



## EXECUTIVE SUMMARY

MEETING DATE: September 12, 2025

HCR25-060

SUBJECT: Predevelopment Budget – 7798 Starling Dr.

COUNCIL DISTRICT: 2

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

### REQUESTED ACTION:

Approve a predevelopment budget in the amount of \$617,504.40 for the property at 7798 Starling Dr., San Diego, CA 92123, currently under a Purchase and Sale Agreement, under the terms and conditions described in this report.

### EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 25, 2025, the San Diego Housing Commission (SDHC) Board of Commissioners authorized SDHC to apply for up to \$35 million from the State of California's Homekey+ program for the acquisition and rehabilitation of the property at 7798 Starling Dr., San Diego, CA 92123, and approved the execution of a Purchase and Sale Agreement (PSA) between SDHC and Tusore Hospitality, Inc., a California corporation, for the property (Report No. HCR25-018).
- The proposed acquisition and rehabilitation is contingent upon the State awarding Homekey+ funds for this project.
- If SDHC elects to proceed with the acquisition of the 7798 Starling Dr. property, the acquisition will ultimately result in the addition of up to 81 units of permanent affordable rental housing with access to supportive services for individuals experiencing homelessness and one unrestricted manager's unit.
- A predevelopment budget is necessary for the following activities/reports: architectural and civil design of the construction project so that it is "permit-ready" upon close of escrow; associated permit fees; third-party construction cost estimate; tenant interviews and a relocation study; and a subsidy layering review.
- Upon approval, staff will create task orders with multiple vendors under SDHC's existing on-call contracts to accomplish the predevelopment activities.
- The requested budget is aligned with the pro forma submitted in the Homekey+ application.
- The proposed funding sources and uses approved by this action were included in the Housing Authority-approved Fiscal Year 2026 SDHC budget.



## REPORT

**DATE ISSUED:** September 4, 2025

**REPORT NO:** HCR25-060

**ATTENTION:** Chair and Members of the San Diego Housing Commission Board of Commissioners  
For the Agenda of September 12, 2025

**SUBJECT:** Predevelopment Budget – 7798 Starling Dr.

**COUNCIL DISTRICT:** 2

***Advance notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B).***

**REQUESTED ACTION:**

Approve a predevelopment budget in the amount of \$617,504.40 for the property at 7798 Starling Dr., San Diego, CA 92123, currently under a Purchase and Sale Agreement, under the terms and conditions described in this report.

**STAFF RECOMMENDATION**

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Authorize a predevelopment budget in the amount of \$617,504.40 associated with the proposed acquisition and rehabilitation of the property at 7798 Starling Dr., San Diego, CA 92123, currently under a Purchase and Sale Agreement.
- 2) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to substitute funding sources, if necessary, without further action by the SDHC Board or the Housing Authority, but only if and to the extent that funds are determined to be available for such purposes.
- 3) Authorize SDHC's President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.

**SUMMARY**

An update presented to the San Diego City Council on November 14, 2023, about the Community Action Plan on Homelessness for the City of San Diego identified revised estimated needs for shelter and housing to address homelessness in the city. The update determined that an estimated 6,457 permanent supportive housing beds and 2,109 other permanent housing beds are needed. The City Council originally accepted the Community Action Plan in October 2019 as a comprehensive, 10-year plan that builds on recent progress, lays out short-term achievable goals and serves as a guide for long-term success in addressing homelessness.

In addition, on August 1, 2024, the City Council renewed its declaration of a shelter crisis pursuant to Government Code Section 8698, et seq., which remains in effect (Resolution No. R-315738). The shelter crisis resolution was enacted to help provide shelter and mitigate the effects of the ongoing housing emergency in the City of San Diego.

As the current situation represents a state of emergency and because of the opportunity to potentially obtain Homekey+ program funding to acquire and rehabilitate properties, SDHC has worked to identify sites to potentially create affordable housing units to address the shelter crisis. On April 25, 2025, the SDHC Board approved the execution of a Purchase and Sale Agreement (PSA) between SDHC and Tusore Hospitality, Inc., a California corporation, for the property at 7798 Starling Dr., San Diego, CA 92123 (Report HCR25-018).

