CHFA BOARD OF DIRECTORS

Thursday, November 4, 1999

Clarion Hotel
San Francisco International Airport
Millbrae, California
(650) 692-6363

9:30 a.m.

5. Discussion, recommendation and possible action relative to an initial commitment on the following project: (Dick Schermerhorn/Linn Warren)

Number	Development	Locality	Units
99-025-N	El Rancho Verde I & II	San Jose/ Santa Clara	700

Resolution 99-34.. 884

6. Discussion, recommendation and possible action relative to a Preservation Acquistion Financing. (Dick Schermerhorn)...........................**[under separate cover]**

7. Discussion, recommendation and possible action relative to a final commitment on the following projects: (Dick Schermerhorn/Linn Warren)

Number	Development	Locality	Units
99-028-S	Rowland Heights Apartments	Rowland Heights/ Los Angeles	144

Resolution 99-35.. 902

Number	Development	Locality	Units
99-027-N	Plum Tree West Apartments	Gilroy/Santa Clara	70

Resolution 99-36.. 928

8. Other Board matters.

9. Public Testimony: Discussion only of other matters to be brought to the Board's attention.

****NOTE: Next CHFA Board of Directors Meeting will be January 20, 2000, at the Clarion Hotel, San Francisco Airport, Millbrae, California.**

STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

ORIGINAL

BOARD OF DIRECTORS

PUBLIC MEETING

The Clarion Hotel
Sausalito Room
San Francisco International Airport
401 East Millbrae Avenue
Millbrae, California

Thursday, September 9, 1999
9:30 a.m. to 11:36 p.m.

"Minutes Approved by the
Board of Directors at its
Meeting

Held: Nov. 4, 1999

Attest: dwb"

Reported and Transcribed by: Ramona Cota

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A P P E A R A N C E S

Directors Present:
CLARK WALLACE, Chairman

EDWARD M. CZUKER

ANGELA L. EASTON

CARRIE A. HAWKINS

ROBERT N. KLEIN, II

LORETTA LYNCH.

JUDY NEVIS

THERESA A. PARKER

Staff Present:
DAVID N. BEAVER, General Counsel

JOJO''OJIMA

For the Staff of the Agency:
MARGARET ALVAREZ, Director of Asset Management

KENNETH R. CARLSON, Director of Financing

RICHARD DEWEY

RALPH PALMER

DIANE RICHARDSON, Director of State Legislation

G. RICHARD SCHERMERHORN, Director of Programs

LINN G. WARREN, Chief, Multifamily Lending

Counsel to the Agency:
TODD MITCHELL, Orrick, Herrington & Sutcliffe

Members of the Public:
NONE

I N D E X

P R O C E E D I N G S

THURSDAY, SEPTEMBER 9, 1999 MILLBRAE, CALIFORNIA 9:36 A.M.

CHAIRMAN WALLACE: Good morning. Let's call the meeting of the CHFA Board of Directors to order. It seems like it's in order and I'll ask the secretary to call the roll.

ROLL CALL

MS. OJIMA: Thank you. Mr. Angelides

(No response).

MS. OJIMA: Ms. Contreras-Sweet

(No response).

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Here.

MS. OJIMA: Ms. Easton?

MS. EASTON: Here.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Here.

MS. OJIMA: Mr. Hobbs?

(No response).

MS. OJIMA: Mr. Klein?

MR. KLEIN: Here.

MS. OJIMA: Mr. Mozilo?

(No response).

MS. OJIMA: Ms. Nevis?

MS. NEVIS: Here.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Here.

MS. OJIMA: Mr. Gage?

(No response).

MS. OJIMA: Ms. Lynch?

MS. LYNCH: Here.

MS. OJIMA: Ms. Parker?

MS. PARKER: Here.

MS. OJIMA: We do have a quorum, barely.

CHAIRMAN WALLACE: We have a bare quorum, however you want to take that. But we do have a quorum and we're official; don't anybody leave the room.

APPROVAL OF THE MINUTES OF THE JULY 8, 1999 MEETING

All right. Item 2 on the agenda is approval of the minutes for the July 8 meeting. Any corrections, additions, deletions? Anybody think somebody said something wrong and is offended by it? Now is the time to take care of that. Seeing, hearing none -- Anybody read the minutes? Hearing none, Ed will make a motion.

MR. CZUKER: I move to adopt the minutes.

MS. HAWKINS: I'll second.

CHAIRMAN WALLACE: There's a motion by Czuker and a second by Carrie. Secretary, call the roll. Any discussion on that? Call the roll.

MS. OJIMA: Thank you. Mr. Czuker?

MR. CZUKER: Yes.

MS. OJIMA: Ms. Easton?

MS. EASTON: Yes.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Yes.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Yes.

MS. OJIMA: Ms. Nevis?

MS. NEVIS: Yes.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: Thank you. The minutes have been approved.

CHAIRMAN WALLACE: The minutes are approved, thank you.

~~CHAIRM~~ EXECUTIVE DIRECTOR COMMENTS

Item 3. This meeting should go reasonably quickly, I think. Item 5 has been scratched from your agenda, it will probably come back again in the November meeting so that shortens it. I really am at a loss for words, which is, I know, good news.

Except, I understand if you are -- What’s your rule on parking? If you stayed overnight you get charged ten bucks. Except I just checked out and didn't get charged and I stayed overnight, so the rule is already screwed up. If you're day parking you're complimentary because they have no way to chase you. I guess they're worried about -- So those of you who are commuters I think you get a freebie, and those of us that are overnighters, I got a freebie.

MS. PARKER: You know Clark, my bill had two charges for parking on it.

CHAIRMAN WALLACE: I knew it.

MS. PARKER: Truly.

CHAIRMAN WALLACE: Really?

MS. PARKER: Yes.

CHAIRMAN WALLACE: You didn't make my reservation.

MS. PARKER: No, but --

CHAIRMAN WALLACE: You had great reservations without me.

MS. PARKER: But I had them take it off so -- You 3ot a free parking no matter what but I did get -- They started out trying to charge me twice.

CHAIRMAN WALLACE: The new rule is that if you're Chairman the Chief Executive Officer gets a double hit. So at any rate, that's very substantive and Terri, you did have a few items.

MS. PARKER: Just a couple of items, Mr. Chairman. First of all, I'd like to introduce Wendy Dolbert from Standard and Poors, she's here with one of her colleagues, Peter Block. Most of you know Pam but Peter is Pam's colleague in the San Francisco office. Wendy is the managing director at S&P in charge of housing bond credit ratings and we appreciate her being out here from New York.

Ken and I had an opportunity to meet with her and her staff when we were in New York in June. We had a very good discussion about our interest in trying to look at variable rate debt and the challenges of utilizing that and facing the Agency and are looking forward with comments and critiquing that S&P can essentially provide us as we move forward in that endeavor. As you will recall, S&P gave us an upgrade to our rating last year from A to AA- and so we are very pleased to have them with us today.

Second thing: I just want to give you a little status report on what we're hearing from Washington with respect to bond cap and tax credit bills. Congress came back in session this week. From what we are understanding there's been somewhat of a kind of hardening of the lines in Washington that were there in July from the standpoint of those folks who believe there should be a tax bill and those folks who don't want one.

Obviously since tax credit increase and bond cap increase are in the tax bill it's kind of a good news/bad news. We're in it but it probably isn't going to go anywhere, at least maybe not this year. They may come back and again do something like they did last year, a small bill, and we'll be working with the national organization and the Governor's Office to again be pushing the Governor's interest in increasing the cap in the tax credits.

The other item is just to let you all know that we were successful in having the Agency sponsor legislation to increase our bond cap. Senator Dutra carried a bill for us, it was passed by the Legislature, signed by the Governor. So as you all know, this is really what we need for the Agency to run since we are not supported by taxpayer, any general fund. The way the Agency runs is our ability to go to the private market, raise capital and sell bonds and then essentially lend those dollars out for single family and multifamily.

And since our Business Plan assumes that we will be doing over $1 billion worth of single family housing this year and next year, and multifamily in the 100-plus million range, in order to do our Business Plan and really make a difference in those particular areas and promote home ownership for the Governor, we needed to have the bond cap raised. So we are very pleased about being able to get that done so quickly, and frankly, with so much support.

Last but not least, we just wanted to also let the Board know because of their interest in housing that the Governor's Infrastructure Task Force, Building For the 21st Century report came out. We're pleased to have Ms. Lynch with us today who is part of the Governor's task force. Particularly leading the facilities Committee, and the Facilities Committee to the Full Committee recommended that the Governor consider doing a housing bond in the neighborhood of $750 million to $1 billion dollars. So that will be moving forward, I believe, in the fall as the Governor looks at what bonding amount the Governor wants to support broadly for infrastructure and what the Legislature is interested in doing coming back in the first part of January. That would be probably for the November ballot.

So with that, that's all I have to relate.

CHAIRMAN WALLACE: Thank you, Terri. There is a CaHLIF --

MS. PARKER: A CaHLIF meeting for --

CHAIRMAN WALLACE: -- meeting at the end of our meeting.

MS. PARKER: So those members of the subcommittee.

CHAIRMAN WALLACE: Who are?

MS, PARKER: Well, it's Ken, Carrie, Yourself and --

CHAIRMAN WALLACE: BT&H?

MS. PARKER: And Judy.

CHAIRMAN WALLACE: And Judy.

MS. NEVIS: Okay.

MS. PARKER: John has an agenda and it's basically just a little status report.

CHAIRMAN WALLACE: It won't take long so don't run out, Judy.

MS. NEVIS: That's fine. That's fine.

CHAIRMAN WALLACE: That's why I wanted to give you a heads-up before --

MS. PARKER: She's not going anywhere because she's with me. She doesn't get to leave before I do.

CHAIRMAN WALLACE: How do you take that, Judy?

MS. NEVIS: I think it's great.

CHAIRMAN WALLACE: You're not going anywhere because you're with Terri.

MS. NEVIS: That's fine.

CHAIRMAN WALLACE: Okay. All right. Moving on Item 4, Dick, on Northside Flats in Long Beach.

MS. LYNCH: Mr. Chairman, just before we move on I'd just like to make a comment to Terri's report.

CHAIRMAN WALLACE: Yes, good.

MS. LYNCH: Which is, the Governor was very happy to sign the Dutra bill because he's really in support of this Agency's goal of lending $1 billion a year. He is very aware of that. It was one of the reasons he signed that and he's hoping that we meet the goal.

CHAIRMAN WALLACE: Didn't he give us the goal?

MS. PARKER: The Governor did. The Governor, yes.

CHAIRMAN WALLACE: I'm really glad to second his motion. Thanks, Loretta, you bet, and we hope we meet the goal. Okay, anything else before moving to Item 4 on the agenda? Hearing none, Dick, you're on.

RESOLUTION 99-27

MR. SCHERMERHORN: Thank you, Mr. Chairman and Members of the Board. Our first transaction this morning is a final commitment request for a first mortgage loan in the amount of $1,500,000 for a 30-year fixed tax-exempt loan. It's a 501(c)(3) loan, and just so that you don't get confused, as you recall we have a Preservation 501(c)(3) program in which we're offering a 5 percent interest rate. This is not an at-risk project so it doesn't qualify for that particular program, but we are using the same vehicle because there is a qualified nonprofit involved and there will not be tax credits involved in the transaction.

So that's why you see the structure this way. The interest rate, the 30-year interest rate on this transaction is proposed to be 5.9 percent. It is an acquisition rehab and we'll be covering, I'll be covering in a little more detail the nuances of the preservation-type product activity later in a report that I have for you. But for the time being understand we are dealing with a CHFA-defined preservation project here because it is dealing with affordability of an existing resource. For the background on the project and the market scenario, my colleague, Linn Warren.

(Video presentation of project begins.)

MR. WARREN: Thank you, Dick. Mr. Chairman, as Dick indicated Northside Flats is located in Long Beach. It is a **47** unit project located on East 8th Avenue. It was constructed in **1987** and was financed through a local S&L. In **1992** it was foreclosed on and ultimately taken over by the RTC. The current owners, Long Beach Affordable, purchased the property a couple of years ago and performed a fair amount of rehabilitation and stabilized the tenant occupancy and are now seeking a loan from us.

As you can see, here's the primary entrance to the property right in here. This is looking down 8th Street. This building right here to the right is a brand new elementary school which I'll show a little bit more in a moment. This is the light rail system that's been installed in Long Beach and as you can see the train runs on the blue Line directly in front of the site. This is the rear view of the building.

This opening right here is the entryway to a two-Level subterranean garage. One of our concerns at the time, of course, was seismic. The status of the property, given the multiple story configuration, our Dames & Moore consultants have given it a pass and there is no seismic retrofit that's required. Also on the back area there is no structural rehab that's required. As a matter of fact, the rehab for the property is fairly minimal. This is the entry to the subterranean parking. Each tenant has a remote control access and the gate is closed 24 hours a day.

This is looking back down in the opposite direction on 8th. For those of you that are familiar with Long Beach there are certain pockets of revitalization going through. This street right here is Pine Avenue which has come back somewhat over the recent years with a number of shops and restaurants. This building right here is a condominium project that is fairly new where the units are selling for approximately $125,000 to $150,000, they're primarily two bedrooms.

This vacant building right here is going to be the subject of a potential seniors project that Menorah Housing is looking at from Los Angeles so hopefully that will be renovated as well. This is a good idea of the general neighborhood around Northside. It is in one of the redevelopment areas for Long Beach and as you can see a good portion of it is beginning to rejuvenate. This is looking in the opposite direction.

This is a school district facility with special education classes directly across from the elementary school. Here is a better view of the school. The school is a year old, it is K through 5, really a magnet for students in downtown Long Beach. The configuration is kind of interesting. The school rooms are perimetered around the building and the play areas and recreation areas exist on top of the structure.

This is an interior view. As we indicated, this is a four-story with a central courtyard. This is the elevator which has recently been repaired. The rehab for the project is fairly minimal. There will be no tenant displacement during the rehabilitation, it is fairly minor. Also we have asked that the rents be lowered for a certain component of it. Previously rents were at 20 percent at 50 with the balance being regulated by an RTC agreement. We have asked for an additional 10 percent of the units to be placed at 50 percent of median income to increase the affordability.

Typical units. One of the things we were pleased to see is, because of the relatively new age of the property, is that there is no unit rehabilitation that's required. The cabinets and appliances and flooring can be replaced on a rolling basis when the unit turns and as they wear out.

(Video presentation of project ends.)

MR. SCHERMERHORN: As Linn noted, there was a seismic evaluation done on the project. And I apologize for the language in here, I thought we had gotten this corrected. It's misleading the way it says that the buildingsare less than CHFA acceptance criteria. What it means is that the evaluation result was withinours, it was lower than the acceptable level of evaluation that we require in a seismic review. So the seismic assessment cleared the building from that standpoint. Environmentally there were no significant problems that had to be dealt with. We'll need an Article 34 letter upon completion.

The borrower in this case is Long Beach Affordable Housing Coalition and as you will note from the write-up, they have both knowledge and experience in a range of affordable housing activity. We're more than satisfied with the competency of this borrower entity. The property management firm that is to be employed here is AWFMEX, it's a women minority corporation that specializes in low and very-low income properties. With that we are recommending approval, be glad to answer any questions.

CHAIRMAN WALLACE: Mr. Czuker.

MR. CZUKER: First let me say that I appreciate the revitalization of our cities around the state and this is an exemplary project to help the city of Long Beach in that effort. I think that the CHFA loan being under $32,000 a unit is obviously below replacement cost, which also makes it a very safe type of loan-to-value/loan-to-cost. Also what's unusual here is you have a very high debt coverage ratio out of the gate. Where typical CHFA loans would go down to 1.05

debt coverage we're starting off at a 1.47.

But the question I have for you really relates to the operating expenses and whether a building of this type can be operated if you back out the reserve for replacement, which appears to be $383 per unit. You're really looking at approximately $2100 plus-or-minus for operating expenses and that just on the surface, seems a little low but I would like to ask staff to address that concern.

MR. WARREN: It is somewhat lower that what one would expect for a family project. A couple of factors, Ed. The turnover rate for this project, after it has been stabilized, has been fairly low, and these are one-bedrooms. We had a sense when we looked at that, that the existing budget could be somewhat lower because they're not the large family size, primarily single mothers with families. But as you point out, the debt coverage ratio is such that in the event the expenses do go up there's sufficient cushion to go forward. So you're right, it is somewhat lower, but we felt we had enough cushion to go forward with their operating history.

MR. CZUKER: Thank you.

CHAIRMAN WALLACE: Any other questions? How did you arrive at the vacancy ratio?

MR. WARREN: We have a component of this, Mr. Chairman, that's essentially at market. Even though the owners will voluntarily maintain the market rate rents at 80 percent of below market we've basically bifurcated the vacancy rate. With the 30 percent at 5 percent vacancy rate and the balance of the units, which are fairly close to market, we elected to go with a higher vacancy rate of 8 percent to kind of hedge our bets a little bit.

CHAIRMAN WALLACE: So when you blended it you got 7.2.

MR. WARREN: Roughly 7, yes, right in that area.

CHAIRMAN WALLACE: Any further questions? If not the Chair will entertain a motion.

MR. CZUKER: So moved.

MS. NEVIS: Second.

CHAIRMAN WALLACE: What are you moving, Ed?

MR. CZUKER: I'm moving to adopt the resolution, the final commitment on this item.

CHAIRMAN WALLACE: That's what I was hoping you were moving. There's a motion by Czuker and a second by, was it Judy, Ms. Nevis?

MS. NEVIS: Yes.

CHAIRMAN WALLACE: Any discussion on the motion? Hearing none, secretary call the roll.

MS. OJIMA: Thank you. Mr. Czuker?

MR. CZUKER: Aye.

MS. OJIMA: Ms. Easton?

MS. EASTON: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Ms. Nevis?

MS. NEVIS: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: Resolution 99-27 has been approved.

CHAIRMAN WALLACE: 99-27 is approved. As we mentioned earlier, Item 5 is temporarily removed from the agenda, probably to be revisited next meeting.

MS. PARKER: We hope to bring that back, Dick, in November or January at the latest?

MR. SCHERMERHORN: Yes. This is a -- There's some very sensitive negotiations going on between the buyer and seller. It is a rather complex existing acquisition transaction that involves at-risk considerations and it was not ready for public discussion at this meeting. We are hopeful that they will have resolved the issues so that we can bring the transaction, as we have in the past, on exception projects — and given the size of this one, it's definitely an exception transaction — to the Board at the November meeting, anticipating that it may be positioned for a final commitment consideration at the January meeting.

CHAIRMAN WALLACE: Okay. Excuse me but I erred in not asking if there was anybody, on the last item, anybody Erom the audience who wished to discuss this item. Realizing at this junction you've already won if you're the developer and you might risk undoing it. Anybody from the audience wishes to speak on Item 4?

RESOLUTION 99-29

Hearing none we then do move to Item 6.

MR. SCHERMERHORN: Yes, Mr. Chairman. First I'd like to introduce, for those of you who are not familiar with Yargaret Alvarez, who is our Director of Asset Management. This will be a different joint presentation today because this is a portfolio project which is a workout proposal that we're bringing to the Board.

And before I get into the specifics of it: For those of you Board Members who were here a few years ago when we did the complete portfolio reevaluation, doing stress tests on everything following the economic difficulties in the early 90's, and we did have some properties that we did proceed with workouts on. Subsequent to that, internally we formalized a structure in which Asset Management is doing a continuing evaluation of our portfolio projects looking for any signs of stress or difficulties that we should be proactively engaging the projects about.

As part of that activity, we have formalized a workout staff group within the organization — the two key members being Ralph Palmer from my staff and Richard Dewey from Margaret's staff — who bring 'underwriting skills and asset management skills to the table, specifically focused on any project that surfaces high enough in our evaluation for consideration as a proposal to come to the Board for a workout decision. This proposal today is the first product out of that formalized process. It's the first one that we've had in a workout mode that we felt we had to do this much structuring and bring to the table. We hope that you find it informative and that we'll be able to proceed with it.

It is a property that we did a few years ago. It's Palos Verdes Villas located in Palm Springs and the request is to modify the terms and conditions of our existing permanent loan on this project, which is a 98-unit family project.

The Agency Loan Terms chart kind of gives you the snapshot of what we're talking about. The loan amount, the first mortgage loan amount would remain the same. There's an arrearages that we would propose to put into a second mortgage, a CHFA-financed second mortgage at 6 percent that would be dealt with from a residual receipts basis. The term originally was a 30-year term and there's 26 years remaining.

We're proposing to adjust that to a 35-year term starting from the date of modification, fully amortized over that period of time.

To give you some sense of what's happening: We had a project that ran into some difficulties as it went under construction that really weren't under the developer's control. After the project got up and running it was discovered that there were construction problems. The contractor was not available, basically went bankrupt, so was not able to -- We were unsuccessful in pursuing the contractor on the project.

And the market, the project is located in a redevelopment area. There is a redevelopment area plan in terms of revitalizing, getting rid of some buildings, upgrading certain things, that did not go according to schedule. It is going, but it didn't go originally, to schedule. So the market didn't happen in the timing that we expected and we had physical problems with it. So with that as the backdrop, to take a look at the project and the details of it, Margaret.

(Video presentation of project begins.)

MS. ALVAREZ: Okay, thank you. As Dick said, this building is in Palm Springs. It's a nice looking project as you can see from the photograph. It's surrounded by older single family residences, condominium buildings and some older motels. And in fact, until about last year this road leading into the project was bounded by some burned out motels boarded up and looking burned which didn't help our marketing at all. The City has since taken those down which has been a big help.

Desert Hospital is located to the south of the project and they have been a great source of residents for this building. The building is comprised of ten two- and three-story buildings. It's a wood frame and stucco Santa Fe style construction. There's a manager's office, a clubhouse, a pool area, 35 one-bedroom units, 63 two-bedroom units. The amenities include dishwashers in each unit, washers and dryers, air,-conditioning, patios and balconies. The site sits on about four-and-a-half acres of land and there's 164 parking spaces, about 98 of which are carports.

MR. SCHERMERHORN: We picked the only day this past year that it rained in Southern California?

MS. ALVAREZ: It rains in Palm Springs, just not very often. Plus as I was telling the workout committee, I'm from Los Angeles, and in movieland they always wet everything down so it looks nicer anyway, so there you go. It was their tribute to Los Angeles.

As Dick was saying, the construction problems are a big reason of why we're here today. And you can see on this picture that the stucco is pretty much cracked. These are problems we have throughout the whole building. On the right hand side here you can see where the application wasn't done very evenly. These are pretty typical of what we have in the whole project here, cracking around the balcony rails.

This picture shows another one of the construction problems that we've had. In this top photo – I'm pointing here, I can use technology – these outriggers are not structural components of the building although they are tied into the framing, and when installing them they basically cut around the stucco and slipped those in, which allowed a lot of water permeation into the units. They weren't properly flashed or sealed and that led to some interior unit problems that kept some units off line.

There was a problem with the hydronic water system too which kept -- With all the water and all the construction problems, approximately 24 buildings were kept off line for much of the initial rent-up period and really set us behind on what the expectations were for the building. In these other photographs you can see that, you know, just generally there's buckling and cracking of the stucco and in this one you can just really see the uneven application.

There are three buildings that are the worst that we feel need to be done immediately and the rest can be done basically over the next 10 to 15 years. Here's just another example of some spaulding of the stucco. The stucco also comes all the way down to ground level, which our experts told us was a no-no, you need to leave a couple of inches there for some good drainage. Otherwise the soil gets wet, the water permeated and you just have more problems. Here again it's just more deterioration of the stucco. Some attempts were made to patch, the patch jobs weren't good. Patches fell off, more cracking. Again the stucco is all the way to the ground.

Here's a very good example of what happened with the areas of the outriggers. You can see once they got those installed there was a lot of cracking and just sloppy work done on the stucco, it's kind of falling off, and uneven application above the door frames. And more of the same here. We like to beat a dead horse. We really want you to see all these. But there's just a lot of cracking, a lot of problems overall.

But on this photo we just wanted to show that really the project is beautiful and it's actually one of the nicer looking projects in that area in the neighborhood and as a result with some changes we've been able to have really better market conditions and better amenities than most anything we have in our general neighborhood there.

This is the back side of the building, which, you know, in property management you always go to the back side to see what it really looks like, and you can see it's really clean and attractive there too and it shows the carports that we talked about. That brings us back to the beginning and the end of our slide show.

But we're here today because Palos Verdes basically needs a workout and the reasons are as we described. It didn't meet the marketing expectations and we also had the construction defect problems.

(Video presentation of project ends.)

MR. SCHERMERHORN: The locality has a stake in this project in the initial financing of the transaction, they contributed $1,468,000 in various support costs. Our negotiating team talked to them about additional participation during the workout, they've declined at this juncture. They've got a subordinate lien and that's where they would keep it in this transaction, and there is no requirement to pay them back during the course of the CHFA loan.

Our negotiators worked with the owner who has been very cooperative through this entire situation. The project went into delinquency in September of '96. Everybody has been working to keep it operating because it is a valuable affordable resource in the market that we're talking about. The owner has agreed to provide $150,000 in new money as part of this particular loan modification and in addition to assign the current project asset, $146,994, as a certificate of deposit to the project to support the repair work.

Our assessment is that over a period of time the physical problem on the project will be dealt with satisfactorily But it is one that, from an economic standpoint, our assessment is it's better to deal with it over time because it's not, at this point in time, impairing the interior of the units at all. It's just one that we need to get resolved rather than try and generate a lot of money for that particular purpose right now. In addition, the owner has agreed to the Agency taking 80 percent of the residual receipts to pay back to the arrearage loan, the second mortgage that we're proposing to put on the transaction.

We did evaluate it at the point in time at which the workout team went in looking at this project. Would it be more appropriate for us to just proceed with a Notice of Default and foreclose on the property?; and we concluded that given the owner's continuing cooperation, the owner's financial commitment and commitment to maintaining the project as an affordable housing resource, that the project is in generally good condition. It needs what we've identified to be done for the project. We felt that if we could reach an acceptable workout agreement that that would be a more appropriate way to go.

And we have proposed -- The mortgage would be a step rate mortgage comparable to the type of structure that we've used in our previous workouts for the terms and conditions that I cited earlier. And we're recommending approval of this loan modification, be glad to answer any questions.

MS. HAWKINS: Mr. Chairman.

CHAIRMAN WALLACE: Yes, Ms. Hawkins.

MS. HAWKINS: I don't know, maybe I was the onlyone here and that I should take responsibility for approving the project, so I'm going to learn from that, particularly --

CHAIRMAN WALLACE: You want to make a capital contribution at this --

MS. HAWKINS: Was there anything we should have known as staff and as Board Members? I noticed that this particular sponsor and owner did not have other residential properties when we approved this; is that correct?

MR. SCHERMERHORN: That's correct.

MS. HAWKINS: So is there anything we should learn from that? Did he know the contractor? Was that screened properly? I just want to know how this happened.

MR. SCHERMERHORN: Well, there were three lessons we learned.

MS. HAWKINS: Okay.

MR. SCHERMERHORN: One of them was that our assumptions about the redevelopment plan should have been more conservative. The contractor issue was one in which it has sensitized us further to this during the inspection process. I'm not sure that there was anything we would have known about that at the front end. And going back on the situation, when we did go back and double-check, there wasn't any particular history on the contractor ahead of time that would have alerted us had we gone in and evaluated. It was a situation in which I think we were not sufficiently diligent in our inspection process to have caught this before the contractor disappeared from the market.

And the third thing is that our market evaluation at the time was not the best one. It was one of a couple of experiences we had during that period of time in which we went in and weeded through and readjusted our market evaluation process. It's one of the reasons that I established an independent market evaluation component in our loan quality control, to have the ability to kind of take a look at the quality of the product that we were getting into. It was not the best.

So unfortunately, we had, as is always the case when you have a problem project, a number of factors that you would not necessarily have been able to forecast at that point of time, or necessarily caught at that point of time, came together. It's a problem, it's not a catastrophe. And I think this is one that -- We have more difficult problems in some of the workout projects we did in '93-94 than this one is but there are things that we have done subsequent to our experience with this project to avoid repetition of that in the future.

MS. HAWKINS: And I want to add that this is such a rare occurrence from my history on the Board. That's why this surprised me that we had this construction problem.

MR. BEAVER: Madam Vice Chair, I might add one -- There was one more problem that I was involved with. Normally we do get construction defect security, and in this case we got a bond. It turned out the bond was uncollectible because the bonding company went insolvent. So that was not expected.

CHAIRMAN WALLACE: Mr. Klein.

MR. KLEIN: First of all I'd like to say that I appreciate the proactive and team approach to the problem-solving. And particularly given that values in this area are increasing and this market is firming up, I think it's very constructive to work with a cooperative owner and get through the problem. Historically, I would encourage that because trying to break that continuity of ownership and bring in people that are not familiar with the history of the project usually leads to substantial transaction costs or unexpected ones. I would ask you: What is the status of the redevelopment agency's plans in this immediate area? Are they making any commitment to move forward on those plans?

Where are they, both financially and in terms of council resolutions or formal action?

MR. SCHERMERHORN: The plan is moving forward. There are actions that were in the original plan that have occurred, it's the timetable that was not adhered to as closely.

MS. ALVAREZ: And I don't know that I have much more to add on that. I know that they were helpful in razing those ugly motels that were burned out and really an eyesore to our property. We're near an improving area. They're doing some things, you know, close by the property. I'm not sure -- Do you guys have any more to add? Maybe I could just take a moment here anyway to introduce Ralph Palmer and Richard Dewey who Dick spoke of. They really do the hard work, we get to just be the front people. Richard is on the left and Ralph is on the right.

MR. PALMER: The only comment I would have is we did have some extended discussions with --

CHAIRMAN WALLACE: Let's have you come up to the mike because we are recording this, if you please.

MS. ALVAREZ: This is Ralph Palmer.

MR. PALMER: We did have some extended discussions with the redevelopment agency on several occasions. One of our agendas was the attempt to get an additional investment out of them in the project early on. Because of the substantial initial investment they just weren't in a position, nor did they have the housing set-aside monies to continue to invest. What they are investing in currently with their resources is there are some older commercial districts adjacent to this project and that is where the principal activity has been and they have continued to demolish and remove the abandoned structures in the area.

The third piece that was significant to the initial investment on their part was that the new Desert Hospital was built adjacent to the project and that made a major change in that area of town. Certainly the project itself benefits from the tenants that are staying there. We've had periodic continued discussions with them but nothing new has transpired.

MR. SCHERMERHORN: So it's been a timing issue.

MR. KLEIN: Right.

MR. SCHERMERHORN: We're satisfied that they are committed to go forward.

MR. KLEIN: All right. It looks like on the market share, you're starting now to show a continuing eight-and-a-half percent vacancy factor. It appears to trail down to an eight percent over a period of about ten years. On an overall basis that market is, in fact, even seasonally getting tighter than that. Is that a conservative vacancy factor?

MR. SCHERMERHORN: Yes. They're outperforming it now. But because of lessons learned.

MR. KLEIN: Right. There are built-in contingencies are what it appeared to me to be, and you're just confirming that.

MR. SCHERMERHORN: Yes.

CHAIRMAN WALLACE: Yes, Mr. Czuker.

MR. CZUKER: Mr. Chairman, I'd like to ask staff also: In the up-front part of this project, does the staff get involved in evaluating the contractor and the bonding company? Was there any clue as to the financial strength or viability of the general contractor? I understand, I guess, the contractor and the bonding company both went bankrupt so you have no recourse against either one?

MR. SCHERMERHORN: Correct. A rather unusual set of circumstances, but if things were going to go wrong on this deal they went wrong. No, we don't normally get into that. Being a non-recourse lender our focus in on the property and the economics of the property. We do look, obviously, at the borrower, and for sure at the property management entity because they're a key going downstream to the cash flow of the project. We do look at the major players in the transaction, but we don't do like a 25/30 clearance like HUD foes or something like that in these transactions. This has proven to be such an exception that we looked at the issue of, should we change our approach about that, and have concluded to date that it's not worth the resource expenditure to go in that direction.

MR. CZUKER: Well, generally CHFA doesn't fund until after the project is completed.

MR. SCHERMERHORN: Correct.

MR. CZUKER: So, at that time was there a site inspection evaluation that may have been able to identify some of the construction defects prior to funding?

MR. SCHERMERHORN: There was a closing on it and it did not pick up the stucco problems. At the time the project closed, it did not appear that that was a problem in the project. But it wasn't long after that that it surfaced.

MR. CZUKER: And the workout schedule over the 35 years. With the growth assumptions and the income and expenses, you're hovering around a 1.07 to 1.09 debt coverage ratio through the life of the 35 years in order to meet the step payments on the interest rate?

MR. SCHERMERHORN: Yes.

MR. CZUKER: Is that --

MR. SCHERMERHORN: Also so that we get some residual. Remember, we've got 80 percent of the residual receipts come to us.

MR. CZUKER: The higher the debt coverage, the greater the receipts that would come to CHFA.

MR. SCHERMERHORN: Understand that but we're trying to balance the first mortgage payback too.

MR. CZUKER: I guess my question there is: Has staff evaluated whether these projections are conservative or aggressive in their cash flow analysis since it drives the whole model over the 35 years?

MR. SCHERMERHORN: I think we're conservative with it. As was earlier noted, we've got some vacancy rate assumptions in here that we think are definitely going to be surpassed. So what will happen is the residual receipt availability will be greater than it shows in this proforma, which gets our second paid back much more quickly, and obviously then, frees up cash to support the project, for sure before midlife and on down. I think it's a conservative assumption.

MR. CZUKER: Does that mean hypothetically that if eash flows are better than the debt coverages that are projected here the residual receipts second mortgage gets paid off faster?

MR. SCHERMERHORN: Yes.

MR. CZUKER: Would that allow the first to have the ability to pay off sooner or to step into the higher interest rate sooner?

MR. SCHERMERHORN: No, we would leave it at the step rate. We would leave it at the structure that it's at.

