San Diego HOUSING COMMISSION

ITEM 111

EXECUTIVE SUMMARY

DATE ISSUED: December 11, 2009 **REPORT NO:** HCR 09-107

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009

SUBJECT: Hotel Sandford - Property Acquisition
(Council District 2)

SUMMARY:
Hotel Sandford is a 130-unit Single Room Occupancy (SRO) hotel that provides affordable housing for low-income seniors. It is located on a 15,000-square-foot site at the northeast corner of Fifth Avenue and A Street within the Cortez neighborhood in downtown San Diego (Attachment 1). The four-story building also includes approximately 7,663 square feet of first floor retail and 18,275 square feet of basement area. In addition the basement has approximately 3,267SF of commercial space that at one time was leased to a user as offices.

This acquisition represents a unique opportunity for the Housing Commission to assist with preventing homelessness by restricting SRO units to very low income seniors. While this acquisition will not generate significant income to the Housing Commission, the opportunity to leverage funds available from the former public housing portfolio with funds from the Redevelopment Agency to acquire and rehabilitate this property, meets the Housing Commission's mission and provides balance to the portfolio. This acquisition will allow the Commission to preserve 130 affordable housing units in the downtown housing stock, as well as secure long-term affordability covenants on the Property at a favorable per-unit cost.

FISCAL CONSIDERATIONS:
The Housing Commission will use funds in the amount of $6,034,000 from the U.S. Bank line of credit. Other sources of funds available to the Commission may be substituted after acquisition, including the Build America Bond financing being acquired by the Commission.

Respectfully submitted,

D. Lawrence Clemens
Senior Vice President

Approved by,

Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

San Diego HOUSING COMMISSION

REPORT

DATE ISSUED: December 11, 2009 **REPORT NO:** HCR 09-107

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009

SUBJECT: Hotel Sandford - Property Acquisition
(Council District 2)

REQUESTED ACTION:
That the San Diego Housing Commission ("Commission") approve and forward to the Housing Authority ("Authority") for final approval the acquisition and necessary rehabilitation of the Hotel Sandford ("Property") by entering into a Purchase and Sale Agreement with the property owner ("Owner"); and an Owner's Participation Agreement with the San Diego Redevelopment Agency ("Agency") under the terms discussed in this report; and, proceed with the procurement of professional services to complete the rehabilitation work and manage the property.

STAFF RECOMMENDATION:
The Housing Commission and Housing Authority approve the following actions:

1. Authorize the Chief Executive Officer (CEO) to execute any and all documents necessary to allow the Commission to acquire the Property, including the design, rehabilitation and management services for the property in accordance with the development budget outlined in this report and on terms approved by General Counsel. Further, that the CEO be authorized to execute an Owner's Participation Agreement with the Redevelopment Agency, in a form approved by General Counsel, on terms discussed in this report.

2. The recordation of an affordability covenant against the property for 99 years in length, with 40 percent of the units remaining affordable at, or below, 50 percent of the area median income and the remaining units affordable at, or below, 60 percent of area median income.

3. Option payments to the Owner in the approximate total amount of $175,000 which will be applicable to the purchase price, but shall be non-refundable upon release.

BACKGROUND:
Hotel Sandford is a 130-unit Single Room Occupancy (SRO) hotel that provides affordable housing for low-income seniors. It is located on a 15,000-square-foot site at the northeast corner of Fifth Avenue and A Street within the Cortez neighborhood in downtown San Diego (Attachment 1). The four-story building also includes approximately 7,663 square feet of first floor retail and 18,275 square feet of basement area. The basement has a television lounge, commercial-grade kitchen, large community dining room, laundry room and storage for the benefit of the 130 SRO units located on floors two through four. In addition the basement has approximately 3,267 square feet of commercial space, which was leased to an office user at one time. Site photos have been included as Attachment 2 to this report.

The building was constructed in 1914, and has been designated by the San Diego Historical Resources Board as a local historical resource (HRB #215). The building was last renovated in 1989. The land is owned by the Downtown Senior Center Corporation, a California 501(c) (3) nonprofit corporation, while the building is owned by Senior Fifth Avenue Associates – Sandford, a California Limited Partnership. The two entities are interested in selling the Property to the Commission.

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

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

Site Area	15,000 (SF) (quarter block)
Maximum Floor Area Ratio (FAR) Permitted Minimum FAR Required Existing FAR	8.0 – 12.0 5.0 4.8
FAR Bonuses Proposed	NA
Stories	4 stories with basement
Amount of Retail Space	15,663 SF
Amount of Office Space	NA
Type of Housing	Single Room Occupancy (SRO) units
Total Number of Units / Total Residential Square Feet	130 / 56,019 SF
Types of Units (sizes)	129 studios (86 – 150 SF) 1 1-br (396 SF) (manager's apartment)
Existing Rental Rates - SROs	$330 – $438 per month
Number of Units Demolished	NA
Inclusionary Housing Ordinance Compliance/ Number of Affordable Units	Provision of 130 affordable apartments with placement of long-term affordability covenants
Parking	None provided
Assessor's Parcel Nos.	533-453-03

According to the Preliminary Title Report, dated August 20, 2009, there is approximately $4,247,535 of outstanding debt on the Property. In addition, Downtown Senior Center has a line of credit with Bank of America in the amount of $3,200,000, which has been utilized and has been called due by Bank of America, putting the owners in a position of taking immediate action to avoid default. The acquisition of this property by the Housing Commission will allow Downtown Senior Center to repay some of the debt due on the property and repay the line of credit with Bank of America. The deed of trust currently encumbering the property will be fully reconveyed upon acquisition of the Property by the Commission. It should be noted that this line of credit is not secured by the Property. An ownership summary table can be found as Attachment 12 of this report.

DISCUSSION:

Deal Terms

Over the past several months, Commission staff and CCDC staff have been negotiating specific deal terms for the acquisition of the Hotel Sandford. Commission staff and CCDC staff have agreed to the following key deal terms, subject to Board approval:

Agency Loan: Agency will provide a loan covering 50 percent of the total acquisition, and rehabilitation costs. The loan amount will be approximately $6,043,000, and will be based on an approved proforma which will be included in the Owner Participation Agreement between the Agency and Commission, in a form as approved by General Counsel. The Commission will make reasonable best efforts to procure additional gap financing sources, which if successful, will allow both Agency and Commission to reduce their respective funding obligations on a pro rata basis.

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

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

In the event of Release within 10 years of the expiration of 55 years of affordability during the Covenant Period, and upon the SDHC's transfer or sale of the Property or any part thereof, the SDHC and Agency shall share equally the proceeds of any disposition of the Property up to point that the

Agency receives an amount equal to its forgivable loan amount plus accrued interest through the loan maturity date, if any. Any balance of disposition proceeds in excess of the above scenario would be allocated entirely to the SDHC. The SDHC shall be prohibited from transferring the Property during the first 55 years of the Covenant Period without the Agency's written consent.

Loan Terms: The loan from the Agency shall be a forgivable loan, with a term of 55 years. Agency's loan shall be secured by a first priority deed of trust.

The loan shall be a residual receipts loan with residual receipts being paid to Agency and the Commission equally. However, no residual receipts shall be paid to either Agency nor the Commission until an operating reserve has accumulated enough capital, plus a ten percent contingency, to cover anticipated negative NOI in the projects later years (through Year 55). The reserves shall be placed by the Commission into an interest-bearing account with the highest secured yield available in accordance with all HUD regulations.

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

Loan Interest Rate: 1%, simple interest

Commission Matching Funds: The Commission will match Agency loan with an amount not to exceed 50 percent of the total acquisition and rehabilitation cost as documented in the final proforma. As such, 50 percent is estimated to be $6,043,000.

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

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

Property Management: With CCDC's reasonable approval, the Commission shall select a property manager with experience in operating SRO Hotels. A property manager shall operate the project in a decent, safe and sanitary condition for seniors for the term of the forgivable loan and the regulatory agreement.

Relocation Benefits: Agency and Commission shall equally share in the cost of any and all relocation benefits required under applicable law with Agency's share to be included as a cost within the principal of the loan. The Commission has procured a relocation consultant to prepare a relocation study.

Funding Sources

The Commission's funding source is from the U.S. Bank line of credit. Other sources of funds available to the Commission may be substituted after acquisition. Agency funding source would be from its 2010 Low and Moderate Income Housing Budget. The following table provides a proposed breakdown of the acquisition and rehabilitation costs:

Entity	Property Portion	Funding Amount	Cost per SRO Unit
Commission	Land Building (Ground Floor & Basement Commercial only) Rehabilitation Other (Due Diligence, Closing Fees, Relocation Costs, operating reserves)	$3,300,000 $500,000 $1,930,000 313,000	
	Commission Sub-Total	**$6,043,000**	**$46,484**
Agency	Land Building Value (Residential only) Rehabilitation (Residential only) Other (Due Diligence, Closing Fees, Relocation Costs, operating reserves)	$0 $3,000,000 $2,730,000 $313,000	
	Agency Sub-Total	**$6,043,000**	**$46,484**
TOTALS		**$12,086,000**	**$92,969**

Purchase and Sale Agreement

At the time this report was drafted, the Commission had yet to finalize negotiations with the property owner on the Purchase and Sale Agreement ("PSA") for the land and building. However, the anticipated terms expected to be included in the PSA are as follows:

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

Commercial Tenant Leases: The first floor commercial space is partially leased. Tenants include a barber college, a delicatessen and 7-11 (not yet open). The lease for the barber college and delicatessen are on a month to month lease and the 7-11 lease is a ten year base term with two five year options. As part of the purchase of the building, these leases will be assigned to the Housing Commission.

Short-Term Management Contract: The Commission has discussed with the existing property manager (Downtown Senior Center) the desire to enter into a short-term management agreement after the closing. By retaining the existing management company on a short-term basis, it would minimize any disruptions to the existing residential and commercial tenants. It is anticipated that a short-term management contract will be negotiated in conjunction with finalizing the purchase and sale agreement. The term of the contract is anticipated to be six months. Prior to the end of this short-term management contract, the Commission will issue a Request for Qualifications and thereafter select a third-party operator/manager for the Property.

Temporary Operating Expenses: The existing property manager (Downtown Senior Center) has a line of credit with Bank of America in the amount of $3,200,000, which has yet to be paid back. As a result, Bank of America has frozen the operating portfolio for Downtown Senior Center and will use this portfolio as collateral if the line of credit cannot be repaid. According to the owner, after November of 2009, Downtown Senior Center will not have enough operating expenses to continue operating Hotel Sandford. Since this acquisition is scheduled for a March 2010 closing, the owners would need approximately $175,000 to continue operating the building for four months. To ensure there is no lapse in operating expenses, the Commission may include an option payment provision in the purchase agreement to cover these costs. Any payment would receive full credit against the purchase price and be non-refundable.

Project Schedule: Close of escrow by the Commission for the land and building is March 15, 2010.

<u>Owner's Participation Agreement</u>

The Agency would enter into an OPA with the Commission to provide financial assistance for the Commission's acquisition and rehabilitation of the Property in a form to be negotiated between the parties with approval of General Counsel. The Commission would own and oversee the long-term management of the Property. The Agency subsidy will be provided in the form of a forgivable loan. The loan amount will be $6,043,000 (estimated), which is linked to the attached proforma. The Commission will make reasonable best efforts to procure additional gap financing sources, which if successful, will allow both Agency and Commission to reduce their respective funding obligations on a pro rata basis. CCDC staff will work cooperatively with Commission to explore the additional gap financing sources, including tax credits, federal stimulus, grants, and other state and federal affordable housing programs. Due to the need to close the Property's acquisition by early next year, it is not anticipated that additional gap financing would be explored or obtained prior to the closing. If additional gap financing is not feasible, Agency and Commission funding commitments will remain in place. The Commission shall not add debt service on the Property at any time during the Agency loan period without the Agency's written approval. Other proposed terms related to the loan include:

a. In consideration for the loan, the Commission shall acquire clear fee simple title to the Property and the Property will be subject to an affordability covenant in favor of the Agency restricting occupancy and rents for a period of 99 years, which will allow the Agency to count these units to meet California Community Redevelopment Law production and housing expenditure requirements.

b. In the event the Commission subdivides the commercial portion of the Property and sells it or any part thereof, the Commission shall share the net proceeds on a pro rata basis with Agency. Agency's share shall be deposited into Agency's Low and Moderate Income Housing budget.

