



## EXECUTIVE SUMMARY

**DATE ISSUED:** February 25, 2010

**REPORT NO:** HCR 10-036

**ATTENTION:** Chair and Members of the Housing Commission

For the Agenda of March 19, 2010

**SUBJECT:** Loan and Preliminary Bond Items for Georgia Street Apartments

### **SUMMARY:**

Approve a \$5,110,753 residual receipts loan for the acquisition and development of 31 affordable rental apartments in North Park for low-income and very low-income families, and approve the initial steps to issue Housing Authority multifamily housing mortgage revenue bonds for the proposed project.

### **STAFF RECOMMENDATION:**

That the Board of Commissioners and the Housing Authority of the City of San Diego:

1. Approve a residual receipts loan, not to exceed \$5,110,753 to Georgia Street, LP, a California limited partnership, in which the Affirmed Housing Group, Inc ("Affirmed") will be the General Partner, as gap financing for the development of 31 units of affordable rental housing on Georgia Street;
2. Approve the transfer of \$1,240,000 in Neighborhood Stabilization Program (NSP) funds from the First Time Homebuyer activity to the "25 percent set-aside" activity to benefit families with incomes of 50% or less of Area Median Income;
3. Approve amending the FY2010 budget to transfer \$1,457,478 of CDBG funds from OUSA 317 (Rehabilitation Rental Housing) to OUSA 346 (Rental Housing Finance), Loans and Grants line item.
4. Issue a bond inducement resolution (Declaration Of Official Intent) for up to \$6,500,000 in Multifamily Housing Revenue Bonds for the project;
5. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount of up to \$6,500,000 for the project;
6. Hold a public hearing by the City Council (*known as a TEFRA hearing – Tax Equity and Fiscal Responsibility Act*) and adopt a resolution approving the issuance of tax-exempt bonds in an amount of up to \$6,500,000 for the project by the Housing Authority;
7. Approve the financing team of Stradling Yocca Carlson & Rauth as bond counsel and The PFM Group as financial advisor to begin work on the project; and,
8. Authorize the President and Chief Executive Officer of the Housing Commission, or a designee, to execute necessary documents as approved by General Counsel and/or Bond Counsel.

### **FISCAL CONSIDERATIONS:**

Affirmed Housing Group is proposing to develop the project using 4% tax credits, tax-exempt multifamily housing revenue bonds funding a construction loan and a permanent loan, and gap subsidy from the Housing Commission of \$5,110,753. This gap will be funded as follows: \$3,600,000 of Neighborhood Stabilization Program (NSP) funds, approximately \$1,457,478 of FY-10 CDBG funds dedicated to foreclosure activities, and approximately \$53,275 from the Housing Trust Fund. Significant to consideration of this recommendation is that the NSP set-aside funds must be obligated by September 3, 2010, or HUD will recapture the entire NSP grant in the amount of \$9,442,370.



## REPORT

**DATE ISSUED:** February 25, 2010

HCR 10-036

**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of March 19, 2010

**SUBJECT:** Loan and Preliminary Bond Items for Georgia Street Apartments  
(Council District 3)

### **REQUESTED ACTION:**

Approve a \$5,110,753 residual receipts loan for the acquisition and development of 31 affordable rental apartments in North Park for low-income and very low-income families, and approve the initial steps to issue Housing Authority multifamily housing mortgage revenue bonds for the proposed project.

### **STAFF RECOMMENDATION:**

That the Board of Commissioners and the Housing Authority of the City of San Diego:

1. Approve a residual receipts loan, not to exceed \$5,110,753 to Georgia Street, LP, a California limited partnership, in which the Affirmed Housing Group, Inc ("Affirmed") will be the General Partner, as gap financing for the development of 31 units of affordable rental housing on Georgia Street;
2. Approve the following amendments to the current FY10 Budget:
  - a. Transfer \$3,600,000 of Neighborhood Stabilization Program funds from Rental Housing Development (\$3,524,533) and Rehab Owner Occupied (\$75,467) to Rental Housing Finance.
3. Issue a bond inducement resolution (Declaration Of Official Intent) for up to \$6,500,000 in Multifamily Housing Revenue Bonds for the project;
4. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount of up to \$6,500,000 for the project;
5. Hold a public hearing by the City Council (*known as a TEFRA hearing – Tax Equity and Fiscal Responsibility Act*) and adopt a resolution approving the issuance of tax-exempt bonds in an amount of up to \$6,500,000 for the project by the Housing Authority;
6. Approve the financing team of Stradling Yocca Carlson & Rauth as bond counsel and The PFM Group as financial advisor to begin work on the project; and,
7. Authorize the President and Chief Executive Officer of the Housing Commission, or a designee, to execute necessary documents as approved by General Counsel and/or Bond Counsel.

### **BACKGROUND:**

In January 2010, Affirmed discussed with Housing Commission staff the availability of a partially-constructed and foreclosed 29-unit condominium project on the northeast corner of the intersection of Georgia Street and Polk Avenue in the North Park neighborhood (see Attachment 1). Project construction stopped about two years ago, after completing a two-level parking structure, and partial first story (of five stories) of light steel frame supporting wall and joist system (see Attachment 2).

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Loan and Preliminary Bond Items for Georgia Street Apartments

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Affirmed is proposing to purchase the foreclosed property and complete the construction, as designed and permitted, but slightly modified to convert twenty large two-bedroom units into twenty three-bedroom units and to divide two very large penthouse units into two units each to increase the development to a total of thirty one apartments for low-income and very-low income families. The proposed design revision would consist of three one-bedroom, four two-bedroom, and twenty four three-bedroom apartments. This mix consisting of mostly three-bedroom apartments will be in great demand in the North Park apartment submarket.

The five residential levels of Type 3 construction will be constructed over the already-constructed Type 1 concrete 60-space parking structure. Also included is a community room on the podium level and a centrally-located elevator providing access to all five residential levels and both parking levels.

The Planning Department has confirmed that no further discretionary approval will be required to utilize the affordable housing density bonus to increase the unit count and to redesign unit plans to increase bedrooms within units, since the increase in unit count is well below the 35% increase in units allowed for affordable units, the gross square footage is not being increased, the building height is being reduced, and the revised parking requirement of 59 spaces is accommodated by the 60 spaces in the existing parking structure.

The partially below-grade parking structure supporting the residences was completed in 2008, and construction on the project was abandoned after the completion of the light steel stud framing for the first level of units and a small portion of the second level. Initial discussions with the project architect and structural engineer indicate that the existing permits can be re-activated and construction completed per the approved plans. Some or all of the existing framing for the units will require rework. No water intrusion through the garage walls was observed during an initial site walk following the January rainstorms, providing evidence of a properly installed waterproofing system behind the below-grade portions of the garage. Affirmed engaged several contractors to study the existing physical conditions and to create a detailed cost to complete budget, which resulted in the construction cost estimate, at Davis-Bacon labor rates due to the use of federal funds, included in this report.

The Developer will also be required to comply with all pertinent NSP regulations, including procurement regulations, to the extent applicable, in selecting contractors and subcontractors.

NSP regulations approve the use of for-profit developers in NSP projects; however, the Substantial Amendment as previously written and approved by the City Council in November 2008 limited development activities only to non-profit entities. Housing Commission staff is working with the City to revise the Substantial Amendment to include the eligibility of for-profit developers. It is anticipated that the issue will be resolved by April, in time for Housing Commission funding of the project.

**DISCUSSION:**

Affirmed has the property in escrow with International City Bank and hopes to negotiate a final acquisition price for the land and existing construction of \$2,700,000. The proforma contains the current contract price of \$2,850,000. Any negotiated reduction in the land price will reduce the gap financing amount from the Housing Commission by the amount of the land price reduction. The total cost at completion is projected to be \$10,735,000, which is approximately \$346,290 per unit. The gap financing requested from the Housing Commission is \$5,110,753, or \$164,863 per unit.

The project schedule proposed by Affirmed to be as follows:

SDHC Board approval	March 19, 2010
Housing Authority approval	April 20, 2010
SDHC \$6.5M funding for acquisition and predevelopment costs	late April 2010
4% tax credit application due to TCAC	April 23, 2010
CDLAC application for tax exempt bonds	May 28, 2010
TCAC approval of 4% tax credits	June 23, 2010
CDLAC allocation of tax exempt bonds	July 28, 2010
Construction start	September 2010
Construction completion and occupancy	May 2011

Since inception in 1994, Affirmed has developed over 2,200 units in California and the mid-Atlantic states of West Virginia, Virginia and North Carolina. Affirmed has secured over \$660 million of tax credit, conventional, and other financing for affordable housing projects. Recent developments include new construction as well as acquisition and substantial rehabilitation projects in San Diego, Riverside, and Ventura counties. Projects in San Diego include the 229-unit high-rise Ten Fifty B Street, the 106-unit Tesoro Grove Apartments, the 94-unit Hollywood Palms Apartments, the 50-unit Creekside Trails Apartments, the 69-unit Auburn Park Apartments, and the 275-unit Studio 15 development in downtown. A developer disclosure statement for Affirmed is included as Attachment 3.

**Housing Affordability**

Georgia Street Apartments will provide 31 rental units for occupancy, and at rents affordable to low and very-low income households: 13 units will be restricted at 50% Area Median Income (AMI) (\$41,300 for a household of four) and 17 units will be restricted at 60% AMI (\$49,560 for a household of four). One two-bedroom unit will be reserved for an on-site manager and will not be occupancy-restricted.

Type	AMI	Number of Units	Restricted Rent (net of utility allowance)*
One Bedroom	50% AMI	1	\$762
One Bedroom	60% AMI	2	\$917
Two Bedroom	50% AMI	2	\$913
Two Bedroom*	60% AMI	2	\$1,006
Three Bedroom	50% AMI	10	\$1,056
Three Bedroom	60% AMI	14	\$1,164
<b>Total</b>		<b>31</b>	

\* Includes one manager's unit.

<b>Proposed Sources of Housing Commission Funds</b>	<b>Amount</b>
NSP 50% AMI Funds	\$3,600,000
HOME funds	\$1,457,478
Housing Trust Fund	\$ 53,275
<b>Total</b>	<b>\$5,110,753</b>

Total Project Permanent Sources of Funds are as follow:

Tax Exempt Bonds	\$2,635,000
SDHC residual receipts loan	5,110,753
Tax Credit Equity	2,774,247
Deferred Developer Fee	<u>215,000</u>
Total Sources	\$10,735,000

Total Project Uses of Funds are as follow:

Acquisition costs	\$2,900,000
Construction costs	5,512,500
Financing costs	510,000
Reserves	40,000
Developer Fee	1,100,000
Other development costs	<u>672,500</u>
Total Uses	\$10,735,000

The construction cost estimate is based on Affirmed Housing's consultations with several general contractors, using plans and specifications as permitted, with the proposed unit modifications, and value engineering of final fixtures and finishes to be consistent with affordable apartments rather than upscale condominium units. The overall cost of \$346,290 per unit reflects the above average parking structure capacity, the steel structural system for the five residential floors, and the high percentage of three-bedroom units (24 of 31 units).

Time will be of the essence in completing and occupying the project. Therefore, the Housing Commission loan agreement will provide that, upon an uncured failure by borrower to comply with the project schedule, the Housing Commission will have the ability to declare a default and proceed with remedies under the terms of the loan agreement, including the right to take over the project from Affirmed in order complete the development post closing, as well as an agreement between the bank and Affirmed that a default prior to closing will result in assignment of Affirmed's purchase rights to the Housing Commission. The documents will provide that no loan proceeds beyond the amount recommended will be available from the Housing Commission, and that any shortfall will be accommodated by use of the Developer Fee or other subordinate loan proceeds, as approved by the CEO of the Housing Commission.