MR. CZUKER: Once the second is paid off in full, the residual receipts portion of CHFA's participation expires?

MR. SCHERMERHORN: No, it continues until any outstanding indebtedness that occurs because of the step rate process is also met. When you look at that cash flow, you realize that in the early years we're effectively subsidizing that interest rate.

MR. CZUKER: Right.

MR. SCHERMERHORN: Okay. So, there is an ongoing calculation. This is how we did the workouts earlier. So, there's an ongoing responsibility to make the Agency whole. And as long as the Agency is outstanding, owed money from the second and the subsidy, we keep taking the residual receipts percentage.

MR. CZUKER: The subsidy being the interest rate on the first?

MR. SCHERMERHORN: Correct.

MR. CZUKER: Okay. So, once the interest rate on the first catches up, then essentially the participation and cash flow terminates prior to the maturity of the first?

MR. SCHERMERHORN: When the financial obligation is fully met. See, through the first period of time there is, as the proforma shows, there is cash in effect that we are subsidizing. There's money for subsidizing in that interest rate. We keep track of that. And after the second is paid off, then the residual receipts goes to pay us back for that monies in the early years that we, in effect, are subsidizing on the project.

When that is all caught up, and that won't occur theoretically until after the mortgage has gone past the bogey number, the step rate has gone up, and there's sufficient cash coming in then to pay off the residual debt that results from that subsidy. We don't expect that to occur until somewhere in the twentieth year. In the mid-twentieth year out is when that's --

MR. CZUKER: That's what I'm asking.

MR. SCHERMERHORN: Yes. It won't be until then on our best estimate right then, that the cash would fully free up for the project. We'll have first claim on it in that period of time.

MR. CZUKER: Okay. Thank you.

CHAIRMAN WALLACE: Mr. Klein.

MR. KLEIN: Yes. In regard to the items that were just addressed: I do think that it is beneficial for the owner to keep some participation. I know the Fannie Mae rule is basically that soft seconds can't take more than 75 percent of the cash flow in order to keep some focus on the owner, and some administrative staff, at least at the owner's level, focused on this on a covered basis on a cash flow year-to-year analysis. So I am supportive of retaining that cash flow participation for the owner and, in fact, hopefully giving them some upside if they can aggressively work on the marketing and get that vacancy rate down. It's good for us, it's good for them.

In looking at this as well. The resolution provides the discretion to modify the loan amount payment, as I understand it, an additional seven percent if justified at the time through your monitoring team. And I would just like to say that if you're looking at a long-term program, I think this is forward-looking, it's a good contingency to put in here to have this delegated discretion. Things happen, areas go through cycles. I think this is an appropriate provision and it builds in something that's responsive to Ed's position. The coverage is lower, but they do have ongoing ability to modify that loan payment as we go through economic cycles. So on the down side, they've covered themselves and the Agency; on the upside, the plan has some incentive, I think, for the owner.

CHAIRMAN WALLACE: Yes. I think you've done a good job, this is an excellent analysis. Both of your departments collaborated and I think it was a good idea. This is the original owner, developer?

MS. ALVAREZ: Yes.

MR. SCHERMERHORN: Yes.

CHAIRMAN WALLACE: He's got $2 million in it. It shows some level of --

MR. SCHERMERHORN: Participation.

CHAIRMAN WALLACE: -- substance, yes. The way you've structured it -- In addition, you've got some new money coming in. Arguably that's to take care of those immediate three buildings or so --

MS. ALVAREZ: Right, exactly.

CHAIRMAN WALLACE: -- that really have serious construction deficiencies yet unmet. And you've got another C.D. I think both sides, for what could have been an ugly situation for both sides, have some incentives to make this work. So sure, it takes us a little longer, maybe, to get back $302,000 in arrearages but he's got plenty of incentives not to walk today. I can imagine in 1994, 1995 at the end of the California real estate depression, which is the way I looked at it, there probably were a few sureties that weren't so sure anymore. You got a combination of bad events that, with what looks like a good project.

There's some things happening now in the upside that make it worth our continued investment. You've added a little more affordability to it. I think you've done a heck of a good job. I applaud the way you've worked this out and glad to see that the owner had enough in it so that he didn't walk too. So good job as far as I'm concerned. I intend to vote for the project, for the restructuring for the loan modification.

Anyone else on the Board or in the audience that wants to be heard on this? Hearing none the Chair will entertain a motion. Carrie, you were here and responsible for all this, you ought to make the motion.

MS. HAWKINS: I will make a motion to bail myself out.

CHAIRMAN WALLACE: I think I might have been just walking in.

MS. HAWKINS: And to add to that, Clark, thank you. But because we truly historically have made very few mistakes, and I don't believe we did in this one either because we did go on the financial stability of the developer and he has proven himself out, I will make a motion to approve this and redeem this project the second time around.

MR. KLEIN: I will second.

MS. HAWKINS: Okay.

CHAIRMAN WALLACE: A motion by Hawkins, second by Klein. Any discussion on the motion? Hearing none, secretary call the roll.

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Aye.

MS. OJIMA: Ms. Easton?

MS. EASTON: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Ms. Nevis?

MS. NEVIS: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: Resolution 99-29 has been approved.

CHAIRMAN WALLACE: 99-29, the resolution has been approved. Okay, moving on I guess, Dick.

MULTIFAMILY PRESERVATION STATUS REPORT

It's the same team or just you?

MR. SCHERMERHORN: Just me. That's a typo in the schedule, although I could always use Margaret's help.

CHAIRMAN WALLACE: No question about that.

MR. SCHERMERHORN: No, this is one I'm going to do for you.

CHAIRMAN WALLACE: Okay. And we've had handed out to us this morning --

MR. SCHERMERHORN: Yes, you all should have a copy of the Preservation Status Report. I apologize for it not being available until the last minute, but the information coming into the process went up virtually to the last minute, and because of what I want to discuss in this I did want to be as current as possible. You all have been exposed in the past few meetings to quite a bit of information regarding preservation. And I thought just quickly what I might do is to refresh, very quickly refresh you all as to where the Agency starts from in viewing this.

In our Business Plan and in the conduct of our activity, we define affordable housing preservation as the co-option of any existing housing unit for affordable housing purposes. That's where we started from and that's what I was referring to earlier on our first transaction. It's not an at-risk. At-risk is a particular defined type of preservation which is generally recognized as a project which has subsidy associated with it, and it's the loss of the subsidy that makes the affordable housing project at-risk. Our definition is a broader definition in which we fit in the at-risk as a component of what it is that we're considering and what we're doing.

The preservation business is not new. For those of you who may recall this, back about 15 years ago, we went through a similar exercise where we had, if you will, at-risk units in the marketplace. The difference between the mid-80s and today is the size of the problem and the characteristics of how the problem got to be. In those days, as I point out here, the State Legislature did get involved. There were 30 bills trying to address the issue. But the feds stepped in with the ELIPRA and the LIHPRHA which were specifically designed with financial commitments and federal commitment to address the problem, and so everybody kind of backed off and let that process work itself through and those programs terminated about a couple of years ago.

So what I thought I would do here at this point is show you where almost two years ago when we were visiting the preservation problem and trying to get our arms around it, working with a number of sources to include the California Housing Partnership, we identified the expiring use inventory. That's in the 1998 column there, where the total amount of expiring use was this number here, 158,000 and change, of which 114,000 units were project-based Section 8.

And we made some estimates at that point in time, as you may recall, going into the Business Plan a year ago spring. We were thinking that about 25 percent of that HUD portfolio was going to end up Mark-To-Market. Actually, I thought it was going to be less than that, but we thought we'd be a little aggressive and say 25 percent. That the Opt Outs Mould be about 30 percent and that the up in the air, we didn't know what was going to happen to the group of units, was about 45 percent. If you do the math, hopefully I did the math right, it comes out right about there. Then we had the older-assisted units, Section 236s, et cetera, and an estimate of what's out there that is locality bond-financed.

So, as of last week the information that we have on '99 -- And I tried different ways to display this and it seems to be the easiest way to explain it. Right now, we know that there is about 5700 units that have applied for Mark-To-Market that need financial help. Those are givens that will stay in the affordable housing inventory because they're going to go for financial restructuring of some kind. Right now, that represents about 5 percent of this original total, and CHP's projection of this is it will about double in the remaining active life, the next few years.

So what's going to happen here is out of our original projection, instead of 25 percent Mark-To-Market eligible it maybe will be 10 percent of the units in the state will for Mark-To-Market. And most of them we already know. Of the 40 projects that have applied, 30 of them are for what they call the Omar Light Process, they're not full restructurings. Which means that the market rents and the debt on the projects are relatively close. They're probably less than 120 percent of fair market rent difference in those, so those will be relatively easy to do and to retain as affordable housing units.

The Opt Outs. Interesting that at this point in time that represents about 15 percent of this figure. This is what we know right now and that's the summary chart that's in the back of your preservation report. It breaks it down by county where the Opt Outs have occurred or have been noticed that they're going to occur. It totals to that number down there. This was Bill Rumpf's swan song before he left for Seattle, he did this up for us. He's projecting that if conditions do not worsen, based on what we know right now, conditions do not worsen, he was telling me he thought that maybe this number will double but that will be just about it. It's interesting that that will come out to about where we originally forecast as the Opt Outs out of this pool.

We figure we're going to lose about 5,000 out of the Older Assisted. Many of those units are protected by affordability agreements. The tax-exempt locality ones we're going to lose. As you'll notice in the report, we had focus group meetings with a dozen nonprofits in Northern California, and we talked to another half dozen affordable housing players in Southern California, along with some other interested parties, and went to this question about the local points because over the next 24 months over half of these tax-exempt deals are going to expire.

And the most telling comment, which I put in here because it really reflected the comment that we got almost from everyone, was the local government official in our focus group meeting says we've been working on our deals trying to extend them and work them, and he says, the developers just sit there and tell us, we're just counting the minutes until the regulatory agreement expires. They're going to take those projects market by and large.

To try and do much of anything with them is very difficult because the nonprofits are telling us that, first off, most of these deals are 80/20's which means there's only 20 percent affordability in them right now, and that affordability may be 50 percent and in some instances only 80 percent of median income. From their standpoint, when I get into the issues later that they raised with us, you'll see why. From their standpoint, it's not worth their time and effort to try and deal with this particular category of activity because it doesn't have enough bang for the buck to them. Isolated cases where they can put a deal together, where they can keep one in the inventory, they're more than willing to do it, but it's a tough one.

Here's where the focus is right now, it's this 45 percent right now. Actually, now it's going to be larger than that. It's going to be more like 60 percent because only 10 percent of this group is going to go Mark-To-Market so the rest of it joins with this Fair Market group in here of being eligible activity. And folks would like to do something about this but there are things that are happening with that. Let me quickly run through the background to what's going on with that.

First off, you have the federal initiatives. Mark-To-Market, that only addresses projects whose current contracts exceed fair market rents. We're going to save those units, HUD is on the path for that. HUD made a major policy change in direction this spring when they went with Mark-Up-To-Market. Although it has limited resources available now, it's pushing for more money in the appropriation process. It would result in contracts being able to be awarded at fair market rents. In other words, those that are below fair market could get raised to fair market rents or thereabout, which digs into that 60 percent of the projects that are in question.

There's also a couple of other funding things that HUD is doing that are in support of the Mark Up and Mark To Market programs, financing the ITAGs and the OTAGs which are of passing interest to us here today.

The state initiatives. First HCD came out with the Home Preservation $6 million NOFA on March 30 of this year and as of yesterday, they had zero requests for financing under this program. There's a good and valid reason for it and we'll get into it here in a minute. They have their Acquisition Rehab Program. Funding for this, $2.5 million, was in the budget. They've put out a NOFA for $1.4 million already, another $475,000 for technical assistance grants. They're in process of getting a $6 million Acquisition Rehab

Program, identify parameters and get a NOFA out on the street here in the not too distant future.

CDLAC, of course, has a priority allocation factor for preservation in its considerations, Tax Credit also. There were the notice requirements in SB 1205 which made basically a longer time period that owners had to hold their projects, noticing local governments and other interested parties that they were planning on opting out. And as we have covered in the past, in our Business Plan for this year, CHFA, we have a $20 million 5 percent first mortgage program for nonprofits. The purpose of this program is to do something that doesn't require private activity bond allocation or other resources that would take time to cobble together to do the deals. And we also have another $15 million in transition support for at-risk project activity.

Issues: Here is the biggie. What we got, north and south, from everybody, is what's going on in the marketplace right now is all cash, 60 to 90 day transactions. That is what is happening with the residential property in the market right now. And the nonprofits are telling us this has been a great frustration to them because they know to do take-out financing for this, it takes them over a year to cobble together all the necessary financial pieces to do a complete package, and sellers are not holding for that kind of time frame by and large. There's the exception, there are deals that are being done, but they are the exception. What sellers are looking for right now is an immediate transaction and that's how the marketplace is responding. So that those deals that are surfacing in the marketplace are being enticed by this particular factor.

The second thing the nonprofits are running into is a reduction in locality funding sources. What's happened is the big push to get the set-aside funds from the redevelopment agencies utilized has taken all that money and basically committed it. And now the cash flow coming in on set-aside is at the level it was originally forecast to be, but that's a much lower funding level than the coffers that they had over the last two or three years. The example that we get regularly is, most localities have 50 percent or less in set-aside monies available right now for housing purposes than they did a year and two years ago. Which is having a dramatic impact on the ability of localities to be able to come in and help with the financing on at-risk projects.

There's limited property availability. Two things going on. Go back to that numbers chart I had, that 60 percent that's out there. Owners are rethinking their position right now. HUD's change of attitude in terms of doing the Mark-Up-To-Market program and going for more funding from congress to support that, and the fact that there are some markets that are just beginning to show some signs of softening, is giving pause to owners about what they may or may not do. And there still lingers the whole issue with many owners, what's the tax consequences to them at this point in time in terms of what they do with their property.

So there's still a lot of number crunching going on with a lot of owners. And many of them who do have, that got into affordable housing because they believe in doing affordable housing, are not in a rush to sell their projects right now. They think HUD is going to do more in terms of keeping the Section 8 contract availability flowing to the projects, and that's one of the reasons they got into it to begin with. As long as those contracts will come close to market rent, the owners are telling us their inclination will be — all other things being equal — their inclination is to stay with a Section 8 project despite the hassles of dealing with HUD in the regulatory environment.

So there's less property available for sale out there than we thought there was going to be a year or two years ago. Tenant displacement is an issue that is beginning to surface in Southern California. It has been somewhat in Northern California because you have markets where they're built out so you don't have new product that's going in. You have an existing affordable housing resource that's converting to market and there arn't really alternative sources for the tenants to use their vouchers on, they actually have to do a geographic relocation to find another property. But it is occurring. What we're being told by the nonprofit players is there is dislocation taking place, but it is occurring to other properties. It isn't increasing the homeless population, they're just displacing to a different geography.

Now this has a lot of ramifications on localities, obviously, as you well know. If you take a couple of projects in a high-cost area and you move those low to moderate income folks 50 miles out or 100 miles out and they've got to commute back in again, you've just added to those kinds of problems that all those jurisdictions have to deal with. It's an issue, it is occurring.

Acquisition Financing. This is the number one issue that the nonprofits raised with us in our most recent conversations with them. It goes to the all-cash, 60 to 90 days. Their conventional lending sources are getting more conservative because the issue is, if you go in and finance, get an interim finance loan from a conventional — and they're only doing 80 percent LTVs — the deal has got to have an exit strategy. If it doesn't have an exit strategy, they're not getting the loan. And for the nonprofits the exit strategy is they've got to spend a year cobbling together the take-out financing and whatever rehab financing is necessary and what subsidy support financing is necessary to be able to acquire the project. So few deals are being done.

One of the nonprofit players told us that they'd like to do them. But he-only has so much time and so much money and he's going to go where they have the highest potential of being able to get affordable housing on the street. Hence, their organization is focusing more on new construction than it is on preservation because they can get deals done.

S9 that's the end of my report. What I would like to get some reaction from the Board about is what would be the Board's appetite for us, staff, to consider some acquisition financing, interim financing for these kinds of transactions. And here's the risk that we're dealing with, because we've looked at some possibilities to see whether it would work.

Picture a community that is built out. There is no more land to put in new affordable housing. You have maybe one or two affordable housing resources in that community now, fully loaded with low to moderate income tenants. The community's attitude has shifted from tolerance to non-tolerance on the affordability issue and the project's at-risk Section 8 contract is terminating in the next two years, and the owner has served notice.

Now, this is an attractive project for a for-profit to acquire and convert to market or for the owner to keep and turn to market. But the owner may be willing to sell if the price is right. If the price is fair the interim financing would buy the project. Let's say it's bought at $5 million, that's the acquisition price of the project. This 20-year-old project needs some rehab work to bring it up to the kind of livability we'd like to see in today's marketplace.

But that $5 million acquisition price does not get you the rehab work done and it doesn't deal with other kinds of contingencies. And the nonprofit is going to have to get that rehab money either from tax credits or from the locality because the project can't debt service the acquisition price of $5 million and another $2 million in rehab. So you've got a $7 million need to deal of which $5 million is acquisition. We could finance that today. What we would do is we would modify how we approach the underwriting process and defer some of our technical review to downstream. We buy it today and we fund them within 90 days so that they can effect the deal. They can't put together the take-out strategy in a year, two years, whatever time. It's just not there. It's not going to happen and they can't get the money for the rehab and the project can't debt service the rehab.

We have just bought a $5 million deal that's 21 years old or 22 years old now with no ability to modernize. That's the bottom line risk that we're talking about in going into an acquisition financing strategy. But staff is willing to take a look on a case-by-case basis with the nonprofits as to whether or not they can come up with a credible exit strategy that we could interim finance in this short time frame and then work with them over the longer period to get private activity bond, tax credits, locality funding, whatever is necessary to convert it into a fully functioning affordable project in today's environment. So what's your appetite, folks?

MR. KLEIN: Mr. Chairman.

CHAIRMAN WALLACE: I suggest we're not going to make a decision today on that, but I think before we ask staff to pursue that sort of a direction further, yes, they need to get a sense of do we think we might want to be players in that sort of an arena. I think I want to sleep on it for a meeting and see more detail on what the risks to us might be, although inherently you know there are some significant ones. Mr. Klein.

MR. KLEIN: First of all, I think that it is an excellent point of focus. It's obviously critical. As you pointed out, in built-out communities it may soon be the question of not just dislocation but homelessness. The dislocation that was taking place was forcing people, for example, from the LA Basin into the Inland Empire. Eighteen months ago the vacancy rates in the Inland Empire were 15, 18 percent. Today the vacancy rates are 5 percent and falling and they're falling fast. The job creation in the Inland

Empire is at historic highs.

So we are looking at a market that is built out at current replacement costs and certainly at replacement costs that these dislocated tenants can afford. We're not going to get new supply they can afford and we're going to face homelessness, not just dislocation. So I think the timing issue is very critical.

In terms of the economics here. I think that we should focus on it as one individual Board Member, but we should create an exit strategy. And if we need legislative and other assistance to change the rules to create a viable exit strategy, we should take a broad initiative to accomplish that.. Certainly, if it's a nonprofit coming into a project which had a profit sponsor, part of the economics will be that we have a substantial differential in the operating costs equivalent to probably 10 percent of the debt service. So, as against bidders in the conventional market we do have a benefit there as well as a benefit in interest rate.

On a risk-sharing approach, there are initiatives taking place with Fannie Mae that are cutting the credit enhancement costs in half. When you take a risk-sharing approach on a property that you think has a significantly higher market value, if your other exit strategies don't work, you do have a valid fall-back position.

In terms of the exit strategies, currently CDLAC does not do any forward commitments from one year to the next. However, in critical at-risk resources perhaps that rule needs to be looked at seriously. Because certainly, CHFA would be in a good position if we could have a task force team that did quick underwriting knowing, that if it was an at-risk project, there would be a forward set-aside with a preliminary screening during the 90-day period by the CDLAC staff.

It might mean there needs to be more CDLAC staff to deal with these at-risk projects. That might be a valid special funding, there might be an extra charge for it, but certainly, having a sound exit strategy there would be worth the extra charge to have the project pay that charge for that staffing so that the Treasurer's Office doesn't acquire an unusua and unexpected burden.

Additionally, there is a report we have from HCD in our packet that discusses the issue of the property tax exemption. It addresses the issue that there are five counties with higher property tax exemption income limits that are not capped by this national cap. But on a regulatory, at the federal level and at state legislative basis, if we could have some broader exceptions to that, potentially, while not saving all of the units, if in fact there is a valid market available in these jurisdictions, if we could return some of the units to market at a much higher rent with the benefit of the property tax exemption and the lower interest rate, we could use those rents to drive subsidy to the other units. Which could contribute to the solution.

So I think that there are some tools to create a valid exit strategy while accomplishing the goals you very appropriately focus on here. And I would hope that for the next meeting we could try to come back, as Clark has suggested, with a more refined plan. And from my personal perspective, hopefully/ a plan that looks at some of these resources and integrates them as part of your options or tools in your model.

I would say in that regard as well that there's legislation on the books in California for bond insurance and mortgage insurance that I guess we're using with the single-family program. I think it relies in part on that legislation but it also applies to the multifamily area. That legislation originated in SB 2X 1970 576 and it's still there.

Through risk-sharing contributions, we could create some credit capacity to help protect the underwriting in these situations and spread the risk that we'd be undertaking to try and preserve this scared resource. Certainly I think that in this process we should keep the rating agencies well advised, but I think we have a number of tools here to nitigate and spread risk that would allow us to have a good exit strategy, consistently good underwriting and additional buffer or mezzanine credit protection.

CHAIRMAN WALLACE: It sounds like you're generally in favor of taking a good hard look at this; is that correct?

MR. KLEIN: Mr. Chairman, I think that would be appropriate.

CHAIRMAN WALLACE: Who else? Loretta.

MS. LYNCH: I would certainly encourage the Agency to pursue these kinds of creative strategies to save at-risk resources. I think you have a historic opportunity here to address this and I'm very pleased with the report. The one question I have is: How big is the elephant? If you have all of these, you know, over 100,000 units at risk, and you think 60 percent of the Section 8 units are essentially retrievable, what are we talking about in terms of potential?

MR. SCHERMERHORN: Much smaller than that. That 60 percent factor, we're not quite as comfortable about our percentage projections at this point because we don't know exactly where all the owners are in their thinking. Our best guess is at least 50 percent of that 60 percent is going to stay in the affordable housing inventory because they're going to take, they're going to exercise what HUD is doing with the contracts. It's the other 50 percent that we don't know what's going to happen. Is it going to be sold? Is it going to stay in the affordable inventory?

It's that remaining number, probably another 30,000 units, that are potential targets here. And it's only going to be a percentage of that that we can impact, because it takes a nonprofit with the ability to go in and cut the real estate deal and all the financing pieces to get to it. But as we have talked with them, you know, if we can save some percentage of that, that's better than losing them.

CHAIRMAN WALLACE: When you say as *we have talked to them.* They're kind of encouraging you to do this in your focus groups?

MR. SCHERMERHORN: Yes. It was an interesting response because it differed from any of the other conversations I've had with them in the past. In the past, where we've talked about doing program activity they have, yes, encouraged, we would like this. Make this available, dah-dah-dah-dah-dah-dah. In this discussion it was really, if you could do this, this would really be a helpful tool because otherwise we really can't do much in the marketplace. But we really understand that this is not going to be easy to do because they understand what the risk is in all of this, what they would have to be able to put together, what we would have to be doing. So yes, they encourage us in the sense of, yes, if you *guys* could do this, it would be a very helpful tool, but they understand what's involved in trying to do this.

CHAIRMAN WALLACE: And there's a significant risk to them.

MR. SCHERMERHORN: Yes, there is.

CHAIRMAN WALLACE: I sat in my BRIDGE Board of Directors meeting yesterday and boy, it's a different world. We're going on retreat now again for some of these reasons. And they were gung-ho in the preservation area the same time frame, the last two or three years and it just isn't working. And BRIDGE is probably better capitalized than many too. This will bring some players to the game but I'd still worry about the exit strategy.

MR. SCHERMERHORN: It's not going to be a volume activity.

CHAIRMAN WALLACE: That's my point.

MR. SCHERMERHORN: One of the reasons that we are interested in pursuing it is, yes, it is a higher risk than what we have considered, but it's not going to be a volume product. Therefore, from a portfolio standpoint, it may be an acceptable risk for us to consider.

MS. PARKER: Dick, just kind of a comment. Part of the reason why the ability to do any kind of volume is if you look at literally how much we are losing in federal subsidy. What do we figure, that it was over a half a billion dollars?

MR. SCHERMERHORN: Annually.

MS. PARKER: And part of it is there's not the t

ability of resources to pick up that substantial amount from what we have available to us through the current mechanisms. We can only do so much with tax credits, we can only do so much with bond caps or writing down the interest rates some amount below what the conventional market would do, but not the deep sort of dollars that we needed to continue the kind of subsidies that the feds are doing. That's really the dilemma, is to try to find resources that make up that significant amount of federal dollars that, frankly, are just going to be lost.

MS. HAWKINS: Mr. Chairman.

CHAIRMAN WALLACE: Yes, Carrie.

MS. HAWKINS: I encourage you to go forward. And I think there's going to be more opportunities than we might think because, I think as Ed and I were talking earlier, not all of these units are in such a desirable location that they're necessarily going to get these kinds of 60 to 90 day offers. And, you know, there's still risk. The market risk out there -- There's always a risk. I think that what we ought to do is be prepared for the opportunities and just have our program in place and learn more about it. I'm not ready to say let's just take this risk, but we can work with other agencies.

At Century Housing that's what we're doing, we're providing acquisition funds. And we can't do a gigantic volume but we're able to assist some of those nonprofits in situations where they can't get a bank loan and it's working. So I encourage you to continue and I think there's going to be, we can be a player in this area.

CHAIRMAN WALLACE: Judy.

MS. **NEVIS**: I certainly think this is something we would like to see you look into and we'd be glad to have staff assist in any way that they could. This is really a high priority, especially in those communities. I think the scenario you described where in some cases there may be in a community one or two projects which are the only affordable housing in that community and the specter of these long commutes and the deterioration of family life, pollution and all of that. Even if it is a small portion and the funds are targeted, if there's a way I think it would be something that we ought to pursue if it's possible.

(Tape 1 was changed to tape 2.)

CHAIRMAN WALLACE: Bob.

MR. KLEIN: **Two** other comments related to the comments that have been made. One is that for financial capacity, certainly the seasoned nonprofits are out there who can be paired with for-profit developers who would remain in the projects as administrative general partners after the tax credits syndication for a share of the cash flow in exchange for lending their financial statements, their risk capital advances on these projects to help these nonprofits move forward rapidly. Of course, they have staffs to augment the nonprofit staff's teams that can go in and are practiced at evaluations in 30 to 45 days.

As a second general comment: I would hate to see us not focus as well on the tax-exempt bond-financed projects that are out there. Certainly, those are going to be up, they're going to be under the same pressure of quick-cash transactions. But we have the ability to take existing tax-exempt loans that are on those properties, mix in taxable tails, restructure those, convert them to floating rate loans with caps, interest rate caps to protect the reliability or go out and do a ten-year swap. Otherwise, re-utilizing that resource to keep that in the affordable arena.

Particularly, if we can recapture and recycle those tax exempt bonds, bringing in a nonprofit sponsor. If we need financial capacity bringing them in and pairing them with a profit sponsor. I think we have more resources there and if we take those resources and have a pre-established hot link, in quotes, to HCD and some funds that might be there to augment our efforts, maybe we can have a real package to save some of those. It's just too many units to lose, it's too much bond allocation to lose.

And as you know, the current sponsors may not be able to get, probably can't get, a new TEFRA hearing to extend the maturity of that tax-exempt debt because the condition that goes with it is affordability and they're trying to sell it into the open market. So if they're trying to get out of affordability they can't get the new amortization. They've only got 15 years left on the amortization.

And as we know, your staff is expert in taking those tax-exempt bonds, using it for the long maturities, using the taxables for the short maturities and having a great yield profile on this that the private market can't meet. If you reamortize that debt out for 35 years you may have a well-covered, highly debt service product with a property tax exemption that does provide for some rehab. I think that there are tools there, and an opportunity there, to save a significant portion of that supply.

CHAIRMAN WALLACE: Do we have a hot link to HCD, Judy?

MS. NEVIS: I don't know but it sounds good, doesn't it?

CHAIRMAN WALLACE: Yes.

MS. PARKER: Actually, Judy and I have had a number of discussions, and with the staff, from the standpoint of the opportunities. Certainly that was discussed. Actually, I think that was part of the strategy on the Governor's part by putting these dollars, which were actually increased through the May revision, in HCD's budget. To the extent that HCD would have dollars that could be used, really for soft subsidies, for projects that might not pencil out at CHFA, that might help projects pencil out. In that sense the dollars that are in HCD's budget could be used to leverage CHFA private activity bond dollars, local redevelopment funds. So the dollars that were put in for the state subsidy standpoint could be leveraging substantial other dollars.

CHAIRMAN WALLACE: Right.

MS. PARKER: And I know that Judy is probably going to be working through the budget process this year to be requesting those kinds of dollars in the future.

MS. NEVIS: Trying to keep the financing going. Certainly I know that some of the quick funds, if you're talking about that, the predevelopment funds, it's a limited amount. But certainly the $1.4 million, I think that went out in August already, so we're hopeful that we'll see some activity there for some of these projects to get going. And that can help with acquisition so that's out there now in an over-the-counter sort of --

CHAIRMAN WALLACE: Ed or Angela, any thoughts?

MS. EASTON: I think it's a risk that we need to look at.

CHAIRMAN WALLACE: Ed, do we look at it?

MR. CZUKER: Obviously, I think we're unanimous in support of the staff's efforts to explore ways to creatively meet the needs of these preservation projects and we certainly welcome any creative ideas of matching and marshalling resources from all the different departments that could be piggy-backed on top of each other to help make these projects viable for the nonprofits and for preservation efforts.

CHAIRMAN WALLACE: In spite of my pessimism, I think we need to look at it. I never met a developer, being one, that didn't look for more capital early in the project, okay. Having said that, it's going to be more, how do we protect our downsides with appropriate underwriting exit strategies and all the above. And that's the challenge that I think you -- We want to get the money out, we all do. Anybody in the audience that has any input for us here at this stage that wants to risk saying so?

MS. PARKER: Clark, one other thing because Dick has alluded this, but just for the Board Members. In our discussions, in fact the most recent discussion that Dick and I were having even yesterday. The staff have formalized a process where we are continuing to look at monthly, each month where we are with our Business Plan production. What is working from the standpoint of our products, how it relates to the market. So we are continuing not just with this, but with the full Business Plan to make sure that all of the products that the Agency has make sense given what is happening with the market changing all the time.

While we've said what we have done, given the complexity of the problems that are out there, we may not always be able to find a solution, but we are at least trying to make sure we understand what the problems are so that we can be timely in trying to come up and think of solutions and products that can deal with the significant overall housing issues.

CHAIRMAN WALLACE: Okay, and we applaud you for finding the difficulties in preservation and still keeping our nose to the grindstone trying to find ways to help. So I'm hearing we need to move forward.

MR. SCHERMERHORN: Appreciate it.

MR. KLEIN: Mr. Chairman. Could I direct a question to Terri?

CHAIRMAN WALLACE: It depends on the question, Bob. Yes, please.

MR. KLEIN: Terri, for the next meeting, would it be possible for the finance and underwriting staffs to bring back some models showing us what would happen on a theoretical bond-financed local project where they tried to rescue the current bonds and mix in taxable maturities? In the interim, they could access their investment banking resources and utilize the tremendous experience they've built up in the single-family field, hopefully to come back with some fairly creative models and tell us what kind of interest rate could really be created so we could see what kind of a tool there was as a potential.

MS. PARKER: I'd like to have both Dick and Ken answer this. One thing, Bob. The other sort of activity that staff has been working on during this break between our last Board Meeting. Ken and his staff have been doing a substantial amount of research to one of the areas that you'd mentioned in our last meeting and whether or not there were any refundings available as opportunities. I want to make sure — Ken has to talk to you about that — that you know what the staff did in that particular area.

Dick and Ken, why don't you speak to Bob's point because I know that we have had some discussions about this internally.

MR. SCHERMERHORN: You want to go first?

MR. CARLSON: Sure.

MR. SCHERMERHORN: Okay.

MR. CARLSON: Thank you.

CHAIRMAN WALLACE: Ken Carlson.

MR. CARLSON: Yes, Ken Carlson, Director of Financing. Sure, I think if the request is that we come back, whether it's the November meeting, fine. We can make a presentation and provide some joint materials about what kind of loan rates might be possible. I suspect that we're still looking, you know, with our Business Plan and our 5 percent model, which of course was based on taking on more variable rate risk. I think that Dick's comment about what kind of volume we're talking about is probably the most telling part of how much business you can do at different rates. So I think we could certainly come back with a joint presentation of some sort and see if we're ready to make a proposal or not.

MR. KLEIN: Okay.

CHAIRMAN WALLACE: Dick.

MR. SCHERMERHORN: Yes, we can do that. But I'll tell you right now that the information we have, and I specifically pursue the issue of local bond deals at every opportunity in conversation. They will be so rare and exceptional that we're going to be able to get at these.

The intelligence from the players who are talking, the local governments and the nonprofits who are looking at it and talking to the folks who have these projects, they want out of the regulatory agreement as soon as that period is done and they're going to convert those projects to market rate. They have no interest in continuing with affordability and they have little interest in selling them off. They got them for the purpose of portfolio. So we certainly can produce this kind of model and this kind of a potential tool, but I have great reservation that we're going to have any opportunity to use it.