- Disbursement of Loan: The building acquisition costs shall be disbursed through escrow at closing. All other monies shall be disbursed as construction proceeds, based upon draw requests from the Commission, based upon the percentage of completion as determined by the Commission architect and verified by Corporation staff or consultant. CCDC shall deposit the necessary funds for acquisition into escrow prior to the closing. All other loan funds shall be disbursed through Corporation oversight outside of escrow.

- Assigned Responsibilities: Specific responsibilities placed upon the Commission or Agency through the OPA include:

  a. The Commission will purchase the land and building and will receive a loan from Agency to fund a portion of the building and rehabilitation work. An affordable housing covenant will be recorded against the property to ensure the property will be used for low-income seniors for a minimum of 99 years.

  b. The Commission shall manage the building's rehabilitation. The Commission will obtain bids, select a licensed contractor(s), obtain all necessary approvals, permits, and insurances, oversee the work of contractors, ensure compliance with environmental requirements and the payment of prevailing wages and pay all invoices for the work, materials, and supplies. The Commission shall procure contractors for the rehabilitation in accordance with its procurement policy.

  c. The Commission shall use commercially reasonable efforts to incorporate energy efficient and sustainable components that are likely to reduce operating costs, as referenced in the proforma, and strive to meet guidelines and methods from Leadership in Energy and Environmental Design-Existing Buildings (LEED-EB) or an equivalent green building rating system to provide an environmentally sustainable rehabilitation.

  d. Both parties will mutually cooperate regarding the future use of the building basement's non-commercial space. The majority of the basement space is designated for residential ancillary uses, which would be rehabilitated using Agency loan funds. The OPA includes a mutual cooperation provision regarding efficient future uses of the basement space (e.g. conversion from residential common areas to office or retail), including, provisions for a rebate of a portion of the Agency's subsidy based upon square footage, due to conversion from residential to commercial uses, and consideration for using the basement space for use by non-profit health/social service organizations.

e. The OPA shall be subject to the approval of the Housing Commission, Housing Authority and Redevelopment Agency of the City of San Diego. The Agency Board is not required to approve a purchase agreement, but will be requesting to review and recommend approval of the OPA to the Agency. The OPA specifies that neither party shall be obligated to proceed until approval from its approving body is obtained. The form of the agreement shall be subject to the approval of the General Counsel of the Commission.

Due Diligence

The following is a summary of the due diligence items that staff coordinated to use in its evaluation of the Property:

Appraisal – An appraisal of the Property, prepared on August 4, 2009, determined the "as is" value of the fee simple interest in the Property and supports the negotiated purchase price of $6,800,000 (Attachment 9).

Building Condition Assessment Report – A multidisciplinary team conducted an assessment of the Property's current physical condition and provided a report. The report summarizes the existing conditions of the building and provides a preliminary scope of work and opinion of probable direct construction costs for upgrades and improvements if the Property is acquired and rehabilitated. Overall, the condition of the Property was determined to be good. The report's scope of work and opinion of probable direct construction costs suggested two levels of upgrades and improvements (Attachment 5):

Code and Life-Safety Improvements: The first level of upgrades and improvements includes costs to cure existing code and life-safety issues; such costs were considered in determining the Property's appraised value. The greatest cost item is for seismic upgrades required since the Property is an un-reinforced masonry (URM) building and subject to the City of San Diego ordinance requiring that certain seismic improvements be made (Attachment 6). Other items included in this level were fire/life safety and ADA-compliant plumbing upgrades, hazardous materials abatement, and patch/repair items located throughout the Property.

Discretionary Upgrades and Improvements: The second level of more discretionary upgrades and improvements includes costs for other items that include roof replacement, interior repair of architectural finishes, installation of water-saving plumbing fixtures, installation of energy-efficient electrical and mechanical equipment, improving ADA compliance, new paint and carpet on residential tenant floors, repainting the building's exterior, replacing concrete planters and street trees on surrounding sidewalks, additional seismic upgrades, and installation of a more functional kitchen located in the Property's basement for use by SRO tenants.

Construction Rehabilitation Review and Costs – As part of the Building Condition Assessment, a rehabilitation cost estimate was prepared by Leverton and Associates. The total rehabilitation cost identified by Leverton and Associates was estimated at $2,428,265.

At the Commission's request, Corporation staff hired Roel Construction Company to provide a peer review of this estimate to ensure that the cost estimate was current and accurate. The purpose of this review was to verify the construction costs and to ensure all rehabilitation related items had been included within the budget. The contractor used cost data from recently completed construction rehabilitation projects to verify structural, architectural, plumbing, fire and life safety improvements and hazardous material abatement. Roel Construction Company determined that the actual cost to complete this rehab work would cost the Commission and Agency $3,055,268 (an increase of $627,000 or 20 percent).

The primary reason for this cost increase was based on CCDC's requirement to install new public right-of-way sidewalks, the addition of structural beams in the basement, conversion of rooms to accommodate disabled and visually impaired, additional hazardous material abatement and seismic upgrades. It should be noted that these costs assume prevailing wages (Attachment 7)

Rehabilitation Construction Phasing Plan – Due to the significant rehabilitation work associated with this property, Roel Construction Company also prepared a construction phasing plan. In general, the scope of work for each residential unit includes new carpet, new paint, new bathroom sheet vinyl, bathroom fixtures and fan coils. Due to the limited space in each room, the average crew would consist of approximately six workers.

Roel evaluated a six-unit and twelve unit phasing plan for the rehabilitation work. Under the six unit phasing plan, it would take approximately twelve months to complete the work and the twelve unit phasing plan would take approximately nine months to complete. Staff has concluded that a twelve unit phasing plan would be cost effective, efficient and least disruptive to the residential and commercial tenants.

Historic Review – Based on a Building Condition Assessment Report, structural rehabilitation work will be needed to meet existing City Building Codes, specifically compliance with the Unreinforced Masonry Ordinance. Some of the structural seismic improvements include: roof to wall connections, parapet bracing, floor to wall connections and bracing of the chimney. In addition, there will be some aesthetic improvements made to the exterior of the building. Some of the exterior aesthetic improvements include: patch and repair cement plaster; paint exterior walls and windows and repair existing windows.

As part of the due diligence process, staff requested a single discipline review from the Historic Resources Division of the City of San Diego. Specifically, the Commission requested confirmation that these rehabilitation building improvements will not trigger the need for review and approval by the Historic Resources Board. On November 9, 2009, Commission staff received a written response from the City's Historic Resources Division. Based on their review, they have determined that the proposed structural and aesthetic improvements are in keeping with the Secretary of the Interior's Standards and therefore, review and approval from the Historic Resources Board is not required (Attachment 11).

Zoning Conformance – On November 17, 2009, the Commission received a zoning conformance letter from Centre City Development Corporation (Attachment 10). According to the Centre City Planning District Ordinance, the property is located within the Employment/Residential Mixed-Use District of the Downtown Community Plan Area. Within this zoning district, a Single Room Occupancy Hotel is a permitted use, including the existing barber college and deli sandwich shop and future convenience store tenant located on the first floor.

Phase I Environmental Site Assessment – A Phase I Environmental Site Assessment ("Phase I") of the Property determined that there is a low likelihood that recognized environmental conditions are present at the Property as a result of the current or historical land use or from a known and reported off-site source. Limited sampling/testing was performed to determine the presence of asbestos and lead paint.

Some asbestos was found in roof materials and flooring tiles, while lead was found in paint on stucco, metal and wood finishes located in the roof penthouse (Attachment 8).

Remaining Due Diligence

Residential Relocation Plan – Commission staff has selected Overland Pacific and Cutler, Inc. consultants to prepare a relocation plan for the project. At the time this report was prepared, Commission staff had not issued a Notice to Proceed on the relocation plan but it is anticipated that this work effort will be begin shortly. The consultant will evaluate temporary and permanent relocation of residents. The consultant will evaluate the twelve unit rehabilitation phasing plan to determine if this plan triggers any temporary relocation of residents during the construction process.

In addition, the consultant will determine if permanent relocation will be required for some of the existing low-income residents. Currently, the owner of the property is renting units to seniors at approximately 30 percent to 35 percent of average median income (approximately $330 to $430 per month). The Commission has evaluated competition in the area and has determined that an appropriate, yet conservative, rent level for this property is closer to 45 percent of average median income based on State of California Housing and Community Development Guidelines, which is approximately $590 per month. The cash flow analysis prepared for this project assumes a 20 percent turn-over rate within the first five years (actual turn-over is approximately 25 percent per year). As a result, the rent is planned to be adjusted for the entire building to 45 percent average median income by Year 5. Due to this rent increase; the relocation consultant will evaluate the need for permanent relocation. The relocation plan is currently being prepared and will be available by mid-December. The relocation study is anticipated to cost $9,000.

Phase II Environmental Report - The Phase I report recommends that a more comprehensive asbestos and lead based survey be conducted in accordance with relevant government guidelines prior to any building renovation activities. The survey will be completed prior to closing and is anticipated to cost approximately $3,800.

ALTA Survey – Prior to closing on the property, an ALTA survey is required. Commission staff has hired a civil engineer to prepare this survey and is anticipated to cost approximately $7,500.

Proposed Schedule of Performance

A detailed project schedule can be found as Attachment 4 to this report.

Action	Anticipated Completion
Housing Commission Board Hearing	December 18, 2009
Corporation Board Meeting	January 2010
Joint Agency and Housing Authority meeting	February 2010
Property Closing Date	March 2010
Construction Drawings Completed	August 2010
Building Permit Availability	October 2010
Construction Start Date	November 2010
Construction Completion Date	April 2011

Proforma

Keyser Marston Associates, Inc. (KMA) developed the project proforma dated November 30, 2009 (Attachment 3). Although the affordability covenant is 99 years, the proforma shows the overall financial results for the development plan of the building for 55 years, which includes acquisition, rehabilitation, relocation and operation. All proforma assumptions have been reviewed by the Commission and CCDC staff.

The proforma indicates a total investment of $12,086,000 of which $6,870,000 is for the acquisition of the land and building, $4,973,000 is for the rehabilitation and lease up reserves and $243,000 in miscellaneous costs including due diligence, closing and relocation.

The building is projected to provide positive net operating income for Years 1 through 41 with the exception of Years 25, 30, 35 and 40. During these four years, there are projected expenses relating to the turnover of retail tenants and associated expenses for tenant improvements and broker commissions. The negative net operating income in these years is covered with proceeds from a reserve account which is described in detail below. From Years 42 through 55, the building's net operating income will be negative and will be covered by the reserve account.