A predevelopment budget is necessary for the following activities/reports: architectural and civil design of the construction project so that it is “permit-ready” upon close of escrow; associated permit fees; third-party construction cost estimate; tenant interviews and a relocation study; and a subsidy layering review. Upon approval, staff will create task orders with multiple vendors under SDHC’s existing on-call contracts to accomplish the predevelopment activities. The requested budget is aligned with the pro forma submitted in the application to the State of California Department of Housing and Community Development (HCD) under the Homekey+ Program for grant funds to acquire and convert the property to affordable housing.

A development summary is included as Attachment 1.

**Table 1 – Development Details**

Address	7798 Starling Dr., San Diego, CA 92123
Council District	7
Community Plan Area	Serra Mesa
Development Type	Acquisition and Minor Rehabilitation
Construction Type	Type V-A; Three-Story, Elevator-Served
Parking Type	Approximately 64 parking spaces (surface parked), four of which are dedicated to Americans with Disability Act accessibility.
Transit Information	Metropolitan Transit System bus service (Route 120) within approximately 365 feet
Housing Type	Single-Room Occupancy Hotel with Supportive Services
Lot Size	0.95 Acres
Units	90 upon acquisition (Estimated 81 affordable housing units and one unrestricted manager’s unit estimated upon completion)
Density	94.74 units/acre (90 units ÷ .95 acres)
Unit Mix	65 studios and 25 one-bedroom units
Gross Building Area	40,083 square feet
Affordable Units in Service by Council District	Council District 7 includes 2,102 affordable rental housing units currently in service, which represents 7.4 percent of the 28,482 affordable rental housing units in service citywide.

### **AFFORDABLE HOUSING IMPACT**

If SDHC elects to proceed with the acquisition of the 7798 Starling Dr. property, the acquisition will ultimately result in the addition of up to 81 units of permanent affordable rental housing with access to supportive services for individuals experiencing homelessness and one unrestricted manager's unit.

After financing is secured, the project will be subject to covenants and restrictions for the applicable lending agreements, which will restrict affordability for a minimum of 55 years. The rent and occupancy restrictions required by all potential lenders and investors will apply. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

### **NONDISCRIMINATION ASSURANCE**

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

### **SDHC STRATEGIC PLAN**

This item relates to Strategic Priority Areas No. 1 and No.4 in SDHC's Strategic Plan for Fiscal Year (FY) 2022-2024. No.1: Increasing and Preserving Housing Solutions. No.4: Advancing Homelessness Solutions. SDHC is in the process of developing a new Strategic Plan.

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were included in the Housing Authority-approved FY 2026 SDHC budget. Funding sources and uses related to the current fiscal budget will be as follows:

<b>FY 2026 Funding Sources</b>		
	SDHC Local Funds	\$617,504.40
	<b>TOTAL</b>	<b>\$617,504.40</b>
<b>FY 2026 Funding Uses</b>		
	Predevelopment Budget	\$514,587.00
	Pre-Development Contingency (20%)	\$102,917.40
	<b>TOTAL</b>	<b>\$617,504.40</b>

### **PREVIOUS SDHC BOARD, COUNCIL and/or COMMITTEE ACTION**

The Housing Commission's Policy for Acquisition and/or Purchase of Real Estate was unanimously approved by the Housing Authority on November 15, 2016 (Resolution HA-1705).

On April 25, 2025, by a vote of 7-0, the SDHC Board approved the execution of a Purchase and Sale Agreement for the property at 7798 Starling Dr. (Report HCR25-018).

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Key stakeholders for this potential acquisition include the Seller, SDHC, the Serra Mesa community, the City of San Diego, County of San Diego, and individuals/households experiencing homelessness.

## **ENVIRONMENTAL REVIEW**

### California Environmental Quality Act

Approval of the proposed pre-development budget for 7798 Starling Drive is not a project as defined by the California Environmental Quality Act Section 2106 and State CEQA Guidelines Section 15378(b) (5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required.

### National Environmental Policy Act

Federal funds constitute a portion of the budget for this project. NEPA approval was received from the City of San Diego Planning Department on April 7, 2025 and May 27, 2025.