MR. KLEIN: What I say is I encourage you to create the tool, not for the present owners but for new purchasers who may work out a tax-free exchange or some other transaction that's attractive enough to induce the old purchasers to get out of it. Because I agree, the old owners are not prepared to go forward into a new regulatory period. In the last 20 months, my firm independently has been involved in $150 million of tax-exempt bond-financed projects that put new affordability agreements on them. Purchased by a new owner and went out for long-term affordability restrictions.

Because reamortizing those bonds and restructuring, with the new technology that's available, made sense under the numbers. In most of those cases, there was a nonprofit that was brought in as a partner on the acquisition. But using those tools -- I mean, we're one firm. If there's $150 million out there for one firm in the state, there should be a significant supply that's accessible. My point, I think, is if you make the tool available that there is a huge network of people in the state that can find the resource.

MR. SCHERMERHORN: Okay.

CHAIRMAN WALLACE: If we build it they will come.

MR. KLEIN: Right.

MR. CARLSON: I just wanted to -- For the information of the Board. Obviously, I'm not a tax lawyer but, as I understand, there is a problem with relying on the old bond allocation to provide acquisition financing. The property cannot change hands within six months, either prior or six months after the original tax-exempt bonds are refunded. So the old tax exemption on the bonds wasn't apparently intended to be recycled for the use of a new ownership. That's a really difficult sort of hurdle to get over.

MR. KLEIN: I would like to say that we've focused on that. Obviously, Orrick Herrington has solutions for that and you may need to do it in steps.

MR. CARLSON: Sure, sure.

MR. KLEIN: But there are solutions for it. It is a -- It is a technical barrier that creates an advantage for the Agency because the Agency has a commitment to an overall policy goal that it's willing to go through the steps necessary, whereas the otherwise private owner who is not interested in affordability wouldn't take the time.

CHAIRMAN WALLACE: Okay, we'll hear more. Let's move on to Item 8, Dick. Ken, you might stand by in case there's anybody that wants to ask questions on your --

MR. CARLSON: Okay.

HELP

MR. SCHERMERHORN: We don't have a dazzling video display for this particular report because I expect it to be short. At the Business Plan meeting we did not have the HELP program fully completed. It was an initial effort in last fiscal year, a program that the Board approved. It's an innovative, different approach for the Agency to take. We're trying to provide an alternative financing vehicle that would produce affordable housing results in partnership with localities with the HELP program.

And as you may recall, essentially what we've got is a loan-to-locality program that doesn't have a lot of strings tied to it. We're not dictating underwriting requirements or the form of the program. What we're primarily interested in is, has the locality made a public, conscious decision prioritizing their affordable housing needs? Is the program proposal one that is reflective of responds to that publicly determined affordable housing need, and what is the affordable result that borrowing the money from us will produce.

It has to be repaid. It is a loan, it's not a grant. But beyond that, the locality is free to construct the type of product or program that they think is most appropriate and useful with this financing tool in their locality. We had $20 million available in the first year, we were over-subscribed. The chart, rounds 1 and 2 have been combined on page 1004 to give you a summary of who the recipients were, what the program was like, how much allocation they received, the number of units that we've got in it.

Our focus in this program will be on the fund utilization. It will be very close monitoring on a very regular basis once the disbursements are made to them. And we have made it very clear, both in our documentation with them and in our conversations with the localities that as we do our ongoing monitoring, if there is not utilization of the funds per the game plan, we will exercise our right to take the money back and reprogram it elsewhere.

So I did want to bring this -- We're going out tomorrow with the solicitation for the first of two rounds for this fiscal year's Business Plan; it will be $10 million each round going out. It's been very well received on the street. Lots of interest from localities. It's taken them a little bit to get their arms around the fact that we're doing this program without a 50 page operating manual with requirements to it but once they got the gist of that they've gotten quite creative. So if you have any questions, I'll be glad to answer them. Otherwise, I did want to bring this to the Board's attention because we're very pleased with its progress already.

CHAIRMAN WALLACE: Is it repairing some of the relationship with the locals?

MR. SCHERMERHORN: I think it's more we're building on our relationship with the locals.

MS. PARKER: I think that's something, Mr. Chairman, we recognize as an ongoing activity, but we are very proud. The Annual Report that Mr. Cranham, our Marketing Director, is working on this year has a theme of partnerships. We think it's an appropriate one for this last year, particularly in light of establishing the HELP Program.

In fact, we took pictures of one project in Sacramento the other day that is a former motel, 196 units that actually Sacramento thought that there was no hope of being able to purchase that property and save it. Because of these HELP funds they were able to. They're going to convert it to senior housing, 196 units. They were very, very excited about it. It's different in every locality, that's what's really great about this, and when you see the pictures of it this project screams HELP.

And that and the work that we're doing on the Prop 1A, it's a great theme for the Agency to have but our relationship with locals is going to be an ongoing. And frankly, given what we were saying is the difficulty about having to cobble together funds, it really is going to take all of us collectively. So it is very important in that sense to see where we can each bring our strengths and the resources to get housing done.

CHAIRMAN WALLACE: Sounds good. So far so good.

Ken, you want to highlight your bond sale and then your investment report.

OTHER BOARD MATTERS

MR. CARLSON: Thank you, Mr. Chairman, yes. I have three reports that are not listed as agenda items, but they are in the back of your materials there.

CHAIRMAN WALLACE: Yes.

MR. CARLSON: First is a bond sale report for a bond issue that we sold at the end of July and provided both bonds for proceeds for making new loans plus, we issued a large note to preserve authority to sell tax-exempt bonds in the future. Our next sale actually will be next week and we'll do about another $150 million there, all for new loans.

The second report is an update on the status of our variable rate bonds. We have been trying to give you a report at every Board Meeting and all we have to report on this particular one is that some of the shorter average life bonds that we've sold have started to pay down and that's one of our natural hedges. Here again it's taking variable rate risk, is that if we take risk in areas where the natural forces of loan prepayment will cause our risk to diminish periodically, then we can move on and take more risk, issuing more variable rate bonds.

Our next issuance of variable rate bonds will probably be the November transaction where we have another economic refunding to do. Which I estimate that we will do the same way we did the one in June, which would be selling tax-exempt floaters, about $50 million of them, which gives us, I think, the most benefit in these economic refundings. And that will be combined with a new money transaction, probably in the $150 million range.

The third report is the annual investment report which we have been making to the Board at the end of each fiscal year based on whatever our accountants are telling us is the status of our finances at that period. In fact, our auditors are here now auditing our 6/30/99 financials and that material will all appear in the Annual Report coming up.

What our investment report basically says, it's not that much different from previous years. It shows that our largest type of investment, other than mortgages, of course, is the use of highly rated financial institutions to provide us with investment agreements. So you can see we have over $1 billion invested in that means. Our next highest form of investment is using the state's investment pool; we have about $400 million invested there. The report breaks down how these investments are laid out.

One of the things that we mention in this report is that we have started to acquire more Ginnie Mae and Fannie Mae mortgage-backed securities which are actually backed by our own home loans. So we need to buy particular kinds of securities or get investment agreements for our long-term bond reserve accounts for our single family program. Through this means we're able to make most of that money be as useful as just loan proceedings, in the sense that we can make extra loans in this way by having those loans be the ultimate investment, but have them flipped into Fannies or Ginnies to make them eligible investments for our bond reserves. So that's going to help us make an extra $20 million or so of loans every year, so that's a very useful program.

The tables in the back here show the credit ratings of our financial institutions with whom we have investment agreements and also show the different types of securities that we hold today. I'd be glad to answer any questions about any of these reports if you have any questions.

CHAIRMAN WALLACE: Is it pretty common about a quarter of our, you say 24 percent consists of investments not in mortgages. Is that kind of where our target is and has been?

MR. CARLSON: Well, we don't really have a target. Obviously we would like to be less liquid. If we have money that's on hand to make loans and we haven't made them yet, we're not earning our allowable increment.

CHAIRMAN WALLACE: Right.

MR. CARLSON: So we hope to -- What we're constantly trying to do is make sure that we have the money that we need to make loans and we have locked in a cost of funds, wherever that's appropriate, at the time we think that we are locking in a commitment to purchase a loan, whether it's multifamily or single family. But the downside of doing that, especially when you sell so many taxable bonds, is that it may be negative carry between the taxable debt and the cost, the investment rate on our proceeds.

But we're trying to find the right middle ground between those two things. Make sure that we have locked in the cost of funds when we've made a loan commitment so that we aren't taking undue interest rate risk and still not have a negative carry situation. I looked at the last couple of reports, Annual Reports. It looks like we have been somewhat successful in reducing our liquidity in that respect so I'm pleased about that.

CHAIRMAN WALLACE: As a non-banker, 24 percent sounds very healthy. Which I'm sure the rating agencies love but, again, we're here to make money too so we can do our thing.

MR. CARLSON: Right. But if you look on page 2 of the investment report, $400 million of that was just sitting there waiting to make loans.

CHAIRMAN WALLACE: Yes

MR. CARLSON: So that's the largest. And then another $500 million of it was long-term debt. No, the $500 million actually was there, held just to pay debt service a month later so that would decline quickly. If we ran that same report as of August 2 all that $500 million would be gone. So to some extent giving you the report on June 30 --

CHAIRMAN WALLACE: Yes.

MR. CARLSON: -- makes it look like we have more liquidity than we really have.

MS. HAWKINS: Mr. Chairman.

CHAIRMAN WALLACE: Yes, Ms. Hawkins.

MS. HAWKINS: I missed what you said. I'm not sure I was clear on the Ginnie Mae component of this.

MR. CARLSON: Okay. Most of the loans we make are FHA insured or VA guaranteed. We're having one of our, one of our lenders actually sell us loans, then we batch them together and select. And we actually then enter into an agreement with them where they'll take the loans back and give us a Ginnie Mae in return. And then that Ginnie Mae becomes the investment for certain of our bond reserve accounts where we need a particular kind of investment. So we've, in effect, found another home for, say, $20 million in loans every year.

MS. PARKER: We just leveraged our --

MR. ———SON: Right.

MS. PARKER: -- private activity to offer about another $20 million in home ownership loans.

MR. CARLSON: Right.

MS. PARKER: You didn't mention it but this was -- One of our lenders, Countrywide, we were able to essentially negotiate this opportunity with. In that sense, given the scarce amount of private activity we've been able to get for single family from the CDLAC committee, staff have been searching for ways to do these kind of creative things that are going to be frankly necessary if we want to try to reach $1 billion worth of loan proceeds for single family. Because, you can't do it with $200 million worth of private activity from CDLAC. We're good but I don't think we're that good.

MS. HAWKINS: Well, I think that's just outstanding. This was the first one that you did that way then?

MR. CARLSON: We've been doing this for about the last year.

MS. PARKER: We started this last year, Carrie.

MR. CARLSON: Right.

MS. PARKER: It took us a while to essentially work through, frankly, the negotiations on it.

MS. HAWKINS: Well, that's just outstanding for anyone who has not been a Ginnie Mae seller/servicer/security issuer. I mean, that is outstanding that you did that, that's very, very good.

CHAIRMAN WALLACE: Well let the record show that it happened while you were on the Board.

MS. HAWKINS: I'm sorry it didn't happen while I was a CHFA seller/servicer.

CHAIRMAN WALLACE: Any questions on any of Ken's reports from the Board or the audience? Hearing none, moving on. The next item is any other items -- I'm sorry. Di, I had you down. Anything other than what's in your excellent report?

MS. RICHARDSON: No, sir.

CHAIRMAN WALLACE: So you do have Di Richardson's legislative report? And the session is kind of wrapping up tomorrow, maybe.

MS. RICHARDSON: Possibly today.

CHAIRMAN WALLACE: Yes, probably.

PUBLIC TESTIMONY

Okay, any other items under 9, Other Board Matters, (sic) for the good of the order? Hearing none, with the admonition for those of you on the CaHLIF team to stick around, this meeting is adjourned.

MS. PARKER: And our next Board Meeting will be again here in San Francisco in two months.

CHAIRMAN WALLACE: Okay, thank you all very much.

(Thereupon the meeting was adjourned at 11:36 a.m.)

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CERTIFICATION AND

DECLARATION OF TRANSCRIBER

I, Ramona Cota, a duly designated transcriber, do hereby declare and certify under penalty of perjury that I have transcribed two (2) tapes in number and this covers a total of pages 1 through 81, and which recording was duly recorded at Millbrae, California, in the matter of the Public Meeting of the Board of Directors of the California Housing Finance Agency on the 9th day of September, 1999, and that the foregoing pages constitute a true, complete and accurate transcript of the aforementioned tapes to the best of my ability.

Dated this 18th day of October, 1999, at Sacramento County, California.

Ram Cota

Ramona Cota, Official Transcriber

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Executive Summary

Date: 18-Oct-99

Project Profile:

786

Project :	MORH I Apts.	*Borrower:*	TBD
Location:	701 Filbert Street	*GP:*	Citizens Hsg
City:	Oakland	*LP:*	TBD
County:	Alameda	*Program:*	Taxable
Type:	Family	*CHFA# :*	99-021-N

Financing Summary

	Final	Per Unit
CHFA First Mortgage	$4,610,000	$37,177
Income from Operations	$305,875	$2,467
Project Reserves-Seller	$932,831	$7,523
AHP	$562,500	$4,536
Developer Equity	$0	*$0*
Deferred Developer Equity	$532.422	$4,294
Tax Credits	$8.5511998	$68,968
HUD IRP-236	$1,405,540	$11,335
CHFA HAT	$0	$0

Loan *to* **Value**
70.9%

Loan to Cost
27.3%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
3 BR	1429	28	50%	$787	$29,565
4 BR	1576	34	50%	$868	$31,975
3 BR	1429	25	45%	$701	$32,850
4 BR	1576	31	45%	$773	$35,475
3 BR	1429	2	60%	$787	$39,420
4 BR	1576	3	60%	$868	$42,570
3BR	1429	1	Mgr	$787	$39,420
		124			

Index:

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Project Name: MORH I Apartments
CHFA Ln. # 99-021-N

SUMMARY:

This is a Final Commitment request for a first mortgage in the amount of $4,610,000 amortized over thirty years and the purchase of the HUD Interest Reduction Payment (IRP) loan of $1,405,540. The project is More Oakland Residential Housing **(MORH I)** Apartments, a 126 unit, family, acquisitiodrehabilitation project located at 701 Filbert Street in Oakland in Alameda County.

LOAN TERMS :

1st Mortgage Amount:	$4,610,000
Interest Rate:	7.50%
Term:	30 years, fully amortized
Financing:	Taxable
IRP Mortgage Amount:	1,405,540
Interest Rate:	7.25%
Term:	11 Years
Financing:	Taxable
Standby Operating Commitment:	$475,000 Residual Receipts

Section 236 Loans. The property will be acquired subject to a HUD Section 236 loan, the beneficial interest of which will be purchased by CHFA at the time of property acquisition by the borrower. The loan is being purchased to preserve the Interest Reduction Payment (IRP) which is a guaranteed stream of monthly payments from HUD for the benefit of the project. (Note: The IRP component of the 236 loan was designed to foster affordable housing development by subsidizing the debt service on permanent mortgages).

In order to continue the stream of IRP payments, a public agency acceptable to HUD must acquire the Section 236 loan and act as regulator. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be

78 Contained in a regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

The Section 8 Housing Assistance Payment ("HAP") contract will also be transferred and CHFA will be the administrator. An Annual Contributions Contract ("ACC') must be executed between CHFA and HUD. The existing *HAP* contract must be transferred from the old to the new owner.

Payments may commence immediately to the new owner for units that meet housing quality standards, however, the long term continuation of these payments shall be conditioned upon the completion of required repairs within an agreed upon period of time after closing. CHFA will be responsible for monitoring the completion of these repairs.

A Use Agreement for the remaining term of the mortgage must be executed and recorded against the project. This will require the owner to accept project-based Section 8 rental assistance for as long as HUD offers it. It shall also require that if HUD discontinues this assistance that the project has to continue as low income housing with rents at the lesser of the Section 236 basic or the Low Income Housing Tax Credit level.

LOCALITY INVOLVEMENT:

There is no locality financing. The project is located in a Redevelopment Area of Oakland that has been built out over the last 25 to 30 years. The AHP loan application has been submitted to Federal Home Loan Bank Affordable Board for approval.

Lender	Loan Amount	Repayment Terms	Term	Interest Rate
AHP	$562,500	residual receipts, simple interest	0	0.00%

SECTION 8 CONVERSION:

Current Status. The project was financed under the 236 program, a HUD below market rate program. The project is also under the Section 8 Project-Based Housing Assistance Payment ("HAP") program. Tenants pay a maximum of 30% of their median income towards rent and utilities. HUD pays the owner of the project the difference between the *HAP* contract rent and the tenant's contribution. The HAP contract is on annual renewal; and therefore, the project is at-risk.

Conversion Scenario. The following scenario is contemplated:

- Funding of $475,000 from residual receipts as a first claim of excess funds and to cover any debt service shortfall during the transition period. The Standby Operating Account will be funded through a combination of Surplus Section 8 and residual receipts funds.

- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewal of the Section 8 HAP contract or Section 8 Preservation Vouchers if offered in lieu thereof.

- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to 50% and 60% of median income, or at the discretion of the Agency.

- Should Section 8 assistance remain in place, CHFA and Citizens Housing Corporation will establish a Transition Cap and/or limit to the Transition Account.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Section 8	Mkt. Rate Avg.	Difference	Percent
Three Bedroom					
45%	$701	8789	$850	$149	82%
50%	$765			$85	90%
60%	$765			$85	90%
Four Bedroom					
45%	$773	$906	$950	$177	81%
50%	$855			$95	90%
60%	$855			$95	90%

The unit floorplans and the amenities in this project are comparable to those offered in market rate apartments.

While the subject is under a government subsidy program, the project is exempt from Oakland's rent control ordinance. If the project opts out of the HUD 236 program, the Oak Center will become subject to the rent control ordinance at the HUD contract rents currently being charged. That is, the rents cannot just be taken to market, but will slowly be converted to market rates upon the natural turnover of the units.

B. Estimated Lease-Up Period:

Based on the design and amenities as well as the demand in the local market, MORH I Apartments is projected to reach stabilized occupancy within completion of rehabilitation.

PROJECT DESCRIPTION:

A. Site Design:

MORH I Apartments will be redeveloped as a 124-unit apartment complex, including a new common area for project residents. The apartments will include 56 three-bedroom and 68 four-bedroom apartments.

MORH I is located on three parcels, along 8th Street in West Oakland. The improvements consist of 26 two-story concrete, brick and wood frame buildings, containing 126 units and an office. The buildings house townhouse units. All units have private patios and laundry hook-ups. There is surface parking and a grassy area for open-field games such as soccer. There is an office, and a laundry room will be developed using an underutilized storage *area,* for residents who don't have their own laundry machines.

B. Project Location:

The subject is located in the West Oakland area of Oakland, within ½ mile from the downtown area of Oakland. The neighborhood is bounded by Broadway to the east, the *580* Freeway to the north, Peralta Avenue to the west and Oakland Inner Harbor to the south.

The subject is on the northwest side of Market Street between 16" Street and 18th Street. Although at this point there is no large grocer within the neighborhood, a large grocery store is scheduled to open this Fall, within six blocks of the subject on Market and 8th Street. There are a mix of older Victorian houses, some renovated, to the northwest of the subject to Union Street, beyond which are industrial uses. The 982 Freeway, connecting to the 580 Freeway and 24 Freeway, is within three blocks to the southeast. To the west along 7th Street is the West Oakland BART Station within a mile.

In conclusion, the MORH I project is located in West Oakland, a community undergoing substantial revitalization, including the following activities: the establishment of a Federal Enterprise Community, the Oakland Army Base re-Use activities, renovation of the large Acorn Apartment complex, two HOPE VI public housing developments; and many other neighborhood revitalization activities.

C. Rehabilitation

A Physical Needs Assessment ("PNA) report was prepared by Daniel Souza, Consolidated Resource Associates dated July 1, 1999 for the developer. The PNA report is based on environmental, termite, physical needs, architectural, and contractor's inspections and reports regarding the subject project. In addition, the report relies on past inspection reports from HUD as well as survey of work orders performed at the site. CHFA contracted with EMG for a third party independent review of the rehab work to be performed. EMG's report is dated September 22,1999.

The scope of work recommends a total of $7,306,000 in hard costs for repairs. Renovations will include a new roof on the entire complex, replacement of windows, replacement of wood siding, application of a coating of elastomeric paint to prevent water penetration through concrete portions of the exterior, exterior painting to break up the visual perception of the site, decorative front-yards to add a sense of homeownership for residents, perimeter fencing to add site security, and new wood fencing around patio areas. Exterior walkways will be repaired and replaced and new water heaters will be added throughout the site.

The developer proposes to implement an extensive unit by unit renovation, which will include replacing water heaters and furnaces on an as needed basis, all new kitchens and appliances including dishwashers, new cabinets in many of the units and painting and new carpet in all the units. In addition many doors will be replaced.

Mold-causing moisture penetration has been a major problem and measures to address this issue includes: new roofs (including insulation); insulation of the exterior wood framed walls; elastemeric paint on the outside of the buildings; installation of low-noise bathroom fans which will be on all the time; enhancing warm air circulation through increasing furnace fan speed and new heat registers; cleaning out all dryer exhausts; placing stoves closer to exterior walls to enable easier exhaust; new windows throughout; and furring of end-walls to add an extra layer of insulation.

Many of the units will be reversed to face the street, in order to give the project more of a presence in the community and profile on the street. The end result will be a project with 124 units, two units fewer than the project currently contains. A highquality fence will be added to both enhance the streetscape and add a sense of security for residents. New landscaping and new play area will be added as well as a new laundry room.

D. Relocation

The relocation plan for residents at MORH I Apartments has been developed to enable the project to move forward efficiently while minimizing the disturbance and inconvenience to the residents. As part of the development process, the developer will be notifying the residents as to the general nature and length of the rehabilitation work proposed, and their rights per the Uniform Relocation Act and Real Property Acquisition Act of 1970.

Income information from management shows that in all but two cases residents meet TCAC income guidelines of 60% AMI or less. These residents will be offered full benefits due under the Uniform Relocation Act.

The relocation plan assumes that major renovation will take place on one-third of the project units at a time. The scale of the renovation makes it impractical to renovate units with tenants in-place. One-third of the residents will be relocated off-site into similarly sized housing and remaining residents will be consolidated so that a complete section of the property will be vacant. Once unit renovations are complete on this third then tenants within the property will be shifted to the completed units and work will commence on the next third. When the last third of the units are completed tenants who have relocated temporarily off-site will return.

All Uniform Relocation Act guidelines will be followed as to notices and boxing and moving of personal items and furniture, moving insurance, (damages or loss coverage) and relocating phone numbers where possible. Other costs associated with relocation, including but not limited to: forwarding mail, assisting tenant with housing applications (if necessary) will also be covered.

In addition to the on-site and off-site relocations, it is assumed that nearly every tenant will be subject to inconveniences including but not limited to: a temporary reduction in services, elevator maintenance work and utility shut-offs. In order to offset these inconveniences, a small budget is provided for concessions or compensation for services as needed.

A relocation budget of $291,480 has been included in the project costs.

MARKET:

A. Market Overview:

The City of Oakland is located along the north western edge of Alameda County. It is bounded on the west by San Francisco Bay and Alameda, and on the east by Contra Costa County open space, to the north by Berkeley and to the south by the City of San Leandro.

Physically, Oakland is generally built up with industrial development located along the western boundaries, paralleling the San Francisco Bay and Interstate 880. Moving east from the Bay and this industrial development, are single and multi-family dwellings with commercial areas interspersed throughout. The eastern portion of Oakland is located in the hills, and is generally developed with average to good quality single family residences. The Hayward fault runs parallel to the bay through these hills, resulting in a level of seismic risk throughout the area.

ABAG Projections '98 indicate that Oakland had a population in 1995 of 382,900, up 2.9 percent from the 1990 census. There is expected to be a similar growth rate between 1995 and 2000, thereafter slowing to an estimated 2,000 people every five years. This is common in a 100% built-out community. Mean family income in Oakland in 1995 was projected by ABAG to be approximately $47,000 annually. Projected 2000 and 2005 figures are $53,400 and $58,600 respectively. Jobs were at a high in 1990 with 170,200 jobs in Oakland. ABAG projected 1995 jobs at 166,470 and 2000 jobs at 174,010. The drop in 1995 is due to the recession that hit California in the early 1990's. The area appears to be back on a growth trend with the more healthy economy at this point.

Oakland is an older established community supported in great part by the Port of Oakland and the industrial areas. The lack of developable land has limited both the commercial and residential growth in recent years, and the city is considered to be in a stable phase of development.

B. Market Demand:

The primary market area ("PMA") for this project includes the City of Oakland and the Secondary Market Area is the County of Alameda. The increase in demand for residential units is primarily a function of household growth. The total potential demand for housing units in Alameda County is projected to be 19,562 between 2000 and 2005. The City of Oakland has seen a decline in the number of households in 1995. However, this is reversing direction with less than a 1% increase in number of households in the future five year periods. This is considered normal for a mature city. The slower annual growth rate in households versus population indicates an increase in average household size.

Demand is also influenced by job growth. Within the county, the City of Oakland will attract the second highest number of jobs, behind Fremont. Between 2000 and 2010, the City of Oakland is anticipated to gain nearly 15,750 jobs, 13.4% of total county job growth.

Apartment managers are reporting an improving demand for rental housing in some areas of Oakland since San Francisco became so expensive. The West Oakland is not seeing the same increase in demand such as other sections of Oakland.

As of March 1999, a survey of 2,530 units in Oakland by Realfacts indicated an upward movement in average rents for all unit types of 9.4% within the past 12 months from 1998 to 1999. The average rent in the survey moved from $855 in March 1998 to $936 in March 1999.

Occupancy levels during that time moved from 93.6% in June 1997 to 98.6% in March 1999, having remained at this higher level since September 1998. The ages of the complexes within the survey reflect 29% built pre-1960, 33% built in the 1960's, 24% built in the 1970's, and 14% built in the 1980's. No units in the survey have been built in the **1990's.** This is common throughout the San Francisco Bay Area where the market rate values have not kept up with the rising construction costs making financial feasibility out of reach for many proposed market-rate new construction projects. The vast majority of new construction rental apartments in the Bay Area are affordable housing project made possible from favorable financing and tax credits along with non-profit ownership allowing exemption from real estate tax expenses.

Of Households Bv

Location	0-So?! AMI	51-80% AMI	81%+ AMI
Oakland	53,563	21,715	11,581

Oakland's housing rental stock is comprised of a slight majority of studio and one-bedroom units; 56 percent are either studio or one-bedroom units, 31 percent are two-bedroom, and only 13 percent are three or more bedrooms.

Housing costs for rental units increased substantially faster than either inflation or income in the 1980's. Median contract rent has increased 142 percent, from $201 to $486. It should also be noted that the median contract rents do not represent the asking price of vacant units, which tend to be higher. The average asking rent for vacant rental units, according to the 1990 Census, was $523. Surveys of rental listings in local newspapers indicate that the median rent for a vacant two bedroom apartment is approximately $600 to $700 per month, well beyond the level affordable to a large proportion of Oakland's renters. Rents for vacant houses and duplexes (which comprise a significant share of the rental housing stock) tend to be substantially higher. Newly constructed units are even more costly, as such units demand a rent premium due to higher quality and the necessity of covering high construction costs.

Another indication of the high cost of rental housing compared to the income levels of lower income residents is the discrepancy between HUD "Fair Market Rents" (FMRs) and what is affordable to households earning 50 percent of the median family income. The FMR levels are those levels HUD believes are required to secure a standard unit on the private market. In Oakland, the FMRs are higher than an affordable rent level for very low income households for every size apartment.

Reported house values rose by 162 percent during this period. For those households wishing to purchase homes, even with low interest rates, an annual income of about $44,000 would be needed to buy the median-valued home, with a downpayment of $34,200. The recent gradual increase in interest rates is once again pushing homeownership out of reach for many existing renter households.

C. Market Supply:

There is a wide variety of residential development in Oakland. Single family homes dominate, followed by multi-family dwelling of duplexes and triplexes as well as larger multi-family developments such as the subject. Realfacts, which surveys larger complexes in a community noted as of March 1999, the last quarter available, 21 projects surveyed in Oakland, a total of 2,530 units. The average complex size was 120 units between a range of 50 units to 365 units. The complexes were built between 1913 and 1987. The average occupancy rate was 98.6% in March 1999.

There are a number of projects in Oakland identified by the City of Oakland as offering subsidized units. All of the projects report high demand and waiting lists. While these are not the only source of housing for low and moderate income households, due to the varying age of the housing stock, older product is usually at the lower end of the rental range. With the lack of new construction of market rate rental housing and a potentially depleting housing stock with an aging inventory of rental units, demand for new affordable projects is expected to continue and increase.

Christian Church Homes is developing 40 senior units on 2nd Avenue, south of Lake Merritt. According to the City Planning Department, they do not keep track of projects in planning. BRIDGE Housing is completing the renovation of the 200 units known as the Acorn residential development at Filbert and 8th Street. Across from this project, 70 single-family homes are being built for moderate income households with the assistance of silent second mortgages by the City of Oakland. RCD is developing 24 units at International Blvd. and Miller Avenue, while International Family Housing Initiative will be developing 29 units at 66* Avenue and International Blvd. This indicates 141 potential new units will come on the market within the next year, 200+ renovated units and 70 "for sale" SFRs.

In conclusion, the continued economic growth in the area encourages anticipated job growth. With more jobs, occupancy levels are expected to rise and that, coupled with the ongoing population growth is the source of an increasing need and demand for rental housing. The outlook is stable and this should attract investors and provide on-going support for the subject for the subject as a restricted project with subsidies or as a market rate project.

OCCUPANCY RESTRICTIONS:

CHFA: *20%* of the units (25) will be restricted to *50%* or less of median income.

TCAC: 100% of the units (124) will be restricted to 45% at 45% or less of median income, *50% at 50%* or less of median income, and 5% at 60% or less of median income for 9% tax credits..

Regulatory: 100% of the units (124) will be regulated for basic and market rents.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by Treadwell and Rollo dated July 14, 1999. A reliance letter has been requested from the Borrower. No environmental concerns were noted.

An asbestos and lead-based paint analysis and report is in process and not completed as of this date. Any asbestos and lead-based paint mitigation work will be incorporated into the final cost budget, and if necessary, an operations and maintenance plan will be required.

ARTICLE 34:

Goldfarb & Lipman have provided a letter dated August 10, 1999 indicating that the project falls within the safe harbor established by Section 37001(f) and are not "low rent housing projects" for the purposes of Article 34.

DEVELOPMENT TEAM:

A. Borrower's profile

Borrower will be a "to be formed" California limited partnership with Citizens Housing Corporation, a non-profit corporation ("Borrower"), of which Citizens Housing Corporation will be the managing general partner ("General Partner"), and AF Evans Development, Inc. will be a joint developer. AF Evans will not be part of the final ownership structure.

Citizens Housing Corporation ("CHC") is a non-profit, public benefit corporation established in 1992 to increase and preserve affordable housing opportunities for low-income Californians. Citizens Housing Corporation currently has a portfolio of over 1,000 units throughout California valued at over $100 million.

B. Contractor

S. J. Amoroso Construction Co., Inc. was founded in San Francisco in 1939. The firm experienced constant and steady growth over the years and was relocated to Foster City in 1968. The firm provides construction services in excess of *$250* million on an annual basis.

C. Architect

Michael Pyatok, Pyatok Associates, has been an architect and designer for **31** years. Since **1985,** Pyatok's practice serves non-profit organizations and private developers in building affordable housing, mixed-use developments and community facilities.

D. Management Agent

In **1984,** Evans Property Management, Inc. ("EPMI") was formed to manage the growing number of rental projects developed by its parent company, A. F. Evans Company, Inc.. Currently, EPMI manages **23** apartment project containing **3,961** units, some of which are owned by third party owners. Given the wide range of locations, designs, and sizes of the projects developed by A. F. Evans Company, there is significant diversity to the projects managed by EPMI.

Project Summary

799

Date: 18-Oct-99

Project Profile:

Project : MORH I Apts.
Location: 701 Filbert Street
Oakland
County / Zip: Alameda 94607
Borrower: TBD
GP: Citizens Hsg
LP: TBD

Program: Taxable
CHFA #: 99-021-N

Appraiser: Kathern Sturgis-Bright
Sturgis-Bright & Assocs.
Cap Rate: 10.50%
Market: $ 6,700,000
Income: $ 6,500,000
Final Value: $ 6,500,000

LTC/LTV:
Loan / Cost 27.3%
Loan / Value 70.9%

Project Description:

Units	126
Handicap Units	
Bldge Type	Acq/Rehab
Buildings	26
stories	2
Gross Sq Ft	187,486
Land Sq Ft	311.454
Units/Acre	18
Total Parking	139
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$4,610,000	$37,177	7.50%	30
Income from Operations	$305,875	$2,467	0.00%	
Project Reserves-Seller	$932,831	$7,523	0.00%	
AHP	$562,500	$4,536		
Developer Equity	$0	$0		
Tax Credit Equity	$8,551,998	$68.968		
Deferred Developer Fee	$532,422	$4,294		
HUD IRP-236	$1,405,540	$11,335	7.258	11
CHFA HAT	$0	$0	0.009	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
3 BR	1,429	28	50%	$787	$29,565
4 BR	1,576	34	50%	$868	$31,975
3 BR	1429	25	45%	$701	$32,850
4 BR	1576	31	45%	$773	$35,475
3 BR	1429	2	60%	$787	$39,420
4 BR	1576	3	60%	$868	$42,570
3BR	1429	1	Mgr	$787	$39,420
		124			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	security
Commitment Fee	1.25%	of Loan Amount	$75,194	Cash
Finance Fee	1.25%	of Loan Amount	$75,194	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$60,155	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$117,725	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$463	Per Unit	$58,282	Operations
Initial Deposit to Repl. Reserve	$500	Lumpsum	$62,000	Cash
Standby Operating Account		Per unit	$475,000	Residual Receipts

Sources and Uses MORH I Apts.