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Loan and Preliminary Bond Items for Georgia Street Apartments

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Proposed Bond Financing

The first position loan would be capitalized through the issuance of tax-exempt bonds by the Housing Authority. The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal tax credits available) to developers of affordable housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a project, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC projects are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

It is anticipated that this development will receive a bond allocation at CDLAC's July 28<sup>th</sup> meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the project. A general description of the Multifamily Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

Affirmed Housing is seeking an approximate \$6,500,000 allocation from CDLAC. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates at the time of bond issuance.

The developer currently proposes to issue the bonds through a private placement. The bonds would meet all the requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and would fully comply with the City's ordinance on bond disclosure.

The \$6.5 million allocation that will be sought from CDLAC is approximately 17% higher than the amount for which the project is currently being underwritten (\$5,582,200) for the construction financing. This increased amount represents a cushion to account for possible increases in the bond amount due to increases in construction costs or decreases in the assumed interest rate. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates at the time of bond issuance. It is anticipated that the bonds will be used for both construction financing and permanent financing of the project.

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

**Selection of the Financing Team Members**

Staff recommends assigning The PFM Group as financial advisor and Stradling Yocca Carlson & Rauth as bond counsel to work on the project. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial advisors and bond counsels are designated on a rotating basis from the firms selected through a competitive RFP process.

**FISCAL IMPACT:**

Affirmed Housing Group is proposing to develop the project using 4% tax credits, tax-exempt multifamily housing revenue bonds funding a construction loan and a permanent loan, and gap subsidy from the Housing Commission. The current proforma (Attachment 4) indicates a gap of approximately \$5,110,753. This gap will be funded as follows: \$3,600,000 of Neighborhood Stabilization Program (NSP) funds, approximately \$1,457,478 of HOME funds, and approximately \$53,275 from the Housing Trust Fund.

As part of the financing plan, Housing Commission staff is proposing that the NSP funds be utilized under the “25 percent set-aside” activity benefitting families whose incomes do not exceed 50 percent of the Area Median Income (currently \$41,300 for a family of four). It is a statutory requirement of the NSP program that at least 25 percent of the total grant amount of \$9,442,370 be made available to these low-income households.

Significant to consideration of this recommendation is that these set-aside funds must be obligated by September 3, 2010, or HUD will recapture the entire NSP grant in the amount of \$9,442,370.

**PREVIOUS BOARD and/or CITY COUNCIL ACTION:**

These staff recommendations were reviewed by the Housing Commission Real Estate Committee on March 5, 2010, and by the Housing Commission Loan Committee on March 9, 2010; with both Committees voting to recommend approval.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

Affirmed Housing received a unanimous vote of support from the North Park Planning Subcommittee of the North Park Planning Group, and is scheduled to make a presentation to the North Park Planning Group on March 16, 2010.

**ENVIRONMENTAL REVIEW:**

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA guidelines Section 15326 (acquisition of housing for housing assistance programs) and 15332 (in-fill development). The proposed activity is determined to be Categorically Excluded under the National Environmental Policy Act pursuant to 24 CFR 58.35(a)(6).

**KEY STAKEHOLDERS & PROJECTED IMPACTS:**

Stakeholders include Affirmed Housing Group, as the general partner of a to-be-formed tax credit limited partnership, which will become the owner and borrower, and the North Park neighborhood. Development of the property is expected to have a positive impact on the community because it will finally complete a construction “skeleton” that has been dormant for two years and because it will provide much-needed rental high quality units affordable to low-income and very low-income families.

Submitted by,



D. Lawrence Clemens  
Senior Vice President

Approved by,



Carrol M. Vaughan  
Executive Vice President & Chief  
Operating Officer

Attachments:

1. Location Map
2. Photo
3. Developer's Disclosure Statement
4. Project Proforma
5. Project Schedule
6. Multifamily Bond Program Summary

A copy is available for review at the Housing Commission offices located at 1122 Broadway, Suite 300 and at the offices of the City Clerk located on the 2<sup>nd</sup> floor of 202 "C" Street.

Information: J. Lohla (619) 578-7595



## SUBJECT AERIAL PHOTO





Real Estate Department

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

1. Name of developer: Georgia Street, LP, a to-be-formed California limited partnership as a single asset entity, with Affirmed Housing Group, Inc., a Delaware corporation, its General Partner.
  
2. Address, phone number and ZIP Code: 13520 Evening Creek Drive North, Suite 360  
 San Diego, CA 92128  
 (858) 679-2828
  
3. IRS Number of Developer: Affirmed Housing Group, Inc. FEIN 26-0812994. The partnership is yet to be formed with no IRS number available as of this date.
  
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:
  - A corporation
  - A nonprofit or charitable institution or corporation
  - A partnership known as: Georgia Street, LP, a to-be-formed California LP
  - A business association or a joint venture known as \_\_\_\_\_
  - A Federal, State or local government or instrumentality thereof
  - Other (explain) \_\_\_\_\_
  
5. If the developer is not an individual or a government agency or instrumentality, give date of organization: To-be-formed
  
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:
  - a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock. James Silverwood, sole member of the Board of Directors for Affirmed Housing Group, Inc. There are no other individuals with capacity as officer, director, trustee or stockholder.

Developer Disclosure Statement Page 2

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. N/A
- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest. Affirmed Housing Group, Inc. as the General Partner acting in an administrative capacity of the development and James Silverwood as limited partner.
- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A
- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%. N/A

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

Developer Disclosure Statement Page 3

which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer): N/A

Name, Address and <u>Zip Code</u>	Description of character and <u>extent of interest</u>
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8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above: N/A
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm. No.
10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:  
See attached executive summary from proforma.
11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:
  - a. In banks:

Name, Address and ZIP Code of Bank	\$ Amount
Citibank 1505 E. Valley Parkway Escondido, CA 92027	\$400,000
  - b. By loans from affiliated or associated corporations or firms:

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

Developer Disclosure Statement Page 4

- |     | <u>Description</u>   | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|-----|--|---------------------|---------------------------|
| 12. | Name and addresses of bank references:<br>Waheed Karim<br>US Bank<br>4747 Executive Drive, Third Floor<br>San Diego, CA 92121  |                     |                           |
| 13. | Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes _____ No <u>x</u><br>If yes, give date, place, and under what name.   |                     |                           |
| 14. | Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes _____ No <u>x</u><br><br>If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken.<br>Attach any explanation deemed necessary.  |                     |                           |
| 15. | Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion: See attached developer experience form.  |                     |                           |
| 16. | If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder: No, N/A.<br><br>a. Name and address of such contractor or builder:<br>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 _____<br>If yes, explain: |                     |                           |

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

General description of such work:

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

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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17. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: General Contractor yet to be selected for construction. Development will be competitively bid and awarded to responsible contractor with capacity to complete development.

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

Yes \_\_\_\_\_ No x

If yes, explain.

Developer Disclosure Statement Page 6

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows: 2007 & 2008 Financial Statements for Affirmed Housing Group, Inc.

Developer Disclosure Statement Page 7

CERTIFICATION

I, Nicki Cometa, certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my knowledge and belief.

Date: March 1, 2010

Date: \_\_\_\_\_



Signature

\_\_\_\_\_

Signature

Title: CFO

Title: \_\_\_\_\_

Address & ZIP Code

13520 Evening Creek Drive North, Ste 360

\_\_\_\_\_

San Diego, CA 92128

\_\_\_\_\_

**Georgia Street Apartments**  
**31 unit (new construction) in North Park**  
100% affordable @ 50% AMI  
Bonds + 4% + SDHC (NSP + CBDG)

**AFFIRMED HOUSING GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009**

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, 2009, 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  
January 22, 2010

**AFFIRMED HOUSING GROUP  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED NOVEMBER 30, 2009**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current Liabilities**

Accounts payable	\$ 33,596
Pension plan payable (Note G)	72,000
Current portion of long term debt (Note E)	<u>5,146</u>
<b>Total Current Liabilities</b>	<b><u>110,742</u></b>

**Non-Current Liabilities**

Notes payable (Note E)	4,093
CRA Predevelopment Loan (Note D)	2,263,594
Notes payable-other	225,000
Shareholder advance	59,235
Investment in partnerships	1,889,365
Deferred tax liability (Note F)	<u>333,000</u>
<b>Total Non-Current Liabilities</b>	<b><u>4,774,287</u></b>
<b>Total Liabilities</b>	<b><u>4,885,029</u></b>

**Shareholders' Equity**

Common stock - 100,000 shares authorized, 1,000 issued and outstanding	2,000
Retained earnings	<u>5,991,573</u>
<b>Total Shareholders' Equity</b>	<b><u>5,993,573</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 10,878,602</u></b>

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, 2009**

Net Sales	\$ 2,455,280
Cost of Sales	<u>324,239</u>
Gross profit	2,131,041
Operating Expenses (Schedule A)	<u>1,483,075</u>
Income (loss) from operations	<u>647,966</u>
Other Income (Expenses)	
Officers' salaries	(405,600)
Partnership income (loss)	(158,153)
Interest income	89,960
Interest expense	(1,598)
Depreciation	<u>(3,135)</u>
Total other income (expenses)	<u>(478,526)</u>
Income (loss) before provision for income taxes	169,440
Provision for Income Taxes (Note F)	
State tax	14,978
Federal tax	<u>8,211</u>
Net Income (Loss)	<u>\$ 146,251</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, 2009**

**Reconciliation of Net Income to Net Cash provided  
by Operating Activities:**

Net Income(Loss)		\$ 146,251
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**Adjustments to Reconcile Net Income to Net Cash**

**(Used) by Operating Activities:**

Depreciation expense		3,135
(Increase) Decrease in accounts receivable/developer fees		134,177
(Increase) Decrease in employee advances/other		(6,834)
(Increase) Decrease in accrued interest		(64,850)
(Increase) Decrease in prepaid taxes		25,742
(Increase) Decrease in project advances		(660,966)
(Increase) Decrease in shareholder advance		355,000
(Decrease) Increase in accounts payable		24,443
(Decrease) Increase in pension plan payable		(400)
(Decrease) Increase in deferred tax liability		(22,000)
(Decrease) Increase in investment in partnerships		<u>300,269</u>

Net cash provided by operating activities		<u>\$ 233,967</u>
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See accountants' review report and accompanying notes to the consolidated financial statements.

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

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, 2009, 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, 2009

Fair Value of Financial Instruments (Cont.)

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, 2009.

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, 2009, 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.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of at November 30:

Trade receivables	\$ 709,094
Less: Allowance for doubtful accounts	<u>0</u>
Total Accounts Receivable	<u><u>\$ 709,094</u></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.

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

NOTE D – CRA PREDEVELOPMENT LOAN (Cont.)

Future minimum principal payments are as follows:

	<u>Year ending November 30:</u>	<u>Total</u>
2010	\$ 0	
2011	2,263,594	
2012	0	
2013	0	
2014	0	
Total	<u>\$ 2,263,594</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.	\$ 9,239
Less current portion	<u>(5,146)</u>
Notes payable - net of current portion	<u>\$ 4,093</u>

See accountants' review report

AFFIRMED HOUSING GROUP  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2009

**NOTE F - INCOME TAXES (cont.)**

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>333,000</u>
Non-current deferred tax liability - net	<u>\$ 333,000</u>

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

Current:	
Federal	\$ 18,368
State	<u>26,821</u>
Total current	<u>45,189</u>
Deferred:	
Federal	(10,157)
State	<u>(11,843)</u>
Total deferred	<u>(22,000)</u>
Total income tax expense	<u>\$ 23,189</u>

See accountants' review report

# **Yale Street Family Apartments**

## **UA FORM XX**

### **Purpose**

This form provides the Agencies with a certified report of all previous participation in all affordable multifamily rental housing projects. The Agencies require that you certify your records of previous participation in Agencies', other government-assisted, and nongovernment-assisted projects by completing and signing this form, before your Project application or participation can be approved.