Respectfully submitted,



Robert Bohrer  
Vice President  
Real Estate Finance & Acquisitions  
Real Estate Division

Approved by,



Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments:

- 1) Starling Place Pro forma

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at [www.sdhc.org](http://www.sdhc.org).

## Starling Place

Draft Date: 09/02/2025 - 10:08 AM

## SECTION 1: PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS

GENERAL PROJECT INFORMATION	
Project Name	Starling Place
Purchase Price	\$37,365,000
Project Address	7798 Starling Dr Choice Communities
Year Built	0
Total Units	82
Total Affordable Units	80
MSA	San Diego County
Area Media Income	
Project Type	
Prospected Owner Entity	SDHC

BUILDING AREA	
Gross Building Square Footage	820 sf
Residential	820 sf
Common Area	- sf
Land	sf
	sf
	- sf
	- sf
	- sf
Approximate Gross Building Area	sf

## SECTION 2: UNIT MIX & PROJECT INCOME

RESIDENTIAL INCOME												
Bedroom Type		Number of Units	% of Total	Net Area (SF)	Gross Square Feet	Section 8 Payment Standard	Utility Allowance		Max Rent		Monthly Income	Annual Income
PSH	Studio	34	42.0%	320	10,880	\$1,400	\$0		\$1,400		47,600	\$571,200
	Studio VASH	23	28.4%	320	7,360	\$2,234			\$2,234		51,382	\$616,584
PSH	1BD	6	7.4%	500	3,000	\$1,400	\$0		\$1,400		8,400	\$100,800
PSH	1BD VASH	17	21.0%	500	8,500	\$2,636	\$0		\$2,636		44,812	\$537,744
Manager	Studio	1	1.2%	320	320	\$0	\$0	-\$1				
Manager	1BD	1	1.2%	500	500	\$0	\$0	\$0	\$0	0%	-	\$0
Total/Average		82	101.2%	373	820	\$0	\$0.00		\$0	0%	152,194	\$1,826,328

COMMERCIAL INCOME (NNN)				
Unit Type	Net SF	\$/SF/Month	Monthly	Annual
Commercial Suites	0	\$0.00	\$0	\$0
Vacancy	5%			\$0
Total				\$0

OTHER INCOME			
Residential	\$/unit/Month	Monthly	Annual
Parking Income	\$0.00	\$0	\$0
Storage Income	\$0.00	\$0	\$0
Laundry Income	\$2.92	\$233	\$2,800
Fees and Charges	\$0.00	\$0	\$0
Other	\$0.00	\$0	\$0
<b>Total other income/month</b>	<b>\$2.92</b>	<b>\$233</b>	<b>\$2,800</b>

ESCALATORS & VACANCY	
Item	Rate
Escalator for Income	2.5%
Escalator for Expenses	3.5%
Escalator for P'ship Expenses	3.0%
Escalator for Misc Expenses	1.0%
Residential Vacancy	5.0%

## SECTION 3: EXPENSES

Category		PUPA		Total Annual
Admin	381,536	\$4,653	per unit	\$0
Utilities	306,188	\$3,734	per unit	\$0
Maintenance	472,430	\$5,761	per unit	\$0
Security	349,200	\$4,259		\$0
Insurance/Taxes	89,756	\$1,095	per unit	\$0
Bad Debt	38,698	\$472	per unit	\$0
Replacement Reserves	41,000	\$500	per unit	\$0
Supportive Services		\$0		\$0
Asset Management Fee	-	\$0	per unit	\$0
<b>Total Expenses</b>	<b>1,678,808</b>	<b>\$20,473</b>		<b>\$0</b>
			\$0	\$0

## SECTION 4: PROJECT MILESTONES

Approval Milestones	Date

## SECTION 5: ASSUMPTIONS

[illegible]

## SECTION 6: FINANCING SOURCE ASSUMPTIONS

RESERVED (PERM LOAN)	
DCR	1.15
Amort (Years)	-
All-in Rate	0.00%
Annual PMT	-
Perm Loan Amt	\$0

TBD SOFT FUNDING	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.

SOFT FUNDING TBD	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.

SOFT FUNDING TBD	
Principal	\$0
Interest (Simple)	3.00%
Term	55
Annual Payment	Residual Rec.