SOURCES:

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	4,610,000	27.28%	24.59	37,177
HUD IRP-236	1,405,540	8.32%	7.50	11,335
CHFA HAT	0	0.00%	-	0
Income from Operations	305,875	1.81%	1.63	2,467
Project Reserves-Seller	932,831	5.52%	4.98	7,523
Other Loans	562,500	3.33%	3.00	4,536
Total Institutional Financing	**7,816,746**	**46.26%**	**41.69**	**63,038**
Equity *Financing*				
Tax Credits	8,551,998	50.60%	45.61	68,968
Deferred Developer Equity	532,422	3.15%	2.84	4,294
Total Equity Financing	**9,084,420**	**53.78%**	**48.45**	**73,261**
TOTAL SOURCES	**16,901,166**	**100.00%**	**90.15**	**136,300**

USES:

Acquisition	5,098,831	30.17%	27.20	41,120
Rehabilitation	8,102,500	47.94%	43.22	65,343
New Construction	0	0.00%		0
Architectual Fees	90,000	0.53%	0.48	726
Survey and Engineering	0	0.00%	-	0
Const. Loan Interest & Fees	517,219	3.06%	2.76	4,171
Permanent Financing	158,889	0.94%	0.85	1,281
Legal Fees	45,000	0.27%	0.24	363
Reserves	179,725	1.06%	0.96	1,449
Contract Costs	14,500	0.09%	0.08	117
Construction Contingency	1,170,900	6.93%	6.25	9,443
Local Fees	30,000	0.18%	0.16	242
TCAC/Other Costs	409,603	2.42%	2.18	3,303
PROJECT COSTS	**15,817,166**	**93.59%**	**84.36**	**127,558**
Developer **Overhead/Profit**	1,084,000	6.41%	5.78	8,742
Consultant/Processing Agent	0	0.00%	-	0
TOTAL USES	**16,901,166**	**100.00%**	**90.15**	**136,300**

Annual Operating Budget — MORH I Apts.

		% of total	$ per unit
INCOME:			
Total Rental Income	1,176,012	99.9%	9,484
Laundry	1,235	0.1%	10
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	**1,177,247**	**100.0%**	**9,494**
Less:			
Vacancy Loss	58,862	5.0%	475
Total Net Revenue	**1,118,385**	**95.0%**	**9,019**
EXPENSES:			
Payroll	99,539	10.1%	803
Administrative	83,140	8.4%	670
Utilities	106,487	10.8%	859
Operating and Maintenance	198,678	20.1%	1,602
Insurance and Business Taxes	35,400	3.6%	285
Taxes and Assessments	17,760	1.8%	143
Reserve for Replacement Deposits	58,282	5.9%	470
Subtotal Operating Expenses	**599,286**	**60.8%**	**4,833**
Financial Expenses			
Mortgage Payments (1st loan)	386,805	39.2%	3,119
Total Financial	**386,805**	**39.2%**	**3,119**
Total Project Expenses	**886,092**	**100.0%**	**7,982**

ash Flow MORH I Apts. CHFA # 99-021-N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	ear 6	Year 7	Year 8	Year 9	Year 10
arket Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
rplus Sec. 8	0	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A
fordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	.50%	2.50%	2.50%	2.50%	2.50%
fordable Rents	1,176,012	1,205,412	1,235,548	1,266,436	1,298,097	1,[illegible],550	1,363,813	1,397,909	1,432,856	1,468,678
OTAL RENTAL INCOME	1,176,012	1,205,412	1,235,548	1,266,436	1,298,097	1,3[illegible]550	1,363,813	1,397,909	1,432,856	1,468,678
THER INCOME										
ther Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
aundry	1,235	1,266	1,298	1,330	1,363	1,397	1,432	1,468	1,505	1,542
ommercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OTAL OTHER INCO	1,235	1,266	1,298	1,330	1,363	1,397	1,432	1,468	1,505	1,542
ROSS INCOME	1,177,247	1,206,678	1,236,845	1,267,766	1,299,460	1,331,947	1,365,246	1,399,377	1,434,361	1,470,220
acancy Rate : Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
acancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
ess: Vacancy Loss	58,862	60,334	61,842	63,388	64,973	66,597	68,262	69,969	71,718	73,511
	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	1,118,385	1,146,344	1,175,003	1,204,378	1,234,487	1,265,350	1,296,983	1,329,408	1,362,643	1,396,709
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	523,244	544,174	565,941	588,579	612,122	636,607	662,071	688,554	716,096	744,740
Replacement Reserve	58,282	58,282	58,282	58,282	58,282	61,196	61,196	61,196	61,196	61,196
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	17,760	18,115	18,478	18,847	19,224	19,608	20,001	20,401	20,809	21,225
TOTAL EXPENSES	599,286	620,571	642,701	665,708	689,628	717,411	743,268	770,151	798,101	827,161
NET OPERATING INCOME	519,098	525,773	532,302	538,670	544,859	547,938	553,715	559,257	564,542	569,548
DEBT SERVICE										
CHFA - 1st Mortgage	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805
HUD - IRP Tranche	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	132,293	138,967	145,497	151,865	158,054	161,133	166,910	172,452	177,737	182,743
DEBT COVERAGE RATIO	1.34	1.36	1.38	1.39	1.41	1.42	1.43	1.45	1.46	1.47
Standby Account (from D/S)	85,990	90,329	94,573	98,712	102,735					
[illegible]	[illegible]	180,000	275,000	375,000	475,000	[illegible]	[illegible]	172,452	177,737	182,743

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Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,505,395	1,543,030	1,581,605	1,621,146	1,661,674	1,703,216	1,745,796	1,789,441	1,834,177	1,880,032
TOTAL RENTAL INCOME	**1,505,395**	**1,543,030**	**1,581,605**	**1,621,146**	**1,661,674**	**1,703,216**	**1,745,796**	**1,789,441**	**1,834,177**	**1,880,032**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	1,581	1,620	1,661	1,703	1,745	1,789	1,833	1,879	1,926	1,974
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**1,581**	**1,620**	**1,661**	**1,703**	**1,745**	**1,789**	**1,833**	**1,879**	**1,926**	**1,974**
GROSS INCOME	**1,506,976**	**1,544,650**	**1,583,266**	**1,622,848**	**1,663,419**	**1,705,005**	**1,747,630**	**1,791,321**	**1,836,104**	**[illegible]882,006**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	75,349	77,233	79,163	81,142	83,171	85,250	87,381	89,566	91,805	94,100
	0									
EFFECTIVE GROSS INCOME	**1,431,627**	**1,467,418**	**1,504,103**	**1,541,706**	**1,580,248**	**1,619,755**	**1,660,248**	**1,701,755**	**1,744,298**	**1,787,906**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	774,530	805,511	837,731	871,240	906,090	942,334	980,027	1,019,228	1,059,997	1,102,397
Replacement Reserve	64,256	64,256	64,256	64,256	64,256	67,469	67,469	67,469	67,469	67,469
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	21,649	22,082	22,524	22,974	23,434	23,903	24,381	24,868	25,366	25,873
TOTAL EXPENSES	**860,435**	**891,849**	**924,511**	**958,471**	**993,780**	**1,033,705**	**1,071,876**	**1,111,565**	**1,152,832**	**1,195,739**
NET OPERATING INCOME	**571,192**	**575,569**	**579,592**	**583,235**	**586,468**	**586,050**	**588,372**	**590,189**	**591,467**	**592,167**
DEBT SERVICE										
CHFA - 1st Mortgage	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805
HUD - IRP Tranche	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**184,387**	**188,763**	**192,787**	**196,429**	**199,663**	**199,244**	**201,567**	**203,384**	**204,661**	**205,362**
DEBT COVERAGE RATIO	**1.48**	**1.49**	**1.50**	**1.51**	**1.52**	**1.52**	**1.52**	**1.53**	**1.53**	**1.53**
Standby Account (from D/S)										
Balance of Standby Account										
Cashflow Remaining	**184,387**	**188,763**	**192,787**	**196,429**	**199,663**	**199,244**	**201,567**	**203,384**	**204,661**	**205,362**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,927,033	1,975,208	2,024,589	2,075,203	2,127,083	2,180,261	2,234,767	2,290,636	2,347,902	2,406,600
TOTAL RENTAL INCOME	**1,927,033**	**1,975,208**	**2,024,589**	**2,075,203**	**2,127,083**	**2,180,261**	**2,234,767**	**2,290,636**	**2,347,902**	**2,406,600**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	2,024	2,074	2,126	2,179	2,234	2,290	2,347	2,406	2,466	2,527
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**2,024**	**2,074**	**2,126**	**2,179**	**2,234**	**2,290**	**2,347**	**2,406**	**2,466**	**2,527**
GROSS INCOME	**1,929,056**	**1,977,283**	**2,026,715**	**2,077,383**	**2,129,317**	**2,182,550**	**2,237,114**	**2,293,042**	**2,350,368**	**2,409,127**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	96,453	98,864	101,336	103,869	106,466	109,128	111,856	114,652	117,518	120,456
EFFECTIVE GROSS INCOME	**1,832,604**	**1,878,419**	**1,925,379**	**1,973,514**	**2,022,851**	**2,073,423**	**2,125,258**	**2,178,390**	**2,232,849**	**2,288,671**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	1,146,493	1,192,353	1,240,047	1,289,649	1,341,235	1,394,884	1,450,679	1,508,707	1,569,055	1,631,817
Replacement Reserve	70,842	70,842	70,842	70,842	70,842	74,384	74,384	74,384	74,384	74,384
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	26,390	26,918	27,457	28,006	28,566	29,137	29,720	30,314	30,921	31,539
TOTAL EXPENSES	**1,243,726**	**1,290,113**	**1,338,346**	**1,388,497**	**1,440,643**	**1,498,405**	**1,554,784**	**1,613,405**	**1,674,360**	**1,737,740**
NET OPERATING INCOME	**588,878**	**588,306**	**587,034**	**585,017**	**582,209**	**575,017**	**570,475**	**564,985**	**558,490**	**550,930**
DEBT SERVICE										
CHFA - 1st Mortgage	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805	386,805
HUD - IRP Tranche	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**202,073**	**201,500**	**200,228**	**198,212**	**195,403**	**188,212**	**183,669**	**178,179**	**1 ,684**	**164,125**
DEBT COVERAGE RATIO	**1.52**	**1.52**	**1.52**	**1.51**	**1.51**	**1.49**	**1.47**	**1.46**	**1.44**	**1.42**
Standby Account (from D/S)										
Balance of Standby Account										
Cashflow Remaining	**202,073**	**201,500**	**200,228**	**198,212**	**195,403**	**188,212**	**183,669**	**178,179**	**171,684**	**164,125**

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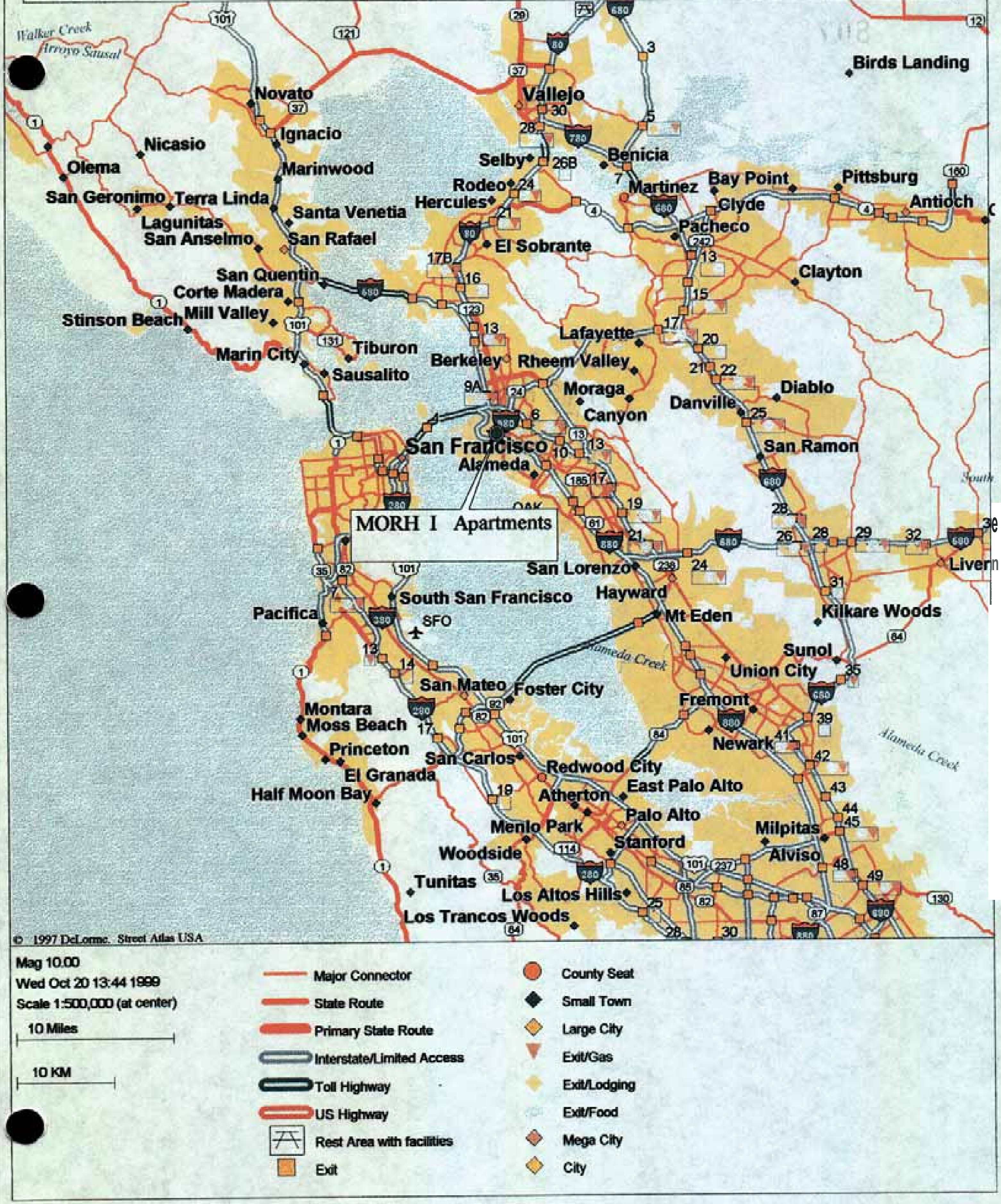
MORH I Apartments - Oakland (Regional) 806



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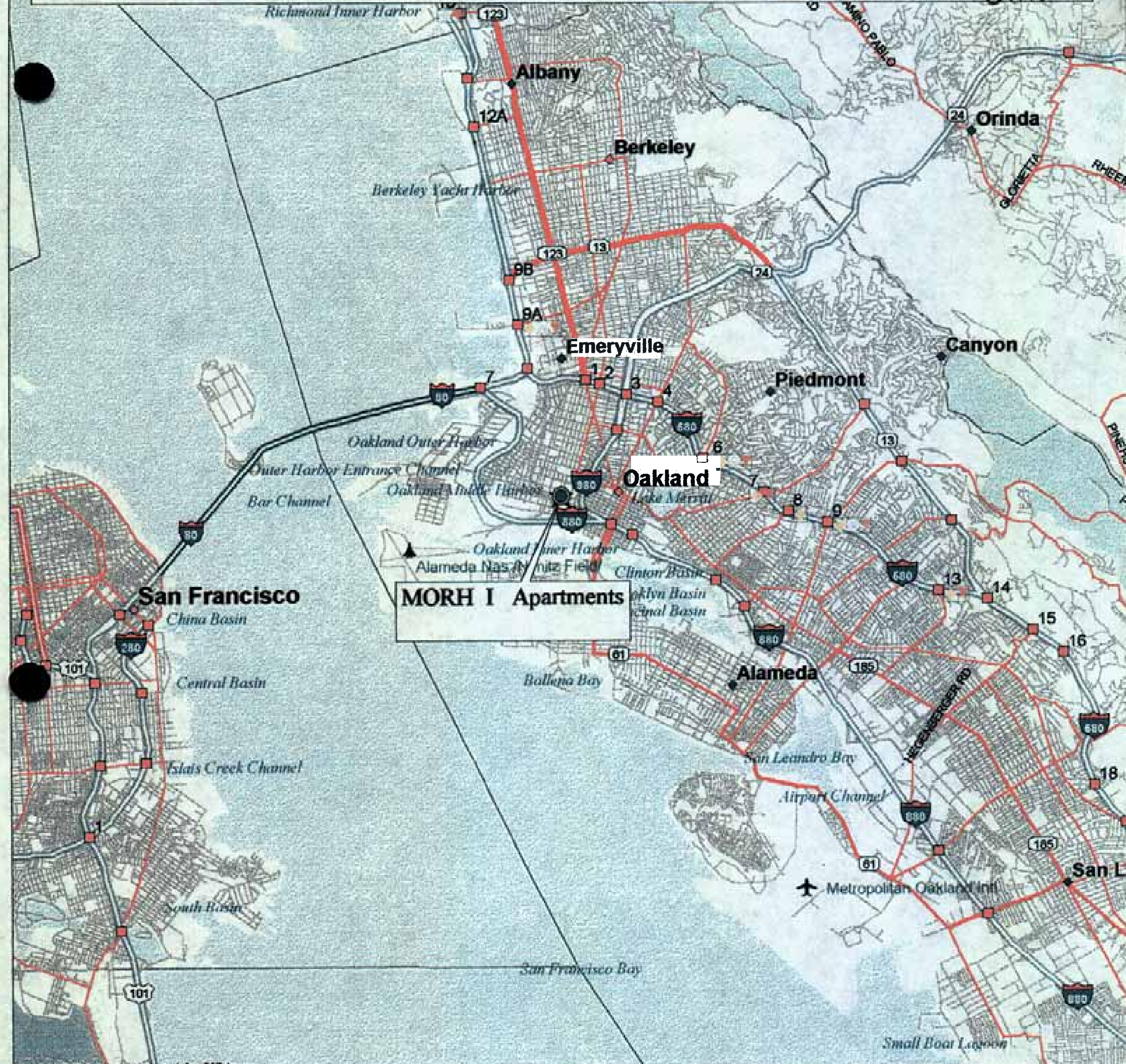
MORH I Apartments - Oakland (Local)



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Scale 1:125,000 (at center)

2 Miles

2 KM

Local Road	US Highway
Major Connector	Exit
State Route	Utility/Pipe
Primary State Route	Railroad
Walkway/Stairway	Small Town
Trail	Large City
Interstate/Limited Access	Sched Service Airport
Toll Highway	Exit/Gas

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RESOLUTION 99-30

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Citizen's Housing Corporation, a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's Taxable Loan Program for mortgages in the mortgage amounts described herein, the proceeds of which are to be used to finance a 124-unit multifamily housing development located in the City of Oakland to be known as MORH I Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
99-021-N	MORH I Apartments OaklandAlameda	124	$ 4,610,000 $ 1,405,540 (IRP)

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-30 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:________________
Secretary

Executive Summary

812 Date: 18-Oct-99

Project Profile:

Project :	Oak Center I	*Borrower:*	TBD
Location:	1601 Market Street	GP:	Citizens Housing
City:	Oakland	*LP:*	TBD
County:	Alameda	*Program:*	Taxable
Type:	Family	*CHFA#:*	99-022-N

Financing Summary:

	Final	Per Unit
CHFA First Mortgage	$2,175,000	$28,247
Income from Operations	$134.311	$1,744
Loan 5	$0	$0
AHP	$308,000	$4,000
Developer Equity	$0	$0
Deferred Developer Equity	$82,246	$1,068
Tax Credits	$4,189,529	$54,409
HUD IRP-236	$603,207	$7,834
CHFA HAT	$0	$0

Loan to Value 69.0%

Loan to Cost 29.0%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	656	15	45%	$495	$23,650
2 BR	911	9	45%	$621	$26,620
3 BR	1166	6	45%	$716	$29,565
4 BR	1377	5	45%	$794	$31,930
1 BR	656	17	50%	$495	$26,275
2 BR	911	10	50%	$675	$29,575
3 BR	1166	6	50%	$765	$32,850
4 BR	1377	6	50%	$810	$35,475
1 BR	656	1	60%	$495	$31,530
4 BR	1377	1	60%	$810	$42,570
2 BR	1100	1	Mgr	$0	N/A
		77			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Project Name: Oak Center I Apartments
CHFA Ln. # 99-028-N

SUMMARY:

This is a Final Commitment request for a first mortgage in the amount of **$2,175,000** amortized over thirty years and the purchase of the HUD Interest Reduction Payment **("IRP")** loan of **$603,207.** The project is **Oak** Center I Apartments, a **79** unit family, acquisitiodrehabilitation project located at **1601** Market Street in Oakland in Alameda County.

LOAN TERMS:

1" Mortgage Amount:	**$2,175,000**
Interest Rate:	**7.50%**
Term:	**30** years fixed, fully amortized
Financing:	Taxable
IRP Mortgage:	**$603,207**
Interest Rate:	**7.25%**
Term:	**11** Years
Financing:	Taxable
Standby Operating Commitment:	**$225,000**

Section 236 Loans. The property will be acquired subject to a **HUD** Section **236** loan, the beneficial interest of which will be purchased by CHFA at the time of property acquisition by the borrower. The loan is being purchased to preserve the IRP which is a guaranteed stream of monthly payments from HUD for the benefit of the project. (Note: The IRP component of the **236** loan was designed to foster affordable housing development by subsidizing the debt service on permanent mortgages).

In order to continue the stream of **IRP** payments, a public agency acceptable to **HUD** must acquire the Section **236** loan and act as regulator. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

The Section 8 Housing Assistance Payment (HAP) contract will also be transferred and CHFA will be the administrator. An Annual Contributions Contract (ACC) must be executed between CHFA and HUD. The existing HAP contract must be transferred from the old to the new owner.

Payments may commence immediately to the new owner for units that meet housing quality standards; however, the long term continuation of these payments shall be conditioned upon the completion of required repairs within an agreed upon period of time after closing. CHFA will be responsible for monitoring the completion of these repairs.

A Use Agreement for the remaining term of the mortgage must be executed and recorded against the project. This will require the owner to accept project-based Section 8 rental assistance for as long as HUD offers it. It shall also require that if HUD discontinues this assistance that the project has to continue as low income housing with rents at the lesser of the Section 236 basic or the Low Income Housing Tax Credit level.

SECTION 8 CONVERSATION:

Current Status. The project was financed under the 236 program, a HUD below market rate program. The project is also under the Section 8 Project-Based Housing Assistance Payment ("HAP") program. Tenants pay a maximum of 30% of their median income towards rent and utilities. HUD pays the owner of the project the difference between the HAP contract rent and the tenant's contribution. The HAP contract is on annual renewal; and therefore, the project is at-risk.

Conversion Scenario.

The following scenario is contemplated:

- Funding of $225,000 from the Agency's Standby Commitment to cover any debt service shortfall during the transition period. The Standby Operating Account will be funded through a combination of Surplus Section 8 and from the Agency's setaside preservation program funds.

- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewals of the Section 8 HAP contract or Section 8 Preservation Vouchers. If offered in lieu thereof.

- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to 50% and 60% of median income, or at the discretion of the Agency.

- Should Section 8 assistance remain in place, CHFA and Citizens Housing Corporation will establish a Transition Cap and/or limit to the Transition Account.

LOCALITY INVOLVEMENT:

There is no locality financing. The project is located in a Redevelopment Area of Oakland that has been built out over the last 25 to 30 years. The *AHP* loan application has been submitted to Federal Home Loan Bank Affordable Board for approval.

Lender	Loan Amount	Repayment Terms	Term	Interest Rate
AHP	$308,000	residual receipts, simple interest	30	0.00%

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Sec. 8	Mkt. Rate Avg.	Difference	Percent
One bedroom					
45%	$495	$416	$550	$55	90%
50%	$495			$55	90%
60%	$495			$55	90%
Two bedroom					
45%	$621	$567	$750	$129	83%
50%	$675			$75	90%
60%					
Three bedroom					
45%	$716	$641	$850	$134	84%
50%	$765			$85	90%
60%					
Four bedroom					
45%	$794	$714	$900	$106	88%
50%	$810			$90	90%
60%	$810			$90	90%

Note: The Borrower has requested from HUD an increase in Section 8 rent levels to equal 50%/60% levels. This will be a condition of the final commitment.

The unit floorplans and the amenities in this project are comparable to those offered in market rate apartments.

While the subject is under a government subsidy program, the' project is exempt from Oakland's rent control ordinance. If the project opts out of the HUD 236 program, *Oak* Center will become subject to the rent control ordinance at the HUD contract rents currently being charged. That is, the rents cannot just be taken to market, but will slowly be converted to market rates upon the natural turnover of the units.

B. Estimated Lease-Up Period:

Based on the design and amenities as well as the demand in the local market, Oak Center I Apartments is projected to reach stabilized occupancy within completion of rehabilitation.

PROJECT DESCRIPTION:

A. Site Design:

Oak Center Apartments will be redeveloped as a 77-unit apartment complex, including a new common area for project residents. The apartments will include 33 one bedroom, 20 two bedroom, 12 three bedroom, and 12 four bedroom apartments.

Oak Center is a mixed-type apartment complex, including walk-up townhouses, and flats over a below grade parking area, 3-story walk-up apartments and 2-story townhouses. All construction is wood frame, and includes sections over a concrete, below-grade parking area. All units have either balconies or private patios. There are also two surface parking areas and two children's play areas as well as a laundry room and an office.

B. Project Location:

The subject is located in the West Oakland area of Oakland, within ½ mile from the downtown area of Oakland. The neighborhood is bounded by Broadway to the east, the 580 Freeway to the north, Peralta Avenue to the west and Oakland Inner Harbor to the south.

The subject is on the northwest side of Market Street between 16* Street and 18th Street. Although at this point there is no large grocer within the neighborhood, a large grocery store is to open this Fall, within six blocks of the subject on Market and 8th Street. There are a mix of older Victorian houses, some renovated, to the northwest of the subject to Union Street, beyond which are industrial uses. The 982 Freeway, connecting to the 580 Freeway and 24 Freeway, is within three blocks to the southeast. To the west along 7th Street is the West Oakland BART Station within a mile.

In conclusion, the Oak Center project is located in West Oakland, a community undergoing substantial revitalization, including the following activities: the establishment of a Federal Enterprise Community, the Oakland Army Base re-Use activities, renovation of the large Acorn Apartment complex, two HOPE VI public housing developments; and many other neighborhood revitalization activities.

C. Rehabilitation:

A Physical Needs Assessment report was prepared by MT Mullen Corporation dated July 30, 1999 for the developer. The Capital Needs report is based on environmental, termite, physical peeds, architectural, and contractor's inspections and reports regarding the subject project. In addition, the report relies on past inspection reports from HUD as well as survey of work orders performed at the site. CHFA contracted with EMG for a third party independent review of the rehab work to be performed. EMG's report is dated September 22, 1999.

The scope of work recommends a total of $2,439,358 in hard costs for repairs. Renovations will include a new roof on the entire complex, extensive work to repair and replace rotted wood, new siding throughout, window replacements, and flashing and Waterproofing throughout.

The developer proposes to implement an extensive unit by unit renovation, which will include replacing water heaters and furnaces on an as needed basis, all new kitchens and appliances, new cabinets in many of the units and painting and new carpet in all the units. In addition many doors will be replaced.

The project will add a common area accessible to all residents, and the changing the total units from 79 to 77. The lack of a common area in the site now prevents the residents from forming a strong sense of community.

An allowance has also been made for seismic retrofitting that anticipates strengthening the parking structure on the site, and, if necessary, adding to the anchoring of some number of party walls within the site.

A number of exterior patios will undergo renovation and all will undergo waterproofing. The developer will install new planting and drainage and repair the existing play areas. Modifications will be made to the laundry area and office to guarantee handicap accessibility.

D. Relocation:

The relocation plan for residents at Oak Center Apartments has been developed to enable the project to move forward efficiently while minimizing the disturbance and inconvenience to the residents. As part of the development process, the developer will be notifying the residents as to the general nature and length of the rehabilitation work proposed, and their rights per the Uniform Relocation Act and Real Property Acquisition Act of 1970.

Income information from management shows that in all but two cases residents meet TCAC income guidelines of 60% AMI or less. These residents will be offered full benefits due under the Uniform Relocation Act.

The relocation plan assumes that major renovation will take place on one-third of the project units at a time. The scale of the renovation makes it impractical to renovate units with tenants in-place. One-third of the residents will be relocated off-site into similarly sized housing and remaining residents will be consolidated so that a complete section of the property will be vacant. Once unit renovations are complete on this third of the project, then tenants within the property will be shifted to the completed units and work will commence on the next phase. When the last third of the units are completed, tenants who have relocated temporarily off-site will return.

All Uniform Relocation Act guidelines will be followed as to notices and boxing and moving of personal items and furniture, moving insurance, (damages or loss coverage) and relocating phone numbers where possible. Other costs associated with relocation, include but are not limited to: forwarding mail and completing housing applications (where necessary) will also be covered.

In addition to the on-site and off-site relocations, it is assumed that nearly every tenant will be subject to inconveniences, including but not limited to: a temporary reduction in services, elevator maintenance work and utility shut-offs. In order to offset these inconveniences, a small budget is provided for concessions or compensation for services as needed.

A relocation budget of $187,540 has been included in the project costs.

MARKET:

A. Market Overview:

The City of Oakland is located along the north western edge of Alameda County. It is bounded on the west by San Francisco Bay and Alameda, and on the east by Contra Costa County open space, to the north by Berkeley and to the south by the City of San Leandro.

Physically, Oakland is generally built up with industrial development located along the western boundaries, paralleling the San Francisco Bay and Interstate 880. Moving east from the Bay and this industrial development, are single and multi-family dwellings with commercial areas interspersed throughout. The eastern portion of Oakland is located in the hills, and is generally developed with average to good quality single family residences. The Hayward fault runs parallel to the bay through these hills, resulting in a level of seismic risk throughout the area.

ABAG Projections '98 indicate that Oakland had a population in 1995 of 382,900, up 2.9 percent from the 1990 census. A similar growth rate is expected between 1995 and 2000, thereafter slowing to an additional 2,000 people each five years. This is common in a 100% built out community. Mean family income in Oakland in 1995 was projected by ABAG to be approximately $47,000 annually. Projected 2000 and 2005 figures are

$53,400 and $58,600 respectively. Jobs were at a high in 1990 with 170,200 jobs in Oakland. ABAG projected 1995 jobs at 166,470 and 2000 jobs at 174,010. The drop in 1995 is due to the recession that hit California in the early 1990's. The area appears to be back on a growth trend with the more healthy economy at this point.

Oakland is an older established community supported in great part by the Port of Oakland and the industrial areas. The lack of developable land has limited both the commercial and residential growth in recent *years,* and the city is considered to be in a stable phase of development.

B. Market Demand:

The primary market area ("PMA") for this project includes the City of Oakland and the Secondary Market Area is the County of Alameda. The increase in demand for residential units is primarily a function of household growth. The total potential demand for housing units in Alameda County is projected to be 19,562 between 2000 and 2005. The City of Oakland has seen a decline in the number of households in 1995. However, this is reversing direction with less than a 1% increase in number of households in the future five year periods. This is considered normal for a mature city. The slower annual growth rate in households versus population indicates an increase in average household size.

Demand is also influenced by job growth. Within the county, the City of Oakland will attract the second highest number of jobs, behind Fremont. Between 2000 and 2010, the City of Oakland is anticipated to gain nearly 15,750 jobs, 13.4% of total county job growth.

Apartment managers are reporting an increase in demand for rental housing in some areas of Oakland since San Francisco has become so expensive. West Oakland is not seeing the same increase in demand such as other sections of Oakland.

As of March 1999, a survey of 2,530 units in Oakland by Realfacts indicated an upward movement in average rents for all unit types of 9.4% within the past 12 months from 1998 to 1999. The average rent in the survey increased from $855 in March 1998 to $936 in March 1999.

Occupancy levels during that time increased from 93.6% in June 1997 to 98.6% in March 1999, having remained at this higher level since September 1998. The ages of the complexes within the survey reflect 29% built pre-1960, 33% built in the 1960's, 24% built in the 1970's, and 14% built in the 1980's. No units in the survey have been built in the 1990's. This is common throughout the San Francisco Bay Area where the market rate values have not kept up with the rising construction costs making financial feasibility out of reach for many proposed market-rate new construction projects. The vast majority of new construction rental apartments in the Bay Area are affordable housing project made possible from favorable financing and tax credits along with non-profit ownership allowing exemption from real estate tax expenses.

Percentage Of Households By Income Category

Location	0-50% AMI	51-80% AMI	81%+ AMI
Oakland	53,563	21,715	11,581

Oakland's housing rental stock is comprised of a slight majority of studio and one-bedroom units; 56 percent are either studio or one-bedroom units, 31 percent are two-bedroom, and only 13 percent are three or more bedrooms.

Housing costs for rental units, for example, increased substantially faster than either inflation or income in the 1980's. Median contract rent has increased 142 percent, from $201 to $486. It should be noted also that the median contract rents do not represent the asking price of vacant units, which tend to be higher. The average asking rent for vacant rental units, according to the 1990 Census, was $523. Surveys of rental listings in local newspapers indicate that the median rent for a vacant two-bedroom apartment is approximately $600 to $700 per month, well beyond the level affordable to a large portion of Oakland's renters. Rents for vacant houses and duplexes (which comprise a significant share of the rental housing stock) tend to be substantially higher. Newly constructed units are even more costly, as such units demand a rent premium due to higher quality and the necessity of covering high construction costs.

Another indication of the high cost of rental housing compared to the income levels of lower income residents is the discrepancy between HUD "Fair Market Rents" (FMRs) and what is affordable to households earning *50* percent of the median family income. The FMR levels are those levels HUD believes are required to secure a standard unit on the private market. In Oakland, the FMRs are higher than an affordable rent level for very low-income households for every size apartment.