The following outlines in greater detail some of the cash flow assumptions for the property:

a. Residential Revenue - Based on State of California Housing and Community Development Income Limits for San Diego County, the rent level for the property will be based on a 45 percent AMI, which equates to a maximum monthly rent of $590. This rent level was derived based upon a comparison of rents for similar downtown properties and consideration of the Property's unit sizes and common amenities. Residential rent escalation is assumed to be 2.5 percent each year. The vacancy rate is assumed to be 15 percent in Year 1. The vacancy rate will be reduced by 2.5 percent each year until Year 4. At Year 4, the vacancy rate is assumed to be 5 percent and will be remain as 5 percent through Year 55. The 15 percent Year 1 vacancy rate equates to 19 units which will be used for temporary relocation within the building as construction is completed.

b. Retail Revenue – Baseline retail revenue for 2010 is estimated at $101,000. This amount is based on retail lease rent for the existing barber school, existing delicatessen and future 7-11 convenience store. The barber school and delicatessen rents are under market. Given the soft economy rents will be increased to market over a four period. Beginning in Year 5, all retail rents will escalate at 2.5% per year. The vacancy rate is assumed to be 10%.

c. Operating Expenses – Baseline operating expenses for 2010 is estimated at $723,000, which includes administration fees, utilities, operating and maintenance, taxes and insurance and payroll. In addition, social services, replacement reserves, resident room replacement reserves, mattress replacement and an Commission monitoring fee has also been added to this line item. The proforma assumes a 3.5 percent operating expense escalation for residential and commercial tenant improvements over the 55 year period.

d. Operating Reserve Fund – In order to ensure that operating expenses can be covered throughout the 55 year period, an operating reserve fund has been established. It is currently estimated that from Years 1 through 18, net operating income will be deposited into the reserve fund account. In years 18 through 41, net operating income will be distributed equally between the Commission and the Agency as the reserve fund account will have adequate funds to cover future anticipated negative operating expenses. In Years 42 through 55, net operating income is negative and will be paid for from the reserve fund account. Should any funds be remaining in the reserve fund account at the end of the 55 year term they will be distributed equally between the Commission and the Agency. The Commission will review the project performance after five years and then every two years thereafter and adjust the timelines for anticipated deposits into the reserve fund account as required.

FISCAL CONSIDERATIONS:
The Housing Commission will use funds in the amount of $6,034,000 from the U.S. Bank line of credit. Other sources of funds available to the Commission may be substituted after acquisition, including the Build America Bond financing being acquired by the Commission. Acquisition of this property satisfies the requirements of the U.S. Department of Housing and Urban Development (HUD) that land and building ownership by the Commission meets the definition of "acquisition and/or production," and these units will count toward the Commission's goals of providing affordable senior housing within the City.

The Agency will use funds in the amount of $6,034,000 from its Fiscal Year 2010 Low and Moderate Income Housing Budget for acquisition and rehabilitation costs associated with this acquisition. The Property is included within Agency's adopted Affordable Housing Guidelines and Project Priorities regarding Expenditures of the Centre City and Horton Low and Moderate Income Housing Funds (Affordable Housing Guidelines) as one of several acquisition and/or rehabilitation projects under consideration.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
In an advisory role, the Housing Commission Board of Commissioner's Ad Hoc Committee reviewed the proposed deal terms and proforma and provided staff with input regarding the proposed acquisition on September 1, 2009, October 7, 2009 and November 10, 2009.

CCDC staff presented the opportunity to acquire the property to the CCDC Board on June 17, 2009, and requested that the Board direct staff to perform the due diligence necessary to evaluate the feasibility of potential acquisition and rehabilitation of the Property using affordable housing funding. The Board voted to support the request.

ENVIRONMENTAL REVIEW:
This activity is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, "Existing Facilities." The activity does not fall within any of the classes of projects for which a categorical exemption may not be applied (Pub. Resources Code Section 21084). Moreover, the activity triggers none of the exceptions to the application of a categorical exemption set forth in CEQA Guidelines Section 15300.2. Therefore, the application of the categorical exemption(s) set forth under CEQA Guidelines section 15301 and 15326 is appropriate for this activity. In addition, the proposed activity is Categorically Excluded under the National Environmental Policy Act pursuant to 24 CFR Part 58.35(a) (3) (ii).

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

Respectfully submitted,

D. Lawrence Clemens
Senior Vice President

Approved by,

Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

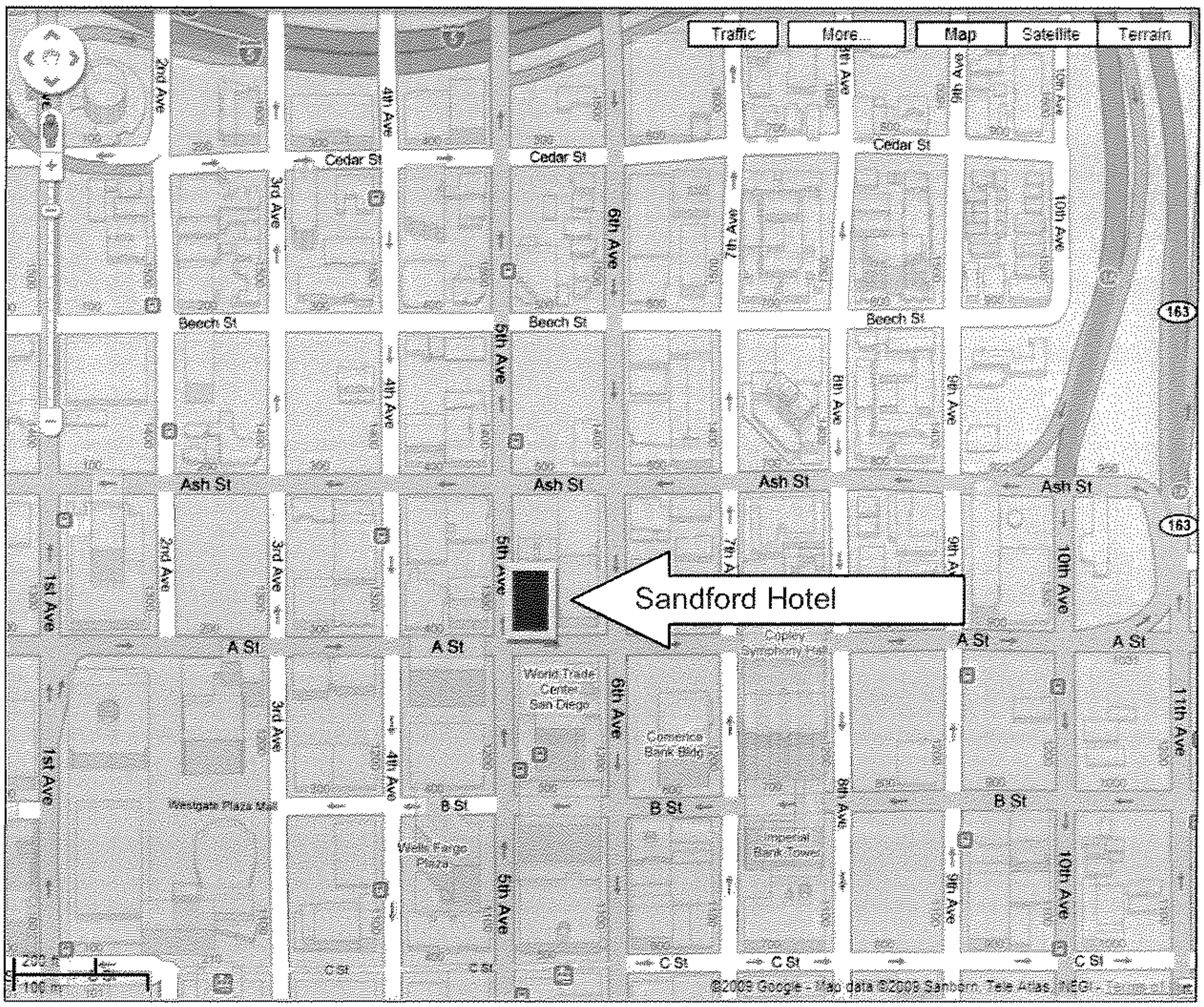
Attachments:
1. Site Location Map
2. Site Photos
3. Proforma dated November 30, 2009
4. Schedule
5. Building Condition Report **
6. Preliminary Structural Report **
7. Rehabilitation Cost Estimate and Phasing Plan **
8. Phase I Environmental Report **
9. Appraisal **
10. CCDC Zoning Conformance Letter
11. City Preliminary Review
12. Ownership Information Table

** These documents are available at the Housing Commission offices for review.

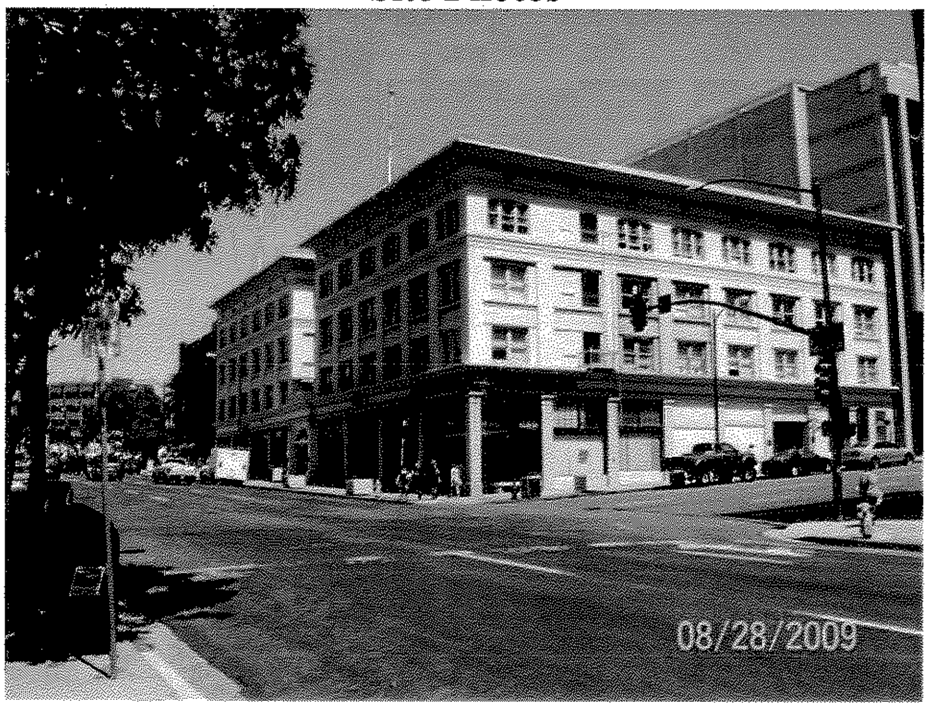
Hard copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101. You may review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

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

Location Map



Site Photos



View Looking North on Fifth Avenue and A Street

View Looking South On Fifth Avenue

CASH FLOW ANALYSIS

Hotel Sandford

San Diego Housing Commission
November 30, 2009

SUMMARY TABLE A
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		up to 45% AMI by Year 4 with Section 8	
I.	Average Rent - Residential		
	Year 0	$437	
	Year 1	$479	
	Year 2	$532	
	Year 3	$598	
	Year 4	$651	
	Year 5	$667	
	Year 15	$854	
	Year 16	$876	
	Year 17	$897	
	Year 18	$920	
II.	Operating Expenses	Current Expenses + 3.5%/year	
III.	Uses of Funds		
	Acquisition Costs		
	Land Value	$3,300,000	
	Building Value	$3,500,000	
	Due Diligence	$130,000	
	Closing Fees	$100,000	
	Relocation Costs - Temporary	$33,000	
	Relocation Costs - Permanent	$50,000	
	Total Acquisition Costs	$7,113,000	
	Direct Costs	$3,838,000	
	Indirects/Operating Lease-Up Reserve	$1,135,000	
	Total Uses of Funds	$12,086,000	
IV.	Agency/SDHC Contribution		
	San Diego Housing Commission	$6,043,000	50%
	Agency Loan	$6,043,000	50%
	Total Uses of Funds	$12,086,000	100%
V.	NPV of Project Cash Flow (55 years)		
	NPV of SDHC Share @	$161,000	50%
	NPV of Agency Share @	$161,000	50%
	Total	$322,000	100%
VI.	Outstanding Agency Loan @ Year 55	$7,193,000	

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

SUMMARY TABLE B

RENT INCREASE ASSUMPTIONS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

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

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

(2) Existing turnover at Hotel Sandford is estimated at approximately 25% per year based on historical operating data resulting from the following: (i) no private kitchens; (ii) roommates are prohibited; (iii) tenants awarded HUD Section 8 vouchers relocate to other properties; (iv) tenants over time may require assisted living or 24 hour care; and (v) natural attrition. The cash flow analysis projects an annual turn over rate at 20%.