<b>RESERVED (CONSTRUCTION LOAN)</b>

RESERVED (LIHTC EQUITY)

<b>ACQUIRED RESERVES</b>	
Existing Reserves	\$0

RESERVED (PAY-IN SCHEDULE)

## SECTION 7: QUICK LOOK SUMMARY

Operating Summary	Total	Per Unit	% of EGI
Gross Rental Income	\$1,826,328	\$22,272	
Other Income	\$2,800	\$34	
(Less) Vacancy @ 5%	(\$57,856)	(\$706)	
Effective Gross	\$1,771,272	\$21,601	
Commercial Income	\$0	\$0	
(Less) Vacancy @ 0%	\$0	\$0	
Total Gross	\$1,771,272	\$21,601	
(Less) Operating Exp	\$1,641,808	\$20,022	
(Less) Other Expenses	(\$4,000)	(\$49)	
Net Operating Income	\$3,409,080	\$41,574	
(Less) Debt Service	\$0	\$0	
Net Cash Flow	\$3,409,080	\$41,574	

Developer Fee Installments	
Closing	
25% Completion	
50% Completion	
75% Completion	
100% Completion	
8609s	
Deferred	
<b>Total Developer Fee</b>	<b>0%</b>

Sources:	Total	Per Unit	% of Total
STATE HCD FUNDS	\$26,350,000	\$321,341	57.8%
PERM LOAN	-	\$0	0.0%
LOCAL MATCH	\$11,541,893	\$140,755	25.3%
COUNTY OF SAN DIEGO	\$7,000,000	\$85,366	15.4%
DEFERRED DEVELOPER FEE	700,760	\$8,546	1.5%

GAP	(0)	(\$0)	0.0%
<b>Total Sources</b>	<b>45,592,653</b>	<b>\$556,008</b>	<b>100%</b>

Uses:	Total	Per Unit	% of Total
ACQUISITION COSTS	37,365,000	\$455,671	82.0%
HARD COSTS	4,006,400	\$48,859	8.8%
PERMITS & FEES	120,192	\$1,466	0.3%
A&E	516,000	\$6,293	1.1%
THIRD PARTY REPORTS	94,383	\$1,151	0.2%
FINANCING COSTS	-	\$0	0.0%
RESERVES	924,429	\$11,274	2.0%
OTHER SOFT COSTS	814,249	\$9,930	1.8%
DEVELOPER FEE	1,752,000	\$21,366	3.8%
<b>Total Uses</b>	<b>45,592,653</b>	<b>\$556,008</b>	<b>100.0%</b>