Reported house values rose by 162 percent during this period. For those households wishing to purchase homes, even with low interest rates, an annual income of about $44,000 would be needed to buy the median-valued home, with a downpayment of $34,200. The recent gradual increase in interest rates is once again pushing homeownership out of reach for many existing renter households.

C. Market Supply:

There is a wide variety of residential development in Oakland. Single family homes dominate, followed by multi-family dwelling of duplexes and triplexes as well as larger multi-family developments such as the subject. Realfacts, which surveys larger complexes in a community noted as of March 1999, the last quarter available, 21 projects surveyed in Oakland, a total of 2,530 units. The average complex size was 120 units between a range of 50 units to 365 units. The complexes were built between 1913 and 1987. The average occupancy rate was 98.6% in March 1999.

There are a number of projects in Oakland identified by the City of Oakland as offering subsidized units. All of the projects report high demand and waiting lists. It is noted that these are not the only source of housing for low and moderate income households; due to the varying age of the housing stock, older product is usually at the lower end of the rental range. But with the lack of new construction of market rate rental housing and a potentially depleting housing stock with an aging inventory of rental units, demand for new affordable projects is considered to continue and increase.

Christian Church Homes is developing 40 senior units on 2nd Avenue, south of Lake Merritt. According to the City Planning Department, they do not keep track of projects in planning. BRIDGE Housing is completing the renovation of the 200 units known as the Acorn residential development at Filbert and 8th Street. Across from this project, 70 single-family homes are being built for moderate income households with the assistance of silent second mortgages by the City of Oakland. RCD is developing 24 units at International Blvd. And Miller Avenue, while International Family Housing Initiative will be developing 29 units at 66* Avenue and International Blvd. This totals 141 potential new units to come on the market within the next year, 200+ renovated units and 70 "for sale" SFRs.

In conclusion, the continued economic growth in the area encourages anticipated job growth. With more jobs, occupancy levels are expected to rise and that, coupled with the ongoing population growth is the source of an increasing need and demand for the rental housing. The outlook is stable and this should attract investors and provide on-going support for the subject as a restricted project with subsidies or as a market rate project.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (16) will be restricted to 50% or less of median income.

TCAC: 100% of the units (77) will be restricted to 45% at 45% or less of median income, 50% at 50% or less of median income, and 5% at 60% or less of median income for 9% tax credits.

236 Regulatory: 100% of the units (77) will be regulated for basic and market rents.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by Treadwell and Rollo dated July 14, 1999. A reliance letter has been requested from the Borrower. No environmental concerns were noted.

An asbestos and lead-based paint analysis and report is in process and not completed as of this date. Any asbestos and lead-based paint mitigation work will be incorporated into the final cost budget, and if necessary, an operations and maintenance plan will be required.

ARTICLE 34:

Goldfarb & Lipman have provided a letter dated August 10, 1999 indicating that the project falls within the safe harbor established by Section 37001(f) and are not "low rent housing projects" for the purposes of Article 34.

DEVELOPMENT TEAM:

A. Borrower's profile

Borrower will be a "to be formed" California limited partnership with Citizens Housing Corporation, a non-profit corporation ("Borrower"), of which Citizens Housing Corporation will be the managing general partner ("General Partner"), and AF Evans Development, Inc. will be a joint developer. AF Evans Development, Inc. will not be part of the final ownership structure.

Citizens Housing Corporation ("CHC") is a non-profit, public benefit corporation established in 1992 to increase and preserve affordable housing opportunities for low-income Californians. CHC currently has a portfolio of over 1,000 units throughout California valued at over $100 million.

B. Contractor

Branagh Construction, Inc. was founded in 1920 in the Bay Area and has remained a family owned and managed corporation. They are a fully service construction company specializing in multi-family affordable construction and rehabilitation. During the last seven years they have completed the construction or rehabilitation of fifteen multi-family affordable projects with over 1,200 units. Branagh construction is one of the oldest Bay Area builders.

C. Architect

Muller & Caulfield is a fourteen person, woman-owned firm located in Oakland, California. The firm was founded in 1976 and it is a full service architectural and engineering services entity.

D. Management Agent

In 1984, Evans Property Management, Inc. **("EPMI")** was formed to manage the growing number of rental projects developed by its parent company, A. F. Evans Company, Inc. Currently, EPMI manages 23 apartment projects containing 3,961 units, some of which are owned by third party owners. Given the wide range of locations, designs, and sizes of the projects developed by A. F. Evans Company, there is significant diversity to the projects managed by EPMI.

Project Summary

825

Date: 18-Oct-99

Project Profile:

Project :	**Oak Center I**	*Appmiser:*	Katheryn Sturgis-Bright	
Location:	1601 Market Street		Sturgis-Bright & Assoc.	
	Oakland	*Cap Rate:*		10.50%
ounty / Zip:	Alameda 94607	*Market:*	$	2,600,000
Borrower:	TBD	*Income:*	$	3,150,000
GP:	Citizens Housing	*Final Value:*	$	3,150,000
LP:	TBD			
		LTC/LTV:		
Program:	Taxable	*Loon / Cost*		29.0%
CHFA #:	99-022-N	***Loan / Value***		69.0%

Project Description:

Units	79
Handicap Units	
Bldge Type	Acq/Rehab
Buildings	8
Stories	2 & 3
Gross Sq Ft	71,951
Land Sq Ft	60,656
Units/ Acre	57
Total Parking	74
Covered Parking	44

Financing Summary:

	Amount	Per Unit	Rate	Term
First Mortgage	$2,	1	7.	30
Income from Op	$134.3 11	$1,744	0.00%	
Loan 5	$0	$0	0.00%	
HI	[illegible]	$4,000		
Developer Equity	[illegible]	$0		
Tax Credit Equity	$4,189,529	$54,409		
Deferred Developer Fe	$82,246	$1,068		
UD IRP-236	$603,207	$7 834	7 25%	11
HAI	$0	$0	0.00%	

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	656	15	45%	$495	$23,650
2 BR	911	9	45%	$621	$26,620
3 BR	1,166	6	45%	$716	$29,565
4 BR	1,377	5	45%	$794	$31,930
1 BR	656	17	50%	$495	$26,275
2 BR	911	10	50%	$675	$29,575
3 BR	1166	6	50%	$765	$32,850
4 BR	1377	6	50%	$810	$35,475
1 BR	656	1	60%	$495	$31,530
4 BR	1377	1	60%	$810	$42,570
2 BR	1100	1	Mgr	$0	N/A
		77			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	security
Commitment Fee	1.25%	of Loan Amount	$34,728	Cash
Finance Fee	1.25%	of Loan Amount	$34,728	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$57,102	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$359	Per Unit	$27,650	Operations
Initial Deposit to Repl. Reserve	$1,000	Lump sum	$79,000	Cash
Operating Transition Reserve	$2,850	Per Unit	$225,000	Standby Commit.

Sources and Uses — Oak Center I

SOURCES:

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	2,175,000	29.03%	30.23	28,247
HUD IRP-236	603,207	8.05%	8.38	7,834
CHFA HAT	0	0.00%	-	0
Income from Operations	134,311	1.79%	1.87	1,744
Loan 5	0	0.00%	-	0
Other Loans	308,000	4.11%	4.28	4,000
Total Institutional Financing	**3,220,518**	**42.98%**	**44.76**	**41,826**
Equity Financing				
Tax Credits	4,189,529	55.92%	58.23	54,409
Deferred Developer Equity	82,246	1.10%	1.14	1,068
Total Equity Financing	**4,271,775**	**57.02%**	**59.37**	**55,478**
TOTAL SOURCES	**7,492,293**	**100.00%**	**104.13**	**97,303**

USES:

	Amount	% of total	$ per sq ft	$ per unit
Acquisition	2,677,000	35.73%	37.21	34,766
Rehabilitation	2,815,000	37.57%	39.12	36,558
New Construction	0	0.00%	-	0
Architectual Fees	85,000	1.13%	1.18	1,104
Survey and Engineering	0	0.00%	-	0
Const. Loan Interest & Fees	298,497	3.98%	4.15	3,877
Permanent Financing	74,455	0.99%	1.03	967
Legal Fees	15,000	0.20%	0.21	195
Reserves	136,102	1.82%	1.89	1,768
Contract Costs	13,500	0.18%	0.19	175
Construction Contingency	435,450	5.81%	6.05	5,655
Local Fees	25,000	0.33%	0.35	325
TCAC/Other Costs	279,874	3.74%	3.89	3,635
PROJECT COSTS	**6,854,878**	**91.49%**	**95.27**	**89,024**
Developer Overhead/Profit	607,415	8.11%	8.44	7,889
Consultant/Processing Agent	30,000	0.40%	0.42	390
TOTAL USES	**7,492,293**	**100.00%**	**104.13**	**97,303**

Annual Operating Budget — Oak Center I

		% of total	$ per unit
INCOME:			
Total Rental Income	566,400	99.2%	7,356
Laundry	4,620	0.8%	60
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	**571,020**	**100.0%**	**7,416**
Less:			
Vacancy Loss	28,551	5.0%	371
Total Net Revenue	**542,469**	**98.0%**	**7,045**
EXPENSES:			
Payroll	71,435	14.2%	928
Administrative	52,491	10.4%	682
Utilities	50,303	10.0%	653
Operating and Maintenance	83,926	16.7%	1,090
Insurance and Business Taxes	25,821	5.1%	335
Taxes and Assessments	8,675	1.7%	113
Reserve for Replacement Deposits	27,650	5.5%	359
Subtotal Operating Expenses	**320,301**	**63.7%**	**4,160**
Financial Expenses			
Mortgage Payments (1st loan)	182,495	36.3%	2,370
Total Financial	**182,495**	**36.3%**	**2,370**
Total Project Expenses	**502,796**	**100.0%**	**6,830**

Cash Flow — Oak Center I — CHFA # 99-022-N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	566,400	580,560	595,074	609,951	625,200	640,830	656,850	673,272	690,103	707,356
TOTAL RENTAL INCOME	**566,400**	**580,560**	**595,074**	**609,951**	**625,200**	**640,830**	**656,850**	**673,272**	**690,103**	**707,356**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	4,620	4,736	4,854	4,975	5,100	5,227	5,358	5,492	5,629	5,770
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**4,620**	**4,736**	**4,854**	**4,975**	**5,100**	**5,227**	**5,358**	**5,492**	**5,629**	**5,770**
GROSS INCOME	**571,020**	**585,296**	**599,928**	**614,926**	**630,299**	**646,057**	**662,208**	**678,763**	**695,732**	**713,126**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	28,551	29,265	29,996	30,746	31,515	32,303	33,110	33,938	34,787	35,656
EFFECTIVE GROSS INCOME	**542,469**	**556,031**	**569,932**	**584,180**	**598,784**	**613,754**	**629,098**	**644,825**	**660,946**	**677,469**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	283,976	295,335	307,148	319,434	332,212	345,500	359,320	373,693	388,641	404,186
Replacement Reserve	27,650	27,650	27,650	27,650	27,650	29,033	29,033	29,033	29,033	29,033
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	8,675	8,849	9,025	9,206	9,390	9,578	9,769	9,965	10,164	10,367
TOTAL EXPENSES	**320,301**	**331,834**	**343,824**	**356,290**	**369,252**	**384,111**	**398,122**	**412,690**	**427,837**	**443,586**
NET OPERATING INCOME	**222,168**	**224,197**	**226,108**	**227,889**	**229,532**	**229,643**	**230,976**	**232,135**	**233,108**	**233,883**
DEBT SERVICE										
CHFA - 1st Mortgage	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495
CHFA - Bridge	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**39,673**	**41,702**	**43,613**	**45,394**	**47,037**	**47,148**	**48,461**	**49,640**	**50,613**	**51,388**
DEBT COVERAGE RATIO	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**	**1.26**	**1.27**	**1.27**	**1.28**	**1.28**

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Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	725,040	743,166	761,745	780,789	800,308	820,316	840,824	861,845	883,391	905,475
TOTAL RENTAL INCOME	**725,040**	**743,166**	**761,745**	**780,789**	**800,308**	**820,316**	**840,824**	**861,845**	**883,391**	**905,475**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	5,914	6,062	6,213	6,369	6,528	6,691	6,858	7,030	7,206	7,386
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**5,914**	**6,062**	**6,213**	**6,369**	**6,528**	**6,691**	**6,858**	**7,030**	**7,206**	**7,386**
GROSS INCOME	**730,954**	**749,228**	**767,958**	**787,157**	**806,836**	**827,007**	**847,682**	**868,874**	**890,596**	**912,861**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	36,548	37,461	38,398	39,358	40,342	41,350	42,384	43,444	44,530	45,643
		0								
EFFECTIVE GROSS INCOME	**694,406**	**711,766**	**729,561**	**747,800**	**766,495**	**785,657**	**805,298**	**825,431**	**846,067**	**867,218**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	420,354	437,168	454,655	472,841	491,755	511,425	531,882	553,157	575,283	598,295
Replacement Reserve	30,484	30,484	30,484	30,484	30,484	32,008	32,008	32,008	32,008	32,008
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	10,575	10,786	11,002	11,222	11,446	11,675	11,909	12,147	12,390	12,638
TOTAL EXPENSES	**461,413**	**478,438**	**496,141**	**514,547**	**533,685**	**555,108**	**575,799**	**597,312**	**619,682**	**642,941**
NET OPERATING INCOME	**232,993**	**233,328**	**233,420**	**233,252**	**232,809**	**230,548**	**229,499**	**228,118**	**226,385**	**224,277**
DEBT SERVICE										
CHFA - 1st Mortgage	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495
CHFA - Bridge	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**50,498**	**50,833**	**50,925**	**50,757**	**50,314**	**48,053**	**47,004**	**45,623**	**43,890**	**41,782**
DEBT COVERAGE RATIO	**1.28**	**1.28**	**1.28**	**1.28**	**1.28**	**1.26**	**1.26**	**1.25**	**1.24**	**1.23**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	928,112	951,315	975,098	999,475	1,024,462	1,050,074	1,076,326	1,103,234	1,130,815	1,159,085
TOTAL RENTAL INCOME	**928,112**	**951,315**	**975,098**	**999,476**	**1,024,462**	**1,050,074**	**1,076,326**	**1,103,234**	**1,130,815**	**1,159,085**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	7,570	7,760	7,954	8,153	8,356	8,565	8,779	8,999	9,224	9,454
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**7,570**	**7,760**	**7,954**	**8,153**	**8,356**	**8,565**	**8,779**	**8,999**	**9,224**	**9,454**
GROSS INCOME	**935,683**	**959,075**	**983,052**	**1,007,628**	**1,032,819**	**1,058,639**	**1,085,105**	**1,112,233**	**1,140,039**	**1,168,540**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	46,784	47,954	49,153	50,381	51,641	52,932	54,255	55,612	57,002	58,427
EFFECTIVE GROSS INCOME	**888,899**	**911,121**	**933,899**	**957,247**	**981,178**	**1,005,707**	**1,030,850**	**1,056,621**	**1,083,037**	**1,110,113**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	622,226	647,115	673,000	699,920	727,917	757,034	787,315	818,807	851,560	885,622
Replacement Reserve	33,609	33,609	33,609	33,609	33,609	35,289	35,289	35,289	35,289	35,289
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	12,891	13,148	13,411	13,680	13,953	14,232	14,517	14,807	15,103	15,405
TOTAL EXPENSES	**668,726**	**693,873**	**720,020**	**747,208**	**775,479**	**806,555**	**837,121**	**868,904**	**901,952**	**936,317**
NET OPERATING INCOME	**220,173**	**217,249**	**213,879**	**210,038**	**205,699**	**199,152**	**193,729**	**187,717**	**181,084**	**173,796**
DEBT SERVICE										
CHFA - 1st Mortgage	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495	182,495
CHFA - Bridge	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**37,678**	**34,754**	**31,384**	**27,543**	**23,204**	**16,657**	**11,234**	**5,222**	**(1,411)**	**(8,699)**
DEBT COVERAGE RATIO	**1.21**	**1.19**	**1.17**	**1.15**	**1.13**	**1.09**	**1.06**	**1.03**	**0.99**	**0.95**

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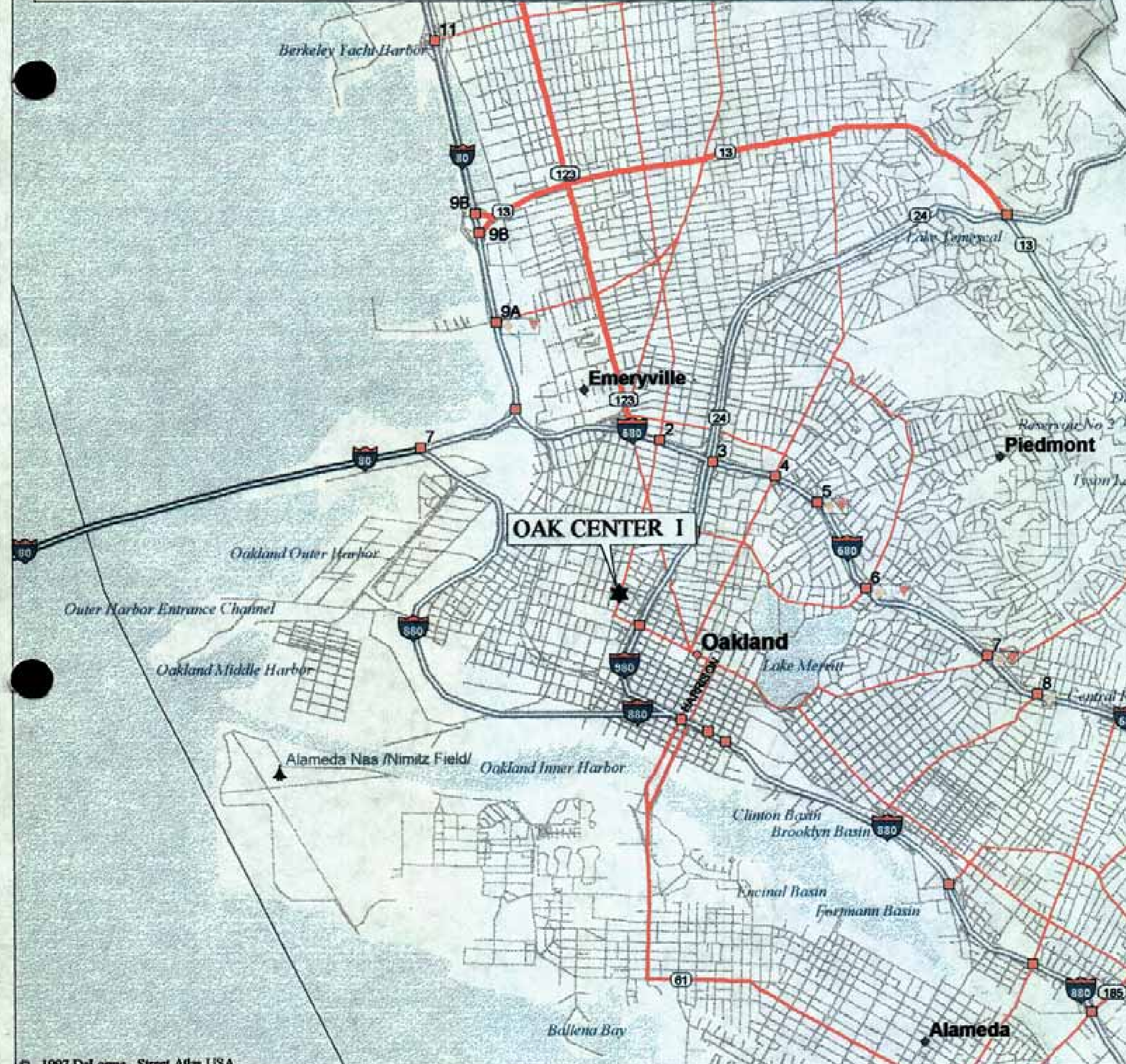
OAK CENTER I Apts - Oakland (Regional) 832

OAK CENTER I Apartments - Oakland (local)



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Mag 13.00
Wed Oct 20 10:36 1999
Scale 1:62,500 (at center)

1 Miles

2 KM

Local Road	Small Town
Major Connector	Large City
State Route	Exit/Gas
Primary State Route	Exit/Lodging
Interstate/Limited Access	Exit/Food
Toll Highway	City
Exit	Military Airport
Railroad	County Boundary

RESOLUTION 99-31

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Citizen's Housing Corporation, a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's Taxable Loan Program for mortgages in the mortgage amounts described herein, the proceeds of which are to be used to finance a 77-unit multifamily housing development located in the City of Oakland to be known as Oak Center I Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME / LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
99-022-N	Oak Center I Apartments **Oakland/Alameda**	77	$2,175,000 $ 603,207 (IRP)

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

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3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-31 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:_______________
Secretary

Executive Summary

Date: 18-Oct-99

Project Profile:

Project :	Playa Del Alameda	*Borrower:*	TBD
Location:	716 Central Ave.	GP:	AF Evans/Trinity Housing
City:	Alameda	*LP:*	TBD
County:	Alameda	*Program:*	Tax-Exempt
Type:	Family	*CHFA# :*	99-018-N

Financing Summary

	Final	Per unit
CHFA First Mortgage	$3,175,000	$79,375
Seller's Credit	$200,000	$5,000
Loan 5	$0	$0
Other Loans	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$92,179	$2,304
Tax Credits	$1,221,465	$30,537
CHFA Bridge	$0	$0
CHFA HAT	$500,000	$12,500

Loan to Value 58.8%

Loan to Cost 61.2%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	786	5	50%	$672	$29,575
3 BR	980	4	50%	$738	$32,850
2 BR	786	17	60%	$832	$35,490
3 BR	980	14	60%	$948	$39,420
		40			

Index:

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Playa del Alameda

CHFA Ln. # 99-018-N

SUMMARY:

This is a final commitment request for two loans totaling $3,675,000. The first mortgage is in the amount of **$3,175,000** for thirty years and the second is a HAT loan in the amount of **$500,000** for thirty years. Once the Standby Operating Account is funded with surplus cash, principal paydowns from residual receipts occur for the HAT loan in years **3** through **5.** The HAT loan is re-amortized after each principal paydown and in year 6, the remaining balance is amortized over the remaining **25** years of the term. The proposed acquisition/rehabilitation project is a 40-unit family project located at 716 Central Avenue in Alameda in Alameda County.

LOAN TERMS:

1st Mortgage Amount:	**$3,175,000**
Interest Rate:	6.20%
Term:	30 Year fixed, Fully amortized
Financing:	Tax-Exempt
HAT Loan:	**$500,000**
Interest Rate:	**7.00%**
Term:	Fully amortized over **30** years.
Financing:	Taxable
Standby Operating Commitment:	**$150,000** - Residual Receipts

Surplus cash not Residual Receipts

SECTION 8 CONVERSION:

Current Status. There **is** no locality funding on this project, but the project is under the Section **8** Project-Based Housing Assistance Payment *("HAP")* program. Tenants pay a maximum of **30%** of their medium income towards rent and utilities. HUD pays the owner of the project the difference between the HAP contract rent and the tenant's contribution. The ***HAP*** contract expires in June, **2003.** The current HUD rental rates are

$1,023 for the two–bedroom units; $1,093 for the two-bedroom handicapped units and $1,123 for the three-bedroom units

Conversion Scenario. There are a number of potential scenarios that could occur at the termination of the existing HAP contract. A complete termination of the Section 8 subsidy would require a conversion of tenant rents to the 50% and 60% of median income rents reflected in the loan underwriting. Existing tenants would generally be unable to pay this increased rent without the benefit of a replacement subsidy. Given the uncertainty of the HAP contracts continuing after expiration, staff is requiring a transition account be established to subsidize project costs in the event the tenant profile changes from Section 8 to a traditional tax-exempt bond/tax credit rent structure.

The following scenario is contemplated:

- Funding of $150,000 in a Standby Operating Account as a first claim of excess funds and to cover any debt service shortfall during the transition period.
- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewals of the HAP contracts or vouchers
- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to 50% and 60% of median income, or at the discretion of the Agency.
- Should Section 8 HAP contracts or tenant vouchers remain in place, CHFA and Trinity Housing Foundation will agree to a date, after which time the Standby Operating Account will be released and returned to the Borrower.

PROJECT DESCRIPTION:

A. Site Design

The project is zoned R-5 PD (Residential Planned Development) and is a conforming use. There are twenty, two-story garden-style apartment buildings containing 40 rental units on a relatively flat 2.2 acre site. The ground floor units in 18 of the buildings are three-bedroom floor plans with the main two-bedroom units on the second level. The other two buildings contain the two-bedroom handicap equipped unit on the ground floor and the standard two-bedroom unit on the second floor. There is also a 172 square foot building that includes the laundry room and the manager's office. The project was built in 1983 and is approximately 16 years old.

There are 20 two-bedroom, one-bath units that are 786 square feet in size and 2 handicapped accessible two-bedroom, one-bath units that are 980 square feet in size.

There are also 18 three-bedroom, one and one half-bath units that are 848 square feet large. On-site amenities include a tot lot, benches throughout the project and laundry facilities. There are 60 open parking spaces. Two of the spaces are designated for handicapped use, none of which are reserved for vans.

B. Project Location

The project is located on the south side of Central Avenue, a four-lane thoroughfare, just east of the intersection with Webster Street in the western end of Alameda. Access to the project is by Garden Way, a small street to the south side of Central Avenue.

Both sides of Webster Street are improved with old and new retail commercial and residential structures. The College of Alameda is at the northwest comer of Webster street and Atlantic Avenue. Webster Street connects to the Webster Street and Posey tubes, which provide access to the city of Oakland. These tubes are approximately 1 ½ miles north of the project. According to the City of Alameda Consolidated Plan adopted in April 1995, a City Hall Annex is being considered in the Webster Street area to provide easier access to city services and to contribute to upgrading the area's overall appearance and economic vitality.

To the east of the project is a school and playground. To the north are single and multifamily housing, fast food restaurants and small service commercial facilities. To the immediate west and northeast of the project are large condominium projects with individually owned units. An older apartment complex is north of the project and on the other side of the condominium project. Washington Park, a public city park is to the east of the project and the Robert Crown Memorial State Beach is south of the project with the San Francisco Bay on the south end of the state park.

C. Rehabilitation Work and Improvements

The Physical Needs Assessment ("PNA") was prepared by EMG on June 22, 1999. Until recently, little renovation had been done to the project. However, during the last year the project has had an active capital improvement program including new second floor decks, new sliding glass doors, new water heaters and new appliances.

According to the current property management personnel, residential units have been renovated as tenants move. The renovation inside the units consists of floor finish cleaning or replacement, interior painting, general cleaning, new stoves, refrigerators and repair or replacement of damaged items. Approximately 40% of kitchen appliances, 100% of the HVAC units and 75% of the water heaters are still original.

According to the PNA, immediate expenditures include: creating handicapped accessible parking stalls, signage and access that meet ADA compliance; cleaning storm drains; grading to reduce ponding at some units and to direct the water to the storm drain inlets; new site fencing; new siding on exterior walls below the ground floor living room windows; immediate replacement of some exterior windows and; replacing damaged drywall around the windows and the ceilings of ground floor units and around the exterior storage closets; replacing disconnected bathroom exhaust fans and three water heaters. Immediate repair cost estimates for the items listed above are $581,287 to $831,287. The replacement reserve needed over the life of the loan totals $580,076.

Precision General Contractors Inc. provided a preliminary budget estimate in September, 1999 for the proposed improvement in the amount of $635,720 which did not include any replacement reserve. A 15% contingency has been added by CHFA for hard cost contingency and a 5% contingency has been added to cover soft cost contingencies.

In addition to interior upgrades and improvements, the Borrower intends to remove all siding, exterior sheathing and insulation, repair all dry rot, replace sheathing and insulation and install a more durable siding material such as Hardiplank.

D.. Relocation

The Borrower does not contemplate any relocation costs because the interior rehabilitation work will be completed as units are vacated. However, knowing that unanticipated costs do arise and some unexpected temporary displacement of tenants may occur, $25,000 has been set aside to cover any tenant relocation costs. As part of the development process, the developer will be notifying the residents as to the general nature and length of the rehabilitation work proposed, and their rights per the Uniform Relocation Act and Real Property Acquisition Act of 1970.

MARKET:

A. Market Overview

The rental market in the Bay Area has been one of the strongest markets in the country. High demand, well paying jobs, and housing costs at roughly twice the national average have kept the apartment vacancies low.

Alameda was first settled in the late 1800's, incorporated in 1884 and obtained its city charter from the State of California in 1937. It is located on two islands directly west of Oakland and approximately twelve miles east of San Francisco. Alameda is accessible by four bridges, a tunnel, railroad and ferry service to all parts of the Bay Area. Alameda is part of Alameda County, one of the nine counties frequently referred to as the Bay Area Counties.

The population for Alameda County in 1998 was 1.4 million and the population in Alameda was 73,100 in 1999. While much of the Bay Area has grown, the population in Alameda declined 5% from 76,700 inhabitants in 1997. This was most likely due to the closure of the U.S. Naval Air Station, now known as Alameda Point. A modest rate of growth is anticipated through 2005 as Alameda Point transitions through the economy and technological companies continue the trend to a high technology, manufacturing based economy.

Alameda is a predominately residential community with commercial development along the major traffic roads. Most of Alameda consists of older homes built in the first half of this century, although the southern island portion is developed with modem townhomes, condominiums and single family neighborhoods. Alameda Point occupies much of the northern portion of the island and most industrial development is along the estuary in the eastern section of Alameda. Alameda's employment base has been impacted by the Navel Air Station closure. The local government is reviewing a number of revitalization/privatization proposals to create new jobs and housing for Alameda.

The Business and Waterfront Improvement Project (BWIP) encompassing more than 700 acres has been designated as a redevelopment area. The BWIP includes park and Webster Street business districts, two neighborhood commercial districts along Lincoln Avenue and most of the estuary waterfront. The project is just south of the BWIP.

B. Market Demand

The primary market area for this project is Alameda. Alameda has been successful in attracting the high technology business market and their employees. Over 48% of the household in Alameda have annual incomes over $50,000. The average household income in Alameda is *$68,500.* Over 200 high-tech businesses are located through Alameda. With the conversion of Alameda point to private and commercial use, this trend is expected to continue. Unemployment in Alameda is currently at 3.1%.

There are 14,800 rental units in Alameda and the median value of owner occupied property is $280,000. Rents in Alameda have increased steadily since 1996 and vacancy rates are less than 3%.

Percentage of [illegible] Households by I[illegible]

Location	0-50% AMI	51-80% AMI	81%+ AMI
Alameda	7.248	5,838	17,289

There are between 2,000-3,000 households out of an estimated 30,375 total households at any time on the waiting list for housing with the Housing Authority of the City of Alameda ("The Housing Authority). The typical waiting period is three years. The Housing Authority continues to receive an estimated 100 inquiries a week regarding affordable housing, but they have closed their waiting list to further applicants. The subject project is *98%* occupied and has a waiting list of forty-one families.

845

C. Housing Supply

There are no new market rate apartment projects planned or under construction in the Alameda area. Measure **A,** passed by voters in 1979 precludes any new multi-family apartment construction, except for those owned and/or managed by the City of Alameda Housing Authority. Construction of duplexes and single family residences are still permitted. New construction in the surrounding area is limited to single family detached homes in the Marina Village project and at Alameda Point.

The appraisal/market study compared the project to five apartment projects in Alameda, four market-rate and one Section **8** project, in his review of the market area. All five projects are older than the subject project and have two bedroom units that are larger. Only one of the projects, Harbor Island, the other Section **8** project, has three bedroom units. Four of the projects have occupancy rates between 988-1008; only Neptune Court which has the highest rents of all five projects and only **40** units has a vacancy rate of **95%** which equates to **2** vacancies.

In addition to market rate units, there are approximately **8,205** HUD Section **8** units in Alameda County, a total of which **1,200** units are located Alameda. The Section 8 projects in Alameda are fully leased. The City of Alameda Housing Authority operates one public housing complex, Esperanza, which includes **120** units. They **also** manage 347 subsidized units at scattered locations throughout Alameda.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Section 8	Mkt. Rate Avg.	Difference	Percent
Two bedroom					
50%	$672	$1,023	$1,100	$428	61%
60%	$738			$362	67%
***Three* Bedroom**					
50%	$820	$1,123	$1,350	$530	61%
60%	$943			$407	70%

B. Estimated Lease-Up Period

The project has existing Section **8** tenants and minimal disruption is contemplated to the tenant by rehabilitation. The market is currently strong and normal turnover is expected. The project benefits from its location near recreational/park areas, nearby commercial facilities and the Webster Street and Foley tubes. The townhouse style of the units is appealing and with the planned rehabilitation the project will be even more attractive.

OCCUPANCY RESTRICTIONS:

CHFA:	20% of the units (8) will be restricted to *50%* or less of median income.
TCAC:	100% of the units (40) will be restricted to 60% or less of median income.
HUD Sec. 8:	100% of the units (40) will be restricted to 30% or less of median income.

Note: The HUD ***HAP*** contract expires in June 2003.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by PIERS Environmental Services, Inc. and dated May 1999. No adverse conditions were noted. A Letter of Reliance dated July 28, 1999 was issued to CHFA from PIERS Environmental Services, Inc.

ARTICLE 34:

A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's profile

The limited partnership (to be formed) will include Trinity Housing Foundation, a California nonprofit public benefit corporation ("Trinity") as the Managing General Partner. A.F. Evans Company Inc., a California Corporation ("A.F. Evans") will be the Administrative General Partner. A.F. Evans has developed 35 projects with a total of 4,671 units. Another four projects with 370 units are under construction and 11 projects with a total of 2,768 units are in the design/planning stages.

Trinity was founded in 1997 *to* promote and facilitate the preservation and expansion of affordable and senior housing. Trinity is based in Walnut Creek, California.