### **Instructions - Previous Participation Certificate**

1. The Previous Participation Certificate, including Schedule A, must be completed in its entirety and signed by all applicants, proposed general partners, developer and development consultant with whom the sponsor has a comprehensive development services contract, and affiliates applying to any one of the Agencies.
2. For CTCAC only- applicants applying for points for the property management agreement, the property management agency must also complete the Previous Participation Certificate and Schedule A.
3. All other participants, or members of the development team, who are only involved in the Project on a fee for service basis and for whom #1 and #2 above do not apply, must provide a resume or complete Schedule A which details rental housing projects in which they previously participated.
4. Attach extra sheets as you need them. Be sure to indicate "Continued on Attachments" wherever appropriate. Sign each additional page that you attach if it refers to you or your record.

### **Specific Line Instructions**

**Block 1:** Fill in the name and location of the affordable multifamily rental housing Project.

**Block 2:** Alphabetically list the full names, last name first, of all principals (including corporations) and affiliates and their addresses.

**Block 3:** Beside the name of each principal, fill in the role that each party listed will perform.

**Block 4:** Fill in the percentage ownership in the proposed Project that each principal is expected to have.

**Block 5:** Fill in the IRS employer number of every party listed, including affiliates.

**Block 6:** In the box below the statement of certification, fill in the name of all principals and affiliates. Beside the name of each principal and affiliate, each party must sign the form. In addition, each person who signs the form should fill in the date that he/she signs and their telephone number.

### **Instructions - Schedule A**

1. Be sure that Schedule A is filed in completely, accurately and the certification is properly dated and signed because it will serve as a record of your previous experience. All multi-family rental housing projects must be listed. Applicants are reminded that previous participation pertains to the individual principal within an entity as well as the entity itself.

**HOME ONLY** - to receive points for similar project experience, this information must be provided by the applicant, developer, owner, and managing general partner for subsidized projects of the same type proposed in the application. Such projects must have been completed during the 5-year period specified in the HOME NOFA. To receive points you must indicate whether the project is a rental new construction or rental rehabilitation project by entering "yes" or "no" underneath the P-J-S date.

**MHP ONLY** - list subsidized rental housing projects completed by the developer or development consultant with whom the Project Sponsor has a comprehensive development services contract. Include the projects in which the entity was responsible for overseeing or performing the full range of comprehensive development activities including, financial packaging, selection of consultants, selection of the construction contractor and property management agent, oversight of architectural design, construction management and other aspects of the development process. In addition, for each project submitted for operation experience, attach a narrative describing the Project Sponsor's role and responsibilities using MHP's form.

2. Even if you have never participated in an affordable multi-family rental housing project, you must complete the Previous Participation Certificate. If you have no previous projects to list, fill in your name in column 1, and write across the form by your name - "No previous participation."
- Column 2: List all (nationwide) of your previous affordable multifamily rental housing projects. Identify all Agencies' projects first in Column 2A, then other government agency assisted projects in Column 2B, then nongovernment-assisted projects in Column 2C. Identify the project name, location, type of subsidy, number of units, and indicate if the project is being used in scoring to gain points, if applicable.

**Column 3:** List your role in all previous projects. Give the month/day/year the principal's role began and ended and the month/day/year the project was placed-in-service (P-I-S).  
**CTCAC ONLY -** for the General partner and Management Company/Principal, to the extent that the type of information requested is the same between this attachment and UA XX and UA XY, the information should match or requested points may not be awarded in these categories.

**Column 4:** Indicate all defaults, foreclosures, sales, instances of IRS noncompliance, and issuance of IRS Form 8823.

### Previous Participation Certification

1. Proposed Project Name	2. List of All Proposed Principal Participants and Affiliates Names and addresses of all known principals and affiliates (people, businesses & organizations) proposing to participate in the Project described above. List names alphabetically: last, first, middle initial.	3. Role of Each Principal or Affiliate in Project	4. Expected % Ownership Interest in Project	5. IRS Employer Number
Yale Street Family Apartments				
Affirmed Housing Group ("AHG")	General Partner of Yale LP			
Silverwood, James M.	President of AHG			
Yale Street Family Housing, L.P. ("Yale LP")	Ownership Entity	100.000%		

**Certifications:** I (meaning the individual who signs as well as the corporations, partnerships or other parties listed above who certify) hereby apply to CTCAC, MHP, CalHFA, CDLAC, HOME (hereinafter referred to as Agencies) for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification. By executing this certificate, I hereby consent to the disclosure of information concerning my performance in the affordable multifamily rental housing developments by the Agencies to third parties, including, but not limited to, affordable housing agencies in other states and by such third parties to the Agencies. Neither the Agencies nor such third parties are required to give me notice of such disclosure or receipt of information.

I certify that all the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form.

I further certify that:

1. Schedule A contains a listing of every affordable multifamily housing rental project in which I have been or am now a principal.
2. Except as shown by me on the certification:
  - a. I have not sold any project listed;
  - b. No mortgage on a project listed by me has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
  - c. I have not experienced defaults or noncompliance under any contract or regulatory agreement in connection with a public housing project nor been issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project other than indicated on Schedule A;
  - d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects.
  - e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing program.
  - f. I have not failed to use state funds or Low Income Housing Tax Credits (LIHTC) allocated to me in any state.
3. All the names of the parties, known to me to be principals in this Project(s) in which I propose to participate, are listed above.
4. (Applicable to General Partners or Project Owners Only) All parties who are principals or who are proposed as principals here are listed above and no principals, affiliates, or identities of interest are concealed or omitted.

5. Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this Project.

<b>6. Typed or Printed Name of Principal</b>	<b>Signature of Principal</b>	<b>Certification Date</b>	<b>Area Code and Telephone No.</b>
James Silverwood		3/23/2009	(858) 679-2828

**Schedule A: List of Previous Projects.** By my name below is the complete list of my previous projects and my participation history as a principal, affiliate, management agent, or participant in affordable multifamily rental housing programs of the Agencies, and other government and nongovernment assisted programs. **Note:** Read and follow the instruction sheet carefully. Abbreviate where possible. Make full disclosure. Add extra sheets if you need more space. Double check for accuracy. If you have no previous projects write, by your name, "No previous participation."

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>	<b>3. List Principal's, Affiliate's , Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.	
		(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)	(B) Other Government Agencies
			(C) Non- Government Assisted
Silverwood, James President Affirmed Housing Group	Name- Ten Fifty B Address- 1050 B Street City- San Diego, CA 92101 GA- CCDC #Units- 229 Points-	CTCAC MHP CDLAC	CCDC US Bank
Silverwood, James President Affirmed Housing Group	Name- The Fairways Address- 305 San Antonio Court City- San Jose GA #Units- 86 Points	CTCAC	City of San Jose Citibank

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>				<b>3. List Principal's, Affiliate's , Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.				Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.	
		(A) Agencies (CTCAC, CalHFA, CDLAC HOME, MHP)	(B) Other Government Agencies	(C) Non- Government Assisted		
Silverwood, James President Affirmed Housing Group	Name- Studio 15 Address- 1475 Imperial Ave City- San Diego, CA 92101 GA- SJ Redevelopment Agency #Units- 275 Points	CTCAC CDLAC	Redevelop-ment CCDC	Citibank	Role: Developer Interest: General Partner Began Date: October 2006 Ended Date: n/a P-I-S Date: Under Construction New Construction: Yes Rehabilitation: No	X
Silverwood, James President Affirmed Housing Group	Name- Auburn Park Address- 5135 University Ave. City- San Diego, CA 92105 GA #Units- 69 Points				Role: Developer Interest: Managing Member Began Date: February 2006 Ended Date: n/a P-I-S Date: November 2007 New Construction: Yes Rehabilitation: No	X
Silverwood, James President Affirmed Housing Group	Name- Cassia Heights		Carlsbad Redevelop-ment agency	Citibank	Role: Developer Interest: Managing Member Began Date: 3/8/05 Ended Date: n/a P-I-S Date: December 2006 New Construction: Yes Rehabilitation: No	X

1. List Each Participant's, Affiliate's, Principal's Name		2. List Previous Projects		3. List Principal's, Affiliate's, Participant's Role(s) and Interest		4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?	
List in alphabetical order, last name, first and sign.		Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.		Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.		Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.	
				(A) Agencies (CTCAC, CalHFA, CDLAC, HOME)	(B) Other Government Agencies	(C) Non- Government Assisted	
Silverwood, James President	Affirmed Housing Group	Name- Maple Square Address- 4163 Baine Street  City- Freemont, CA GA- Freemont Redevelopment Agency #Units- 132 Points	CTCAC  MHP CDLAC	Freemont Redevelop-ment agen-cy	Citibank	Role: Developer  Interest: General Partner	Began Date: December 2004 Ended Date: n/a P-I-S Date: September 2006 New Construction: Yes Rehabilitation: No
Silverwood, James President	Affirmed Housing Group	Name- Avian Glen  Address- 301 Avian Drive City- Vallejo, CA 94590 GA- Vallejo Redevelopment Agency #Units- 87 Points	CTCAC AHP CDLAC HOME MHP	Vallejo Re- developme-nt agency HOME	Citibank	Role: Developer  Interest: General Partner	Began Date: December 2004 Ended Date: n/a P-I-S Date: December 2006 New Construction: Yes Rehabilitation: No
Silverwood, James President	Affirmed Housing Group	Name- Creekside Trails Address- 2129 Coronado Ave. City- San Diego, CA 92154 GA- #Units- 50 Points	CTCAC HOME	CCRC	B of A	Role: Developer  Interest: Managing Member	Began Date: 5/28/04 Ended Date: n/a P-I-S Date: August 2006 New Construction: Yes Rehabilitation: No

1. List Each Participant's, Affiliate's, Principal's Name	2. List Previous Projects	3. List Principal's, Affiliate's, Participant's Role(s) and Interest	4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?					
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.						
Silverwood, James President Affirmed Housing Group	Name- Monte Vista Address- 24740 Jefferson Ave City- Murrieta, CA 92562 GA- Redevelopment Agency #Units- 64 Points	(A) Agencies (CTCAC, CalHFA, CDLAC Name)	(B) Other Government Agencies	(C) Non- Government Assisted	Role: Developer  Interest: General Partner Began Date: 9/1/02 Ended Date: n/a P-I-S Date: June 2005: 7/12/05 New Construction: Yes Rehabilitation: No	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name- Cottages of Old Town Address City GA- Redevelopment Agency #Units- 17 Points	Redevelop-ment Agency of Murrieta  County of Riverside	Citibank	Bank of America	Role: Developer  Interest: General Partner Began Date: Ended Date: n/a P-I-S Date: New Construction: Yes Rehabilitation: No	X	X	
Silverwood, James President Affirmed Housing Group	Name- Hollywood Palms  Address-4372 Home Avenue City- San Diego, CA 92105 GA- SD Housing Commission #Units- 94 Points	Redevelop-ment Agency	San Diego Housing Commission  Section 8	Bank of America	Role: Developer  Interest: General Partner Began Date: 8/1/01 Ended Date: n/a P-I-S Date: 5/5/03 New Construction: Yes Rehabilitation: No	X	X	

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>	<b>3. List Principal's, Affiliate's, Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>			
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.	If "Yes" explain			
Silverwood, James President Affirmed Housing Group	Name- Hunt Park Address- 5100 Hunt Park Court City- Winston-Salem, NC 27103  GA- City of Winston-Salem #Units- 60 Points	(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)  (B) Other Government Agencies  (C) Non-Government Assisted	Role: Developer Interest: General Partner Began Date:	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name- Griffith Commons Address- 300 Griffith Commons Drive City- Winston Salem, NC 27103  GA- City of Winston- Salem #Units- 74 Points	HOME  City of Winston-Salem	Wachovia bank Ended Date: n/a P-I-S Date: New Construction: Yes Rehabilitation: No		X	
Silverwood, James President Affirmed Housing Group	Name- Ventaliso  Address- 609 Richmar Ave. City- San Marcos, CA 92069 GA- Redevelopment Agency #Units- 48 Points	HOME  City of Winston-Salem	Highland Mortgage Ended Date: n/a P-I-S Date: 9/18/00 New Construction: Yes Rehabilitation: No		X	
Silverwood, James President Affirmed Housing Group	Redevelopment agency County of San Diego	Bank of America	Interest: General Partner Began Date: 11/1/99 Ended Date: n/a P-I-S Date: 11/26/01 New Construction: Yes Rehabilitation: No		X	