Starling Place  
DEVELOPMENT COSTS

		Unit Cost	Cost Driver	Total
	<b>ACQUISITION COSTS</b>			
1005	LAND	\$0	Total	5,400,000
9000-01-120	ACQUISITION COSTS	\$37,350,000	Fixed (calc)	31,950,000
1015	ESCROW DEPOSIT - Refundable		Total	-
1020	ESCROW DEPOSIT - NonRefundable	\$0		-
1025	BROKER FEE/COMMISSION	0.0%	of Acq. price	-
1030	OTHER ACQUISITION COSTS	0.10%	of Acq. price	15,000
	<b>TOTAL ACQUISITION &amp; CLOSING COSTS</b>			37,365,000
	<b>HARD COSTS</b>			
	COMMERCIAL RENOVATIONS (includes GC Fees)	\$0	Total	-
	COMMERCIAL TENANT IMPROVEMENTS (TI's)	\$0	Total	-
2005	DEMOLITION	\$0		-
2032	NON-CONTRACT HARD COSTS (Pre-Dev)	0.00%		-
9000-01-190	REHABILITATION (RESIDENTIAL) Prevail. Wage	\$40,000	Per Unit	3,200,000
2035	COMMERCIAL HARD CONSTRUCTION COSTS	\$0		-
9000-01-290	GENERAL CONDITIONS/REQUIREMENTS	4.00%	of hard cost	128,000
9000-01-295	GENERAL CONTRACTOR FEE (OHP)	6.00%		192,000
	GENERAL CONTRACTOR OVERHEAD	2.00%		64,000
9000-01-270	BONDING & INSURANCE	2.00%		64,000
9000-01-200	HARD COST CONTINGENCY (OWNER)	10.00%	of contract	358,400
	<b>TOTAL HARD COSTS</b>			4,006,400
	<b>PERMITS &amp; FEES</b>			
9000-01-140	MUNICIPAL	3.00%	Per Unit	120,192
	PLAN CHECK	\$0	Per Unit	-
	DEVELOPMENT IMPACT FEES	\$0	Per Unit	-
	MISCLEANEIOUS FEES	\$0	Total	-
	<b>TOTAL PERMITS &amp; FEES</b>			120,192
	<b>ARCHITECTURE &amp; ENGINEERING</b>			
9000-01-140	ARCHITECT	7.00%	Total	366,000
4010	CIVIL ENGINEERING	\$100,000	Total	100,000
4030	OTHER CONSULTANTS-SPECIAL INSPECTIONS	\$50,000	Total	50,000
	<b>TOTAL ARCHITECTURE &amp; ENGINEERING</b>			516,000
	<b>THIRD PARTY REPORTS</b>			
9000-01-150	APPRAISAL	\$10,000	Total	18,550
9000-01-070	MARKET STUDY	\$10,000		-
9000-01-030	ENVIRONMENTAL (PH1 & PH2)	\$15,000	Total	2,600
9000-01-180	PHYSICAL NEEDS ASSESSMENT	\$10,000	Total	6,700
9000-01-010	ALTA SURVEY	\$11,100		15,000
9000-01-090	OTHER CONSULTANTS	\$59,003		11,300
9000-01-170	OTHER TECHNICAL REPORTS	\$50,210	Total	31,925
9000-01-250	THIRD PARTY REPORT CONTINGENCY	10.00%	Total	8,308
	<b>TOTAL DILIGENCE COSTS</b>			94,383
	<b>FINANCING COSTS</b>			
	<b>TOTAL FINANCING COSTS</b>			-
	<b>RESERVES</b>			
9000-01-300	REPLACEMENT RESERVE - INITIAL DEPOSIT	\$500	Per Unit	13,667
9000-01-015	LEASE UP RESERVE	3		363,493
9000-01-305	OPERATING RESERVE	4		547,269
	<b>TOTAL RESERVES</b>			924,429
	<b>OTHER SOFT COSTS</b>			
9100-09-005	LEGAL - DEVELOPER	\$50,000	Total	25,000
	Preoperational holding costs			30,000
9000-01-350	ACCOUNTING/COST CERT	\$0	Total	
9000-01-360	BANK FEES	\$0		
9000-01-210	RELOCATION COSTS	\$150,000	Total	300,000
9000-01-180	RELOCATION STUDY	\$3,500	Total	22,705
9000-01-370	PREPAID INSURANCE	\$75,000	Total	75,000
9000-01-230	TITLE/ESCROW/RECORDING/TRANSFER TAX	\$0	Total	-
	REAL ESTATE TAXES	\$0	Total	-
	CONSTRUCTION MANAGEMENT	\$0	Total	-

9000-01-285	LABOR COMPLIANCE	\$42,067		42,067
9000-01-380	BORROWER FINANCIAL ANALYST	\$15,000	Total	5,000
9100-02-010	FF&E - RESIDENTIAL	\$2,000	Per Unit	160,000
9100-02-010	FF&E - COMMON AREA	\$125,000	Per Unit	125,000
9000-01-100	SOFT COST CONTINGENCY	10.00%	% of Soft Cc	29,477
	<b>TOTAL OTHER SOFT COSTS</b>			<b>814,249</b>
	<b>DEVELOPER FEE</b>			
9000-01-390	DEVELOPER FEE - Perm	30	26000	1,051,240
9000-01-400	DEVELOPER FEE - Deferred	60	10500	700,760
	<b>TOTAL DEVELOPER FEE</b>			<b>1,752,000</b>
	<b>GRAND TOTAL DEVELOPMENT COSTS</b>			<b>45,592,653</b>
				45,592,653