B. Contractor

The Borrower is negotiating a contract with Precision General Contractor Inc. ("Precision"). Precision is a national construction company with offices in Texas, California and Missouri. It was founded in 1990 in Oregon, but is now headquartered in Sausalito, California. Precision specializes in the construction and rehabilitation of apartment buildings, including affordable housing. To date, they have served as the general contractor on 19 projects with a total of 28,000 units and they are currently the general contractor on 3 affordable housing rehabilitation projects in California.

C. Architect

The scope of rehabilitation work does not warrant an architect. A.F. Evans will supervise the rehabilitation work.

D. Management Agent

Evans Property Management, Inc., a subsidiary of A.F. Evans will manage the project. Evans Property Management, Inc. was formed in 1984 to manage projects developed by A.F. Evans. They currently manage 24 projects with 3,961 units. Included in this number are 8 projects with a total of 723 units with CHFA financing.

Project Summary

848 Date: 18-Oct-99

Project Profile:

Project :	Playa Del Alameda	*Appraiser:*	Chris Carneghi
Location:	716 Central Ave.		Carneghi-Bautovich
	Alameda	*Cap Rote:*	6.75%
County / Zip:	Alameda 94501	*Market:*	$ 5,400,000
Borrower:	TBD	*Income:*	$ 5,510,000
GP:	AF Evans/Trinity Housing	***Final Value***	$ 5,400,000
LP:	TBD		
		LTC/LTV:	
Program:	Tax-Exempt	*Loan / Cost*	61.2%
CHFA #:	99-018-N	*Loan / Value*	58.8%

Project Description:

Units	40
Handicap Units	2
Bldge Type	Acq
Buildings	20
stories	2
Gross Sq Ft	37,217
Land Sq Ft	96,862
Units / Acre	18
Total Parking	60
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$3,175,000	$79,375	6.20%	30
Seller's Credit	$200,000	$5,000	0.00%	-
Loan 5	$0	$0	0.00%	-
Other Loans	$0	$0		
Developer Equity	$0	$0		
Tax Credit Equity	$1,221,465	$30,537		
Deferred Developer Fee	$92,179	$2,304		
CHFA Bridge	$0	$0	0.00%	-
CHFA HAT	$500,000	$12,500	7.00%	30

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2BR	786	5	50%	$672	$29,575
3BR	980	4	50%	$738	$32,850
2BR	786	17	60%	$832	$35,490
3BR	980	14	60%	$948	$39,420
		40			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	security
Commitment Fee	1.25%	of Loan Amount	$39,688	Cash
Finance Fee	1.25%	of Loan Amount	$39,688	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$31,750	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$53,264	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$483	Per Unit	$19,335	Operations
Initial Deposit to Repl. Res.		Lump sum	$40,000	Cash
Standby Operating Account		Lump Sum	$150,000	Operations

Sources and Uses — Playa Del Alameda

SOURCES:

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	3,175,000	61.19%	85.31	79,375
CHFA Bridge	0	0.00%		0
CHFA HAT	500,000	9.64%	13.43	12,500
Seller's Credit	200,000	3.85%	5.37	5,000
Loan 5	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Total Institutional Financing	3,875,000	74.68%	104.12	96,875
Equity Financing				
Tax Credits	1,221,465	23.54%	32.82	30,537
Deferred Developer Equity	92,179	1.78%	2.48	2,304
Total Equity Financing	1,313,644	25.32%	35.30	32,841
TOTAL SOURCES	5,188,644	100.00%	139.42	129,716

USES:

Acquisition	3,796,347	73.17%	102.01	94,909
Rehabilitation	633,720	12.21%	17.03	15,843
New Construction	0	0.00%	-	0
Architectual Fees	18,900	0.36%	0.51	473
Survey and Engineering	15,700	0.30%	0.42	393
Const. Loan Interest & Fees	55,913	1.08%	1.50	1,398
Permanent Financing	84,875	1.64%	2.28	2,122
Legal Fees	27,500	0.53%	0.74	688
Reserves	93,264	1.80%	2.51	2,332
Contract Costs	11,500	0.22%	0.31	288
Construction Contingency	105,520	2.03%	2.84	2,638
Local Fees	7,000	0.13%	0.19	175
TCAC/Other Costs	66,580	1.28%	1.79	1,665
PROJECT COSTS	4,916,819	94.76%	132.11	122,920
Developer Overhead/Profit	121,825	2.35%	3.27	3,046
Consultant/Processing Agent	150,000	2.89%	4.03	3,750
TOTAL USES	5,188,644	100.00%	139.42	129,716

Annual Operating Budget — Playa Del Alameda

		% of total	$ per unit
INCOME:			
Total Rental Income	528,516	99.2%	13,213
Laundry	4,128	0.8%	103
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	**532,644**	**100.0%**	**13,316**
Less:			
Vacancy Loss	20,443	3.8%	511
Total Net Revenue	**812,201**	**96.2%**	**12,805**
EXPENSES:			
Payroll	34,394	9.0%	860
Administrative	28,800	7.5%	720
Utilities	7,340	1.9%	184
Operating and Maintenance	36,016	9.4%	900
Insurance and Business Taxes	12,913	3.4%	323
Taxes and Assessments	9,972	2.6%	249
Reserve for Replacement Deposits	19,335	5.1%	483
Subtotal Operating Expenses	**148,770**	**38.9%**	**3,719**
Financial Expenses			
Mortgage Payments (1st loan)	233,351	61.1%	5,834
Total Financial	**233,351**	**61.1%**	**5,834**
Total Project Expenses	**382,121**	**100.0%**	**9,653**

Cash Flow Playa Del Alameda CHFA # 99-018-N

RENTAL INCOME	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Market Rent Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	123,780	125,637	127,521	129,434	131,376	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	404,736	410,807	416,969	423,224	429,572	465,557	477,196	489,126	501,354	513,888
TOTAL RENTAL INCOME	**528,516**	**536,444**	**544,490**	**552,658**	**560,948**	**465,557**	**477,196**	**489,126**	**501,354**	**513,888**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	4,128	4,231	4,337	4,445	4,557	4,670	4,787	4,907	5,030	5,155
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**4,128**	**4,231**	**4,337**	**4,445**	**4,557**	**4,670**	**4,787**	**4,907**	**5,030**	**5,155**
GROSS INCOME	**532,644**	**540,675**	**548,827**	**557,103**	**565,504**	**470,227**	**481,983**	**494,033**	**506,384**	**519,043**
Vacancy Rate : Market	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	20,443	20,752	21,065	21,383	21,706	23,511	24,099	24,702	25,319	25,952
EFFECTIVE GROSS INCOME	**512,201**	**519,923**	**527,762**	**535,720**	**543,798**	**446,716**	**457,884**	**469,331**	**481,064**	**493,091**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	125,823	130,856	136,090	141,534	147,195	153,083	159,206	165,574	172,197	179,085
Replacement Reserve	19,335	19,335	19,335	19,335	19,335	20,302	20,302	20,302	20,302	20,302
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	3,612	3,684	3,758	3,833	3,910	3,988	4,068	4,149	4,232	4,317
TOTAL EXPENSES	**148,770**	**153,875**	**159,183**	**164,702**	**170,440**	**177,373**	**183,576**	**190,025**	**196,731**	**203,704**
NET OPERATING INCOME	**363,431**	**366,048**	**368,579**	**371,018**	**373,358**	**269,343**	**274,308**	**279,306**	**284,333**	**289,367**
DEBT SERVICE										
CHFA - 1st Mortgage	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351
CHFA Bridge Loan	0	0	0	0	0					
CHFA HAT Loan	40,293	40,293	40,293	33,846	27,120	20,850	20,850	20,850	20,850	20,850
CASH FLOW after debt service	**89,787**	**92,404**	**94,935**	**103,821**	**112,887**	**15,143**	**20,108**	**25,105**	**30,132**	**35,167**
DEBT COVERAGE RATIO	**1.56**	**1.57**	**1.58**	**1.59**	**1.60**	**1.06**	**1.08**	**1.10**	**1.12**	**1.14**
Standby Account (from DS)	70,000	70,000	10,000	0	0	0	0	0	0	0
Balance of Standby Account	70,000	140,000	150,000	150,000	150,000					
Paydown of HAT Balance			62,000	80,000	90,000					
Cashflow Remaining	19,787	22,404	22,935	23,821	22,887					

Cash Flow

RENTAL INCOME	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Market Rent Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	526,735	539,903	553,401	567,236	581,417	595,952	610,851	626,122	641,775	657,820
TOTAL RENTAL INCOME	**526,735**	**539,903**	**553,401**	**567,236**	**581,417**	**595,952**	**610,851**	**626,122**	**641,775**	**657,820**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	5,284	5,416	5,552	5,690	5,833	5,979	6,128	6,281	6,438	6,599
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**5,284**	**5,416**	**5,552**	**5,690**	**5,833**	**5,979**	**6,128**	**6,281**	**6,438**	**6,599**
GROSS INCOME	**532,019**	**545,320**	**558,953**	**572,927**	**587,250**	**601,931**	**616,[illegible]**	**632,404**	**648,214**	**664,419**
Vacancy Rate : Market	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	26,601	27,266	27,948	28,646	29,362	30,097	30,849	31,620	32,411	33,221
EFFECTIVE GROSS INCOME	**505,418**	**518,054**	**531,005**	**544,280**	**557,887**	**571,834**	**586,130**	**600,783**	**615,803**	**631,198**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	186,249	193,699	201,447	209,505	217,885	226,600	235,664	245,091	254,894	265,090
Replacement Reserve	21,317	21,317	21,317	21,317	21,317	21,317	22,383	22,383	22,383	22,383
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	4,403	4,491	4,581	4,673	4,766	4,861	4,959	5,058	5,159	5,262
TOTAL EXPENSES	**211,969**	**219,507**	**227,344**	**235,494**	**243,968**	**252,778**	**263,005**	**272,531**	**282,436**	**292,735**
NET OPERATING INCOME	**293,450**	**298,547**	**303,661**	**308,786**	**313,920**	**319,056**	**323,125**	**328,252**	**333,367**	**338,463**
DEBT SERVICE										
CHFA - 1st Mortgage	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351
CHFA Bridge Loan										
CHFA HAT Loan	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850
CASH FLOW after debt service	**39,249**	**44,346**	**49,460**	**54,586**	**59,719**	**64,855**	**68,924**	**74,052**	**79,167**	**84,263**
DEBT COVERAGE RATIO	**1.15**	**1.17**	**1.19**	**1.21**	**1.23**	**1.26**	**1.27**	**1.29**	**1.31**	**1.33**
Standby Account (from DS)	0	0	0	0	0	0	0	0	0	0
Balance of Standby Account										
Paydown of HAT Balance										
Cashflow Remaining										

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Cash Flow

RENTAL INCOME	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Market Rent Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	674,265	691,122	708,400	726,110	744,263	762,869	781,941	801,490	821,527	842,065
TOTAL RENTAL INCOME	**674,265**	**691,122**	**708,400**	**726,110**	**744,263**	**762,869**	**781,941**	**801,490**	**821,527**	**842,065**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	6,764	6,933	7,107	7,284	7,466	7,653	7,844	8,041	8,242	8,448
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**6,764**	**6,933**	**7,107**	**7,284**	**7,466**	**7,653**	**7,844**	**8,041**	**8,242**	**8,448**
GROSS INCOME	**681,030**	**698,055**	**715,507**	**733,394**	**751,729**	**770,522**	**789,786**	**809,530**	**829,768**	**850,513**
Vacancy Rate : Market	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	34,051	34,903	35,775	36,670	37,586	38,526	39,489	40,477	41,488	42,526
EFFECTIVE GROSS INCOME	**646,978**	**663,153**	**679,731**	**696,725**	**714,143**	**731,996**	**750,296**	**769,054**	**788,280**	**807,987**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	275,694	286,721	298,190	310,118	322,523	335,424	348,840	362,794	377,306	392,398
Replacement Reserve	22,383	23,502	23,502	23,502	23,502	23,502	24,677	24,677	24,677	24,677
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	5,367	5,475	5,584	5,696	5,810	5,926	6,044	6,165	6,289	6,414
TOTAL EXPENSES	**303,444**	**315,698**	**327,276**	**339,315**	**351,834**	**364,851**	**379,562**	**393,636**	**408,271**	**423,489**
NET OPERATING INCOME	**343,534**	**347,455**	**352,455**	**357,409**	**362,309**	**367,145**	**370,734**	**375,417**	**380,009**	**384,498**
DEBT SERVICE										
CHFA - 1st Mortgage	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351	233,351
CHFA Bridge Loan										
CHFA HAT Loan	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850	20,850
CASH FLOW after debt service	**89,334**	**93,254**	**98,255**	**103,208**	**108,108**	**112,944**	**116,534**	**121,217**	**125,808**	**130,297**
DEBT COVERAGE RATIO	**1.35**	**1.37**	**1.39**	**1.41**	**1.43**	**1.44**	**1.46**	**1.48**	**1.49**	**1.51**
Standby Account (from DS)	0	0	0	0	0	0	0	0	0	0
Balance of Standby Account										
Paydown of HAT Balance										
Cashflow Remaining										

PLAYA DEL ALAMEDA - Alameda (Regional)

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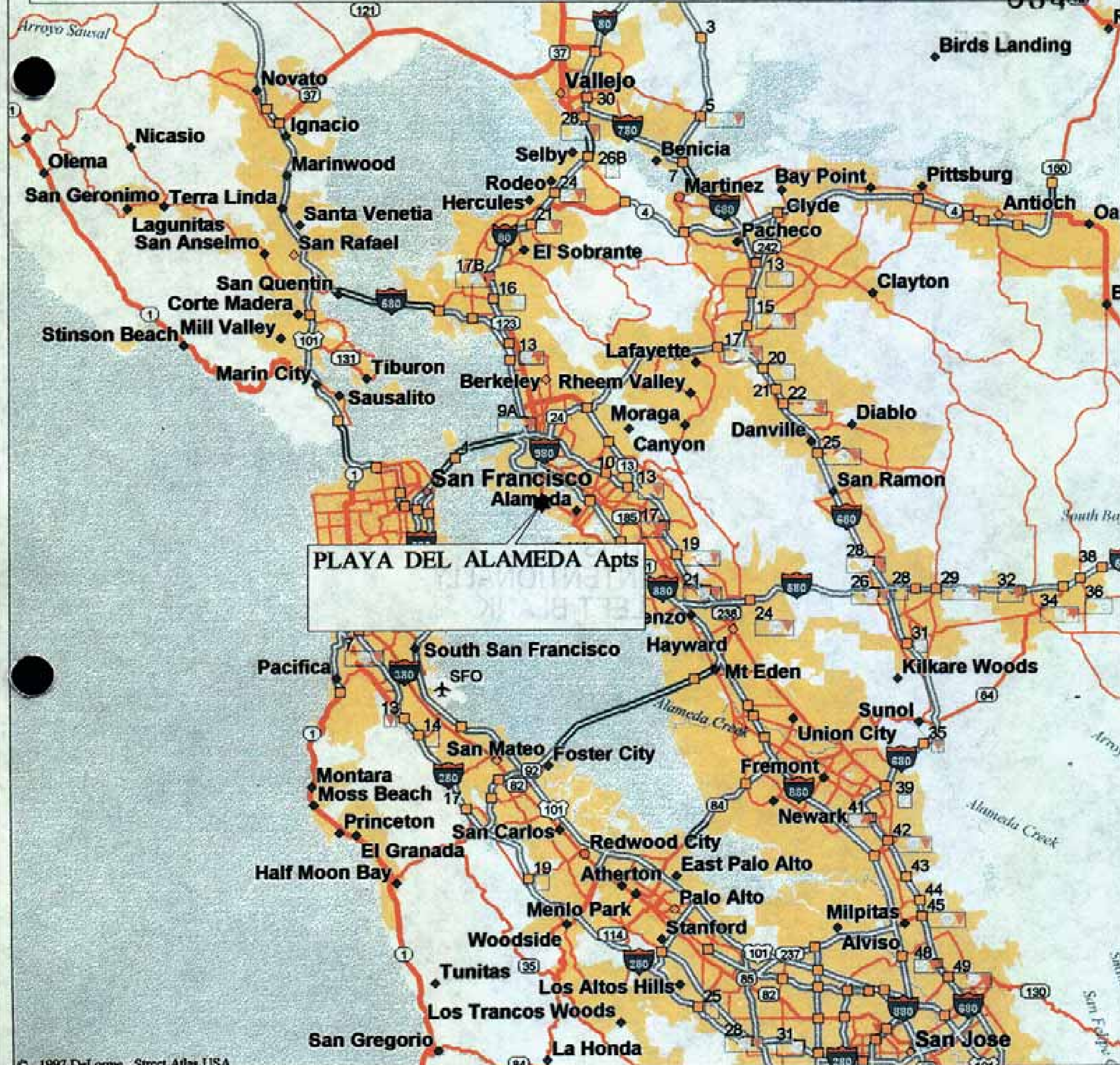


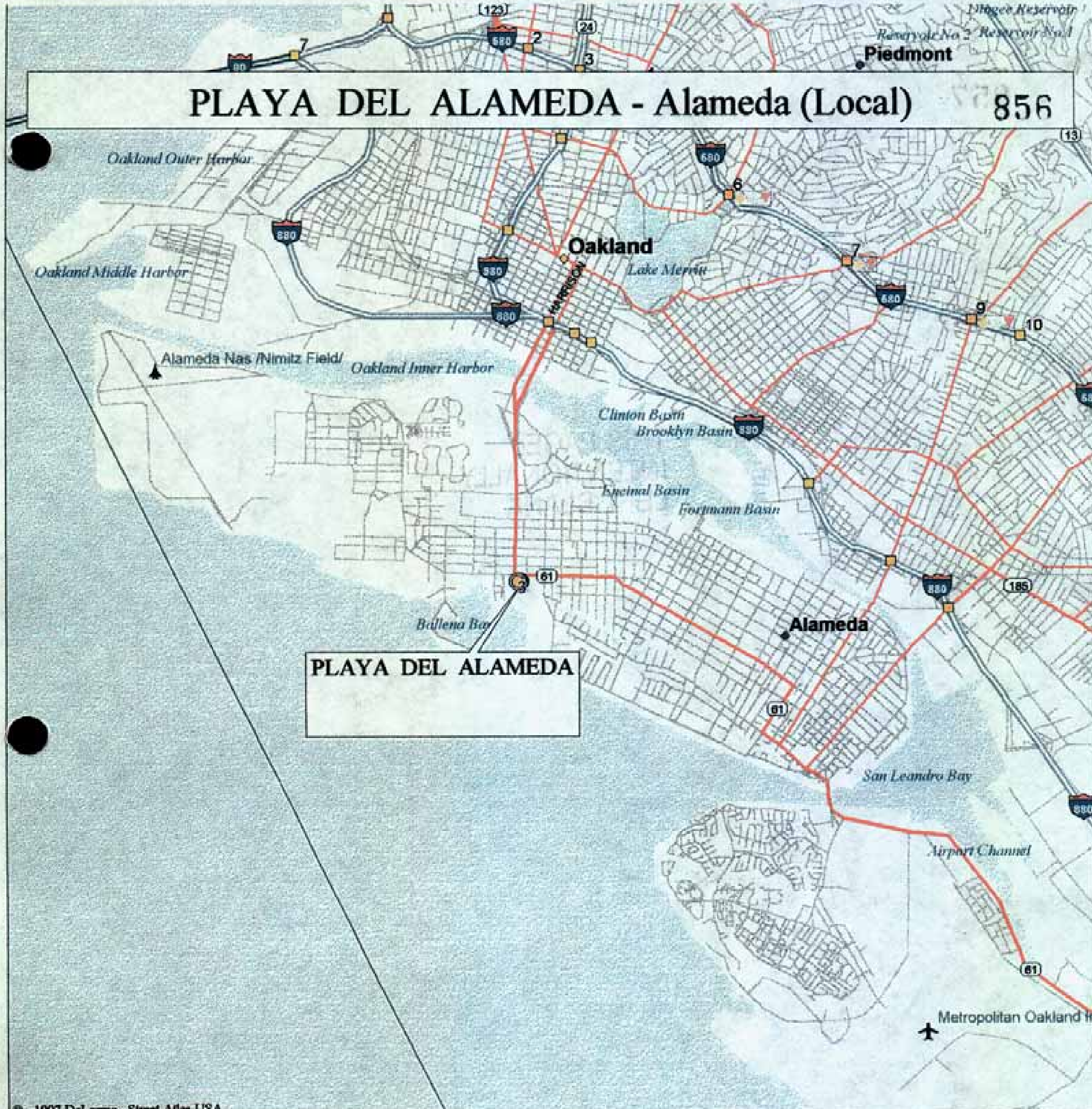
Mag 10.00
Thu Oct 21 08:39 1999
Scale 1:500,000 (at center)

10 Miles

10 KM

- Major Connector
- State Route
- Primary State Route
- Interstate/Limited Access
- Toll Highway
- US Highway
- Rest Area with facilities
- Exit
- County Seat
- Small Town
- Large City
- Exit/Gas
- Exit/Lodging
- Exit/Food
- Mega City
- City

PLAYA DEL ALAMEDA - Alameda (Local) 856



Mag 13.00
Thu Oct 21 09:00 1999
Scale 1:62,500 (at center)
1 Miles
2 KM

Local Road	Small Town
Major Connector	Large City
State Route	Sched Service Airport
Primary State Route	Exit/Gas
Interstate/Limited Access	Exit/Lodging
Toll Highway	Exit/Food
Exit	Military Airport
Railroad	County Boundary

RESOLUTION 99-32

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Citizen's Housing Corporation, a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans on a 40-unit multifamily housing development located in the City of Alameda to be known as Playa del Alameda (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on October 18, 1999, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
99-018-N	Playa del Alameda Alameda/Alameda	40	$ 3,175,000 $ 500,000 (HAT)

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted *to* this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-32 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:______________
Secretary

Executive Summary

860 Date: 22-Jul-99
09.21.1999

Project :	Southgate Senior Villas	*Borrower:*	South Gate Sr. Villa, LLC
Location:	SEC California & Tweedy	*Member*	Thomas Corley
City:	South Gate	*Member*	TELACU
County:	Los Angeles	*Program:*	Tax Exempt
Type:	Senior	*CHFA # :*	99-003-S

Financing Summary

	Final	Per unit
CHFA First Mortgage	$2,300,000	$30,667
southgate	$6,103,950	$81,386
Other Loans	$0	$0
Other Loans	$0	$0
Grants and Gifts	$0	$0
Deferred Developer Equity	$879,212	$11,723
Developer's Equity	$0	$0
CHFA Bridge	$0	$0
CHFA HAT	$0	$0

Loan to Value
40.1%

Loan to Cost
24.8%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	600	15	50%	$415	$20,525
1 BR	600	36	50%	$435	$20,525
1 BR	600	20	50%	$395	$20,525
2BR	928	1	50%	$474	$23,075
2BR	928	2	50%	$537	$23,075
2BR	928	1	Manager	$800	
		75			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
South Gate Senior Villas
CHFA # 99-003-S

SUMMARY

This is a final commitment request for a first mortgage loan in the amount of Two Million Three Hundred Thousand Dollars (**$2,300,000**) to fully amortize over forty **(40)** years at **6.2%.** The subject property will consist of (new construction) seventy-five **(75),** age sixty-two **(62)** restricted, elderly apartment **units,** with common area amenities. In addition, the project will contain approximately twenty thousand (**20,000**) square feet **of** retail/commercial rental area, which will not be financed with California Housing Finance Agency ("CHFA" or "Agency") **funds.** The borrowing entity will **be** South Gate Senior Villas, LLC, a California limited liability company.

LOAN TERMS

First Mortgage Loan	**$2,300,000**
Interest Rate	**6.2%**
Term	**40** year fixed, fully amortizing
Financing	Tax-Exempt

LOCALITY INVOLVEMENT

The Redevelopment Agency of the City of **South** Gate ("South Gate RDA or "RDA) has entered into **a** Disposition **and** Development Agreement ("DDA") with South Gate Senior Villas, LLC ("Developer"). The Developer **has** acquired fee title **from** South Gate RDA to an assemblage of parcels ("Fee Parcel"). In addition, the RDA **has** conveyed to the Developer, for the benefit of the Fee Parcel, an exclusive and irrevocable easement interest in, over and across two parcels (Easement Parcel). South Gate RDA will also convey in **fee, a** public alley, which will be vacated **upon** removal and relocation of existing utility easements.

South Gate RDA will **loan** the Developer Seven Million Thirty Thousand Dollars ($7,030,000) ("South Gate Loan"). **A** portion of the loan proceeds shall **be** used to purchase or reimburse the

RDA for the Fee Parcel. The remaining balance shall be used for eligible indirect and direct project costs.

As long as the Developer has not committed a material default of its obligations, as set forth in the RDA documentation, (DDA, Grant Deed, Easement Agreement, Regulatory Agreement, Redevelopment Plan and/or the Deed of Trust), each of the annual principal payments of $234,333 shall be fully and irrevocably forgiven. Borrower's obligation to make any annual installment payment shall not prevent Borrower from curing default so that the installment payments due in subsequent years are excused and forgiven. No interest shall accrue on the South Gate Loan. However, in the event of default, Borrower shall be required to pay interest on the delinquent amount, at the rate of ten percent (10%) per annum from the delinquency date through the date of payment.

The Developer's obligation to repay the RDA Loan, the lien of the RDA Deed of Trust, the Developer's covenants contained in the Disposition and Development Agreement and the encumbrance created by the South Gate RDA Regulatory Agreement, shall be junior and subordinate to the California Housing Finance Agency's Regulatory Agreement and Deed of Trust.

MARKET

Market Overview

Incorporated on January 20, 1923, the City of South Gate is the sixteenth largest city in Los Angeles County. South Gate encompasses 7.5 square miles and is located twelve miles southeast of downtown Los Angeles. South Gate is bounded on the north by the Cities of Huntington Park, Cudahy, Bell Gardens, and unincorporated Los Angeles County; to the east by the City of Downey; to the south by the City of Lynwood; and unincorporated Los Angeles County to the west. South Gate is well served by the regional freeway system including the Glen Anderson Freeway (1-105) to the south, and the Long Beach Freeway (1-710) to the east. The Metropolitan Transportation Authority ("MTA") provides regional bus transportation. Locally, the City provides individuals with transportation services through its Phone-A-ride program.

The City's population has increased by approximately eighty-two percent (82%) from 53,831 persons in 1960 to 98,410 in 1998. There are approximately 22,194 households. South Gate's population is expected to reach 103,816 by the year 2010. City population estimates have been adjusted to compensate for a larger population due to doubling of families in housing units, garage conversions, and other socio-economic considerations

The 1998 area population within a three-mile radius of the subject was estimated at 429,711. This population is projected to increase to 438,830 by the year 2003. The City of South Gate is projected to have a greater increase in population on a percentage basis. The 1998 estimated median household income was $29,927 for the three-mile radius and $34,339 for the City of South Gate proper. Both the three-mile ring and South Gate are below Los Angeles County's $44,272 median income.

Pursuant to the City of South Gate, in 1990, there were 3,977 households, or eighteen percent (18%) of total households, headed by persons over age 65. There was a marked disparity between the median income of homeowners and renter households. Renter households on the average had annual incomes only 63.8 percent of that of South Gate homeowners.

According to the City of South Gate, the most significant housing issues in the community are overpayment (cost burden), overcrowding and physical inadequacies (physical condition). According to the 1990 Census, almost sixty percent (60%) of the City's household are cost burdened, paying more than thirty percent (30%) of their income on housing. Cost burden is most severe among low-income renter households.

Housing Supply

Residential housing is the dominating land use in the City of South Gate. The City's housing stock can generally be characterized as older, smaller (2 bedroom) single-family units. Many housing units are not large enough to accommodate the City's households, which increased in size from 2.9 persons to 3.8 persons from 1980 to 1990.

According to the City of South Gate there are a total of 22,946 housing units in South Gate. Seventy-two percent (72%) of the City's housing units (14,497) were built before 1960. In 1990 sixty-three percent (63%) of the City's housing units were single-family, thirty-six percent (36%) were multiple family, and one percent (1%) were mobile homes. Approximately 10,885 (47.4%) are owner occupied, and 11,543 (50.3%) renter occupied. The median housing value is $162,500. The median gross monthly rental rate is $549. The overall vacancy rate is 3.3%.

Housing unit conditions are generally fair in the City, as a result of the older housing stock. The City estimates that sixteen percent (16%) of the its housing stock is substandard in condition, with three percent (3%) of the units in such poor condition as to be unsuitable for rehabilitation. Another thirteen percent (13%) of the housing is in standard condition but requires minor repairs and maintenance. In addition, the median year of construction of the City's housing is 1951, and seventy-one percent (71%) is more than thirty (30) years old. The city is mostly built out with limited land for new development. The age of housing, as well as the unavailability of land for development, are indications of the need for rehabilitation and redevelopment.
Highland Associates ("Highland") conducted a field survey of housing alternatives for area seniors. The survey concluded that there are thirty-three apartment projects containing 837 units; of which five projects (165) units are market rate, age restricted developments. Pursuant to the City of South Gate Consolidated Annual Action Plan Update dated April 15, 1999, there is a need for an additional 736 units of affordable elderly housing units.

Market rate rents for comparable properties range from $600 for a one-bedroom; to $800 for a two-bedroom unit. Projected rents for the subject range from $395 - $415 for a one-bedroom unit; to $474 - $537 for a two-bedroom.

Market versus Restricted Rents

Rent Level Percentage	Subject	Mkt Rate Avg	Difference	
One Bedroom	$395	$600	$205	68%
	$415		$185	69%
	$435		$165	73%
Two Bedroom	$474	$800	$326	59%
	$537		$263	67%

PROJECT DESCRIPTION

Project Location

The subject site is located on the southeast comer of Tweedy Boulevard and California Avenue in the central west portion of the City of South Gate. The intersection of Tweedy Boulevard and California Avenue is store front and strip center commercial/retail in character, which caters primarily to an ethnic market. Land usage in the immediate area along California Avenue (N/S) and Tweedy Boulevard (E/W) is as follows:

North	Strip centers with mixed retail and commercial uses
south	Apartment buildings (circa 1960's)
East	Single story residential houses (circa 1950' to early 1960s)
West	Supermarket and retail/commercial uses

The residential side streets are comprised primarily of older single family residences (circa 1930 - 1950) with in-fill multi-family residential (circa 1960's).

The site is located within a City redevelopment area and represents its most significant financial commitment to date.

Site

The site consists of an assemblage of twenty-one (21) parcels and a vacated public alley. The site, containing approximately 83,672 square feet, is rectangular in shape, with 278 feet of frontage along Tweedy Boulevard; 300 feet along California Avenue and 278 feet along San Antonio Avenue. The Developer will hold nineteen (19) of the parcels, as well as the vacated public alley, in fee ("Fee Parcel"). The South Gate RDA will retain ownership of two (2) parcels ("Easement Parcel"); and will provide an exclusive, irrevocable easement for said parcels to the Developer for the benefit and development of the Fee Parcel. The site has received a "Precise

Plan" zone change, which will permit the development of the proposed mixed-use residential-commercial/retail development.

The site was previously improved with residential and commercial structures along Tweedy Boulevard and San Antonio Avenue. The commercial frontage along Tweedy Boulevard was improved with two freestanding commercial structures and a service station. Immediately behind the commercial frontage are a public alley and an abandoned surface parking lot. All of the structures along California and San Antonio Avenues and one of commercial structures along Tweedy Boulevard were razed in 1998 and the sites rough graded. The remaining commercial structure, which is currently occupied by a tenant, will be demolished as soon as the tenant vacates the property. Upon removal/relocation of the utility easements, the public alley will be vacated and the alley improvements, as well as an abandoned concrete parking lot will be removed.

Improvements

South Gate Senior Villas will consist of a three-story residential and commercial-use building of wood frame and stucco construction. The building will contain seventy-five (75) affordable senior rental units and 20,000 square feet of commercial retail/space with a potential for nine (9) rental units. The ground floor of the building will include the 20,000 square feet of retail/commercial space, an apartment lobby, residential leasing and management offices, project storage and workshop, open courtyard, recreation and community rooms with common area kitchen and public restrooms. The residential units, common area sitting areas, activity rooms and laundry facilities will be located on the second and third floors with access off a central corridor. The residential unit mix consists of seventy-one (71) one-bedroom/one bath and, four (4) two-bedroodone bath units. Secured residential parking, consisting of thirty-four (34) tuck-under and semi-covered spaces, as well as five (5) guest parking spaces is located along the rear portion of the improvements and is accesses via California and San Antonio Avenues. Commercial parking is located in front of the commercial units along the Tweedy Street frontage.

OCCUPANCY RESTRICTIONS

CHFA	Forty percent (40%) of the units (30) will be restricted to senior/elderly families or households with incomes at 50% or less of median income.
South Gate	Rental of all residential units shall be restricted to senior/elderly families or households who qualify as moderate-income persons or families (30% of 110%).
	Developer shall pay to South Gate RDA the amount, if any, by which the actual rent received by Developer for any residential unit exceeds the product of thirty percent (30%) times fifty percent (50%).

ENVIRONMENTAL

Fee Parcel

An Environmental Property Assessment report prepared by Environmental Solutions, and dated September 7, 1998 concluded that the subject property/site appears to be a low environmental risk at this time. No further investigation of the subject site is indicated or warranted at this time.

Easement Parcel

The Easement Parcel was the site of a former service station. South Gate has contracted with an environmental consultant to remediate soil Contamination and monitor groundwater contamination. Closure is anticipated within twelve (12) months or less

In January 1993 SCS Engineers performed a phase I assessment and collected soil samples for detection of total petroleum hydrocarbons and aromatic compounds. SCS Engineers concluded that extensive hydrocarbon contamination was present in the soils and recommended further drilling to assess the vertical and lateral extent of contamination.