1. List Each Participant's, Affiliate's, Principal's Name  List in alphabetical order, last name, first and sign.	2. List Previous Projects  Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	3. List Principal's, Affiliate's , Participant's Role(s) and Interest  Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.	4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?  If "Yes" explain					
Silverwood, James President Affirmed Housing Group	Name- Laurel Village Address- 909 Leslie Road City- El Cajon, CA 92020 GA- Redevelopment Agency #Units- 41 Points	(A) Agencies (CTCAC, CalHFA, CDIAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	Role: Developer  Interest: General Partner Began Date: 7/17/97 Ended Date: n/a P-I-S Date: 4/5/99 New Construction: No Rehabilitation: Yes	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name- Mission Village Address- 28497 Pujol Street City- Temecula, CA 92590 GA- Redevelopment Agency #Units- 76 Points	CDLAC CTCAC	Redevelopment agency	Redevelopment agency	Role: Developer  Interest: General Partner Began Date: 7/1/98 Ended Date: n/a P-I-S Date: 3/22/00 New Construction: Yes Rehabilitation: No	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name- Cranes Meadow II Address- 100 Autumn Drive City- Ranson, WV, 25414 GA- #Units- 50 Points	CTCAC		One Valley Bank Capri Capital	Role: Developer  Interest: General Partner Began Date: 12/1/98 Ended Date: n/a P-I-S Date: 12/9/99 New Construction: Yes Rehabilitation: No	Yes	No	If "Yes" explain

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>	<b>3. List Principal's, Affiliate's, Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>			
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.				
Silverwood, James President Affirmed Housing Group	Name- Villa Garcia Address- 1419 E. Thousand Oaks Blvd.  City- Thousand Oaks, CA 91362 GA- Redevelopment Agency #Units- 80 Points	(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)  (B) Other Government Agencies  (C) Non-Government Assisted	Role: Developer  Interest: General Partner  Began Date: 1/23/98 Ended Date: n/a P-I-S Date: 12/6/99 New Construction: Yes Rehabilitation: No	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name- Echo Mountain Address- 254 Lora Drive  City- Woodstock, VA 22664 GA- #Units- 50 Points	VTCAAC	Role: Developer  Interest: General Partner  One Valley Bank  Began Date: 3/11/97 Ended Date: n/a P-I-S Date: 3/11/99 New Construction: Yes Rehabilitation: No	X	X	8823 issued 4/8/04 non-compliance CORRECTED BIN: CA-98-9770
Silverwood, James President Affirmed Housing Group	Name- Washington News Address- City- Martinsburg, WV GA- #Units- 50 Points	VTCAAC	Role: Developer  Interest: General Partner  One Valley Bank  Begun Date: 6/20/97 Ended Date: n/a P-I-S Date: 12/9/99 New Construction: Yes Rehabilitation: No	X	X	8823 issued 4/23/99 non-compliance CORRECTED BIN: VA-97-045-02 BIN: VA-97-045-03
Silverwood, James President Affirmed Housing Group						

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>	<b>3. List Principal's, Affiliate's , Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>						
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.							
		<table border="1"> <thead> <tr> <th>(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)</th> <th>(B) Other Government Agencies</th> <th>(C) Non- Government Assisted</th> </tr> </thead> <tbody> <tr> <td>CDLAC CTCAC HOPWA</td> <td>Redevelo-pment agency</td> <td>Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No</td> </tr> </tbody> </table>	(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No	
(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted							
CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No							
Silverwood, James President Affirmed Housing Group	Name- Mariposa Apartments Address- 604 W. Richmar Avenue City- San Marcos, CA 92069 GA- Redevelopment Agency #Units- 70 Points	<table border="1"> <thead> <tr> <th>(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)</th> <th>(B) Other Government Agencies</th> <th>(C) Non- Government Assisted</th> </tr> </thead> <tbody> <tr> <td>CDLAC CTCAC HOPWA</td> <td>Redevelo-pment agency</td> <td>Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No</td> </tr> </tbody> </table>	(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No	
(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted							
CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 6/1996 Ended Date: n/a P-I-S Date: 6/5/98 New Construction: Yes Rehabilitation: No							
Silverwood, James President Affirmed Housing Group	Name- Sonoma Court Address- 508 E. Mission Avenue City- Escondido, CA, 92026 GA- Redevelopment Agency #Units- 61 Points	<table border="1"> <thead> <tr> <th>(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)</th> <th>(B) Other Government Agencies</th> <th>(C) Non- Government Assisted</th> </tr> </thead> <tbody> <tr> <td>CDLAC CTCAC HOPWA</td> <td>Redevelo-pment agency</td> <td>Role: Developer  Interest: General Partner Began Date: 7/24/96 Ended Date: n/a P-I-S Date: 8/31/98 New Construction: No Rehabilitation: Yes</td> </tr> </tbody> </table>	(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 7/24/96 Ended Date: n/a P-I-S Date: 8/31/98 New Construction: No Rehabilitation: Yes	
(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted							
CDLAC CTCAC HOPWA	Redevelo-pment agency	Role: Developer  Interest: General Partner Began Date: 7/24/96 Ended Date: n/a P-I-S Date: 8/31/98 New Construction: No Rehabilitation: Yes							
Silverwood, James President Affirmed Housing Group	Name- Cranes Meadow Address-100 Autumn Drive City- Ransom, WV 25414 GA- #Units-64 Points	<table border="1"> <thead> <tr> <th>(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)</th> <th>(B) Other Government Agencies</th> <th>(C) Non- Government Assisted</th> </tr> </thead> <tbody> <tr> <td>WVTAC</td> <td>One Valley Bank</td> <td>Role: Developer  Interest: General Partner Began Date: 6/28/96 Ended Date: n/a P-I-S Date: 2/2/98 New Construction: Yes Rehabilitation: No</td> </tr> </tbody> </table>	(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	WVTAC	One Valley Bank	Role: Developer  Interest: General Partner Began Date: 6/28/96 Ended Date: n/a P-I-S Date: 2/2/98 New Construction: Yes Rehabilitation: No	
(A) Agencies (CFCAC, CalIFA, CDLAC, HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted							
WVTAC	One Valley Bank	Role: Developer  Interest: General Partner Began Date: 6/28/96 Ended Date: n/a P-I-S Date: 2/2/98 New Construction: Yes Rehabilitation: No							

<b>1. List Each Participant's, Affiliate's, Principal's Name</b>	<b>2. List Previous Projects</b>	<b>3. List Principal's, Affiliate's, Participant's Role(s) and Interest</b>	<b>4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?</b>					
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.	Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.						
Silverwood, James President Affirmed Housing Group	Name- The Terraces Address- 1301 Morning View Drive City- Escondido, CA, 92026 GA- Redevelopment Agency #Units- 190 Points	(A) Agencies (CTCAC, CalHFA, CDIAC HOME MHP)	(B) Other Government Agencies	(C) Non- Government Assisted	Role: Developer  Interest: General Partner Began Date: 8/24/94 Ended Date: n/a P-I-S Date: 6/30/96 New Construction: Yes Rehabilitation: No	Yes	No	If "Yes" explain
Silverwood, James President Affirmed Housing Group	Name: Tesoro Grove Address: 1150 Tesoro Grove Way City: San Diego, CA 92154 GA: Redevelopment Agency #Units: 106 Points	CTCAC	Redevelopment agency  Home Savings	SDHC	Role: Developer  Interest: General Partner Began Date: 9/1/00 Ended Date: n/a P-I-S Date: 6/4/03 New Construction: Yes Rehabilitation: No	X		
Silverwood, James President Affirmed Housing Group	Name: Yale Street Family Housing Address: 715 Yale Street City: Los Angeles, CA 90012 GA: LA/CRA #Units: 60 Points	CTCAC LAHD Prop 1C	LA/CRA  Prop 1C	LA/CRA  Prop 1C	Role: Developer  Interest: General Partner Began Date: 2/6/09 Ended Date: n/a P-I-S Date: Under Construction New Construction: Yes Rehabilitation: No			

**Georgia Street Apartments**  
**31 unit (new construction) in North Park**  
**100% affordable @ 50% AMI**  
**Bonds + 4% + SDHC (NSP + CBDG)**

SOURCES	per unit	% total	RENTAL INCOME	Type	Qty.	Mix	% AMI	Gross	Monthly	Rental Income
Tax Exempt Bonds	\$ 2,635,000	\$ 85,000	24.5%	1 bd	1		50%	\$ 774	\$ 762	\$ 762
Tax Credit Equity	\$ 2,774,247	\$ 89,492	25.8%	1 bd	3		60%	\$ 929	\$ 917	\$ 1,834
SDHC Loan (NSP+HOME+CBDG)	\$ 5,110,753	\$ 164,363	47.6%	1 bd	2		50%	\$ 928	\$ 913	\$ 1,826
Deferred Developer Fee	\$ 215,000	\$ 6,395	2.0%	2 bd	2		60%	\$ 1,021	\$ 1,006	\$ 1,006
	\$ 1	\$ 1	0.0%	2 bd (Mgr)	1		50%	\$ 1,400	\$ 1,400	\$ 1,400
	\$ 1	\$ 1	0.0%	3 bd	10		50%	\$ 1,073	\$ 1,056	\$ 10,560
	\$ 1	\$ 1	0.0%	3 bd	14		60%	\$ 1,181	\$ 1,164	\$ 16,296
	\$ 1	\$ 1	0.0%							
<b>TOTAL SOURCES:</b>	<b>\$ 10,735,000</b>	<b>\$ 346,290</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>31</b>	<b>31</b>				<b>\$ 33,684</b>
				Total Bedrooms	83					
				Annual Residential Income						\$ 404,208
				Other Income						\$ 6,784
				Vacancy						\$ (20,560)
				<b>ANNUAL NET INCOME</b>						<b>\$ 390,442</b>
USES										
Land Acquisition	\$ 2,900,000	\$ 93,548	27.0%							
Site Work	\$ 1	\$ 1	0.0%							
Direct Construction	\$ 5,250,000	\$ 169,355	48.9%							
Construction & Soft Cost Contingency	\$ 342,500	\$ 11,048	3.2%							
A & E	\$ 160,000	\$ 5,161	1.5%							
Construction Loan Interest & Fees	\$ 285,000	\$ 9,194	2.7%							
Relocation	\$ 1	\$ 1	0.0%							
Bond Issuance Costs	\$ 225,000	\$ 7,258	2.1%							
Capitalized Reserves: Rent	\$ 40,000	\$ 1,280	0.4%							
Taxes & Insurance & Title	\$ 135,000	\$ 4,355	1.3%							
Legal Fees	\$ 50,000	\$ 1,613	0.5%							
Security	\$ 70,000	\$ 2,258	0.7%							
Development Impact Fees & Permits	\$ 60,000	\$ 1,935	0.6%							
Tax Credit Fees	\$ 40,000	\$ 1,290	0.4%							
Misc. Soft Costs (Accounting, Appraisal, Furnishin	\$ 72,500	\$ 2,339	0.7%							
Environmental Audit	\$ 5,000	\$ 161	0.0%							
Developer Fee	\$ 1,100,000	\$ 35,484	10.2%							
<b>TOTAL USES:</b>	<b>\$ 10,735,000</b>	<b>\$ 346,290</b>	<b>100.0%</b>							
SDHC investment per affordable unit	\$ 170,358									
SDHC investment per affordable bedroom	\$ 62,326									