Starling Place

Cash Flow Analysis 1.1

OPERATING BUDGET															
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
VASH	616,584	628,916	641,494	654,324	667,410	680,759	694,374	708,261	722,426	736,875	751,612	766,645	781,978	797,617	813,569
VASH	537,744	548,499	559,469	570,658	582,071	593,713	605,587	617,699	630,053	642,654	655,507	668,617	681,989	695,629	709,542
County	571,200	571,200	571,200	571,200	571,200										
County	100,800	100,800	100,800	100,800	100,800										
Homekey	-	-	-	22,704	63,068	777,195	821,153	867,013	808,867						
GROSS RENTAL INCOME	1,826,328	1,849,415	1,872,963	1,919,686	1,984,550	2,051,666	2,121,114	2,192,973	2,161,346	1,379,529	1,407,119	1,435,262	1,463,967	1,493,246	1,523,111
Other Income	2,800	2,870	2,942	3,015	3,091	3,168	3,247	3,328	3,412	3,497	3,584	3,674	3,766	3,860	3,956
(Less) Vacancy @ 5%	(57,856)	(59,014)	(60,195)	(61,400)	(62,629)	(63,882)	(65,160)	(66,464)	(67,795)	(69,151)	(70,535)	(71,947)	(73,387)	(74,855)	(76,353)
EFFECTIVE GROSS INCOME	1,771,272	1,793,270	1,815,709	1,861,301	1,925,012	1,990,952	2,059,201	2,129,837	2,096,963	1,313,874	1,340,168	1,366,989	1,394,346	1,422,251	1,450,714
Commercial Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME	1,771,272	1,793,270	1,815,709	1,861,301	1,925,012	1,990,952	2,059,201	2,129,837	2,096,963	1,313,874	1,340,168	1,366,989	1,394,346	1,422,251	1,450,714
Operating Expenses	3.50%	1,641,808	1,699,271	1,758,746	1,820,302	1,884,012	1,949,953	2,018,201	2,088,838	2,161,948	2,237,616	2,315,932	2,396,990	2,480,885	2,567,716
Other Expenses	1.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		129,464	93,999	56,964	40,999	40,999	40,999	40,999	40,999	(64,984)	(923,741)	(975,764)	(1,030,001)	(1,086,539)	(1,145,465)
(Less) Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROJECT CASH FLOW		129,464	93,999	56,964	40,999	40,999	40,999	40,999	40,999	(64,984)	(923,741)	(975,764)	(1,030,001)	(1,086,539)	(1,145,465)
Replacement Reserve Deposit	0.00%	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)
Cash Flow After Reserves		88,464	52,999	15,964	(1)	(1)	(1)	(1)	(1)	(105,984)	(964,741)	(1,016,764)	(1,071,001)	(1,127,539)	(1,186,465)
Asset Management Fee	3.50%	(50,000)	(51,750)	(53,561)	(55,436)	(57,376)	(59,384)	(61,463)	(63,614)	(65,840)	(68,145)	(70,530)	(72,998)	(75,553)	(80,935)
Cash Flow after Reserves and AM Fees		38,464	1,249	(37,598)	(55,437)	(57,377)	(59,385)	(61,463)	(63,615)	(171,825)	(1,032,886)	(1,087,294)	(1,144,000)	(1,203,092)	(1,264,662)
DEFERRED DEVELOPER FEE															
Beginning Balance		700,760	662,296	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047
Interest on Deferred Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT	100.00%	(38,464)	(1,249)	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Balance		662,296	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047
Remaining Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-	-
SDHC Cash Flow	75.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County of SD Cash Flow	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan															
Beginning Balance		7,000,000	7,210,000	7,426,300	7,649,089	7,878,562	8,114,919	8,358,366	8,609,117	8,867,391	9,133,412	9,407,415	9,689,637	9,980,326	10,279,736
Interest	3.00%	210,000	216,300	222,789	229,473	236,357	243,448	250,751	258,274	266,022	274,002	282,222	290,689	299,410	308,392
(Less) Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan Balance		7,210,000	7,426,300	7,649,089	7,878,562	8,114,919	8,358,366	8,609,117	8,867,391	9,133,412	9,407,415	9,689,637	9,980,326	10,279,736	10,588,128