An additional soils investigation report was prepared in March 1993. SCE Engineers recommended that the underground storage tanks be removed from the site and further investigation be performed.

In its October 1995 report SCS Engineers recommended soil venting (vapor extraction) or its combination with bioremediation should be considered as a main part of soil remediation, and also establishing a quarterly monitoring of the water table using ground-water monitoring wells.

During September 16-18 1996, SCS Engineers oversaw the removal of seven underground storage tanks from the subject (Easement) site.

A ground water investigation report was prepared in October 1996. The report indicated that contamination was located in the southern half of the property and its migration toward west/northwest.
A report prepared by SCS Engineers dated October 16, 1997 contains the results of ground water monitoring, in-situ air sparge and a vapor extraction pilot study. The results indicated that vapor extraction technology would effectively remediate hydrocarbon-impacted soils in the shallower zones where the majority of contamination is located. The in-situ air sparging should remove the petroleum hydrocarbons from the saturated zone.

Since the completion of the discussed studies by SCS Engineers, the Redevelopment Agency of the City of South Gate has entered into a contract with The Reynolds Group ("Reynolds"), environmental engineers, for soil remediation services. The above referenced studies prepared by SCS Engineers as well as the scope of work pursuant to the Reynolds contract have been reviewed by Environmental Solutions. It is the opinion of Environmental Solutions that the discussed remedial solutions at the site should bring about compliance results that can satisfy the regulatory agencies. Furthermore, the environmental concerns and contamination of the subject site (Easement Parcel) should not be effecting the soil conditions of the adjacent properties to the east, southeast, north and south (Fee Parcel).

At the conclusion of the vapor extraction project a final assessment will be performed, by a third party consultant, to confirm the mitigated results. Pursuant to the Disposition and Development Agreement b/b South Gate and the Developer, as well as the recorded Easement Agreement, South Gate shall remain responsible and liable for the removal and/or remediation of all Hazardous or Toxic Substances or materials existing on, in, or under the Easement Parcel... as required to cause the Easement Parcel to comply with applicable Environmental Laws.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to permanent loan funding

DEVELOPMENT TEAM

Borrower's Profile

South Gate Senior Villas, LLC

South Gate Senior Villas, LLC, a California limited liability company was organized in July 1997 to develop and operate South Gate Senior Villas. Its members are Thomas H. Corley ("Tom Corley"), an individual, and TELACU, a 501(c)(3) nonprofit public benefit corporation.

Tom Corley has been involved in real estate and development activities for over twenty. seven (27) years. He worked in the public sector as a planner and planning director for ten (10) years. In 1980 he left the public sector and joined Alexander Hagen Company, a Southern California commercial shopping center developer, with specialization in inner city development and redevelopment projects. In 1985 Mr. Corley was a founding director of the Senior Housing foundation, a nonprofit organization located in metropolitan Los Angeles' South Bay area. The foundation's goals were to facilitate the development of senior housing through education, promotion and lobbying efforts.

In 1993 Mr. Corley formed his own company, Pacific Development Consultants, ("PDC") to provide planning, development and construction management services to others as well as to work on projects for its own account. In 1993 he began initial development of Manhattan Village Senior Apartments, a 104 unit, CHFA financed development in Manhattan Beach. The project was completed in 1997 and is currently 100% occupied. Also in 1993, Mr. Corley contracted with H.B. Drollinger Company of Westchester to redevelop the Westchester business district. A Commercial master plan was created which resulted in the construction of a new shopping center anchored by Ralph's Market, Blockbuster Video, and various retail and eating establishments along 2 ½ blocks of Sepulveda Boulevard, just north of the Los Angeles International Airport ("LAX").

In 1994 PDC was awarded a $300,000 contract to prepare a Master Plan for 450 acres in Montebello owned by Chevron Land and Development. Over a two- (2) year period, a plan was prepared and approved by a citizens advisory committee. The plan included residential, commercial and institutional uses.

Currently under construction is Montebello Senior Villas, a mixed-used residential – commercial/retail development containing one hundred-sixty (160) unit elderly apartment units and approximately 15,400 square feet of commercial/retail rental area. The borrowing entity is a limited liabiiity company whose members are Tom Corley and TELACU. The California Housing Finance Agency has committed to fund the long-term permanent loan financing.

TELACU was created in 1968 as community and business leaders came together to meet the challenge of providing economic and social revitalization to residents of East Los Angeles. TELACU began embarking on an aggressive, government-supported program of economic redevelopment and community revitalization designed to construct a social and financial infrastructure upon which the community could build.

Based upon a need for economic independence, TELACU created TELACU Industries, Inc. ("TII"), a wholly owned profit motivated community-based corporation designed to generate the financial strength necessary to support TELACU's mission. TII is comprised of thirteen (13) corporate entities consisting of financial institutions, real estate development, management construction, building supply, a restaurant and community social, education and youth services.

contractor

Gate West Construction, Inc.

Gate West Construction, Inc. ("GWC"), a licensed general contractor, is a wholly-owned subsidiary of Westgate Development Company (WDC"), a real estate development organization. WDC was formed in 1979 and operated under the name of Westgate Development until September 1985, at which time Westgate Group, Inc ("WGI") and Gate West were formed. At present WDC is primarily responsible for development, WGI for financial management, and GWC for general contracting. WDC, and its related entities, have development and construction experience in single and multifamily ownership and rental projects, the hospitality industry, as well as industrial buildings and commercial shopping centers. Gate West Construction, Inc. is general contractor on

Montebello Senior Villas, a CHFA financed elderly apartment community which is currently under construction.

Architect

Villanueva / Arononi Architects

Villanueva / Arnoni Architects ("V/A"), a professional corporation, was established in 1985 as a natural evolution from Gregory Villanueva AIA & Associates which was established in 1970 and incorporated in 1972. V/A is a small firm, which includes four registered architects. The principals are Gregory Villanueva, AIA and Oscar A. Amoni, AIA. Gregory Villanueva has been registered to practice architecture since 1970 in California as well as six other states. Oscar Arnoni has practiced architect for more than forty years. Both principals are active members of the American Institute of Architects ("AIA") and the Society of Hispanic Professional Engineers.

V/A has extensive and broad-based experience in the planning and design of civic and institutional facilities including libraries, daycare centers, gymnasiums, recreational centers, schools, hospitals, office buildings and senior housing projects. Completed projects have included new construction, renovation and remodeling, additions/expansion, and master planning/programming. These facilities have been developed for city, county, and state government agencies, as well as corporate clientele.

Management Agent

TELACU Residential Management, Inc.

TELACU began actively co-managing their portfolio of residential senior subsidized housing developments in 1992. In February 1994, TELACU received HUD approval to act as management agent of TELACU's seven- (7) HUD Section 202/811 projects totaling 490 units. In March 1995, TELACU formed TELACU Residential Management, Inc. ("TRMI"), an affiliated nonprofit entity, to provide direct specialized management services to its residential housing developments serving the elderly and physically challenged. TRMI is solely responsible for on-site operations including marketing, leasing, maintenance operations, resident relations, and supervision of all on-site staff. Additionally, the company is responsible for all off-site central office operations, which include maintenance of the project books and records, and central office computer systems, which have direct communications with all its computerized developments. TRMI currently manages over 980 units in fourteen (14) TELACU sponsored developments.

Project Summary

871

Date: 22-Jul-99

Project Profile:

Project:	Southgate Senior Villas	*Appmiser:*	Highland Associates
Location:	SEC California & Tweedy		Highland Associates
	South Gate	*Cap Rate:*	8.84%
County/Zip:	Los Angeles 0	*Market:*	$5,730,000
Borrower:	South Gate Sr. Villa, LLC	*Income:*	$5,730,000
Member	Thomas Corley	*Final Value:*	$5,730,000
Member	TELACU		
		LTC/LTV:	
Program:	Tax Exempt	*Loan/Cost*	24.8%
CHFA #:	99-003-S	*Loan/Value*	40.1%

Project Description:

Units	75
Handicap Units	4
Bldge Type	New Const.
Buildings	1
stories	3
Gross Sq Ft	74,149
Land Sq Ft	83,630
units/Acre	39
Total Parking	39
Covered Parking	34

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$2,300,000	$30,667	6.20%	40
Southgate	$6,103,950	$81,386	3.00%	30
Other Loans	$0	$0	0.00%	30
Other Loans	$0	$0		
Grants and Gifts	$0	$0		
Developer Equity	$0	$0		
Deferred Developer Fee	$879,212	$11,723		
CHFA Bridge	$0	$0	0.00%	-
CHFA HAT-	$0	$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	600	15	50%	$415	$20,525
1 BR	600	36	50%	$435	$20,525
1 BR	600	20	50%	$395	$20,525
2BR	928	1	50%	$474	$23,075
2BR	928	2	50%	$537	$23,075
2BR	928	1	Manager	$800	
		75			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	security
Commitment Fee	1.00%	of Loan Amount	$23,000	Cash
Finance Fee	1.00%	of Loan Amount	$23,000	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$23,000	Cash or LOC
Rent Up Account	15.00%	of Gross Income	$58,717	Cash
Operating Expense Reserve	10.00%	of Gross Income	$39,145	Cash or LOC
Marketing	10.00%	of Gross Income	$39,145	Cash
Annual Replacement Reserve Deposit			$18,250	Operations

Sources and Uses — Southgate Senior Villas

SOURCES:

22-Jul-99

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	2,300,000	24.78%	31.02	30,667
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%		0
Southgate	6,103,950	65.75%	82.32	81,386
Other Loans	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Total Institutional *Financing*	8,403,950	90.53%	113.34	112,063
Equity Financing				
Developer's Equity	0	0.00%	-	0
Deferred Developer Equity	879,212	9.47%	11.86	11,723
Total Equity *Financing*	879,212	9.47%	11.86	11,723
TOTAL SOURCES	9,283,162	100.00%	128.20	123,775

USES:

Acquisition	1,633,500	17.60%	22.03	21,780	
Rehabilitation	0	0.00%	-	0	
New Construction	5,395,500	58.12%	72.77	71,940	
Architectual Fees	292,500	3.15%	3.94	3,900	
Survey and Engineering	40,500	0.44%	0.55	540	
Const. Loan Interest & Fees	171,000	1.84%	2.31	2,280	*
Permanent Financing	55,000	0.59%	0.74	733	*
Legal Fees	22,500	0.24%	0.30	300	
Reserves	165,862	1.79%	2.24	2,211	*
Contract Costs	10,000	0.11%	0.13	133	
Construction Contingency	360,000	3.88%	4.86	4,800	
Local Fees	180,000	1.94%	2.43	2,400	
TCAC/Other Costs	56,800	0.61%	0.77	757	
PROJECT COSTS	8,383,162	90.31%	113.06	111,775	
Developer Overhead / Profit	540,000	5.82%	7.28	7,200	
Project Administration	360,000	3.88%	4.86	4,800	
Other	0				
TOTAL USES	9,283,162	100.00%	125.20	123,775	

Annual Operating Budget — Southgate Senior Villas

22-Jul-99

INCOME:		% of total	$ per unit
Total Rental Income	385,596	98.7%	5,141
Laundry	4,950	1.3%	66
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	**390,546**	**100.0%**	**5,207**
Less:			
Vacancy Loss	19,572	5.0%	261
Total Net Revenue	**370,974**	**95.0%**	**4,946**

EXPENSES:			
Payroll	39,720	11.0%	530
Administrative	41,500	11.5%	553
Utilities	21,000	5.8%	280
Operating and Maintenance	30,114	8.3%	402
Insurance and Business Taxes	27,200	7.5%	363
Taxes and Assessments	29,000	8.0%	387
Reserve for Replacement Deposits	17,625	4.9%	235
Subtotal Operating Expenses	**206,159**	**57.0%**	**2,749**
Financial Expenses			
Mortgage Payments (1st loan)	155,724	43.0%	2,076
Total Financial	**155,724**	**43.0%**	**2,076**
Total Project Expenses	**361,883**	**100.0%**	**4,825**

Cash Flow — Southgate Se[illegible] Villas — CHFA # 99-003-S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	385,596	395,236	405,117	415,245	425,626	436,266	447,173	458,352	469,811	481,557
TOTAL RENTAL INCOME	**385,596**	**395,236**	**405,117**	**415,245**	**425,626**	**436,267**	**447,173**	**458,352**	**469,811**	**481,557**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	4,950	5,074	5,201	5,331	5,464	5,600	5,740	5,884	6,031	6,182
Other Income	900	923	946	969	993	1,018	1,044	1,070	1,097	1,124
TOTAL OTHER INCOME	**5,850**	**5,996**	**6,146**	**6,300**	**6,457**	**6,619**	**6,784**	**6,954**	**7,128**	**7,306**
GROSS INCOME	**391,446**	**401,232**	**411,263**	**421,545**	**432,083**	**442,885**	**453,957**	**465,306**	**476,939**	**488,862**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	19,572	20,062	20,563	21,077	21,604	22,144	22,698	23,265	23,847	24,443
EFFECTIVE GROSS INCOME	**371,874**	**381,171**	**390,700**	**400,467**	**410,479**	**420,741**	**431,260**	**442,041**	**453,092**	**464,419**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	159,534	165,915	172,552	179,454	186,632	194,098	201,861	209,936	218,333	227,067
Replacement Reserve	**17,625**	**17,625**	**17,625**	**18,750**	18,750	18,750	18,750	18,750	18,750	18,750
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	29,000	29,580	30,172	30,775	31,391	32,018	32,659	33,312	33,978	34,658
TOTAL EXPENSES	**206,159**	**213,120**	**220,349**	**228,979**	**236,773**	**244,866**	**253,270**	**261,998**	**271,061**	**280,474**
NET OPERATING INCOME	**165,715**	**168,050**	**170,351**	**171,488**	**173,706**	**175,875**	**177,989**	**180,043**	**182,031**	**183,945**
DEBT SERVICE										
CHFA - 1st Mortgage	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**9,990**	**12,326**	**14,627**	**15,764**	**17,982**	**20,151**	**22,265**	**24,319**	**26,306**	**28,221**
DEBT COVERAGE RATIO	**1.06**	**1.08**	**1.09**	**1.10**	**1.12**	**1.13**	**1.14**	**1.16**	**1.17**	**1.18**

Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	493,595	505,935	518,584	531,548	544,837	558,458	572,419	586,730	601,398	616,433
TOTAL RENTAL INCOME	**493,596**	**505,935**	**518,584**	**531,548**	**544,837**	**558,458**	**572,419**	**586,730**	**601,398**	**616,433**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	6,336	6,495	6,657	6,824	6,994	7,169	7,348	7,532	7,720	7,913
Other Income	1,152	1,181	1,210	1,241	1,272	1,303	1,336	1,369	1,404	1,439
TOTAL OTHER INCOME	**7,488**	**7,676**	**7,868**	**8,064**	**8,266**	**8,473**	**8,684**	**8,901**	**9,124**	**9,352**
GROSS INCOME	**501,084**	**513,611**	**526,451**	**539,613**	**553,103**	**566,931**	**581,104**	**595,631**	**610,522**	**625,785**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	25,054	25,681	26,323	26,981	27,655	28,347	29,055	29,782	30,526	31,289
EFFECTIVE GROSS INCOME	**476,030**	**487,931**	**500,129**	**512,632**	**525,448**	**538,584**	**552,049**	**565,850**	**579,996**	**594,496**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	236,149	245,595	255,419	265,636	276,261	287,312	298,804	310,756	323,187	336,114
Replacement Reserve	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	35,351	36,058	36,779	37,515	38,265	39,030	39,811	40,607	41,419	42,248
TOTAL EXPENSES	**290,250**	**300,403**	**310,948**	**321,900**	**333,276**	**345,092**	**357,365**	**370,113**	**383,356**	**397,112**
NET OPERATING INCOME	**185,780**	**187,527**	**189,181**	**190,732**	**192,172**	**193,492**	**194,684**	**195,736**	**196,640**	**197,384**
DEBT SERVICE										
CHFA - 1st Mortgage	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**30,055**	**31,803**	**33,456**	**35,007**	**36,447**	**37,768**	**38,959**	**40,012**	**40,916**	**41,660**
DEBT COVERAGE RATIO	**1.19**	**1.20**	**1.21**	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**	**1.26**	**1.27**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	631,844	647,640	663,831	680,427	697,437	714,873	732,745	751,064	769,840	789,087
TOTAL RENTAL INCOME	**631,844**	**647,640**	**663,831**	**680,427**	**697,438**	**714,873**	**732,745**	**751,064**	**769,841**	**789,087**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	8,111	8,314	8,522	8,735	8,953	9,177	9,406	9,642	9,883	10,130
Other Income	1,475	1,512	1,549	1,588	1,628	1,669	1,710	1,753	1,797	1,842
TOTAL OTHER INCOME	**9,586**	**9,826**	**10,071**	**10,323**	**10,581**	**10,846**	**11,117**	**11,395**	**11,679**	**11,971**
GROSS INCOME	**641,430**	**657,466**	**673,902**	**690,750**	**708,019**	**725,719**	**743,862**	**762,459**	**781,520**	**801,058**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	32,071	32,873	33,695	34,537	35,401	36,286	37,193	38,123	39,076	40,053
EFFECTIVE GROSS INCOME	**609,358**	**624,592**	**640,207**	**656,212**	**672,618**	**689,433**	**706,669**	**724,336**	**742,444**	**761,005**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	349,559	363,541	378,083	393,206	408,934	425,292	442,303	459,995	478,395	497,531
Replacement Reserve	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	43,092	43,954	44,833	45,730	46,645	47,578	48,529	49,500	50,490	51,499
TOTAL EXPENSES	**411,401**	**426,245**	**441,666**	**457,686**	**474,329**	**491,619**	**509,582**	**528,245**	**547,635**	**567,780**
NET OPERATING INCOME	**197,957**	**198,347**	**198,541**	**198,526**	**198,289**	**197,814**	**197,087**	**196,091**	**194,809**	**193,225**
DEBT SERVICE										
CHFA - 1st Mortgage	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**42,233**	**42,623**	**42,817**	**42,802**	**42,564**	**42,090**	**41,362**	**40,366**	**39,085**	**37,500**
DEBT COVERAGE RATIO	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**	**1.26**	**1.25**	**1.24**

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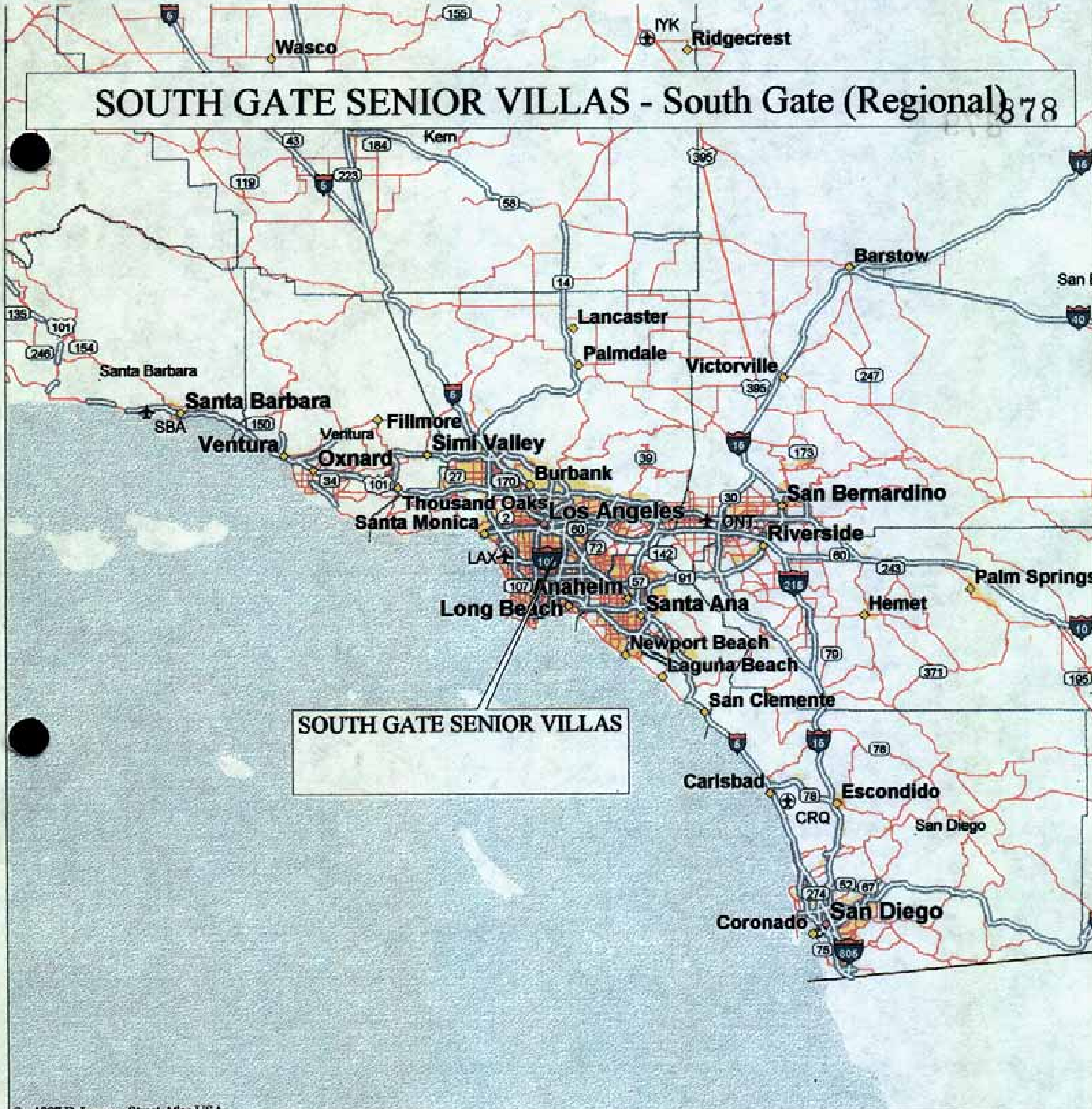
Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	808,814	829,034	849,760	871,004	892,779	915,098	937,976	961,425	985,461	1,010,097
TOTAL RENTAL INCOME	**808,814**	**829,034**	**849,760**	**871,004**	**892,779**	**915,098**	**937,976**	**961,425**	**985,461**	**1,010,097**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	10,383	10,643	10,909	11,181	11,461	11,747	12,041	12,342	12,651	12,967
Other Income	1,888	1,935	1,983	2,033	2,084	2,136	2,189	2,244	2,300	2,358
TOTAL OTHER INCOME	**12,271**	**12,578**	**12,892**	**13,214**	**13,545**	**13,883**	**14,230**	**14,586**	**14,951**	**15,325**
GROSS INCOME	**821,084**	**841,612**	**862,652**	**884,218**	**906,324**	**928,982**	**952,206**	**976,011**	**1,000,412**	**1,025,422**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	41,054	42,081	43,133	44,211	45,316	46,449	47,610	48,801	50,021	51,271
EFFECTIVE GROSS INCOME	**780,030**	**799,531**	**819,519**	**840,007**	**861,007**	**882,533**	**904,596**	**927,211**	**950,391**	**974,151**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	517,432	538,129	559,655	582,041	605,322	629,535	654,717	680,905	708,142	736,467
Replacement Reserve	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	52,529	53,580	54,652	55,745	56,860	57,997	59,157	60,340	61,547	62,778
TOTAL EXPENSES	**588,712**	**610,460**	**633,056**	**656,536**	**680,932**	**706,282**	**732,624**	**759,995**	**788,438**	**817,995**
NET OPERATING INCOME	**191,319**	**189,071**	**186,463**	**183,472**	**180,075**	**176,250**	**171,972**	**167,216**	**161,953**	**156,156**
DEBT SERVICE										
CHFA - 1st Mortgage	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724	155,724
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**35,594**	**33,347**	**30,739**	**27,747**	**24,351**	**20,526**	**16,248**	**11,491**	**6,228**	**432**
DEBT COVERAGE RATIO	**1.23**	**1.21**	**1.20**	**1.18**	**1.16**	**1.13**	**1.10**	**1.07**	**1.04**	**1.00**

SOUTH GATE SENIOR VILLAS - South Gate (Regional) 878



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Major Road
Major Highway
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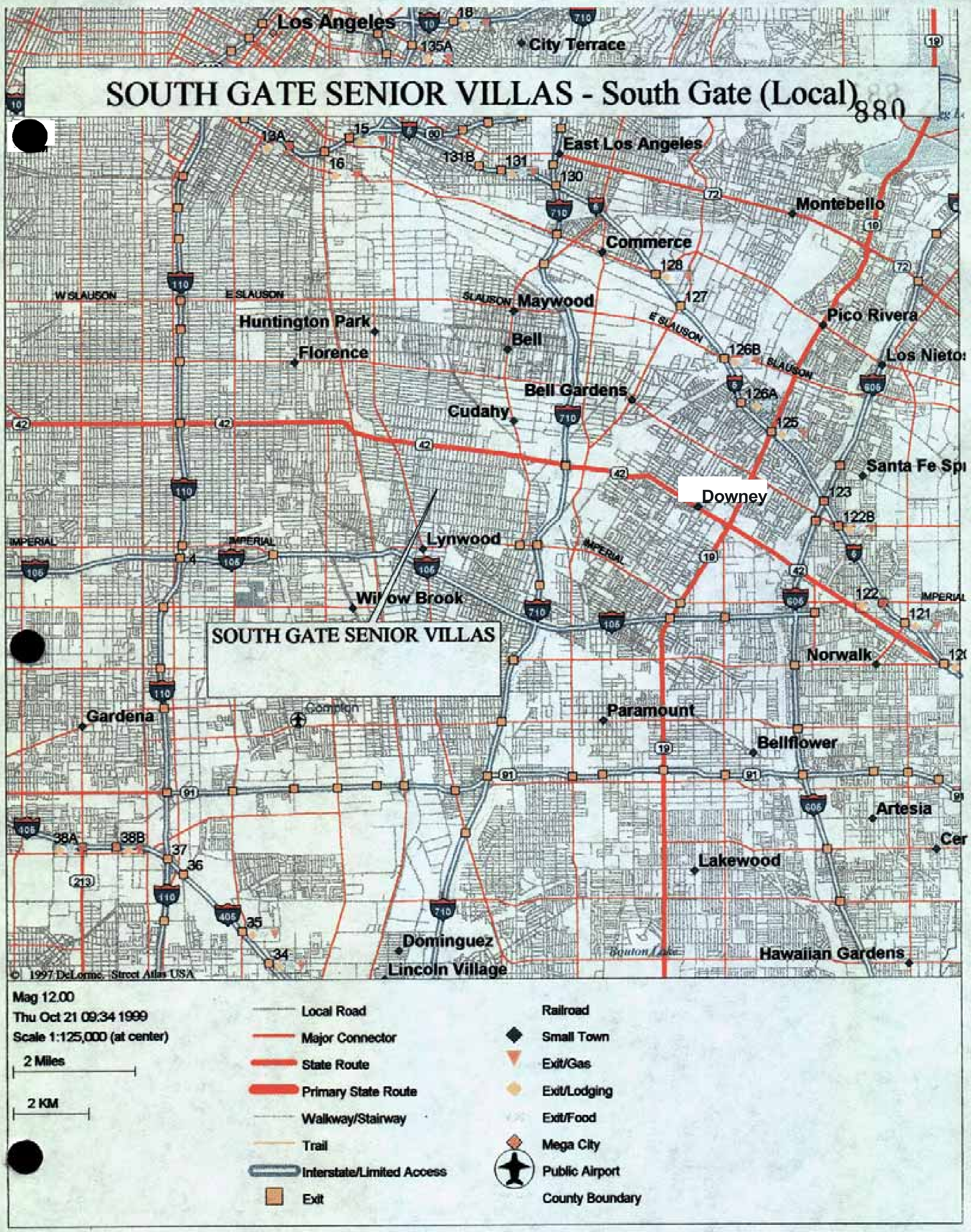
Large City
Mega City
City
Sched Service Airport
Public Airport
County Boundary
National Boundary
Population Center
Land
Water
River/Canal


SOUTH GATE SENIOR VILLAS - South Gate (Local)
880
Los Angeles
City Terrace
East Los Angeles
Montebello
Commerce
Maywood
Huntington Park
Bell
Florence
Pico Rivera
Los Nietos
Bell Gardens
Cudahy
Santa Fe Sp
Downey
Lynwood
Willow Brook
SOUTH GATE SENIOR VILLAS
Norwalk
Gardena
Compton
Paramount
Bellflower
Artesia
Lakewood
Dominguez
Lincoln Village
Hawaiian Gardens
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Local Road
Major Connector
State Route
Primary State Route
Walkway/Stairway
Trail
Interstate/Limited Access
Exit
Railroad
Small Town
Exit/Gas
Exit/Lodging
Exit/Food
Mega City
Public Airport
County Boundary

RESOLUTION 99-33 .

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Thomas H. Corley and TELACU, a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 74-unit multifamily housing development located in the City of South Gate to be known as South Gate Senior Villas (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on October 18, 1999, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
99-003-S	South Gate Senior Villas South Gate/Los Angeles	75	$2,300,000

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV. 8-72)

85 34769

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in *the* discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-33 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST: [signature]
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV. 8-72)

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CALIFORNIA HOUSING FINANCE AGENCY

Initial Commitment

Project Name: El Rancho Verde I & II

CHFA Ln. # 99-025-N

SUMMARY:

This is an initial commitment request for two loans to provide the permanent funding for the El Rancho Verde Apartments in San Jose. The two loans from CHFA sources will total $74,191,379. Additional funding will be provided by the City of San Jose in the amount of $5,500,000 and 4% tax credit equity equaling $22,753,270. The funds from the City of San Jose and approximately $16 million in tax credit equity will be expended at the time of acquisition. The acquisitiodrehabilitation project is a 700-unit family project located at 303 Checkers Drive, San Jose in Santa Clara County.

LOAN TERMS:

1ST MORTGAGE AMOUNT:	$71,400,000
Interest Rate:	6.375%
Term:	30 Year Fixed
Source:	Tax Exempt & Taxable Bonds
IRP Mortgage:	$2,791,379
Interest Rate:	5.75%
Term:	12 Years
Source:	Tax Exempt
Standby Operating Commitment:	**$10,000,000**

The first mortgage will be funded at the time the property is acquired by the purchasing partnership. The funds for the purchase of the IRP loan will also be expended at the time of acquisition. The rehabilitation of the property will be commenced after acquisition and the Agency will require an amount approximately equal to the taxable component ($7.4M) of the first mortgage to be withheld until the project's rehabilitation is satisfactorily completed.

Section 236. The property will be acquired subject to a HUD Section 236 loan, the beneficial interest of which will be purchased by CHFA at the time of the property acquisition by the borrower. The loan is being purchased to preserve the Interest Reduction Payment (IRP) which is a guaranteed stream of monthly payments from HUD for the benefit of the project. (Note: The IRP component of the 236 loan was designed to foster affordable housing development by subsidizing the debt service on permanent mortgages).

- In order to continue the stream of IRP payments, a public agency acceptable to HUD must acquire the Section 236 loan and act as the regulator. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

LOCALITY INVOLVEMENT:

The City of San Jose is considering an application from the project sponsors for a loan of $5,500,000, residual receipts for a term of 30 years.

SECTION 8

Current Status. Current HUD rents on the project are below allowable tax credit rents and well below the existing HUD FMR levels. All of these rents are well below the existing market rents. The existing project based contract is on annual renewals at these lower rents. The developer's proposed structure requires HUD to approve a minimum Section 8 rent increase to tax credit levels in order to support the necessary financing. The project does not quality for HUD's "Mark Up to Market" program thereby requiring the developers to approach HUD for a specific request to increase the rents for the project based contract or potentially vouchers. The long term financial viability of the project is dependent on the rent increase from HUD. Any loan commitments from CHFA will be conditioned on a satisfactory resolution of this issue.

Conversion Scenario. There are a number of potential scenarios that could occur at the termination of the existing HAP contract. A complete termination of the Section 8 subsidy would require a conversion of tenant rents to the 50% and 60% of median income rents. Existing tenants would generally be unable to pay this increased rent without the benefit of a replacement subsidy. Given the uncertainty of the HAP contracts continuing after expiration, staff is requiring a standby operating reserve to subsidize project costs in the event the tenant profile changes from Section 8 to a traditional tax-exempt bond/tax credit rent structure.

The following scenario is contemplated:

- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewals of the HAP contracts or vouchers.

- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to **50%** and 60% of median income, or at the discretion of the Agency.

- Cash distribution reviewed and approved by the Agency according to the terms outlined in the Regulatory Agreement, during acquisition and permanent loan prior to any cash disbursements.

- Commitment to fund up to **$10,000,000** in a Standby Operating to cover any debt service shortfall during the transition period. The Standby Operating Account will be funded by either a letter of credit, residual project cash receipts or some combination of these and other sources. Due to the size of the anticipated reserve fund and the competition for excess project cash, the amount of each source of contribution to the transition fund will be determined prior to the recommendation for final commitment.

PROJECT DESCRIPTION:

A. Project Location & Description

The El Rancho Verde Apartments are located three (3) miles northeast of downtown San Jose, specifically the property is located at 303 Checkers Drive at the intersection of Checkers Drive and McKee Road. The site is ½ miles east of Highway 101 (the Bayshore Freeway). The property is ¾ mile west of 1-680, a major interstate serving east San Jose.

The project encompasses the equivalent of two city blocks and virtually operates as a city within a city. The two sites are bisected by Checkers Drive and are not gated. Both interiors and exteriors appear to be in good condition and have received regular maintenance. The buildings are generally two-story elevations with selected buildings containing two-story townhomes. The grounds are in good condition and litter-free.