**Threshold Basis Limit**

<u>Unit Size</u>	<u>Unit Basis Limit</u>	<u>No. Of Units</u>	<u>Basis x No. Of Units</u>
Studio	184,639	0	\$ -
1	201,613	3	\$ 604,839
2	243,200	4	\$ 972,800
3	311,296	24	\$ 7,471,104
4	346,803	0	\$ -
			\$ -
<b>TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:</b>			<b>\$ 9,048,743</b>
(a)*Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages. 20%			\$ 1,809,749
*(b)Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).			\$ 633,412
*(c)Plus (+) 2% basis adjustment for projects where a day care center is part of the development.			\$ -
*(d)Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.			\$ -
(e) Plus (+) 4% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that either, (a) exceed Title 24 standards by at least 35%, or (b) includes 3 of the features in the section: Item (e) Features			\$ 361,950
(f) Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/engineer + costs			\$ -
(g) Plus (+), at the discretion of the Executive Director, up to a maximum 5% basis adjustment for projects that include distributive energy technologies such as microturbines and/or renewable energy sources such as solar.			\$ 200,000
(h) Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.			\$ 30,000
(i) Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.			\$ -
(j) Plus (+) 1% basis adjustment for each 1% of units income-targeted to 50% to 36% of AMI			\$ 3,619,497
Affordable Units	30	Total Affordable Units @ 50% to 36% of AMI:	12
(k) Plus (+) 2% basis adjustment for each 1% of units income targeted to 35% of AMI and below			\$ -
Affordable Units	30	Total Affordable Units @ 35% of AMI or Below:	0
<b>= Adjusted Threshold Basis Limit</b>			<b>\$ 15,703,351</b>

**Permanent Financing**

*List Below All Projected Sources Of Funds, Including Grants, Land donations, deferred fees, owner equity, etc.*

Name of Lender/Source	Term In Months	Interest Rate	Amount of Funds	Annual Debt Service	Residual Receipts/ Deferred Pymt
Tax Exempt Bonds	360	6.25%	\$ 2,635,000		
SDHC Loan (NSP+HOME+CBDG)	0	0.00%	\$ 5,110,753		
Deferred Developer Fee	0	0.00%	\$ 215,000		
	0	0.00%	\$ -		
	0	0.00%	\$ -		
	0	0.00%	\$ -		
			\$ -		
			\$ -		
<b>Total Permanent Financing</b>			\$ 7,960,753		
Tax Credit Equity			\$ 2,774,247		
<b>Total Sources of Project Funds</b>			\$ 10,735,000	Gap	-

1. Name of Lender/Source

**Lender**

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State CA Phone Number \_\_\_\_\_

Type of Financing **Tax Exempt Bonds**

Committed  Not Committed

2. Name of Lender/Source

**SDHC Loan (NSP+HOME+CBDG)**

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing

Committed  Not Committed

3. Name of Lender/Source

**Deferred Developer Fee**

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing

Committed  Not Committed

4. Name of Lender/Source

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing

Committed  Not Committed

5. Name of Lender/Source

Street Address \_\_\_\_\_ Contact Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone Number \_\_\_\_\_

Type of Financing

Committed  Not Committed

BASIS, CREDIT AMOUNTS, OPERATING EXPENSES & INCOME

Development Budget

		PERMANENT SOURCES					
		TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL RESIDENTIAL COST	TAX CREDIT Equity	TAX EXEMPT BONDSPON (NSP+HOME) DEFERRED DEVELOPER	30% PVC FOR FED SUBSIDIZED NC/RREHAB
<i>LAND COST/AQUISITION</i>							
Land Cost or Value						XXXXXX	XXXXXX
Demolition						XXXXXXXX	XXXXXXXX
Legal						XXXXXXX	XXXXXXX
Total Land Cost or Value						XXXXXXX	XXXXXXX
Existing Improvements Value		2,900,000		2,900,000			XXXXXXX
Off-Site Improvements							
Total Acquisition Cost		2,900,000		2,900,000			2,900,000
<i>REHABILITATION</i>							
Site Work							
Structures							
General Requirements							
Contractor Overhead							
Contractor Profit							
General Liability Insurance							
Total Rehab. Costs							
Total Rehabilitation Expenses							
<i>NEW CONSTRUCTION</i>							
Site Work							
Structures		5,200,000		5,200,000			5,200,000
General Requirements							
Contractor Overhead							
Contractor Profit							
General Liability Insurance							
Solar/PV		50,000		50,000			50,000
Total New Const. Costs		5,250,000		5,250,000			5,250,000
<i>ARCHITECTURAL FEES</i>							
Design		100,000		100,000			100,000
Supervision		10,000		10,000			10,000
Total Architectural Costs		110,000		110,000			110,000
		5,200,000					

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Tax Exempt Bonded (NSP+HOM)ferred Developer	30% PVC for Fed Subsidized NC/Rhab	30% PVC for Acquisition
SURVEY AND ENGINEERING	50,000	50,000					50,000
<b>CONST. INTEREST &amp; FEES</b>							
Const. Loan Interest	225,000	225,000					135,000
Origination Fee	50,000	50,000					50,000
Relocation							
Construction Inspection	10,000	10,000					10,000
Taxes	60,000	60,000					60,000
Insurance	50,000	50,000					50,000
Title and Recording	25,000	25,000					25,000
Total Const. Interest & Fees	420,000	420,000					350,000
<b>PERMANENT FINANCING</b>							
Loan Origination Fee							XXXXXX
Credit Enhanc. & App. Fee							XXXXXX
Title and Recording							XXXXXX
Cost of Insurance							XXXXXX
Total Permu. Financing Costs	225,000	225,000					200,000
<b>LEGAL FEES</b>							
Lender Legal Pd. by Applicant	25,000	25,000					25,000
Other (specify)	25,000	25,000					
<b>Total Attorney Costs</b>	50,000	50,000					25,000
<b>RESERVES</b>							
Rent Reserves	40,000	40,000					XXXXXX
Capitalized Rent Reserves							XXXXXX
Total Reserve Costs	40,000	40,000					XXXXXX
<b>TOTAL APPRAISAL COSTS</b>	5,000	5,000					5,000

Note: Syndication Costs may not be included as a project cost.

TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	TAX CREDIT EQUITY	TAX EXEMPT BONDS	SDIC LOAN (NSP+HOME+C BDG)	DEFERRED DEVELOPER FEE	FED SUBSIDIZED NC/REHAB	30% PVC FOR ACQUISITION
262,500	262,500							262,500
<b>TOTAL CONSTRUCTION CONTINGENCY COSTS</b>								
OTHER								XXXXXXXXXX
TCAC App/Aloc/Monitor Fees	40,000	40,000						5,000
Environmental Audit	5,000	5,000						30,000
Local Dev. Impact Fees	30,000	30,000						30,000
Permit Processing Fees	30,000	30,000						80,000
Soft Cost Contingency	80,000	80,000						XXXXXXXXXX
Marketing	10,000	10,000						30,000
Furnishings	30,000	30,000						7,500
Market Study	7,500	7,500						20,000
Other Accounting/Audit	20,000	20,000						70,000
Site security	70,000	70,000						272,500
Total Other Costs	322,500	322,500						6,305,000
Subtotals	9,635,000	9,635,000						2,930,000
<b>Total Project Cost</b>	<b>Total Residential Cost</b>	<b>Total Commercial Cost</b>						

#### DEVELOPER COSTS

Developer Overhead/Profit	1,100,000							1,100,000
Consultant/Processing Agent								
Project Administration								
Broker fees paid by owner								
Const. Mgmt Oversight								
Other (specify)								
Total Developer Costs	1,100,000							7,405,000
<b>TOTAL PROJECT COST</b>	<b>10,735,000</b>	<b>10,735,000</b>						<b>2,030,000</b>

**BASIS, CREDIT AMOUNTS, OPERATING EXPENSES & INCOME (cont.)**

**Determination of Eligible and Qualified Basis**

	30% PVC for New Construction	30% PVC for Acquisition /Rehabilitation
<b>Total Eligible Basis (from previous page)</b>	<b>\$ 7,405,000</b>	<b>\$ 2,030,000</b>
<i>Deduct From Eligible Basis:</i>		
All Grant Proceeds Used to Finance Costs in Eligible Basis	\$ -	\$ -
Non-Qualified Non-Recourse Financing	\$ -	\$ -
Non-Qualifying Portion of Higher Quality Units	\$ -	\$ -
Historic Credit (on residential portion only)	\$ -	\$ -
Total Ineligible Amounts	\$ -	\$ -
Total Eligible Amount Voluntarily Excluded	\$ -	\$ -
<b>TOTAL BASIS REDUCTION</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS</b>	 <b>\$ 7,405,000</b>	 <b>\$ 2,030,000</b>
 High Cost Area Adjustment (Reg. Section 10327(d)(1))	 x	 130%                  100%
 <b>TOTAL ADJUSTED ELIGIBLE BASIS</b>	 <b>\$ 9,626,500</b>	 <b>\$ 2,030,000</b>
 Applicable Fraction (from application page 11)	 x	 100%                  100%
 <b>QUALIFIED BASIS</b>	 <b>\$ 9,626,500</b>	 <b>\$ 2,030,000</b>
 <b>TOTAL COMBINED QUALIFIED BASIS</b>	 <b>\$ 11,656,500.00</b>	

**Determination of Federal Credit**

	New Construction/ Rehabilitation	Acquisition
C1. Qualified Basis	<u>\$ 9,626,500</u>	<u>\$ 2,030,000</u>
C2. Applicable Percentage*	x 3.40%	x 3.40%
C3. Subtotal Annual Federal Credit	<u>327,301</u> (a)	<u>69,020</u> (b)
C4. Total Combined Annual Federal Credit	<u>\$ 396,321</u> (a + b)	

\*Re-applications that locked in the applicable credit percentage must use the locked-in rate (IRS TD 8520, Section 1.42-8(a)(4)). All other re-applications shall use the applicable credit percentage as established pursuant to TCAC Regulation Section 10327(e).