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

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

SUMMARY TABLE C

COMPARISON OF RENTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

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

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

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

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 1

PROJECT DESCRIPTION
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

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

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 2

DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Totals	Per Unit	Comments (1)		Source
I. Acquisition Costs					
Land Value (2)	$3,300,000	$25,385	$220	/SF Site Area	Anderson and Brabant, Inc.
Building Value (2)	$3,500,000	$26,923	$46	/SF GBA	Anderson and Brabant, Inc.
Subtotal Acquisition Costs	$6,800,000	$52,308	$90	/SF GBA	
Due Diligence (3)	$130,000	$1,000		Allowance	Agency and SDHC
Closing Fees (3)	$100,000	$769		Allowance	Stewart Title and SDHC
Relocation Costs - Temporary (3)(4)	$33,000	$250		Allowance	Relocation Report
Relocation Costs - Permanent (3)	$50,000	$385		Allowance	Relocation Report
Total Acquisition Costs	$7,113,000	$54,715	$94	/SF GBA	
II. Direct Costs (5)					
Rehabilitation (6)	$3,055,000	$23,500	$40	/SF GBA	Cornerstone Construction Management
Sustainability / LEED Upgrades (6)(7)	$91,000	$700	3.0%	of above Directs	Cornerstone Construction Management
Tenant Improvements (8)	$108,000	$831	$10	/SF Retail & Res. Basement-Unimp.	SDHC
FF&E - Common Area (9)	$78,000	$600		Allowance	Cornerstone Construction Management
FF&E - Resident Rooms (10)	$157,000	$1,205	$1,205	/Unit	Cornerstone Construction Management
Owner Contingency	$349,000	$2,685	10.0%	of Directs	Industry standard
Total Direct Costs	$3,838,000	$29,523	$51	/SF GBA	
III. Indirect Costs					
Architecture & Engineering	$461,000	$3,546	12.0%	of Directs	Heritage Architecture
Permits & Fees	$50,000	$385	$1	/SF GBA	Cornerstone Construction Management
Legal & Accounting	$75,000	$577	2.0%	of Directs	KMA
Property Taxes and Assessments (11)	$5,000	$38	0.1%	of Directs	KMA
Business Taxes (11)	$0	$0	0.0%	of Directs	SDHC
Construction Management Fee	$122,000	$500	4.0%	of Rehabilitation Costs	Cornerstone Construction Management
Leasing Commissions - Retail (12)	$55,000	$423	$7	/SF Retail GBA	SDHC
Property and Liability Insurance	$15,000	$115	0.4%	of Directs	SDHC
Contingency	$39,000	$300	5.0%	of Indirects	Industry standard
Total Indirect Costs	$822,000	$6,323	21.4%	of Directs	

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 2

DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Totals	Per Unit	Comments (1)	Source
IV. Operating Lease-Up/Reserves (13)	$313,000	$2,408	8.2% of Directs	Industry standard
V. Subtotal Development Costs excluding Acquisition	**$4,973,000**	**$38,254**	**$66 /SF GBA**	
VI. Total Development Costs including Acquisition	**$12,086,000**	**$92,969**	**$160 /SF GBA**	

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

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 3

ALLOCATION OF DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Residential	Retail	Total
I. Cost Allocation Method			
Gross Building Area	71,027 SF 86.7%	10,930 SF 13.3%	81,957 SF 100.0%
II. Uses of Funds			
A. Acquisition Costs (1)			
Land Value	$2,795,000	$505,000	$3,300,000
Building Value	$3,000,000	$500,000	$3,500,000
Subtotal Acquisition Costs	$5,795,000	$1,005,000	$6,800,000
Due Diligence	$130,000	$0	$130,000
Closing Fees	$100,000	$0	$100,000
Relocation Costs - Temporary	$33,000	$0	$33,000
Relocation Costs - Permanent	$50,000	$0	$50,000
Total Acquisition Costs	$6,108,000	$1,005,000	$7,113,000
B. Direct Costs			
Rehabilitation	$2,648,000	$407,000	$3,055,000
Sustainability / LEED Upgrades	$79,000	$12,000	$91,000
Tenant Improvements	$88,000	$20,000	$108,000
FF&E - Common Area	$78,000	$0	$78,000
FF&E - Resident Rooms	$157,000	$0	$157,000
Owner Contingency	$305,000	$44,000	$349,000
Total Direct Costs	$3,355,000	$483,000	$3,838,000
C. Indirect Costs			
Architecture & Engineering	$400,000	$61,000	$461,000
Permits & Fees	$43,000	$7,000	$50,000
Legal & Accounting	$65,000	$10,000	$75,000
Property Taxes and Assessments	$4,000	$1,000	$5,000
Business Taxes	$0	$0	$0
Construction Management Fee	$106,000	$16,000	$122,000
Leasing Commissions - Retail	$0	$55,000	$55,000
Property Liability Insurance	$13,000	$2,000	$15,000
Contingency	$31,000	$8,000	$39,000
Total Indirect Costs	$662,000	$160,000	$822,000
D. Operating Lease-Up/Reserves	$313,000	$0	$313,000
E. Total Costs	**$10,438,000**	**$1,648,000**	**$12,086,000**

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

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 3

ALLOCATION OF DEVELOPMENT COSTS
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Residential	Retail	Total	
III. Sources of Funds				
San Diego Housing Commission				
Acquisition Costs				
Land Value	$2,795,000	$505,000	$3,300,000	
Building Value	$0	$500,000	$500,000	
Subtotal Acquisition	$2,795,000	$1,005,000	$3,800,000	
Due Diligence	$65,000	$0	$65,000	
Closing Fees	$50,000	$0	$50,000	
Relocation Costs - Temporary	$17,000	$0	$17,000	
Relocation Costs - Permanent	$25,000	$0	$25,000	
Total Acquisition	$2,952,000	$1,005,000	$3,957,000	
Direct Costs	$956,000	$483,000	$1,439,000	
Indirect Costs	$331,000	$160,000	$491,000	
Operating Lease-Up/Reserves	$156,000	$0	$156,000	
Total San Diego Housing Commission	$4,395,000	$1,648,000	$6,043,000	50%
Agency				
Acquisition Costs				
Land Value	$0	$0	$0	
Building Value	$3,000,000	$0	$3,000,000	
Subtotal Acquisition	$3,000,000	$0	$3,000,000	
Due Diligence	$65,000	$0	$65,000	
Closing Fees	$50,000	$0	$50,000	
Relocation Costs - Temporary	$16,000	$0	$16,000	
Relocation Costs - Permanent	$25,000	$0	$25,000	
Total Acquisition	$3,156,000	$0	$3,156,000	
Direct Costs	$2,399,000	$0	$2,399,000	
Indirect Costs	$331,000	$0	$331,000	
Operating Lease-Up/Reserves	$157,000	$0	$157,000	
Total Agency	$6,043,000	$0	$6,043,000	50%
Total Sources of Funds	**$10,438,000**	**$1,648,000**	**$12,086,000**	**100%**

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 4

SUMMARY OF NET OPERATING INCOME
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		(A) 2008 (Actual) (1)		(B) 2009 (Budget) (1)		(C) 2010 (w/Section 8)		(C-B) Difference
I. Revenues								
Gross Scheduled Income								
BB's Deli	752 SF			$1.22 /SF/Month	$10,980			
Associated Barber College - Salon	705 SF			$0.72 /SF/Month	$6,120			
Associated Barber College - Barber	2,902 SF			$0.62 /SF/Month	$21,504			
Fifth Avenue Corp.	250 SF			$0.00 /SF/Month	$0			
Subtotal Ground Level Retail	4,609 SF	$1.15 /SF/Month	$63,543	$0.70 /SF/Month	$38,604	$0.75 /SF/Month	$41,500	$2,896
Pending (convenience store)	3,054 SF		$0		$0	$1.65 /SF/Month	$60,469	$60,469
Residential	130 Units	$397 /Unit/Month	$619,416	$437 /Unit/Month	$681,816	$479 /Unit/Month	$747,000	$65,184
Total Gross Scheduled Income			$682,959		$720,420		$848,969	$128,549
Other Income								
Refrigerator Rents		$4 /Unit/Month	$6,510	$4 /Unit/Month	$6,510	$5 /Unit/Month	$8,000	$1,490
Laundry (Wash & Dry)		$1 /Unit/Month	$2,258	$1 /Unit/Month	$2,258	$2 /Unit/Month	$3,000	$742
Security Deposits		$1 /Unit/Month	$1,055	$1 /Unit/Month	$1,055	$1 /Unit/Month	$2,000	$945
Miscellaneous Income		$0 /Unit/Month	$104	$0 /Unit/Month	$105	$0 /Unit/Month	$210	$105
Subtotal Other Income		$6 /Unit/Month	$9,927	$6 /Unit/Month	$9,928	$8 /Unit/Month	$13,210	$3,282
(Less) Vacancy - Residential		5.5% of Residential GSI	($33,801)	7.0% of Residential GSI	($47,727)	15.0% of Residential GSI	($112,050)	($64,323)
(Less) Vacancy - Commercial		0.0% of Commercial GSI	$0	0.0% of Commercial GSI	$0	10.0% of Commercial GSI	($10,197)	($10,197)
Total Vacancy			($33,801)		($47,727)		($122,247)	($74,520)
Effective Gross Revenue			$659,085		$682,621		$739,932	$57,311
II. Operating Expenses								
Operating Expenses								
Administration and Legal Expenses (2)		$1,118 /Unit/Year	($145,304)	$1,250 /Unit/Year	($162,558)	$400 /Unit/Year (10)	($52,000)	$110,558
Management Fee (3)		$0 /Unit/Year	$0	$0 /Unit/Year	$0	$460 /Unit/Year (10)	($59,800)	($59,800)
Operating & Maintenance Expense (4)		$1,713 /Unit/Year	($222,675)	$1,439 /Unit/Year	($187,058)	$600 /Unit/Year (10)	($78,000)	$109,058
Taxes and Insurance (5)		$343 /Unit/Year	($44,548)	$451 /Unit/Year	($58,624)	$115 /Unit/Year (10)	($14,950)	$43,674
Payroll Salary (6)		$0 /Unit/Year	$0 (9)	$0 /Unit/Year	$0 (9)	$1,374 /Unit/Year (10)	($178,603)	($178,603)
Financial Expenses (7)		$0 /Unit/Year	$0	$0 /Unit/Year	$0	$100 /Unit/Year (10)	($13,000)	($13,000)
Audit and Tax Preparation		$86 /Unit/Year	($11,227)	$115 /Unit/Year	($15,000)	$119 /Unit/Year (10)	($15,525)	($525)
Utilities (8)		$1,299 /Unit/Year	($168,878)	$1,402 /Unit/Year	($182,215)	$1,451 /Unit/Year (10)	($188,593)	($6,378)
Operating Contingency		$0 /Unit/Year	$0	$0 /Unit/Year	$0	$200 /Unit/Year (10)	($26,000)	($26,000)
Total Operating Expenses		$4,559 /Unit/Year	($592,632)	$4,657 /Unit/Year	($605,455)	$4,819 /Unit/Year	($626,470)	($21,015)