Starling Place

Cash Flow Analysis 1.1

OPERATING BUDGET		Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
VASH		829,841	846,438	863,366	880,634	898,246	916,211	934,536	953,226	972,291	991,737	1,011,571	1,031,803	1,052,439	1,073,488	1,094,957
VASH		723,733	738,207	752,971	768,031	783,391	799,059	815,040	831,341	847,968	864,927	882,226	899,871	917,868	936,225	954,950
County																
County																
Homekey																
GROSS RENTAL INCOME		1,553,574	1,584,645	1,616,338	1,648,665	1,681,638	1,715,271	1,749,576	1,784,568	1,820,259	1,856,664	1,893,797	1,931,673	1,970,307	2,009,713	2,059,956
Other Income		4,055	4,157	4,261	4,367	4,476	4,588	4,703	4,820	4,941	5,064	5,191	5,321	5,454	5,590	5,730
(Less) Vacancy @ 5%		(77,881)	(79,440)	(81,030)	(82,652)	(84,306)	(85,993)	(87,714)	(89,469)	(91,260)	(93,086)	(94,949)	(96,850)	(98,788)	(100,765)	(102,782)
EFFECTIVE GROSS INCOME		1,479,747	1,509,362	1,539,568	1,570,380	1,601,808	1,633,866	1,666,565	1,699,919	1,733,940	1,768,642	1,804,039	1,840,144	1,876,973	1,914,538	1,962,904
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME		1,479,747	1,509,362	1,539,568	1,570,380	1,601,808	1,633,866	1,666,565	1,699,919	1,733,940	1,768,642	1,804,039	1,840,144	1,876,973	1,914,538	1,962,904
Operating Expenses	3.50%	2,750,601	2,846,872	2,946,513	3,049,641	3,156,378	3,266,851	3,381,191	3,499,533	3,622,016	3,748,787	3,879,995	4,015,794	4,156,347	4,301,819	4,452,383
Other Expenses	1.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		(1,270,854)	(1,337,511)	(1,406,944)	(1,479,261)	(1,554,570)	(1,632,985)	(1,714,626)	(1,799,614)	(1,888,077)	(1,980,145)	(2,075,955)	(2,175,650)	(2,279,374)	(2,387,281)	(2,489,479)
(Less) Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROJECT CASH FLOW		(1,270,854)	(1,337,511)	(1,406,944)	(1,479,261)	(1,554,570)	(1,632,985)	(1,714,626)	(1,799,614)	(1,888,077)	(1,980,145)	(2,075,955)	(2,175,650)	(2,279,374)	(2,387,281)	(2,489,479)
Replacement Reserve Deposit	0.00%	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)
Cash Flow After Reserves		(1,311,854)	(1,378,511)	(1,447,944)	(1,520,261)	(1,595,570)	(1,673,985)	(1,755,626)	(1,840,614)	(1,929,077)	(2,021,145)	(2,116,955)	(2,216,650)	(2,320,374)	(2,428,281)	(2,530,479)
Asset Management Fee	3.50%	(83,767)	(86,699)	(89,734)	(92,874)	(96,125)	(99,489)	(102,972)	(106,576)	(110,306)	(114,166)	(118,162)	(122,298)	(126,578)	(131,009)	(135,594)
Cash Flow after Reserves and AM Fees		(1,395,621)	(1,465,210)	(1,537,678)	(1,613,135)	(1,691,695)	(1,773,475)	(1,858,598)	(1,947,190)	(2,039,382)	(2,135,311)	(2,235,118)	(2,338,948)	(2,446,953)	(2,559,290)	(2,666,073)
DEFERRED DEVELOPER FEE																
Beginning Balance		661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047
Interest on Deferred Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Balance		661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047	661,047
Remaining Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SDHC Cash Flow	75.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County of SD Cash Flow	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan																
Beginning Balance		10,905,772	11,232,945	11,569,933	11,917,031	12,274,542	12,642,779	13,022,062	13,412,724	13,815,106	14,229,559	14,656,446	15,096,139	15,549,023	16,015,494	16,495,959
Interest	3.00%	327,173	336,988	347,098	357,511	368,236	379,283	390,662	402,382	414,453	426,887	439,693	452,884	466,471	480,465	494,879
(Less) Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan Balance		11,232,945	11,569,933	11,917,031	12,274,542	12,642,779	13,022,062	13,412,724	13,815,106	14,229,559	14,656,446	15,096,139	15,549,023	16,015,494	16,495,959	16,990,837