**Determination of Minimum Federal Credit Necessary For Feasibility**

D1. Total Project Cost	<u>\$ 10,735,000</u>
D2. Permanent Financing (page 13), Excluding Equity from Tax Credits	<u>( \$ 7,960,753 )</u>
D3. Funding Gap (D1 - D2)	<u>\$ 2,774,247</u>
D4. Tax Credits Factor (Reg. Section 10327(c)(4))	0.65 or <u>0.700</u>
Be sure and use the highest tax credit factor in your calculation.	
Use the higher of the tax credit factor listed in your Investor's letter (attachment 15) or the minimum tax credit factors listed below.	
The minimum tax credit factor for projects applying under Reg. Section 10326 is 0.65.	
D5. Total Credits Necessary for Feasibility (D3 divided by D4)	<u>\$ 3,963,210</u>
D6. Annual Federal Credit Necessary for Feasibility (D5 divided by 10)	<u>\$ 396,321</u>
D7. Maximum Annual Federal Credits (lesser of C4 or D6)	<u>\$ 396,321</u>
D8. Equity Raised From Federal Credit (10 x D7 x D4)	<u>\$ 2,774,247</u>
D9. Remaining Funding Gap (D3 - D8)	<u>\$ -</u>

*If Funding Gap Is Greater Than Zero The Project Is Not Feasible.*

**Determination of State Credit**

E1. Qualified Basis	\$ 9,626,500	*
	x 0.13	
( *x .13 if federally subsidized)		
E2. Total State Credit	<u>\$ 1,251,445</u>	

**Determination of Minimum State Credit Necessary for Feasibility**

F1. State Credit Necessary for Feasibility (D9 divided by D4)	\$ 1,251,445
F2. Maximum State Credit (lesser of E2 or F1)	<u>\$ 1,251,445</u>
F3. Proceeds raised from the state Credit (F2 multiplied by D4)	<u>\$ 750,867</u>

*If Line F3 is less than Line D9 the project is not feasible.*

## **Income Information**

**(BREAK OUT UNIT SIZES BY VARYING AFFORDABILITY LEVELS)**

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent (Less Utilities)	(d) Total Monthly Rents (b x c)	(e) Monthly Utility Allowance	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Median Income
<b>Low-Income Units</b>						
1 bd	1	\$ 762	\$ 762	\$ 12	\$ 774	50%
1 bd	2	\$ 917	\$ 1,834	\$ 12	\$ 929	60%
2 bd	2	\$ 913	\$ 1,826	\$ 15	\$ 928	50%
2 bd	1	\$ 1,006	\$ 1,006	\$ 15	\$ 1,021	60%
3 bd	10	\$ 1,056	\$ 10,560	\$ 17	\$ 1,073	50%
3 bd	14	\$ 1,164	\$ 16,296	\$ 17	\$ 1,181	60%
Total # Units	30	Total	\$ 32,284			

### **Managers' Units**

2 bd (Mgr)	1	1,400	\$	1,400
Total # Units	1	Total	\$	1,400

### **Market Rate Units**

STANDARD RATE CHART			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total # Units	-	Total	\$ -

## AGGREGATE MONTHLY RENTS

FOR ALL UNITS \$ 33,684  
x 12

## AGGREGATE ANNUAL

**RENTS FOR ALL UNITS (column d):** \$ **404,208**

**Income Information (cont.)***Rental Subsidy Income/Operating Subsidy, if any.*

Number of units receiving assistance \_\_\_\_\_  
 Length of contract (years) \_\_\_\_\_  
 Expiration date of contract \_\_\_\_\_

**TOTAL PROJECTED ANNUAL RENTAL SUBSIDY** \$ \_\_\_\_\_

*Miscellaneous Income*

Annual Income from Laundry Facilities	<u>\$ 2,784</u>
Annual Income from Vending Machines	<u>-</u>
Annual Interest Income	<u>-</u>
Other Annual Income (Specify)	<u>4,000</u>

**TOTAL MISCELLANEOUS INCOME** \$ 6,784

**TOTAL ANNUAL POTENTIAL GROSS INCOME** \$ 410,992  
 (From Residential Sources)

*Commercial Income*

Annual Income from Professional Space	<u>\$ -</u>
Annual Income from Commercial Space	<u>\$ -</u>

**TOTAL ANNUAL COMMERCIAL INCOME** \$ \_\_\_\_\_

**Monthly Resident Utility Allowance by Unit Size (utility allowances must be itemized and correlate with the PHA utility allowance schedule form in attachment 6(C))**

	0 BR	1 BR	2 BR	3 BR	4 BR	( ) BR
Space Heating	0	1	1	1	1	
Water Heating	0	7	9	11	14	
Cooking	0	1	1	1	1	
Lighting	0	3	4	4	6	
Other (Specify)						
<b>TOTALS</b>		12	15	17	22	

Name of PHA Providing Utility Allowances: 4/10/2009 San Diego Housing Commission utility allowance schedule

### Annual Residential Operating Expenses

#### General Administrative

Advertising & Administrative	\$ 1,000	\$ 32
Legal	\$ 1,000	\$ 32
Accounting/Audit	\$ 7,000	\$ 226
Security	\$ 2,000	\$ 65
Other	\$ 5,000	\$ 161
<b>Total General Administrative</b>	<b>\$ 16,000</b>	<b>\$ 516</b>

#### Management Fee

#### Utilities

Electricity	\$ 5,000	\$ 161
Gas	\$ 3,000	\$ 97
<b>Total Utilities</b>	<b>\$ 8,000</b>	<b>\$ 258</b>
<b>Total Water/Sewer</b>	<b>\$ 10,000</b>	<b>\$ 323</b>

#### Payroll/Payroll Taxes

On-site Manager	\$ 9,000	\$ 290
Maintenance Personnel	\$ 9,000	\$ 290
Other	\$ 6,000	\$ 194
<b>Total Payroll/Payroll Taxes</b>	<b>\$ 24,000</b>	<b>\$ 774</b>
<b>Total Insurance</b>	<b>\$ 10,000</b>	<b>\$ 323</b>

#### Maintenance

Painting	\$ 5,000	\$ 161
Repairs	\$ 5,000	\$ 161
Trash Removal	\$ 5,000	\$ 161
Exterminating	\$ 2,000	\$ 65
Grounds & Parking	\$ 5,000	\$ 161
Elevator & Fire Monitoring	\$ 5,000	\$ 161
Other Maintenance	\$ -	\$ -
<b>Total Maintenance</b>	<b>\$ 27,000</b>	<b>\$ 871</b>

Other (specify)

Internet	\$ 5,000	\$ 161
<b>Bond Issuer fee</b>	<b>\$ 5,000</b>	<b>\$ 161</b>
<b>Total Other</b>	<b>\$ -</b>	<b>\$ -</b>

**\*TOTAL ANNUAL RESIDENTIAL OPERATING EXPENSES**

a \$ 128,000 \$ 4,129

**\*\*TOTAL NUMBER OF UNITS IN PROJECT**

31

**ANNUAL OPERATING EXPENSES PER UNIT (divide \*/\*\*)**

\$ 4,129

**TOTAL SERVICE AMENITIES BUDGET**

b \$ 5,000

**TOTAL RESERVE FOR REPLACEMENT**

c \$ 9,300

**TOTAL REAL ESTATE TAXES**

d \$ 15,000

sum a+b+c+d 157,300 \$ 5,074

**Annual Commercial Operating Expenses**

\$ -

**TOTAL COMMERCIAL SPACE EXPENSES**

\$ -

**TOTAL ANNUAL COMMERCIAL DEBT SERVICE**

\$ -

## 15-YEAR CASH FLOW PROJECTION

## To Be Named - San Diego

## 15-YEAR CASH FLOW PROJECTION

	Inflation Factor	Year 11 11	Year 12 12	Year 13 13	Year 14 14	Year 15 15
Rental Income	2.5%	517,420	530,356	543,615	557,205	571,135
Other	2.5%	8,584	8,901	9,144	9,352	9,586
<b>TOTAL GROSS POTENTIAL REVENUE:</b>		<b>\$26,105</b>	<b>539,257</b>	<b>\$52,739</b>	<b>566,557</b>	<b>580,721</b>
Vacancy @ 5%		26,105	26,963	27,637	28,328	29,036
<b>TOTAL NET RENTAL INCOME</b>		<b>495,799</b>	<b>512,294</b>	<b>525,102</b>	<b>536,229</b>	<b>551,685</b>
Advertising	3.5%	1,411	1,460	1,511	1,564	1,619
Legal	3.5%	1,411	1,460	1,511	1,564	1,619
Accounting	3.5%	9,874	10,220	10,577	10,948	11,331
Security	3.5%	2,821	2,920	3,022	3,128	3,237
Other Administrative	3.5%	7,053	7,300	7,555	7,820	8,093
Management Fee	3.5%	32,444	33,579	34,755	35,971	37,230
Utilities	3.5%	11,285	11,680	12,089	12,512	12,950
Water & Sewer	3.5%	14,106	14,680	15,111	15,640	16,187
On-Site Manager	3.5%	12,695	13,140	13,600	14,076	14,568
Maintenance Personnel	3.5%	12,695	13,140	13,600	14,076	14,568
Other Payroll	3.5%	8,464	8,760	9,066	9,384	9,712
Insurance	3.5%	14,106	14,680	15,111	15,640	16,187
Real Estate Taxes	2.0%	18,285	18,551	19,024	19,404	19,792
Painting	3.5%	7,053	7,300	7,555	7,820	8,093
Repairs	3.5%	7,053	7,300	7,555	7,820	8,093
Trash Removal	3.5%	7,053	7,300	7,555	7,820	8,093
Exterminating	3.5%	2,821	2,920	3,022	3,128	3,237
Grounds Maintenance	3.5%	7,053	7,300	7,555	7,820	8,093
Other Maintenance	3.5%	0	0	0	0	0
Elevator	3.5%	7,053	7,300	7,555	7,820	8,093
Other	3.5%	21,159	21,900	22,666	23,459	24,280
Replacement Reserve	0.0%	9,300	9,300	9,300	9,300	9,300
<b>TOTAL EXPENSES</b>		<b>0</b>	<b>215,195</b>	<b>222,127</b>	<b>229,296</b>	<b>236,710</b>
NET OPERATING RENTAL INCOME						<b>244,379</b>
DEBT SERVICE						<b>307,306</b>
<b>FORECASTED CASH AVAILABLE</b>						
Debt Coverage Ratio						
Management Fees						
Cash Available for Distributions						
Deferred Developer fee	215,000	-	-	-	-	-
Interest	-	-	-	-	-	-
Residual Receipts Payment	-	-	-	-	-	-
Balance	215,000	-	-	-	-	-
NSP Loan Interest	5,110,753	6,827,505	6,977,591	7,128,450	7,280,066	7,432,422
Residual Receipts Payment @	0	204,825	209,328	213,853	218,402	222,973
Balance	5,110,753	(54,741)	(59,469)	(52,237)	(66,046)	(69,894)
NSP Loan Interest	5,110,753	6,977,591	7,128,450	7,280,066	7,432,422	7,585,500

## DEVELOPMENT BUDGET AND CONSTRUCTION CASH FLOW

2/24/2010

<b>Borrower:</b>	TBD
<b>Project Name:</b>	To Be Named - San Diego
<b>Proforma Type:</b>	New Construction
<b>Location:</b>	San Diego, CA
<b>Maximum RDA Loan Amount</b>	\$5,110,753
RDA LTC	47.61%
Interest Rate	5.50%

### CONSTRUCTION USES:

	NSP Closing 1	Loan Closing 2	Nov-10 Apr-10	Dec-10 Oct-10	Jan-11 Feb-11	Mar-11 Mar-11	Apr-11 Apr-11	May-11 May-11	Construction Completion 8	Final Payment 9	Target \$ 5,682,200	Calculated \$ 5,179,206
Total Budget	2,900,000	2,900,000	0	0	0	0	0	0	0	0	0	0
Land Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
Site Work Costs	5,250,000	0	0	525,000	525,000	1,050,000	525,000	525,000	0	262,500	262,500	0
Structures	342,500	0	0	0	0	102,750	0	102,750	0	0	68,500	68,500
Contingency	225,000	0	0	0	0	3,262	8,595	14,215	17,283	20,101	21,431	0
Interest Reserve -- Bank	50,000	0	0	50,000	0	0	0	0	0	0	0	0
Bank Loan Fee	10,000	0	0	5,000	500	500	500	500	500	500	500	500
Construction Inspections	0	0	0	0	0	0	0	0	0	0	0	0
Relocation	25,000	0	25,000	25,000	0	0	0	0	0	0	0	0
Title and Recording	50,000	25,000	0	100,000	0	0	0	0	0	0	0	30,000
Legal Fees (Bank & Other)	160,000	30,000	0	55,000	0	0	0	0	0	0	0	0
Arch. & Eng.	110,000	0	0	30,000	0	0	0	0	0	0	0	0
Taxes & Insurance	60,000	0	0	0	0	0	0	0	0	0	0	0
Gov't Impact & Permit Fees	52,500	7,500	0	225,000	0	0	0	0	0	0	0	25,000
Market Study, Marketing & Furnishings	225,000	0	220,000	220,000	0	0	0	0	0	0	0	0
Bond Issuance Costs	1,100,000	0	40,000	40,000	0	0	0	0	0	0	0	88,500
Developer Fee	40,000	0	5,000	0	0	0	0	0	0	0	0	0
TCAC Fees	20,000	0	0	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	0
Accounting / Audit	70,000	0	0	5,000	0	0	0	0	0	0	0	0
Site Security	5,000	0	0	0	0	0	0	0	0	0	0	0
Environment Remediation	40,000	0	0	0	0	0	0	0	0	0	0	0
Marketing/Rent Reserves	10,735,000	3,182,500	632,818	533,318	1,163,512	1,226,095	669,465	614,783	290,101	503,431		
<b>TOTAL BUDGET</b>												
Total Monthly Uses												
<b>SOURCES:</b>												
Deferred Developer Fee	215,000	0	0	0	0	0	0	0	0	0	0	0
SDHC Loan (NSP+HOME+CBDG)	5,110,753	3,004,000	137,969	633,318	0	0	0	0	0	0	0	0
Tax Credit/Equity	2,774,247	0	554,049	0	0	0	0	0	0	0	0	0
Tax Exempt Bonds	2,655,000	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
Total Monthly Sources	10,735,000	3,004,000	692,818	633,318	0	0	0	0	0	0	0	0
<b>LOAN BALANCE:</b>												
Cumulative Monthly Bank Loan Balance	0	178,500	178,500	711,818	1,875,331	3,101,426	3,770,891	4,385,674	4,675,775	5,179,206		