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 4

SUMMARY OF NET OPERATING INCOME
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	(A) 2008 (Actual) (1)		(B) 2009 (Budget) (1)		(C) 2010 (w/Section 8)		(C-B) Difference
II. Operating Expenses (cont'd.)							
Property Taxes and Assessments	$108 /Unit/Year	($14,028)	$111 /Unit/Year	($14,449)	$38 /Unit/Year (10)	($5,000)	$9,449
Social Services/Amenities	$0 /Unit/Year	$0	$0 /Unit/Year	$0	$150 /Unit/Year (10)	($19,500)	($19,500)
Replacement Reserves	$0 /Unit/Year	$0	$0 /Unit/Year	$0	$275 /Unit/Year (10)	($35,750)	($35,750)
Furniture Replacement	$0 /Unit/Year	$0	$0 /Unit/Year	$0	$150 /Unit/Year (11)	($19,500)	($19,500)
Mattress Replacement	$0 /Unit/Year	$0	$0 /Unit/Year	$0	$75 /Unit/Year (12)	($9,750)	($9,750)
SDHC Monitoring Fee	$0 /Unit/Year	$0	$0 /Unit/Year	$0	$54 /Unit/Year (13)	($7,050)	($7,050)
Total Operating Expenses	$4,667 /Unit/Year	($606,660)	$4,768 /Unit/Year	($619,904)	$5,562 /Unit/Year	($723,020)	($103,116)
III. Net Operating Income		**$52,425**		**$62,717**		**$16,912**	**($45,805)**

(1) Source: Senior Fifth Avenue Associates, March 4, 2009.
(2) Includes marketing, office supply, phone service, internet, training for staff, audit, computer supplies, credit check of tenants, and bank fees.
(3) Fee paid to property management company to manage the property.
(4) Costs associated with building repair such as painting, minor repairs, supplies, property maintenance, elevator contract, fire alarm and sprinkler monitoring, fire extinguisher recharge, pest control, security, signage, and HVAC maintenance.
(5) Includes business property taxes and property insurance. SDHC is exempt from taxes.
(6) Assumes one full-time manager, one full-time maintenance coordinator, one full-time janitor, and one half-time assistant manager. Also includes expense of one free manager unit.
(7) Payments toward loan amount, mortgage, interest fees, and miscellaneous expenses.
(8) Includes electric, gas, cable, and trash collection.
(9) Included in administration and legal fees.
(10) Source: San Diego Housing Commission, October-November 2009.
(11) Assumes replacement of resident room furniture every 10 years.
(12) Assumes replacement of resident mattresses every 3 years.
(13) Source: San Diego Housing Commission. Assumes: $65/unit for 1-40 units; $55/unit for 41-80 units, and $45/unit for 81-130 units.

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 5

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

I. Retail

Year	0 (2009 Budget)			1			2			3			4			5		
	SF	$/SF/Month	Total Annual	SF	$/SF/Month	Total Annual	SF	$/SF/Month	Total Annual	SF	$/SF/Month	Total Annual	SF	$/SF/Month	Total Annual	SF	$/SF/Month	Total Annual
Occupied	4,609 SF	$0.70	$38,604	4,609 SF	$0.75	$41,500	4,609 SF	$0.85	$47,012	4,609 SF	$1.10	$60,839	4,609 SF	$1.30	$71,900	4,609 SF	$1.40	$77,431
Pending (convenience store)	3,054 SF	$0.00	$0	3,054 SF	$1.65	$60,469	3,054 SF	$1.65	$60,469	3,054 SF	$1.65	$60,469	3,054 SF	$1.65	$60,469	3,054 SF	$1.65	$60,469
Basement - Improved	3,267 SF	$0.00	$0	3,267 SF	$0.00	$0	3,267 SF	$0.00	$0	3,267 SF	$0.00	$0	3,267 SF	$0.00	$0	3,267 SF	$0.00	$0
Total	10,930 SF	$0.29	$38,604	10,930 SF	$0.78	$101,969	10,930 SF	$0.82	$107,481	10,930 SF	$0.92	$121,308	10,930 SF	$1.01	$132,370	7,663 SF	$1.50	$137,900
Vacancy	0% of GSI		$0	10% of GSI		($10,197)	10% of GSI		($10,748)	10% of GSI		($12,131)	10% of GSI		($13,237)	10% of GSI		($13,790)
Effective Gross Revenue - Retail			$38,604			$91,772			$96,733			$109,177			$119,133			$124,110

II. Residential

Year	0 (2009 Budget)			1			2			3			4			5		
	# of Units	$/Month	Total Annual	# of Units	$/Month	Total Annual	# of Units	$/Month	Total Annual	# of Units	$/Month	Total Annual	# of Units	$/Month	Total Annual	# of Units	$/Month	Total Annual
A. Basement - Improved	8,814 SF	$0.00	$0	8,814 SF	$0.00	$0	8,814 SF	$0.00	$0	8,814 SF	$0.00	$0	130 SF	$0.00	$0	130 SF	$0.00	$0
B. Existing Rent	130 100%	$437	$681,816	104 80%	$448	$559,000	72 55%	$459	$397,000	26 20%	$471	$147,000	0 0%	$482	$0	0 0%	$494	$0
40% of AMI	0 0%	$525	$0	0 0%	$538	$0	0 0%	$552	$0	0 0%	$565	$0	0 0%	$580	$0	0 0%	$594	$0
45% of AMI	0 0%	$590	$0	13 10%	$605	$94,000	39 30%	$620	$290,000	65 50%	$635	$495,600	91 70%	$651	$711,000	91 70%	$668	$729,000
50% of AMI	0 0%	$656	$0	0 0%	$672	$0	0 0%	$689	$0	0 0%	$706	$0	0 0%	$724	$0	0 0%	$742	$0
Section 8 - 45% of AMI	0 0%	$590	$0	13 10%	$605	$94,000	20 15%	$620	$149,000	39 30%	$635	$297,400	39 30%	$651	$305,000	39 30%	$668	$312,000
Subtotal	130 100%	$437	$681,816	130 100%	$479	$747,000	131 100%	$532	$836,000	131 100%	$598	$940,000	130 100%	$651	$1,016,000	130 100%	$667	$1,041,000
Add: Other Income	$6 /Unit/Month		$9,927	$8 /Unit/Month		$13,210	$10 /Unit/Month		$15,700	$12 /Unit/Month		$18,900	$12 /Unit/Month		$19,400	$13 /Unit/Month		$19,900
Vacancy	7.0% of GSI		($47,727)	15.0% of GSI		($112,050)	10.0% of GSI		($83,600)	7.5% of GSI		($70,500)	5.0% of GSI		($50,800)	5.0% of GSI		($52,050)
Effective Gross Revenue - Residential			$644,016			$648,160			$768,100			$888,400			$984,600			$1,008,850

Assumptions:	
Retail Rent Escalation after Year 5	2.5%
Residential Rent Escalation @	2.5%

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		Year (1)		1	2	3	4	5	6	7	8	9	10	11
I.	**Retail**													
	Gross Scheduled Income			$76,477	$107,481	$121,308	$132,370	$137,900	$145,333	$147,318	$149,351	$151,436	$153,573	$163,092
	(Less) Vacancy @	10.0% of GSI		($7,648)	($10,748)	($12,131)	($13,237)	($13,790)	($14,533)	($14,732)	($14,935)	($15,144)	($15,357)	($16,309)
	(Less) Tenant Improvements	$10 /SF		$0	$0	$0	$0	$0	$0	$0	$0	$0	($107,342)	$0
	(Less) Leasing Commissions	$7 /SF		$0	$0	$0	$0	$0	$0	$0	$0	$0	($75,139)	$0
	Effective Gross Income			$68,829	$96,733	$109,177	$119,133	$124,110	$130,800	$132,586	$134,416	$136,292	($44,266)	$146,783
II.	**Residential**													
	Effective Gross Income (EGI) - Residential			$486,120	$768,100	$888,400	$984,600	$1,008,850	$1,034,071	$1,059,923	$1,086,421	$1,113,582	$1,141,421	$1,169,957
	(Less) Operating Expenses			($469,853)	($648,396)	($671,090)	($694,579)	($718,889)	($744,050)	($770,092)	($797,045)	($824,941)	($853,814)	($883,698)
	(Less) Property Taxes and Assessments			($3,750)	($5,100)	($5,202)	($5,306)	($5,412)	($5,520)	($5,631)	($5,743)	($5,858)	($5,975)	($6,095)
	(Less) Social Services/Amenities			($14,625)	($20,183)	($20,889)	($21,620)	($22,377)	($23,160)	($23,970)	($24,809)	($25,678)	($26,576)	($27,507)
	(Less) Replacement Reserves			($26,813)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)
	(Less) Furniture Replacement			($14,625)	($20,183)	($20,889)	($21,620)	($22,377)	($23,160)	($23,970)	($24,809)	($25,678)	($26,576)	($27,507)
	(Less) Mattress Replacement			($7,313)	($10,091)	($10,444)	($10,810)	($11,188)	($11,580)	($11,985)	($12,405)	($12,839)	($13,288)	($13,753)
	(Less) SDHC Monitoring Fee			($5,288)	($7,297)	($7,552)	($7,816)	($8,090)	($8,373)	($8,666)	($8,970)	($9,284)	($9,608)	($9,945)
	(Less) Operating Expenses			($542,265)	($746,999)	($771,817)	($797,501)	($824,083)	($851,593)	($880,065)	($909,531)	($940,028)	($971,589)	($1,004,254)
III.	**Project Cash Flow**													
	Total Net Operating Income			$12,684	$117,833	$225,760	$306,232	$308,878	$313,278	$312,444	$311,306	$309,846	$125,566	$312,486
	(Less) Debt Service			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Project Cash Flow			$12,684	$117,833	$225,760	$306,232	$308,878	$313,278	$312,444	$311,306	$309,846	$125,566	$312,486
IV.	**Operating Reserve Fund**													
	(Less) Deposits into Operating Reserve Fund			($12,684)	($117,833)	($225,760)	($306,232)	($308,878)	($313,278)	($312,444)	($311,306)	($309,846)	($125,566)	($312,486)
	Add: Reserve Funds for Shortfall			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
V.	**Net Project Cash Flow Available for Distribution**			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VI.	**Cash Flow to Agency/SDHC @**	100%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Cash Flow To Agency		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Cash Flow to SDHC		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VII.	**Repayment of Agency Loan**													
	Beginning Balance			$6,043,000	$6,088,323	$6,148,753	$6,209,183	$6,269,613	$6,330,043	$6,390,473	$6,450,903	$6,511,333	$6,571,763	$6,632,193
	Interest	1.0%		$45,323	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430
	(Less) Cash Flow Credit of	50%		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Ending Balance			$6,088,323	$6,148,753	$6,209,183	$6,269,613	$6,330,043	$6,390,473	$6,450,903	$6,511,333	$6,571,763	$6,632,193	$6,692,623
	NPV Cash flow to Agency @	10%	$161,000 (2)											
VIII.	**Repayment of SDHC Investment**													
	Beginning Balance			$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000
	Interest	0.0%		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) Cash Flow Credit of	50%		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Ending Balance			$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000
	NPV Cash flow to SDHC @	10%	$161,000 (2)											

Assumptions:

Income Escalation	2.5%	Replacement Reserves Escalation	0.0%
Tenant Improvement/Leasing Escalation	3.50%	Property Tax Escalation	2.0%
Operating Expense Escalation	3.50%	SDHC Monitoring Escalation	3.50%
Furniture / Mattress Escalation	3.50%		

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010).
(2) Excludes outstanding loan balance at Year 55.

