences are expected to be available to reduce taxable income.

Significant components of the Company's net deferred tax asset and liability are as follows as of November 30:

Completed contract	<u>\$ 355,000</u>
Non-current deferred tax liability - net	<u>\$ 355,000</u>

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE F - INCOME TAXES (cont.)

Income tax expense consists of the following for the year ended November 30:

Federal	\$ 20,844
State	<u>32,803</u>
Total current	<u>53,647</u>
Deferred:	
Federal	16,034
State	<u>25,232</u>
Total deferred	<u>41,266</u>
Total income tax expense	<u>\$ 94,913</u>

NOTE G – PROFIT SHARING PLAN

The Company sponsors a profit sharing plan for all eligible employees. Company contributions were \$72,400 for the year ended November 30, 2008.

NOTE H - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is contingently liable as guarantor of limited partnership construction loans and operating deficit loans.

Operating Leases

The Company leases its office under a non-cancelable operating lease, which expires in April 2009. Rent expense under this lease was approximately \$108,337.

See accountants' review report

AFFIRMED HOUSING GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE H - COMMITMENTS AND CONTINGENCIES (cont.)

Future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year are as follows at November 30:

2009	\$	55,081
2010		0
2011		0
2012		0
2013		0
Thereafter		<u>0</u>
Total	\$	<u>55,081</u>

See accountants' review report