2/24/2010

## DEVELOPMENT BUDGET AND CONSTRUCTION C/A

2/24/10

<b>Borrower:</b>	TBD
<b>Project Name:</b>	To Be Named - San Diego
<b>Proforma Type:</b>	New Construction
<b>Location:</b>	San Diego, CA
<b>Maximum RDA Loan Amount</b>	\$5,110,753
RDA LTC	47.61%
Interest Rate	5.50%

### CONSTRUCTION USES:

	100% lease up	Conversion	TOTAL
	Jul-11	Oct-11	Nov-11
	Aug-11	Sep-11	
<b>Total Budget</b>			2,900,000
Land Acquisition	2,900,000	0	0
Site Work Costs	0	0	0
Structures	5,250,000	0	5,250,000
Contingency	342,500	0	342,500
Interest Reserve – Bank	225,000	21,518	15,687
Bank Loan Fee	50,000	0	0
Construction Inspections	10,000	0	0
Relocation	0	0	0
Title and Recording	25,000	0	0
Legal Fees (Bank & Other)	50,000	0	0
Arch. & Eng.	160,000	0	0
Taxes & Insurance	110,000	0	0
Govt Impact & Permit Fees	60,000	0	0
Market Study, Marketing & Furnishings	52,500	0	0
Bond Issuance Costs	225,000	0	0
Developer Fee	1,100,000	0	246,500
TCAC Fees	40,000	0	0
Accounting / Audit	20,000	0	5,000
Site Security	70,000	0	0
Environment Remediation	5,000	0	0
Marketing/Rent Reserves	40,000	0	20,000
<b>TOTAL BUDGET</b>	<b>10,735,000</b>	<b>625,238</b>	<b>21,518</b>
<b>Total Monthly Uses</b>			
<b>SOURCES:</b>			
Deferred Developer Fee	215,000	0	0
SDHC Loan (NSP+HOME+CBDG)	5,110,753	1,022,151	319,316
Tax Credit Equity	2,774,247	1,109,659	554,849
Tax Exempt Bonds	2,635,000	0	0
	0	0	2,635,000
	0	0	0
Total Monthly Sources	10,735,000	1,109,659	1,022,151
<b>LOAN BALANCE:</b>			
Cumulative Monthly Bank Loan Balance	0	4,694,745	3,694,112
			3,422,694
			3,443,381
			(44,002)
			44,002

2/24/2010

HOME		AWAY	
3.5%	1,000	1,035	1,071
3.5%	1,000	1,035	1,071
3.5%	7,000	7,245	7,499
3.5%	2,000	2,070	2,142
3.5%	5,000	5,175	5,356
3.5%	23,000	23,805	24,638
3.5%	10,000	10,350	10,712
3.5%	15,000	15,300	15,606
2.0%	5,000	5,173	5,356
3.5%	9,000	9,315	9,641
3.5%	9,000	9,315	9,641
3.5%	6,000	6,210	6,427
3.5%	10,000	10,350	10,712
3.5%	15,000	15,300	15,606
2.0%	10,000	10,350	10,712
3.5%	9,000	9,315	9,641
3.5%	5,000	5,175	5,356
3.5%	5,000	5,175	5,356
3.5%	2,000	2,070	2,142
3.5%	5,000	5,175	5,356
3.5%	0	0	0
3.5%	5,000	5,173	5,356
3.5%	15,000	15,525	16,068
3.5%	9,300	9,300	9,300
0.0%	0	137,300	162,255
	233,142	237,948	242,336
	194,690	194,690	194,690
	10,455	41,259	48,140
	1,20	1,22	1,25
	12,000	12,420	12,855
	26,453	30,339	35,285
	215,000	199,297	199,297
	7	10,750	9,925
		(26,453)	(30,839)
			215,000
			5,110,753
			3.00%

#### NET OPERATING RENTAL INCOME

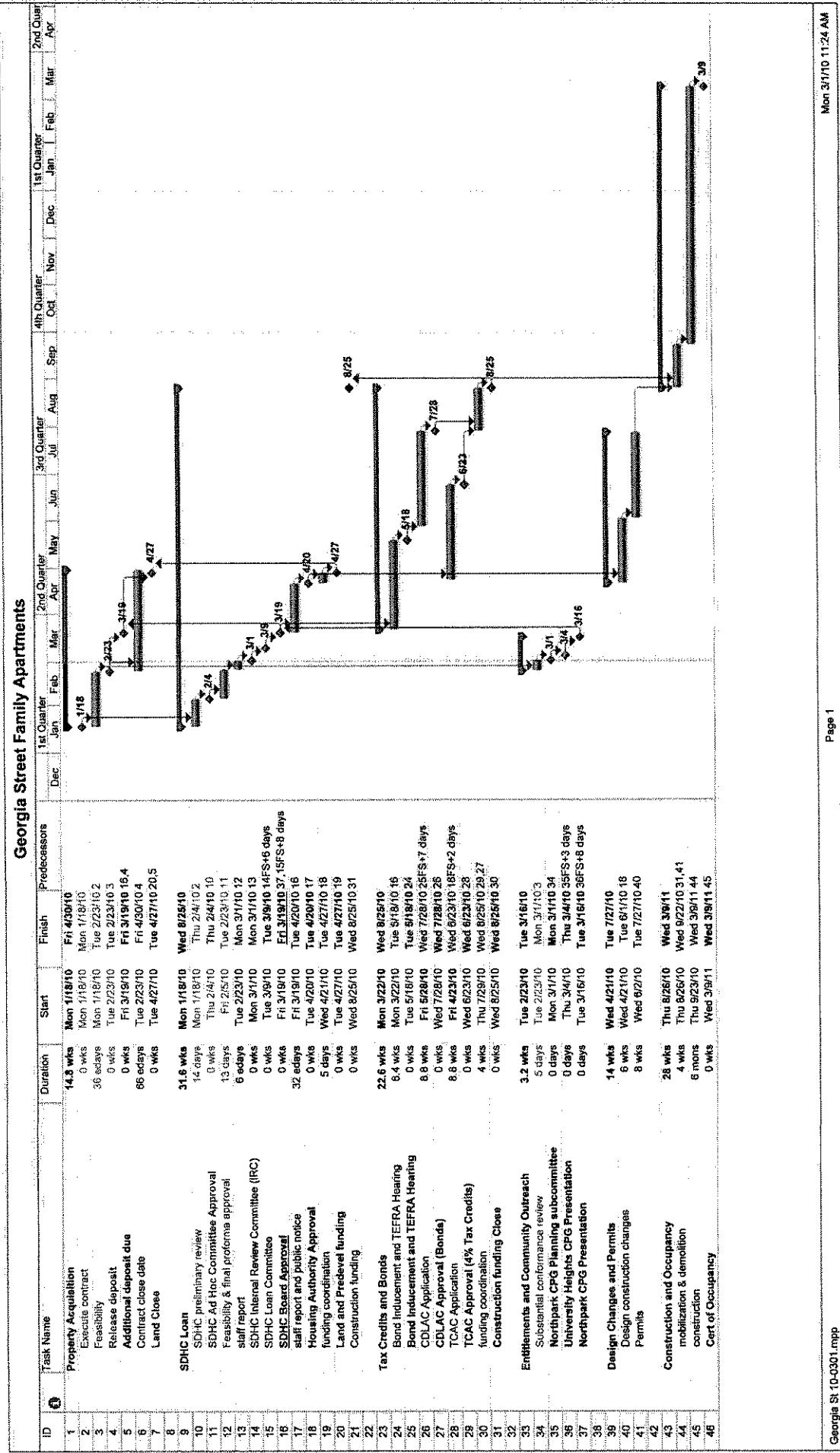
DEBT SERVICE	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690
<b>FORECASTED CASH AVAILABLE</b>											
Debt Coverage Ratio	1.20	1.22	1.25	1.27	1.30	1.32	1.35	1.38	1.41	1.43	1.45
Management Fees	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	
Cash Available for Distributions	26,453	30,839	35,285	39,792	44,358	48,984	53,169	58,413	63,214	68,071	
Deferred Development Fee											
Interest	215,000	215,000	199,297	178,424	152,060	119,871	81,506	36,397	-	-	-
Residual Receipts Payment			9,965	8,921	7,603	5,994	4,075	1,930	-	-	-
Balance			(26,453)	(30,839)	(35,285)	(39,792)	(44,358)	(48,984)	(53,169)	(58,413)	
SDHC Loan Interest @	\$ 110,753	\$ 110,753	5,264,076	5,421,998	5,584,638	5,752,198	5,924,763	6,102,306	6,297,013	6,529,733	6,678,215
Residual Receipts Payment @	3.00%	153,323	157,922	162,660	167,510	172,566	177,743	183,075	188,910	195,892	200,346
	\$ 110,753	\$ 264,076	\$ 471,998	\$ 584,638	\$ 752,198	\$ 924,763	\$ 1,022,306	\$ 1,097,013	\$ 1,133,733	\$ 1,171,111	\$ 1,210,055