Prepared by: Keyser Marston Associates, Inc.
Filename:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

	Year (1)	12	13	14	15	16	17	18	19	20	21	22
I. Retail												
Gross Scheduled Income		$165,337	$167,638	$169,997	$172,414	$176,725	$181,143	$185,672	$190,313	$195,071	$199,948	$204,947
(Less) Vacancy @	10.0% of GSI	($16,534)	($16,764)	($17,000)	($17,241)	($17,672)	($18,114)	($18,567)	($19,031)	($19,507)	($19,995)	($20,495)
(Less) Tenant Improvements	$10 /SF	$0	$0	$0	($131,950)	$0	$0	$0	$0	($156,716)	$0	$0
(Less) Leasing Commissions	$7 /SF	$0	$0	$0	($92,365)	$0	$0	$0	$0	($109,701)	$0	$0
Effective Gross Income		$148,804	$150,875	$152,997	($69,143)	$159,052	$163,029	$167,104	$171,282	($90,853)	$179,953	$184,452
II. Residential												
Effective Gross Income (EGI) - Residential		$1,199,206	$1,229,186	$1,259,915	$1,291,863	$1,324,122	$1,357,297	$1,391,235	$1,426,016	$1,461,667	$1,498,208	$1,535,663
(Less) Operating Expenses		($914,627)	($946,639)	($979,772)	($1,014,064)	($1,049,556)	($1,086,290)	($1,124,310)	($1,163,661)	($1,204,389)	($1,246,543)	($1,290,172)
(Less) Property Taxes and Assessments		($6,217)	($6,341)	($6,468)	($6,597)	($6,729)	($6,864)	($7,001)	($7,141)	($7,284)	($7,430)	($7,578)
(Less) Social Services/Amenities		($28,469)	($29,466)	($30,497)	($31,565)	($32,669)	($33,813)	($34,996)	($36,221)	($37,489)	($38,801)	($40,159)
(Less) Replacement Reserves		($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)
(Less) Furniture Replacement		($28,469)	($29,466)	($30,497)	($31,565)	($32,669)	($33,813)	($34,996)	($36,221)	($37,489)	($38,801)	($40,159)
(Less) Mattress Replacement		($14,235)	($14,733)	($15,249)	($15,782)	($16,335)	($16,906)	($17,498)	($18,111)	($18,744)	($19,400)	($20,079)
(Less) SDHC Monitoring Fee		($10,293)	($10,653)	($11,026)	($11,412)	($11,811)	($12,225)	($12,652)	($13,095)	($13,554)	($14,028)	($14,519)
(Less) Operating Expenses		($1,038,060)	($1,073,048)	($1,109,258)	($1,146,734)	($1,185,520)	($1,225,661)	($1,267,205)	($1,310,200)	($1,354,699)	($1,400,753)	($1,448,417)
III. Project Cash Flow												
Total Net Operating Income		$309,949	$307,012	$303,654	$75,986	$297,655	$294,665	$291,134	$287,098	$16,115	$277,408	$271,699
(Less) Debt Service		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Project Cash Flow		$309,949	$307,012	$303,654	$75,986	$297,655	$294,665	$291,134	$287,098	$16,115	$277,408	$271,699
IV. Operating Reserve Fund												
(Less) Deposits into Operating Reserve Fund		($309,949)	($307,012)	($303,654)	($75,986)	($297,655)	($294,665)	($94,537)	$0	$0	$0	$0
Add: Reserve Funds for Shortfall		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
V. Net Project Cash Flow Available for Distribution		$0	$0	$0	$0	$0	$0	$196,598	$287,098	$16,115	$277,408	$271,699
VI. Cash Flow to Agency/SDHC @	100%	$0	$0	$0	$0	$0	$0	$196,598	$287,098	$16,115	$277,408	$271,699
Cash Flow To Agency		$0	$0	$0	$0	$0	$0	$98,299	$143,549	$8,057	$138,704	$135,849
Cash Flow to SDHC		$0	$0	$0	$0	$0	$0	$98,299	$143,549	$8,057	$138,704	$135,849
VII. Repayment of Agency Loan												
Beginning Balance		$6,692,623	$6,753,053	$6,813,483	$6,873,913	$6,934,343	$6,994,773	$7,055,203	$7,017,334	$6,934,215	$6,986,587	$6,908,313
Interest	1.0%	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430
(Less) Cash Flow Credit of	50%	$0	$0	$0	$0	$0	$0	($98,299)	($143,549)	($8,057)	($138,704)	($135,849)
Ending Balance		$6,753,053	$6,813,483	$6,873,913	$6,934,343	$6,994,773	$7,055,203	$7,017,334	$6,934,215	$6,986,587	$6,908,313	$6,832,894
NPV Cash flow to Agency @ 10%	$161,000											
VIII. Repayment of SDHC Investment												
Beginning Balance		$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$5,944,701	$5,801,152	$5,793,095	$5,654,391
Interest	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Cash Flow Credit of	50%	$0	$0	$0	$0	$0	$0	($98,299)	($143,549)	($8,057)	($138,704)	($135,849)
Ending Balance		$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$6,043,000	$5,944,701	$5,801,152	$5,793,095	$5,654,391	$5,518,541
NPV Cash flow to SDHC @ 10%	$161,000											

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)
(2) Excludes outstanding loan balance at Year 55.

Prepared by: Keyser Marston Associates, Inc.
Filename:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		Year (1)	23	24	25	26	27	28	29	30	31	32	33
I.	**Retail**												
	Gross Scheduled Income		$210,070	$215,322	$220,705	$226,223	$231,878	$237,675	$243,617	$249,708	$255,950	$262,349	$268,908
	(Less) Vacancy @	10.0% of GSI	($21,007)	($21,532)	($22,071)	($22,622)	($23,188)	($23,768)	($24,362)	($24,971)	($25,595)	($26,235)	($26,891)
	(Less) Tenant Improvements	$10 /SF	$0	$0	($258,303)	$0	$0	$0	$0	($306,783)	$0	$0	$0
	(Less) Leasing Commissions	$7 /SF	$0	$0	($180,812)	$0	$0	$0	$0	($214,748)	$0	$0	$0
	Effective Gross Income		$189,063	$193,790	($240,480)	$203,600	$208,690	$213,908	$219,255	($296,794)	$230,355	$236,114	$242,017
II.	**Residential**												
	Effective Gross Income (EGI) - Residential		$1,574,055	$1,613,406	$1,653,741	$1,695,085	$1,737,462	$1,780,899	$1,825,421	$1,871,057	$1,917,833	$1,965,779	$2,014,923
	(Less) Operating Expenses		($1,335,328)	($1,382,065)	($1,430,437)	($1,480,502)	($1,532,320)	($1,585,951)	($1,641,459)	($1,698,910)	($1,758,372)	($1,819,915)	($1,883,612)
	(Less) Property Taxes and Assessments		($7,730)	($7,884)	($8,042)	($8,203)	($8,367)	($8,534)	($8,705)	($8,879)	($9,057)	($9,238)	($9,423)
	(Less) Social Services/Amenities		($41,564)	($43,019)	($44,525)	($46,083)	($47,696)	($49,366)	($51,093)	($52,882)	($54,732)	($56,648)	($58,631)
	(Less) Replacement Reserves		($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)
	(Less) Furniture Replacement		($41,564)	($43,019)	($44,525)	($46,083)	($47,696)	($49,366)	($51,093)	($52,882)	($54,732)	($56,648)	($58,631)
	(Less) Mattress Replacement		($20,782)	($21,510)	($22,262)	($23,042)	($23,848)	($24,683)	($25,547)	($26,441)	($27,366)	($28,324)	($29,315)
	(Less) SDHC Monitoring Fee		($15,027)	($15,553)	($16,097)	($16,661)	($17,244)	($17,848)	($18,472)	($19,119)	($19,786)	($20,480)	($21,197)
	(Less) Operating Expenses		($1,497,746)	($1,548,800)	($1,601,639)	($1,656,324)	($1,712,921)	($1,771,497)	($1,832,120)	($1,894,862)	($1,959,798)	($2,027,004)	($2,096,559)
III.	**Project Cash Flow**												
	Total Net Operating Income		$265,372	$258,396	($188,377)	$242,361	$233,231	$223,310	$212,557	($320,599)	$188,390	$174,889	$160,381
	(Less) Debt Service		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Project Cash Flow		$265,372	$258,396	($188,377)	$242,361	$233,231	$223,310	$212,557	($320,599)	$188,390	$174,889	$160,381
IV.	**Operating Reserve Fund**												
	(Less) Deposits into Operating Reserve Fund		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Add: Reserve Funds for Shortfall		$0	$0	$188,377	$0	$0	$0	$0	$320,599	$0	$0	$0
V.	**Net Project Cash Flow Available for Distribution**		$265,372	$258,396	$0	$242,361	$233,231	$223,310	$212,557	$0	$188,390	$174,889	$160,381
VI.	**Cash Flow to Agency/SDHC @**	100%	$265,372	$258,396	$0	$242,361	$233,231	$223,310	$212,557	$0	$188,390	$174,889	$160,381
	Cash Flow To Agency		$132,686	$129,198	$0	$121,181	$116,616	$111,655	$106,278	$0	$94,195	$87,445	$80,191
	Cash Flow to SDHC		$132,686	$129,198	$0	$121,181	$116,616	$111,655	$106,278	$0	$94,195	$87,445	$80,191
VII.	**Repayment of Agency Loan**												
	Beginning Balance		$6,832,894	$6,760,638	$6,691,870	$6,752,300	$6,691,549	$6,635,364	$6,584,139	$6,538,291	$6,598,721	$6,564,955	$6,537,941
	Interest	1.0%	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430
	(Less) Cash Flow Credit of	50%	($132,686)	($129,198)	$0	($121,181)	($116,616)	($111,655)	($106,278)	$0	($94,195)	($87,445)	($80,191)
	Ending Balance		$6,760,638	$6,691,870	$6,752,300	$6,691,549	$6,635,364	$6,584,139	$6,538,291	$6,598,721	$6,564,955	$6,537,941	$6,518,180
	NPV Cash flow to Agency @ 10%	$161,000											
VIII.	**Repayment of SDHC Investment**												
	Beginning Balance		$5,518,541	$5,385,855	$5,256,658	$5,256,658	$5,135,477	$5,018,861	$4,907,206	$4,800,928	$4,800,928	$4,706,733	$4,619,288
	Interest	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) Cash Flow Credit of	50%	($132,686)	($129,198)	$0	($121,181)	($116,616)	($111,655)	($106,278)	$0	($94,195)	($87,445)	($80,191)
	Ending Balance		$5,385,855	$5,256,658	$5,256,658	$5,135,477	$5,018,861	$4,907,206	$4,800,928	$4,800,928	$4,706,733	$4,619,288	$4,539,098
	NPV Cash flow to SDHC @ 10%	$161,000											

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)
(2) Excludes outstanding loan balance at Year 55.

Prepared by: Keyser Marston Associates, Inc.
Filename:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		Year (1)	34	35	36	37	38	39	40	41	42	43	44
I. Retail													
Gross Scheduled Income			$275,630	$282,521	$289,584	$296,824	$304,244	$311,851	$319,647	$327,638	$335,829	$344,225	$352,830
(Less) Vacancy @	10.0% of GSI		($27,563)	($28,252)	($28,958)	($29,682)	($30,424)	($31,185)	($31,965)	($32,764)	($33,583)	($34,422)	($35,283)
(Less) Tenant Improvements	$10 /SF		$0	($364,361)	$0	$0	$0	$0	($432,747)	$0	$0	$0	$0
(Less) Leasing Commissions	$7 /SF		$0	($255,053)	$0	$0	$0	$0	($302,923)	$0	$0	$0	$0
Effective Gross Income			$248,067	($365,145)	$260,626	$267,141	$273,820	$280,665	($447,988)	$294,874	$302,246	$309,802	$317,547
II. Residential													
Effective Gross Income (EGI) - Residential			$2,065,297	$2,116,929	$2,169,852	$2,224,098	$2,279,701	$2,336,693	$2,395,111	$2,454,989	$2,516,363	$2,579,272	$2,643,754
(Less) Operating Expenses			($1,949,539)	($2,017,772)	($2,088,394)	($2,161,468)	($2,237,140)	($2,315,440)	($2,396,481)	($2,480,358)	($2,567,170)	($2,657,021)	($2,750,017)
(Less) Property Taxes and Assessments			($9,611)	($9,803)	($9,999)	($10,199)	($10,403)	($10,611)	($10,824)	($11,040)	($11,261)	($11,486)	($11,716)
(Less) Social Services/Amenities			($60,683)	($62,807)	($65,005)	($67,280)	($69,635)	($72,072)	($74,595)	($77,206)	($79,908)	($82,705)	($85,599)
(Less) Replacement Reserves			($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)
(Less) Furniture Replacement			($60,683)	($62,807)	($65,005)	($67,280)	($69,635)	($72,072)	($74,595)	($77,206)	($79,908)	($82,705)	($85,599)
(Less) Mattress Replacement			($30,341)	($31,403)	($32,503)	($33,640)	($34,817)	($36,036)	($37,297)	($38,603)	($39,954)	($41,352)	($42,800)
(Less) SDHC Monitoring Fee			($21,939)	($22,707)	($23,502)	($24,324)	($25,176)	($26,057)	($26,969)	($27,913)	($28,890)	($29,901)	($30,947)
(Less) Operating Expenses			($2,168,546)	($2,243,050)	($2,320,158)	($2,399,963)	($2,482,557)	($2,568,039)	($2,656,510)	($2,748,074)	($2,842,840)	($2,940,919)	($3,042,428)
III. Project Cash Flow													
Total Net Operating Income			$144,818	($491,266)	$110,320	$91,277	$70,964	$49,320	($709,387)	$1,788	($24,231)	($51,845)	($81,127)
(Less) Debt Service			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Project Cash Flow			$144,818	($491,266)	$110,320	$91,277	$70,964	$49,320	($709,387)	$1,788	($24,231)	($51,845)	($81,127)
IV. Operating Reserve Fund													
(Less) Deposits into Operating Reserve Fund			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Add: Reserve Funds for Shortfall			$0	$491,266	$0	$0	$0	$0	$709,387	$0	$24,231	$51,845	$81,127
V. Net Project Cash Flow Available for Distribution			$144,818	$0	$110,320	$91,277	$70,964	$49,320	$0	$1,788	$0	$0	$0
VI. Cash Flow to Agency/SDHC @	100%		$144,818	$0	$110,320	$91,277	$70,964	$49,320	$0	$1,788	$0	$0	$0
Cash Flow To Agency			$72,409	$0	$55,160	$45,639	$35,482	$24,660	$0	$894	$0	$0	$0
Cash Flow to SDHC			$72,409	$0	$55,160	$45,639	$35,482	$24,660	$0	$894	$0	$0	$0
VII. Repayment of Agency Loan													
Beginning Balance			$6,518,180	$6,506,201	$6,566,631	$6,571,901	$6,586,693	$6,611,641	$6,647,411	$6,707,841	$6,767,377	$6,827,807	$6,888,237
Interest		1.0%	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430
(Less) Cash Flow Credit of	50%		($72,409)	$0	($55,160)	($45,639)	($35,482)	($24,660)	$0	($894)	$0	$0	$0
Ending Balance			$6,506,201	$6,566,631	$6,571,901	$6,586,693	$6,611,641	$6,647,411	$6,707,841	$6,767,377	$6,827,807	$6,888,237	$6,948,667
NPV Cash flow to Agency @	10%	$161,000											
VIII. Repayment of SDHC Investment													
Beginning Balance			$4,539,098	$4,466,689	$4,466,689	$4,411,529	$4,365,890	$4,330,408	$4,305,748	$4,305,748	$4,304,854	$4,304,854	$4,304,854
Interest		0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Cash Flow Credit of	50%		($72,409)	$0	($55,160)	($45,639)	($35,482)	($24,660)	$0	($894)	$0	$0	$0
Ending Balance			$4,466,689	$4,466,689	$4,411,529	$4,365,890	$4,330,408	$4,305,748	$4,305,748	$4,304,854	$4,304,854	$4,304,854	$4,304,854
NPV Cash flow to SDHC @	10%	$161,000											

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)
(2) Excludes outstanding loan balance at Year 55.

Prepared by: Keyser Marston Associates, Inc.
Filename:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 6

MULTI-YEAR CASH FLOW
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

		Year (1)	45	46	47	48	49	50	51	52	53	54	55
I.	**Retail**												
	Gross Scheduled Income		$361,651	$370,692	$379,960	$389,459	$399,195	$409,175	$419,404	$429,889	$440,637	$451,653	$462,944
	(Less) Vacancy @	10.0% of GSI	($36,165)	($37,069)	($37,996)	($38,946)	($39,920)	($40,917)	($41,940)	($42,989)	($44,064)	($45,165)	($46,294)
	(Less) Tenant Improvements	$10 /SF	($513,968)	$0	$0	$0	$0	($610,433)	$0	$0	$0	$0	($725,002)
	(Less) Leasing Commissions	$7 /SF	($359,777)	$0	$0	$0	$0	($427,303)	$0	$0	$0	$0	($507,502)
	Effective Gross Income		($548,259)	$333,623	$341,964	$350,513	$359,276	($669,478)	$377,464	$386,900	$396,573	$406,487	($815,854)
II.	**Residential**												
	Effective Gross Income (EGI) - Residential		$2,709,848	$2,777,594	$2,847,034	$2,918,210	$2,991,165	$3,065,944	$3,142,593	$3,221,158	$3,301,687	$3,384,229	$3,468,835
	(Less) Operating Expenses		($2,846,267)	($2,945,887)	($3,048,993)	($3,155,707)	($3,266,157)	($3,380,473)	($3,498,789)	($3,621,247)	($3,747,991)	($3,879,170)	($4,014,941)
	(Less) Property Taxes and Assessments		($11,950)	($12,189)	($12,433)	($12,682)	($12,935)	($13,194)	($13,458)	($13,727)	($14,002)	($14,282)	($14,567)
	(Less) Social Services/Amenities		($88,595)	($91,696)	($94,905)	($98,227)	($101,665)	($105,223)	($108,906)	($112,718)	($116,663)	($120,746)	($124,972)
	(Less) Replacement Reserves		($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)	($35,750)
	(Less) Furniture Replacement		($88,595)	($91,696)	($94,905)	($98,227)	($101,665)	($105,223)	($108,906)	($112,718)	($116,663)	($120,746)	($124,972)
	(Less) Mattress Replacement		($44,298)	($45,848)	($47,453)	($49,114)	($50,832)	($52,612)	($54,453)	($56,359)	($58,331)	($60,373)	($62,486)
	(Less) SDHC Monitoring Fee		($32,031)	($33,152)	($34,312)	($35,513)	($36,756)	($38,042)	($39,374)	($40,752)	($42,178)	($43,654)	($45,182)
	(Less) Operating Expenses		($3,147,486)	($3,256,218)	($3,368,751)	($3,485,220)	($3,605,761)	($3,730,517)	($3,859,636)	($3,993,270)	($4,131,578)	($4,274,722)	($4,422,871)
III.	**Project Cash Flow**												
	Total Net Operating Income		($985,897)	($145,000)	($179,753)	($216,497)	($255,320)	($1,334,051)	($339,579)	($385,212)	($433,318)	($484,005)	($1,769,891)
	(Less) Debt Service		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Project Cash Flow		($985,897)	($145,000)	($179,753)	($216,497)	($255,320)	($1,334,051)	($339,579)	($385,212)	($433,318)	($484,005)	($1,769,891)
IV.	**Operating Reserve Fund**												
	(Less) Deposits into Operating Reserve Fund		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Add: Reserve Funds for Shortfall		$985,897	$145,000	$179,753	$216,497	$255,320	$1,334,051	$339,579	$385,212	$433,318	$484,005	$2,609,891
V.	**Net Project Cash Flow Available for Distribution**		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$840,000
VI.	**Cash Flow to Agency/SDHC @**	100%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$840,000
	Cash Flow To Agency		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$420,000
	Cash Flow to SDHC		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$420,000
VII.	**Repayment of Agency Loan**												
	Beginning Balance		$6,948,667	$7,009,097	$7,069,527	$7,129,957	$7,190,387	$7,250,817	$7,311,247	$7,371,677	$7,432,107	$7,492,537	$7,552,967
	Interest	1.0%	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430	$60,430
	(Less) Cash Flow Credit of	50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($420,000)
	Ending Balance		$7,009,097	$7,069,527	$7,129,957	$7,190,387	$7,250,817	$7,311,247	$7,371,677	$7,432,107	$7,492,537	$7,552,967	$7,193,000
	NPV Cash flow to Agency @	10%	$161,000										
VIII.	**Repayment of SDHC Investment**												
	Beginning Balance		$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854
	Interest	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) Cash Flow Credit of	50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,304,854	$4,305,000
	NPV Cash flow to SDHC @	10%	$161,000										

(1) Year 1 reflects partial year (April 1, 2010-December 31, 2010)
(2) Excludes outstanding loan balance at Year 55.

Prepared by: Keyser Marston Associates, Inc.
Filename:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

DRAFT

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Year	0	1	2	3	4	5	6	7	8	9	10	11
Operating Reserve Fund												
Beginning Balance		$0	$12,684	$130,771	$359,147	$672,562	$994,891	$1,328,067	$1,667,072	$2,011,719	$2,361,800	$2,534,602
Interest @ 2.0%		$0	$254	$2,615	$7,183	$13,451	$19,898	$26,561	$33,341	$40,234	$47,236	$50,692
Subtotal		$0	$12,938	$133,387	$366,330	$686,013	$1,014,788	$1,354,628	$1,700,413	$2,051,954	$2,409,036	$2,585,294
Add: Reserve Fund Deposits		$12,684	$117,833	$225,760	$306,232	$308,878	$313,278	$312,444	$311,306	$309,846	$125,566	$312,486
Add: Deposit from Operating Lease-Up/Reserves		$0										
(Less) Cash Shortfall		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Balance		$12,684	$130,771	$359,147	$672,562	$994,891	$1,328,067	$1,667,072	$2,011,719	$2,361,800	$2,534,602	$2,897,780

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

DRAFT

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Year	12	13	14	15	16	17	18	19	20	21	22
Operating Reserve Fund											
Beginning Balance	$2,897,780	$3,265,684	$3,638,010	$4,014,425	$4,170,699	$4,551,768	$4,937,469	$5,130,755	$5,233,370	$5,338,037	$5,444,798
Interest @ 2.0%	$57,956	$65,314	$72,760	$80,288	$83,414	$91,035	$98,749	$102,615	$104,667	$106,761	$108,896
Subtotal	$2,955,735	$3,330,998	$3,710,770	$4,094,713	$4,254,113	$4,642,804	$5,036,218	$5,233,370	$5,338,037	$5,444,798	$5,553,694
Add: Reserve Fund Deposits	$309,949	$307,012	$303,654	$75,986	$297,655	$294,665	$94,537	$0	$0	$0	$0
Add: Deposit from Operating Lease											
(Less) Cash Shortfall	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Balance	$3,265,684	$3,638,010	$4,014,425	$4,170,699	$4,551,768	$4,937,469	$5,130,755	$5,233,370	$5,338,037	$5,444,798	$5,553,694

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

DRAFT

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Year	23	24	25	26	27	28	29	30	31	32	33
Operating Reserve Fund											
Beginning Balance	$5,553,694	$5,664,768	$5,778,063	$5,705,247	$5,819,352	$5,935,739	$6,054,454	$6,175,543	$5,978,455	$6,098,024	$6,219,984
Interest @ 2.0%	$111,074	$113,295	$115,561	$114,105	$116,387	$118,715	$121,089	$123,511	$119,569	$121,960	$124,400
Subtotal	$5,664,768	$5,778,063	$5,893,624	$5,819,352	$5,935,739	$6,054,454	$6,175,543	$6,299,054	$6,098,024	$6,219,984	$6,344,384
Add: Reserve Fund Deposits	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Add: Deposit from Operating Lease											
(Less) Cash Shortfall	$0	$0	($188,377)	$0	$0	$0	$0	($320,599)	$0	$0	$0
Ending Balance	$5,664,768	$5,778,063	$5,705,247	$5,819,352	$5,935,739	$6,054,454	$6,175,543	$5,978,455	$6,098,024	$6,219,984	$6,344,384