30-YEAR CASH FLOW PROJECTION

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22
Rental Income	\$11,411	\$12,121	\$13,132	\$14,141	\$15,151	\$16,161	\$17,171	\$18,181	\$19,191	\$20,201	\$21,211	\$22,221
Other	\$517,420	\$530,356	\$543,615	\$557,205	\$571,135	\$585,414	\$600,049	\$615,050	\$630,427	\$646,187	\$662,045	\$67,032
TOTAL GROSS POTENTIAL REVENUE	\$526,105	\$539,237	\$552,739	\$566,557	\$580,721	\$595,239	\$610,120	\$625,733	\$641,007	\$657,032	\$674,181	\$32,652
Vacancy @ 5%												
TOTAL NET RENTAL INCOME	499,799	512,294	525,102	538,229	551,685	565,477	579,614	594,104	608,957	624,181		
Inflation Factor												
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Advertising	1,411	1,460	1,511	1,564	1,619	1,675	1,734	1,795	1,857	1,923	1,993	2,063
Legal	1,411	1,460	1,511	1,564	1,619	1,675	1,734	1,795	1,857	1,923	1,993	2,063
Accounting	9,874	10,220	10,577	10,948	11,331	11,727	12,138	12,563	13,002	13,458	13,916	14,374
Security	2,821	2,920	3,022	3,128	3,237	3,351	3,468	3,589	3,715	3,845	3,963	4,081
Other Administrative	7,035	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939	10,265
Management Fee	32,444	33,579	34,755	35,971	37,230	38,533	39,832	41,278	42,722	44,218	45,714	47,210
Utilities	11,285	11,686	12,089	12,512	12,950	13,403	13,872	14,357	14,860	15,380	15,897	16,414
Water & Sewer	14,186	14,660	15,111	15,640	16,187	16,753	17,340	17,947	18,575	19,225	19,873	20,521
On-Site Manager	12,695	13,140	13,600	14,076	14,568	15,078	15,606	16,152	16,717	17,303	17,909	18,515
Maintenance Personnel	3,695	13,140	13,600	14,076	14,568	15,078	15,606	16,152	16,717	17,303	17,909	18,515
Other Payroll	8,464	8,760	9,066	9,384	9,712	10,052	10,404	10,768	11,145	11,535	11,923	12,311
Insurance	14,106	14,680	15,111	15,640	16,187	16,753	17,340	17,947	18,575	19,225	19,873	20,521
Real Estate Taxes	2,0%	18,285	18,651	19,024	19,404	19,792	20,188	20,592	21,004	21,424	21,852	22,274
Painting	3,5%	7,033	7,380	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939
Repairs	3,5%	7,033	7,380	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939
Trash Removal	3,5%	7,033	7,380	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939
Exterminating	2,821	2,920	3,022	3,128	3,237	3,351	3,468	3,589	3,715	3,845	3,963	4,081
Grounds Maintenance	3,5%	7,033	7,380	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939
Other Maintenance	3,5%	0	0	0	0	0	0	0	0	0	0	0
Elevator	3,5%	7,033	7,380	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	9,939
Other	3,5%	21,159	21,960	22,666	23,459	24,280	25,130	26,101	27,182	28,338	29,595	30,853
Replacement Reserve	0.0%	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
TOTAL EXPENSES	0	215,195	222,127	229,296	236,710	244,179	252,309	260,512	268,995	277,770	286,845	
NET OPERATING RENTAL INCOME		284,605	290,168	295,806	301,519	307,306	313,168	319,102	325,109	331,187	337,336	
DEBT SERVICE		194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690
FORECASTED CASH AVAILABLE		89,915	95,478	101,116	106,829	112,617	118,478	124,412	130,419	136,497	142,646	
Debt Coverage Ratio		1.46	1.49	1.52	1.55	1.58	1.61	1.64	1.67	1.70	1.73	
Management Fees		16,927	17,520	18,133	18,767	19,424	20,104	20,808	21,536	22,290	23,070	
Cash Available for Distributions		72,988	77,958	82,983	88,063	93,192	98,374	103,604	108,483	114,207	119,576	
Deferred Developer fee		215,000	*	*	*	*	*	*	*	*	*	
Interest @		5,110,753	6,827,506	6,977,591	7,128,450	7,280,066	7,437,472	7,585,500	7,739,285	7,893,760	8,048,911	8,204,722
Residual Receipts Payment @		3.00%	204,825	209,318	213,853	218,402	222,973	227,565	232,179	236,813	241,467	246,142
Balance		(\$4,741)	(\$8,469)	(62,217)	(66,016)	(69,894)	(73,780)	(77,703)	(80,662)	(85,656)	(89,682)	

## Georgia Street

36-YEAR CASH FLOW PROJECTION		Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	Inflation Factor	21	22	23	24	25	26	27	28	29	30
Rental Income	2.5%	662,342	678,900	695,873	713,270	731,101	749,379	768,114	787,316	806,599	827,174
Other	2.5%	11,416	11,394	11,878	11,971	12,220	12,527	12,892	13,214	13,544	13,883
TOTAL GROSS POTENTIAL REVENUE		673,458	690,295	707,552	723,241	743,372	761,956	781,005	800,530	820,543	841,057
Vacancy @ 5%		33,673	34,515	35,378	36,262	37,169	38,098	39,050	40,027	41,027	42,053
TOTAL NET RENTAL INCOME		639,785	655,780	672,174	688,979	708,203	723,858	741,955	760,504	779,516	799,004
Advertising	3.5%	1,990	2,039	2,132	2,206	2,283	2,363	2,446	2,532	2,620	2,712
Legal	3.5%	1,990	2,039	2,132	2,206	2,283	2,363	2,446	2,532	2,620	2,712
Accounting	3.5%	13,929	14,416	14,921	15,443	15,983	16,543	17,222	18,341	19,883	21,544
Security	3.5%	3,980	4,119	4,263	4,412	4,567	4,726	4,892	5,063	5,240	5,424
Other Administrative	3.5%	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Management Fee	3.5%	45,765	47,367	49,025	52,741	52,517	54,355	56,257	58,226	60,264	62,373
Utilities	3.5%	15,928	16,475	17,052	17,649	18,267	19,906	19,568	20,253	20,961	21,695
Water & Sewer	3.5%	19,898	20,594	21,315	22,061	22,833	23,632	24,460	25,316	26,202	27,119
On-Site Manager	3.5%	17,908	18,535	19,184	19,855	20,550	21,269	22,014	22,784	23,582	24,407
Maintenance Personnel	3.5%	17,908	18,535	19,184	19,855	20,550	21,269	22,014	22,784	23,582	24,407
Other Payroll	3.5%	11,939	12,357	12,789	13,237	13,700	14,179	14,676	15,189	15,721	16,271
Insurance	3.5%	19,898	20,594	21,313	22,061	22,833	23,632	24,460	25,316	26,202	27,119
Real Estate Taxes	2.0%	22,289	22,735	23,190	23,683	24,127	24,609	25,101	25,693	26,115	26,638
Painting	3.5%	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Repairs	3.5%	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Trash Removal	3.5%	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Exterminating	3.5%	3,980	4,119	4,263	4,412	4,567	4,726	4,892	5,063	5,240	5,424
Grounds Maintenance	3.5%	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Other Maintenance	3.5%	0	0	0	0	0	0	0	0	0	0
Elevator	3.5%	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974	39,303	40,678
Other	0.0%	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
Replacement Reserve		0	206,231	305,939	315,981	326,367	337,109	348,221	359,714	371,602	383,898
TOTAL EXPENSES		343,554	349,841	356,194	362,612	369,694	375,638	382,241	388,902	395,618	402,357
NET OPERATING RENTAL INCOME											
DEBT SERVICE		194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690	194,690
FORECASTED CASH AVAILABLE		148,864	155,151	161,504	167,922	174,404	180,948	187,551	194,212	200,928	207,697
Debt Coverage Ratio		1.76	1.80	1.83	1.86	1.90	1.93	1.96	2.00	2.03	2.07
Management Fees		23,877	24,713	25,578	26,473	27,460	28,359	29,332	30,379	31,442	32,543
Cash Available for Distributions		124,987	130,438	135,926	141,449	147,004	152,589	158,200	163,833	169,486	175,154
Deferred Developer fee		215,000	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment		0	0	0	0	0	0	0	0	0	0
Balancce		215,000	0	0	0	0	0	0	0	0	0
SDHC Loan	5,110,753	8,361,182	8,518,277	8,675,997	8,834,133	8,993,276	9,152,821	9,312,964	9,473,703	9,635,039	9,796,976
Interest @ 3.08%	3,08%	250,835	255,548	260,030	265,585	270,398	276,211	279,389	284,051	289,051	293,908
Residual Receipts Payment @ 0.0%	(51,824)	(101,944)	(106,987)	(110,925)	(114,442)	(118,659)	(122,875)	(127,115)	(131,366)	(131,366)	
Balance	5,110,753	8,518,277	8,675,997	8,834,333	8,993,276	9,152,821	9,312,964	9,473,703	9,635,039	9,796,976	9,959,519

**Georgia Street Family Apartments**

## Georgia Street Family Apartments

ID	Task Name	Duration	Start	Finish	Predecessors	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Quarter			2nd Quarter		
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
1	Property Acquisition	14.8 wks	Mon 1/18/10	Fri 4/4/10																			
2	Execute contract	0 wks	Mon 1/18/10	Mon 1/18/10																			
3	Feasibility	36 days	Tue 2/23/10	Tue 2/23/10																			
4	Additional deposit due	0 wks	Fri 3/19/10	Fri 3/19/10																			
5	Contract close date	0 wks	Fri 4/2/10	Fri 4/2/10																			
6	Land Clease	66 days	Tue 2/23/10	Tue 4/27/10																			
7		0 wks	Tue 4/27/10	Tue 4/27/10																			
8																							
9	SDHC Loan	31.6 wks	Mon 1/18/10	Wed 8/25/10																			
10	SDHC preliminary review	14 days	Mon 1/18/10	Thu 2/4/10																			
11	SDHC Ad Hoc Committee Approval	0 wks	Thu 2/4/10	Thu 2/4/10																			
12	Feasibility & final financial approval staff report	13 days	Fri 2/5/10	Fri 2/5/10																			
13	SDHC Internal Review Committee (IRC)	6 days	Tue 2/23/10	Mon 3/1/10																			
14	SDHC Loan Committee	0 wks	Mon 3/1/10	Mon 3/1/10																			
15	SDHC Board Approval	0 wks	Tue 3/9/10	Tue 3/9/10																			
16	SDHC Board Approval	0 wks	Fri 3/19/10	Fri 3/19/10																			
17	staff report and public notice, Housing Authority Approval funding coordination	32 days	Fri 3/19/10	Fri 4/29/10																			
18	Land and Prefevel funding	0 wks	Fri 4/29/10	Fri 4/29/10																			
19	Construction funding	0 wks	Fri 4/29/10	Fri 4/29/10																			
20																							
21																							
22																							
23	Tax Credits and Bonds	22.6 wks	Mon 3/22/10	Wed 8/25/10																			
24	Bond Indentment and TEFRA Hearing	8.4 wks	Mon 3/22/10	Tue 5/18/10																			
25	Bond Indentment and TEFRA Hearing	0 wks	Tue 5/18/10	Tue 5/18/10																			
26	CDLAC Application	8.8 wks	Fri 5/28/10	Fri 7/28/10																			
27	CDLAG Approval (Bonds)	0 wks	Wed 7/28/10	Wed 7/28/10																			
28	TCAC Application	8.8 wks	Fri 4/23/10	Fri 6/23/10																			
29	TCAC Approval (4% Tax Credits)	0 wks	Wed 6/23/10	Wed 6/23/10																			
30	funding coordination	4 wks	Thu 7/29/10	Wed 8/25/10																			
31	Construction funding Close	0 wks	Wed 8/25/10	Wed 8/25/10																			
32																							
33	Entitlements and Community Outreach	3.2 wks	Tue 2/23/10	Tue 3/16/10																			
34	Substantial Conformance Review	5 days	Tue 2/23/10	Mon 3/1/10																			
35	Northpark CPG Planning subcommittee	0 days	Mon 3/1/10	Mon 3/1/10																			
36	University Heights CPG Presentation	0 days	Mon 3/1/10	Mon 3/1/10																			
37	Northpark CPG Presentation	0 days	Tue 3/16/10	Tue 3/16/10																			
38																							
39	Design Changes and Permits	14 wks	Wed 4/21/10	Tue 7/27/10																			
40	Design construction changes	6 wks	Wed 4/21/10	Tue 6/1/10																			
41	Permits	3 wks	Wed 6/2/10	Tue 7/27/10																			
42																							
43	Construction and Occupancy mobilization & demolition	28 wks	Thur 8/26/10	Wed 3/9/11																			
44	mobilization & demolition	4 wks	Thur 8/26/10	Wed 3/9/11																			
45	construction	6 mons	Thur 8/26/10	Wed 3/9/11																			
46	Cert of Occupancy	0 wks	Wed 3/9/11	Wed 3/9/11																			

**ATTACHMENT 6**  
**HOUSING COMMISSION MULTIFAMILY**  
**HOUSING REVENUE BOND PROGRAM**  
**Summary**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity bonds” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds; there is no pledge of the City’s or the Housing Authority’s faith, credit or taxing power. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

**Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible, in any way, for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on the behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.