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

Year		34	35	36	37	38	39	40	41	42	43	44
Operating Reserve Fund												
Beginning Balance		$6,344,384	$6,471,272	$6,109,431	$6,231,619	$6,356,252	$6,483,377	$6,613,044	$6,035,918	$6,156,636	$6,255,538	$6,328,804
Interest @	2.0%	$126,888	$129,425	$122,189	$124,632	$127,125	$129,668	$132,261	$120,718	$123,133	$125,111	$126,576
Subtotal		$6,471,272	$6,600,697	$6,231,619	$6,356,252	$6,483,377	$6,613,044	$6,745,305	$6,156,636	$6,279,769	$6,380,649	$6,455,380
Add: Reserve Fund Deposits		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Add: Deposit from Operating Lease												
(Less) Cash Shortfall		$0	($491,266)	$0	$0	$0	$0	($709,387)	$0	($24,231)	($51,845)	($81,127)
Ending Balance		$6,471,272	$6,109,431	$6,231,619	$6,356,252	$6,483,377	$6,613,044	$6,035,918	$6,156,636	$6,255,538	$6,328,804	$6,374,253

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

DRAFT

TABLE 7

OPERATING RESERVE FUND
HOTEL SANDFORD
SAN DIEGO HOUSING COMMISSION

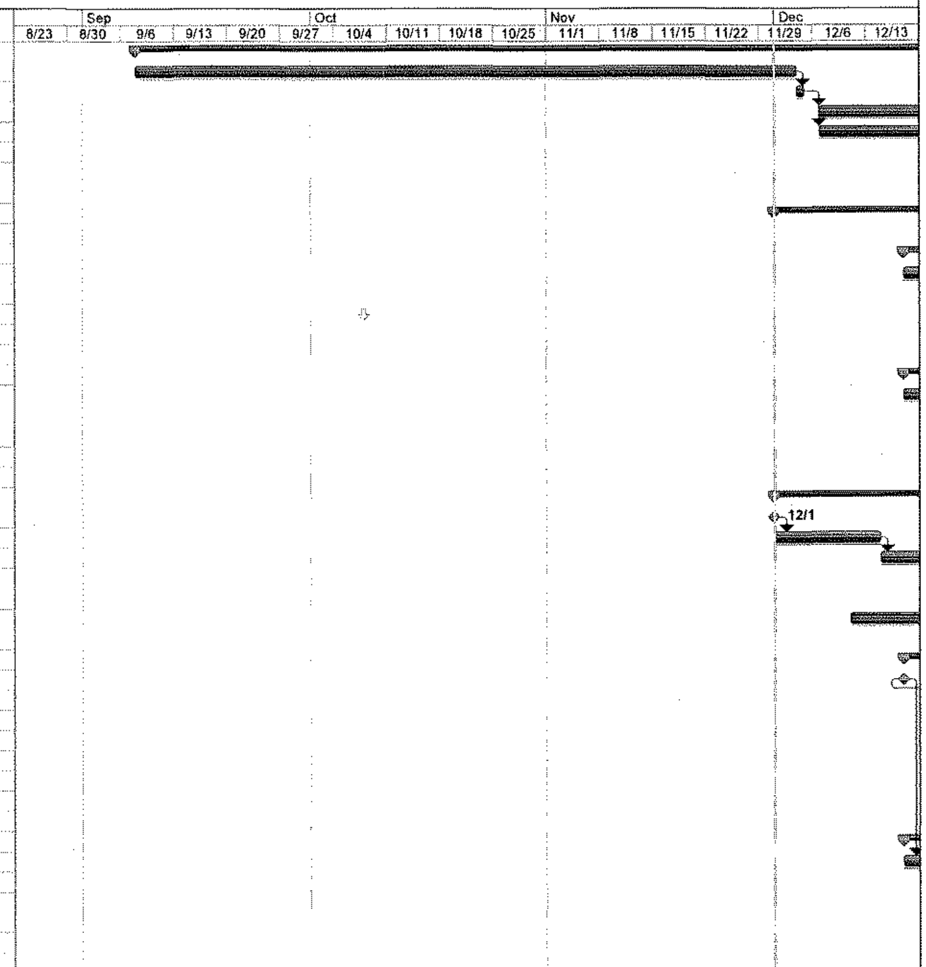
Year	45	46	47	48	49	50	51	52	53	54	55	
Operating Reserve Fund												
Beginning Balance	$6,374,253	$5,515,841	$5,481,158	$5,411,027	$5,302,751	$5,153,486	$3,922,505	$3,661,376	$3,349,391	$2,983,061	$2,558,717	
Interest @ 2.0%	$127,485	$110,317	$109,623	$108,221	$106,055	$103,070	$78,450	$73,228	$66,988	$59,661	$51,174	
Subtotal	$6,501,738	$5,626,158	$5,590,781	$5,519,248	$5,408,806	$5,256,556	$4,000,955	$3,734,603	$3,416,379	$3,042,722	$2,609,891	
Add: Reserve Fund Deposits	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	Total Shortfall
Add: Deposit from Operating Lease												
(Less) Cash Shortfall	($985,897)	($145,000)	($179,753)	($216,497)	($255,320)	($1,334,051)	($339,579)	($385,212)	($433,318)	($484,005)	($1,769,891)	($8,395,000)
Ending Balance	$5,515,841	$5,481,158	$5,411,027	$5,302,751	$5,153,486	$3,922,505	$3,661,376	$3,349,391	$2,983,061	$2,558,717	$840,000	

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Hotel Sandford_v14_3.5%;11/30/2009;lag

ATTACHMENT 4

Hotel Sandford - 1301 Fifth Avenue

ID	Task Name	Duration	Start	Finish	Predecessors
1	**Contract Status**	**123 days**	**Tue 9/8/09**	**Thu 2/25/10**	
2	Finalize Deal Term Sheet	63 days	Tue 9/8/09	Thu 12/3/09	
3	SDHC and CCDC to Execute Deal Term Sheet	1 day	Fri 12/4/09	Fri 12/4/09	2
4	Negotiate OPA with CCDC	25 days	Mon 12/7/09	Fri 1/8/10	3
5	Negotiate P&SA for Land and Building w/ Seller	25 days	Mon 12/7/09	Fri 1/8/10	3
6	Execute P&SA for Land and Building	5 days	Mon 1/11/10	Fri 1/15/10	5
7	Execute OPA	5 days	Fri 2/19/10	Thu 2/25/10	
8					
9	**Remaining Due Diligence Items**	**54 days**	**Tue 12/1/09**	**Fri 2/12/10**	
10					
11	**ALTA Survey**	**31 days**	**Fri 12/18/09**	**Fri 1/29/10**	
12	Request Proposal	10 days	Fri 12/18/09	Thu 12/31/09	
13	Negotiate Contract	5 days	Mon 1/4/10	Fri 1/8/10	12
14	Issue Notice to Proceed	0 days	Fri 1/8/10	Fri 1/8/10	13
15	Survey Completed	15 days	Mon 1/11/10	Fri 1/29/10	14
16					
17	**Phase II Environmental Report**	**31 days**	**Fri 12/18/09**	**Fri 1/29/10**	
18	Request Proposal	10 days	Fri 12/18/09	Thu 12/31/09	
19	Negotiate Contract	6 days	Fri 1/1/10	Fri 1/8/10	18
20	Issue Notice to Proceed	0 days	Fri 1/8/10	Fri 1/8/10	19
21	Report Complete	15 days	Mon 1/11/10	Fri 1/29/10	20
22					
23	**Relocation Plan**	**54 days**	**Tue 12/1/09**	**Fri 2/12/10**	
24	Issue Notice To Proceed	0 days	Tue 12/1/09	Tue 12/1/09	
25	Relocation Study Prepared	10 days	Tue 12/1/09	Mon 12/14/09	24
26	SDHC Staff Reviews and Approves Relocation Study	5 days	Tue 12/15/09	Mon 12/21/09	25
27	Public Review of Relocation Plan (30 Days)	24 days	Tue 12/22/09	Fri 1/22/10	26
28	Prepare Response to Public Comments	5 days	Mon 1/25/10	Fri 1/29/10	27
29	General Notification of Tenant Relocation (60 days required)	46 days	Fri 12/11/09	Fri 2/12/10	
30					
31	**Housing Commission Approval Process**	**42 days**	**Fri 12/18/09**	**Tue 2/16/10**	
32	SDHC Commission Hearing	0 days	Fri 12/18/09	Fri 12/18/09	
33	SDHC and CCDC Joint Housing Authority Hearing	0 days	Tue 2/16/10	Tue 2/16/10	
34					
35	**CCDC Approval Process**	**24 days**	**Wed 1/13/10**	**Tue 2/16/10**	
36	CCDC Committee Review	0 days	Wed 1/13/10	Wed 1/13/10	
37	CCDC Board Review	0 days	Wed 1/27/10	Wed 1/27/10	
38	CCDC and SDHC Joint Agency Meeting	0 days	Tue 2/16/10	Tue 2/16/10	33
39					
40	**Management Contract**	**182 days**	**Fri 12/18/09**	**Mon 8/30/10**	
41	SDHC to Request Proposal from Existing Property Manager	10 days	Fri 12/18/09	Thu 12/31/09	32
42	SDHC to Hire Existing Property Manager at Closing	0 days	Mon 3/15/10	Mon 3/15/10	48
43	Existing Property Management Contract	24 wks	Tue 3/16/10	Mon 8/30/10	42
44	RFP for New Property Manager	4 wks	Tue 3/16/10	Mon 4/12/10	48
45	Review Proposals and Select New Property Manager	4 wks	Tue 4/13/10	Mon 5/10/10	44
46					



Project: Dec 1 - Schedule
Date: Tue 12/1/09

Task		Progress		Summary		External Tasks		Deadline	
Split		Milestone		Project Summary		External Milestone			

Hotel Sandford - 1301 Fifth Avenue

ID	Task Name	Duration	Start	Finish	Predecessors
47	**Close Escrow for Land and Building**	**18 days**	**Thu 2/18/10**	**Mon 3/15/10**	
48	Deposit Funds, Sign Loan Docs and Clear Title	18 days	Thu 2/18/10	Mon 3/15/10	33FF+20 days
49					
50	**Construction Drawing and Permit Process**	**210 days**	**Fri 1/15/10**	**Thu 11/4/10**	
51	Release RFP to Architectural Consultant Team	10 days	Fri 1/15/10	Thu 1/28/10	32SF+4 wks
52	SDHC Review Architectural Proposals	10 days	Fri 1/29/10	Thu 2/11/10	51
53	Hire Architecture Firm and Sign Contract	1 wk	Fri 2/12/10	Thu 2/18/10	52
54	Construction Drawing Process	24 wks	Fri 2/19/10	Thu 8/5/10	53
55	Plan Check Process	12 wks	Fri 8/6/10	Thu 10/28/10	54
56	Permit Ready	5 days	Fri 10/29/10	Thu 11/4/10	55
57					
58	**Construction Rehab Process**	**170 days**	**Fri 9/3/10**	**Thu 4/28/11**	
59	Construction Drawing Review and Bid by General Contractor	4 wks	Fri 9/3/10	Thu 9/30/10	55SS+4 wks
60	Hire General Contract and Sign Contract	2 wks	Fri 10/1/10	Thu 10/14/10	59
61	Construction Mobilization and Start Date	5 days	Fri 11/5/10	Thu 11/11/10	56
62	Construction Completion Date	24 wks	Fri 11/12/10	Thu 4/28/11	61

Sep | Oct | Nov | Dec
8/23 | 8/30 | 9/6 | 9/13 | 9/20 | 9/27 | 10/4 | 10/11 | 10/18 | 10/25 | 11/1 | 11/8 | 11/15 | 11/22 | 11/29 | 12/6 | 12/13

Project: Dec 1 - Schedule
Date: Tue 12/1/09

Task | Progress | Summary | External Tasks | Deadline
Split | Milestone | Project Summary | External Milestone