B. Site Design:

El Rancho Verde I & II consist of two existing apartment complexes located at 303 Checkers Drive in East San Jose. The primary attributes of the project are:

- 700 total units: 300 units in El Rancho Verde I and 400 units in El Rancho Verde II.
- Constructed in 1969 as project-based Section 8 housing.
- A garden style, walk-up design, primarily two story (48 units, all townhouses, are in three buildings).
- Twenty-six (26) different floor plans in four basic units types 2BR/1BA (73%), 2BR/1.5BA townhouses (7%), 3BR/1.75BA (15%), and 3BA/2BA (5%).
- Common amenities currently include a clubhouse with computer learning center, on-site pre-school (under lease agreement), barbecues, tot lots and a sport court.

887

- The project has 1:1 carport parking and open parking at an overall ratio of 1.5 :1.

C. Rehabilitation Work and Improvements:

The developers plan an extensive rehabilitation for the project. The current estimated rehabilitation budget is approximately $16,700,000, or almost $24,000 a unit. The primary components of the rehabilitation plan include:

- Construction of one or two pools and smaller wading pools.
- Construction of a recreation center and several tot lots.
- Termite eradication.
- Increase the parking spaces *to* achieve a ratio of 2: 1.
- Improved landscaping.
- Unit Renovations.

D. Relocation

No permanent relocation is anticipated, consequently limited relocation will be required during rehabilitation. The Agency will require compliance with any applicable provisions of the Uniform Relocation Act and an appropriately funded relocation reserve.

MARKET:

A. Market Overview

According to National Survey System's market analysis dated August 31, 1999, the Primary Market Area (PMA) for El Rancho Verde extends approximately 1.75 to 4 miles from the site in the general East San Jose area. The greater East San Jose PMA has approximately 280,591 residents equaling 32% of the City's population. The PMA has lower incomes and rents, larger households and lower home values than the rest of the San Jose area. The project's specific PMA contains approximately 77,641 households.

B. Market Demand

Approximately 30% of the 77,641 PMA's households would be income qualified for the project following the planned conversions to *50%* and 60% rents.

In the event all 700 units in the project were brought to market at once, the project would require a 14.5% capture of the leasing volume in the PMA. Under the anticipated scenario, the majority of the existing tenants would be retained. Leasing 200 units would translate to a capture rate of 4.1% of the annual leasing volume in the PMA, which would be readily achievable.

C. Housing Supply

National Survey Systems examined 14 projects in the PMA. Eleven of these projects were general occupancy projects (market rate, no restrictions) comprising **2,672** units. Three projects were family tax credit projects all similar in their garden style configuration and floor plans. The market rate projects reflected a ***98.9%*** occupancy level and the tax credit projects all had 100% occupancy. These occupancy levels demonstrate the pent-up demand for rental housing in San Jose. The project's unit designs compare favorably with the competing units given their *size* and ability to accommodate larger families. Site amenities are lacking with the lack of pools, dishwashers and no air conditioning.

PROJECT FEASIBILITY:

Rent Differentials (Market vs. Restricted)

Rent Level	Project	Section 8	Mkt. Rate Avg.	Mfference	Percent
Two bedroom					
50%	$897	$897	$1,250	$353	72%
60%	$1,083	$1,083	$1,250	$167	87%
Three Bedroom					
50%	$994	$994	$1,500	$506	66%
60%	$1,250	$1,250	$1,500	$250	83%

Currently, HUD approved rents are below allowable tax credit rents. The Section 8 rents listed in the graph above reflect the developer's higher rent structure currently being proposed to HUD.

OCCUPANCY RESTRICTIONS:

CHFA: **20%** of the units (140) will be restricted to ***50%*** or less of median income.

TCAC: 100% of the units (700) will be restricted to 60% or less of median income.

236 Regulatory: 400 units in Phase II. Subject to basic and market rents.

ENVIRONMENTAL:

CHFA has received a Phase I-Environmental Assessment Report from EMG dated September 2, 1999 that includes asbestos and lead-based paint analyzes. No adverse conditions were found. There are asbestos- and lead-based paint containing materials that can remain in place assuming the existing O & M Program is updated to incorporate the most recent findings.

ARTICLE 34:

A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's Profile

The Project is being developed by The Related Companies of California, a for profit developer of affordable housing projects. The tax credit partnership will include a non-profit managing general partner that has yet to be selected. The Related Companies of California is an affiliate of The Related Companies, Inc. ("Related") which is a fully integrated real estate firm with divisions specializing in development, project management, financial services and property management.

B. Contractor

The project contractor has not been selected. Rehabilitation estimates have been provided by a contractor familiar with the costs in this market.

C. Architect

The architect has not been selected.

D. Management Agent

The managing agent will be from Related's in-house management team. Related prides itself on providing a superior level of service which helps it attract and retain outstanding corporate and residential tenants. The company has a rigorous preventative maintenance program and ongoing employee training which have enable the company to keep operating expenses and capital expenditure levels below those of competing projects. Nationally, the company managed 4 million square feet of commercial and mixed-use space and 14,300 residential units as of 1997.

Project Summary

890 **Date:** 18-Oct-99

Project Profile:

Project:	El Rancho Verde I & II	*Appraiser:*	
Location:	303 Checkers Drive		
	San Jose	*Cap Rate:*	
ounty/Zip:	Santa Clar	*Market:*	
Borrower:	TBD	*Income:*	
GP:	Related Capital/TBD	*Final Value:*	TBD
LP:	TBD		
		LTC/LTV:	
Program:	Tax Exempt	*Loan / Cost*	69.4%
CHFA #:	99-025-N	*Loan / Value*	TBD

Project Description:

Units	700
Handicap Units	
Bldge Type	Acq/Rehab
Buildings	0
stories	2
Gross Sq Ft	653,896
Land Sq Ft	1,611,720
Units / Acre	19
Total Parking	1000
Covered Parking	700

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$71,400,000	$102,000	6.3758	30
CHFA Taxable Loan	$0	$0	0.00%	30
San Jose City Loan	$5,500,000	$7,857	6.00%	30
Other Loans	$0	$0		
Developer Equity	$0	$0		
Tax Credit Equity	$22,753,270	$32,505		
Deferred Developer Fee	$458,162	$655		
HUD IRP-236	$2,791,379	$3,988	5.75%	12

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	871	111	50%	$897	$37,175
3 BR	1080	29	50%	$994	$41,300
2 BR	871	441	60%	$1,083	$44,610
3 BR	1080	115	60%	$1,250	$49,560
2 BR	871	4	Mgr/Maint	$0	N/A
		700			

Fees, Escrows and Reserves:

Escrows	**Basis of Requirements**		**Amount**	**Security**
Commitment Fee	1.25%	of Loan Amount	$927,392	Cash
Finance Fee	1.25%	of Loan Amount	$927.392	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$741,914	Letter of Credit
Rent u p Account	2.50%	of Gross Income	$226,604	Letter of Credit
Operating Expense Reserve	0.00%	of Gross Income	$0	Letter of Credit
Marketing	2.50%	of Gross Income	$226,604	Letter of Credit
Annual Replacement Reserve Deposit	350	Per Unit	$245,000	Operations
Initial Deposit to Repl. Reserve	500	Per Unit	$350,000	Cash
Standby Operating h u n t		Per Unit	$10,000,000	Operations/CHFA

Sources and Uses

SOURCES:

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	71,400,000	69.39%	109.19	102,000
HUD IRP-236	2,791,379	2.71%	4.27	3,988
Loan 5	0	0.00%	-	0
Loan 6	0	0.00%	-	0
San Jose City Loan	5,500,000	5.34%	8.41	7,857
Other Loans	0	0.00%	-	0
Total Institutional Financing	79,891,379	77.44%	121.87	113,845
Equity Financing				
Tax Credits	22,753,270	22.11%	34.80	32,605
Deferred Developer Equity	458,162	0.45%	0.70	655
Total Equity Financing	23,211,432	22.56%	35.50	33,169
TOTAL SOURCES	102,902,811	100.00%	157.37	147,004

USES:

Acquisition	76,950,000	74.78%	117.68	109,929
Rehabilitation	16,695,963	16.22%	25.53	23,851
New Construction	0	0.00%	-	0
Architectual Fees	273,000	0.27%	0.42	390
Survey and Engineering	127,000	0.12%	0.19	181
Const. Loan Interest & Fees	1,878,960	1.83%	2.87	2,684
Permanent Financing	1,858,284	1.81%	2.84	2,655
Legal Fees	160,000	0.16%	0.24	229
Reserves	803,208	0.78%	1.23	1,147
Contract Costs	43,250	0.04%	0.07	62
Construction Contingency	1,043,146	1.01%	1.60	1,490
Local Fees	805,000	0.78%	1.23	1,150
TCAC/Other Costs	1,065,000	1.03%	1.63	1,521
PROJECT COSTS	101,702,811	98.83%	156.63	145,290
Developer Overhead/Profit	1,200,000	1.17%	1.84	1,714
Consultant/Processing Agent	0	0.00%	-	0
TOTAL USES	102,902,811	100.00%	157.37	147,004

Annual Operating Budget — El Rancho Verde I & II

		% of total	$ per unit
INCOME:			
Total Rental Income	8,996,952	99.3%	12,853
Laundry	67,200	0.7%	96
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	9,064,152	100.0%	12,949
Less:			
Vacancy Loss	453,208	5.0%	647
Total Net Revenue	8,610,944	95.0%	12,301
EXPENSES:			
Payroll	455,000	5.8%	650
Administrative	469,000	6.0%	670
Utilities	472,500	6.0%	675
Operating and Maintenance	598,500	7.6%	855
Insurance and Business Taxes	117,500	1.5%	168
Assessments	122,500	1.6%	175
Reserve for Replacement Deposits	245,000	3.1%	350
Subtotal Operating Expenses	2,480,000	31.7%	3,543
Financial Expenses			
Mortgage Payments (1st loan)	5,345,317	68.3%	7,636
Total Financial	5,345,317	68.3%	7.636
Total Project Expenses	7,826,317	100.0%	11,179

Cash Flow El Rancho Verde I / CHFA # 99-025-N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	8,996,952	9,221,876	9,452,423	9,688,733	9,930,952	10,179,225	10,433,706	10,694,549	10,961,912	11,235,960
TOTAL RENTAL INCOME	**8,996,952**	**9,221,876**	**9,452,423**	**9,688,733**	**9,930,952**	**10,179,225**	**10,433,706**	**10,694,549**	**10,961,912**	**11,235,960**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	67,200	68,880	70,602	72,367	74,176	76,031	77,931	79,880	81,877	83,924
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**67,200**	**68,880**	**70,602**	**72,367**	**74,176**	**76,031**	**77,931**	**79,880**	**81,877**	**83,924**
GROSS INCOME	**9,064,152**	**9,290,756**	**9,523,025**	**9,761,100**	**10,005,128**	**10,255,256**	**10,511,637**	**10,774,428**	**11,043,789**	**11,319,884**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	453,208	464,538	476,151	488,055	500,256	512,763	525,582	538,721	552,189	565,994
EFFECTIVE GROSS INCOME	**8,610,944**	**8,826,218**	**9,046,873**	**9,273,045**	**9,504,871**	**9,742,493**	**9,986,056**	**10,235,707**	**10,491,600**	**10,753,890**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	2,112,500	2,197,000	2,284,880	2,376,275	2,471,326	2,570,179	2,672,987	2,779,906	2,891,102	3,006,746
Replacement Reserve	245,000	245,000	245,000	245,000	245,000	257,250	257,250	257,250	257,250	257,250
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Assessments	122,500	124,950	127,449	129,998	132,598	135,250	137,955	140,714	143,528	146,399
TOTAL EXPENSES	**2,480,000**	**2,566,950**	**2,657,329**	**2,751,273**	**2,848,924**	**2,962,679**	**3,068,191**	**3,177,870**	**3,291,880**	**3,410,395**
NET OPERATING INCOME	**6,130,944**	**6,259,268**	**6,389,544**	**6,521,772**	**6,655,947**	**6,779,814**	**6,917,864**	**7,057,837**	**7,199,719**	**7,343,494**
DEBT SERVICE										
CHFA - 1st Mortgage	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317
CHFA - Bridge Loan	0	0	0	0	0					
CHFA -Taxable Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**785,627**	**913,951**	**1,044,227**	**1,176,455**	**1,310,630**	**1,434,497**	**1,572,547**	**1,712,520**	**1,854,402**	**1,998,177**
DEBT COVERAGE RATIO	**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.27**	**1.29**	**1.32**	**1.35**	**1.37**
Standby Account from DS	**395,000**	**460,000**	**525,000**	**590,000**	**655,000**					
Balance in Standby Account	**395,000**	**855,000**	**1,380,000**	**1,970,000**	**2,625,000**					

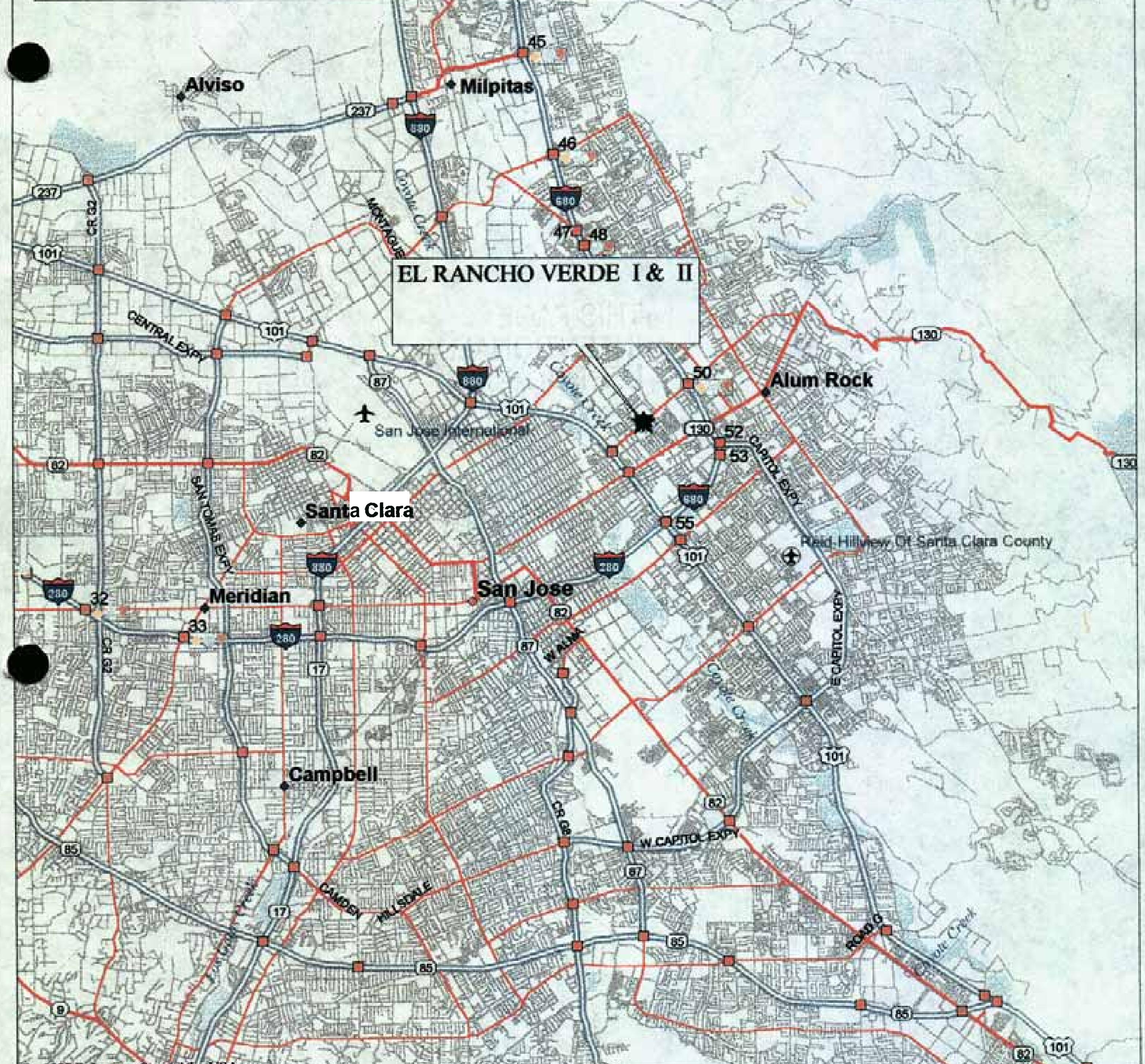
Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	11,516,859	11,804,781	12,099,900	12,402,398	12,712,458	13,030,269	13,356,026	13,689,926	14,032,175	14,382,979
TOTAL RENTAL INCOME	**11,516,859**	**11,804,781**	**12,099,900**	**12,402,398**	**12,712,458**	**13,030,269**	**13,356,026**	**13,689,926**	**14,032,175**	**14,382,979**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	86,022	88,172	90,377	92,636	94,952	97,326	99,759	102,253	104,809	107,429
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**86,022**	**88,172**	**90,377**	**92,636**	**94,952**	**97,326**	**99,759**	**102,253**	**104,809**	**107,429**
GROSS INCO[redacted]	**11,602,881**	**11,892,953**	**12,190,277**	**12,495,034**	**12,807,410**	**13,127,595**	**13,455,785**	**13,792,179**	**14,136,984**	**14,490,408**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	580,144	594,648	609,514	624,752	640,370	656,380	672,789	689,609	706,849	724,520
EFFECTIVE GROSS INCOME	**11,022,737**	**11,298,305**	**11,580,763**	**11,870,282**	**12,167,039**	**12,471,215**	**12,782,995**	**13,102,570**	**13,430,135**	**13,765,888**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	3,127,016	3,252,097	3,382,181	3,517,468	3,658,167	3,804,493	3,956,673	4,114,940	4,279,538	4,450,719
Replacement Reserve	270,113	270,113	270,113	270,113	270,113	283,618	283,618	283,618	283,618	283,618
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Assessments	149,327	152,313	155,360	158,467	161,636	164,869	168,166	171,530	174,960	178,459
TOTAL EXPENSES	**3,546,455**	**3,674,523**	**3,807,653**	**3,946,047**	**4,089,915**	**4,252,980**	**4,408,457**	**4,570,088**	**4,738,116**	**4,912,797**
NET OPERATING INCOME	**7,476,281**	**7,623,783**	**7,773,110**	**7,924,235**	**8,077,124**	**8,218,235**	**8,374,538**	**8,532,483**	**8,692,019**	**8,853,091**
DEBT SERVICE										
CHFA - 1st Mortgage	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317
CHFA - Bridge Loan										
CHFA -Taxable Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**2,130,964**	**2,278,465**	**2,427,793**	**2,578,917**	**2,731,806**	**2,872,917**	**3,029,221**	**3,187,165**	**3,346,701**	**3,507,774**
DEBT COVERAGE RATIO	**1.40**	**1.43**	**1.45**	**1.48**	**1.51**	**1.54**	**1.57**	**1.60**	**1.63**	**1.66**
Standby Account from DS										
Balance in Standby Account										

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Market Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	14,742,553	15,111,117	15,488,895	15,876,118	16,273,021	16,679,846	17,096,842	17,524,263	17,962,370	18,411,429
TOTAL RENTAL INCOME	**14,742,553**	**15,111,117**	**15,488,895**	**15,876,118**	**16,273,021**	**16,679,846**	**17,096,842**	**17,524,263**	**17,962,370**	**18,411,429**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	110,115	112,868	115,690	118,582	121,546	124,585	127,700	130,892	134,164	137,519
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**110,115**	**112,868**	**115,690**	**118,582**	**121,546**	**124,585**	**127,700**	**130,892**	**134,164**	**137,519**
GROSS INCOME	**14,852,669**	**15,223,985**	**15,604,585**	**15,994,699**	**16,394,567**	**16,804,431**	**17,224,542**	**17,655,155**	**18,096,534**	**18,548,948**
Vacancy Rate : Market	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	742,633	761,199	780,229	799,735	819,728	840,222	861,227	882,758	904,827	927,447
EFFECTIVE GROSS INCOME	**14,110,035**	**14,462,786**	**14,824,356**	**15,194,964**	**15,574,839**	**15,964,210**	**16,363,315**	**16,772,398**	**17,191,708**	**17,621,500**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	4,628,748	4,813,898	5,006,454	5,206,712	5,414,980	5,631,579	5,856,843	6,091,116	6,334,761	6,588,151
Replacement Reserve	297,799	297,799	297,799	297,799	297,799	312,689	312,689	312,689	312,689	312,689
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Assessments	182,029	185,669	189,383	193,170	197,034	200,974	204,994	209,094	213,275	217,541
TOTAL EXPENSES	**5,108,575**	**5,297,366**	**5,493,635**	**5,697,681**	**5,909,813**	**6,145,243**	**6,374,525**	**6,612,899**	**6,860,725**	**7,118,381**
NET OPERATING INCOME	**9,001,460**	**9,165,420**	**9,330,720**	**9,497,284**	**9,665,026**	**9,818,967**	**9,988,789**	**10,159,499**	**10,330,982**	**10,503,119**
DEBT SERVICE										
CHFA - 1st Mortgage	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317	5,345,317
CHFA - Bridge Loan										
CHFA -Taxable Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**3,656,142**	**3,820,103**	**3,985,403**	**4,151,966**	**4,319,708**	**4,473,650**	**4,643,472**	**4,814,181**	**4,985,665**	**5,157,802**
DEBT COVERAGE RATIO	**1.68**	**1.71**	**1.75**	**1.78**	**1.81**	**1.84**	**1.87**	**1.90**	**1.93**	**1.96**
Standby Account from DS										
Balance in Standby Account										

EL RANCHO VERDE I & II - San Jose (Regional) 896



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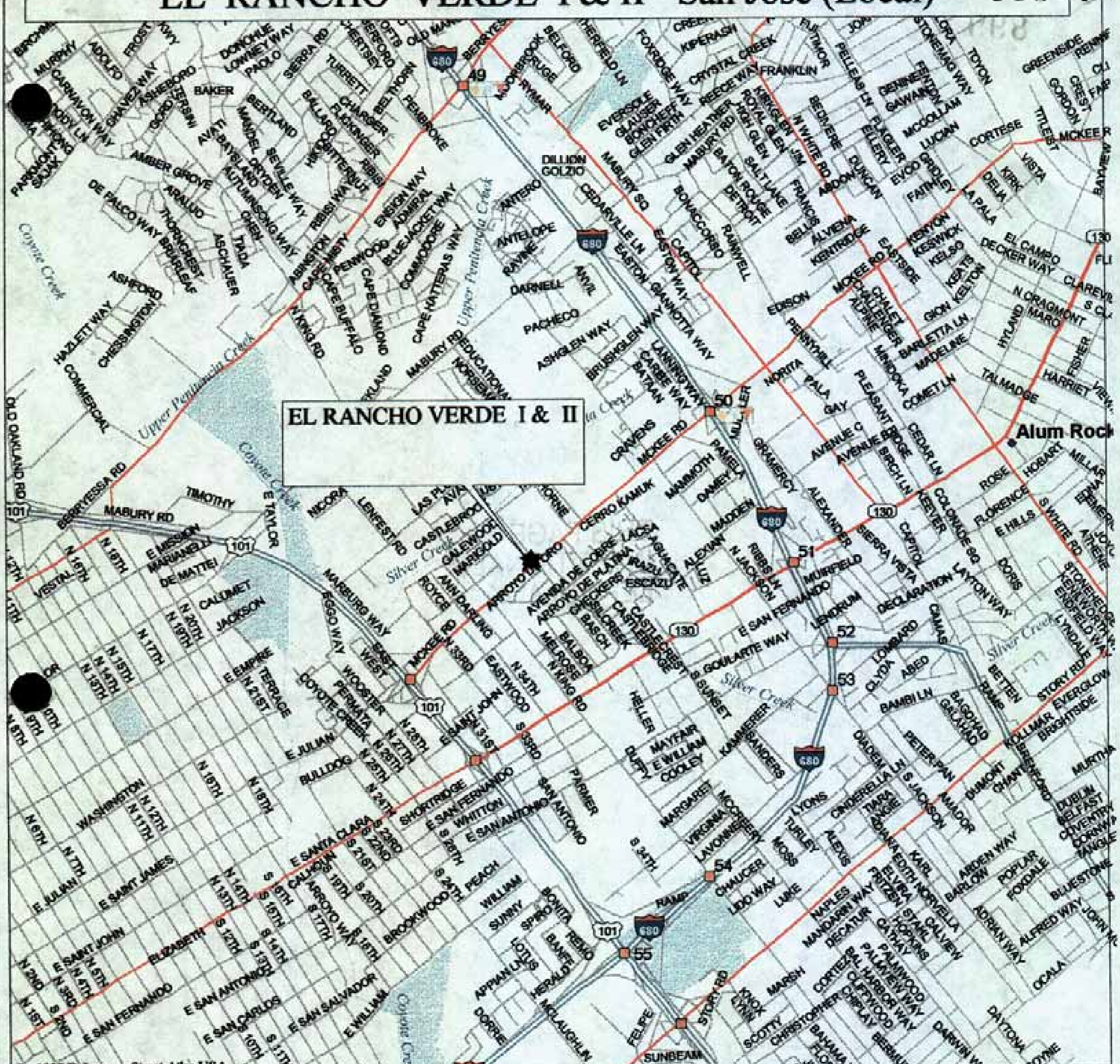
Wed Oct 20 14:12 1999
Scale 1:125,000 (at center)

2 Miles

2 KM

- Local Road
- Major Connector
- State Route
- Walkway/Stairway
- Trail
- Interstate/Limited Access
- Exit
- Utility/Pipe
- Railroad
- Small Town
- Large City
- Sched Service Airport
- Exit/Gas
- Exit/Lodging
- Exit/Food
- Public Airport

EL RANCHO VERDE I & II - San Jose (Local) 898



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2000 Feet
1000 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access
Exit
Railroad
Small Town
Exit/Gas
Exit/Lodging
Exit/Food
River/Canal
City Park

RESOLUTION 99-34

RESOLUTION AUTHORIZING AN INITIAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Related Companies of California in conjunction with a yet to be determined nonprofit public benefit housing corporation (the "Borrower"), seeking loan commitments under the Agency's Tax-Exempt Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans on a 700-unit multifamily housing development located in the City of San Jose to be known as El Rancho Verde I and II (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on October 18, 1999, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a initial loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver an initial commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
99-025-N	El Rancho Verde I & II San Jose/Santa Clara	700	$ 71,400,000 $ 2,791,379 (IRP)

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV 8-72)

85 34769

2. The initial commitment letter shall specifically state that the commitment is subject to the Agency's issuance of a final commitment to the sponsor not later than six months.

3. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

4. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval.. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of this commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-34 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:______________
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV 8-72)

85 34769

Executive Summary

902 Date: 18-Oct-99

Project Profile:

Project :	Rowland Heights Apts.	*Borrower:*	Rowland Hts. Pres. LP
Location:	1915 Batson Avenue	*GP:*	Jamboree
City:	Rowland Heights	*LP:*	TBD
County:	Los Angeles	*Program:*	Tax Exempt
Type:	Family	*CHFA # :*	99-028-S

Financing Summary:

	Final	Per Unit
Acquisition		
CHFA Loan Acq.	7,101,765	$49,318
HUD/IRP	1,410,000	$9,792
Developer Equity	378,922	$2,631
Permanent		
CHFA First Mortgage	$6,980,000	$48,472
AHP	$0	$0
Contributions From Operations	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$331,077	$2,299
Tax Credit Equity	$2,780,000	$19,306

Loan to Value
74.7%

Loan to Cost
69.2%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	805	23	50%	$533	$20,525
3 BR	1081	6	50%	$588	$23,075
2 BR	805	88	60%	$648	$24,630
3 BR	1081	25	60%	$747	$27,690
2 BR	805	1	Manager	$0	N/A
3 BR	1081	1	Maint	$0	N/A
		144			

Index:

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Rowland Heights Apartments

CHFA Ln. # 99-028-S

SUMMARY:

This is a final commitment request for two loans funding the acquisition and permanent take-out financing of Rowland Heights Apartments. The initial loan will finance the acquisition of the existing assisted project using a taxable loan in the amount of **$7,101,765** and a **HUD/IRP** loan in the amount of $1,410,000. The project will ultimately be sold to a tax credit partnership utilizing tax-exempt bond financing and 4% tax credits. The acquisition loan will be due and payable in two years and will be retired by a conventional construction loan. The HUD/IRP loan will remain in place for the remaining fourteen years of its term.

The permanent first mortgage will be in the amount of **$6,980,000** for thirty years. The proposed acquisition/rehabilitation project is a 144 unit family project located at **1915** Batson Avenue in Rowland Heights in Los Angeles County.

LOAN TERMS:

	ACQUISITION	PERMANENT
1st Mortgage Amount:	**$7,101,765**	**$6,980,000**
Interest Rate:	**7.00%**	**6.20%**
Term:	1 year, interest only	30 year fixed, Fully Amortized
Financing:	Taxable	Tax-Exempt
IRP Mortgage:	**$1,410,000**	
Interest Rate:		
Standby Operating Commitment:		**<u>$550,000</u>** **$150,000** - Residual Receipts **$400,000 - LOC**

LOCALITY INVOLVEMENT:

There is no locality involvement anticipated at this time.

SECTION 8 CONVERSION:

Section 236 Loans. The property will be acquired subject to a HUD Section 236 loan, the beneficial interest of which will be purchased by CHFA at the time of property acquisition by the Borrower. The loan is being purchased to preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. (Note: The IRP component of the 236 loan was designed to foster affordable housing development by subsidizing the debt service on permanent mortgages.)

In order to continue the stream of IRP payments, a public agency acceptable to HUD must acquire the Section 236 loan and act as the regulator. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Current Status. The project has a Section 236 loan that was noticed for prepayment by the current owner in February 1999. There is no outstanding project based Section 8 contract and residents pay Section 236 market rents. Upon prepayment of the Section 236 loan, which will occur when the Borrower acquires the project, the project will be eligible for Section 8 Preservation Vouchers.

Thirty-four households have been. identified as over-income residents who would not be eligible for a Section 8 Preservation Voucher. These thirty-four households have been offered a $5,000 payment to relocate by October 31, 1999, before the Borrower purchases the project, and all households have accepted. No resident will be forced to move, but over-income residents who elect to stay will be required to pay market rent 60 days after the Borrower acquires the project. Those units that become vacant will be replaced by very low-income households who will qualify for the Section 8 vouchers at closing.

Conversion Scenario. There are a number of potential scenarios that could occur at the termination of the Section 8 Preservation Vouchers. A complete termination of the Section 8 subsidy would require a conversion of tenant rents to the 50% and 60% of median income rents. Existing tenants would generally be unable to pay this increased rent without the benefit of a replacement subsidy. Given the uncertainty of the Section 8 program, staff is requiring a standby operating reserve to subsidize project costs in the event the tenant profile changes from Section 8 to a traditional tax-exempt bond/tax credit rent structure.

The following scenario is contemplated:

- Funding of $550,000 in a Standby Operating Account as a first claim of excess funds and to cover any debt service shortfall during the transition period. The Standby Operating Account will be funded by a $400,000 letter of credit and $150,000 in anticipated residual receipts during the first two years. Any shortfall in residual receipts would require that the amount of the letter of credit be increased so that the total in the Standby Operating Account is not less than $550,000.

- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewals of the Section 8 Preservation Vouchers.

- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to 50% and 60% of median income, or at the discretion of the Agency. Based on the 50%/60% income ratio each year, the LOC may be reduced to reflect actual 50%/60% occupancy levels.

PROJECT DESCRIPTION:

A. Site Design:

The project consists of 41 buildings on a relatively rectangular, flat site. No original plans are available, but it appears the project was constructed 1974. Of the 41 buildings, 38 buildings contain 144 two-story townhomes. The remaining buildings include: two laundry room buildings; one community building with management offices, a large recreation room with a small kitchen, restrooms, a maintenance office and shop and a small storage building. The site is zoned Residential LCR33OU, a multiple residential zoning that allows thirty-three units per acre. The project is considered a conforming use. There are 112 two-bedroom, one-bathroom units (852 square feet), and 32 three-bedroom, one and one half bath units (1,136 square feet). On-site parking includes 216 carport parking spaces.

Amenities include a large open grass area near the laundry building with a tot-lot, a barbecue area and a basketball court. Part of the rehabilitation proposal includes adding a maintenance building and a swimming pool with restroom facilities attached to the existing community building. The project is secured with rolling gates at the vehicular entries and is fenced in on the south, west and north property lines.

Batson Avenue runs along the east property line and the two entries off of this street are the only vehicular access to the project. There is an emergency access point at the rear of the site along the west property line that runs through an adjacent housing project.

B. Project Location:

The project is located in the Community of Rowland Heights, in the southeast portion of the greater Los Angeles County Metropolitan Area and in the southeast portion of Los Angeles County (the "County"). Within the County approximately 65% of the land area, or 2,649 square miles are within the unincorporated area. Roland Heights is approximately twenty-two square miles in size and is located approximately twenty miles southeast of Downtown Los Angeles. It is in the San Gabriel Valley, south of the Pomona Freeway (Highway 60) and west of the Orange Freeway (Highway 57). The surrounding cities are the City of Industry to the north, La Habra Heights to the south, Diamond Bar to the east and Whittier to the west.

The primary market area ("PMA") is a five mile radius which includes some or all of the cities of Roland Heights, La Puente, La Habra Heights, La Habra, Brea Walnut the City of Industry, Diamond Bar, West Covina and Hacienda Heights. Within the PMA, the population is 357,785 and growth from 1990 to 1999 has increased by 9.05%. The project is located one mile to the east, an intermediate High School one-half mile to the east and an elementary school one block south also borders the project.

C. Rehabilitation Work and Improvements:

Bank of America has issued a Construction Loan Commitment Letter agreeing to loan money for the rehabilitation work in the amount of $7,800,000 for nine months. The loan from Bank of America is contingent upon the allocation of low-income housing tax credits. The construction loan would pay off the Agency's acquisition mortgage.

The physical needs assessment report ("PNA") presented by the Sponsor was prepared by Todd & Associates, Inc. The PNA was reviewed by EMG on behalf of the Agency. EMG is in general agreement with the PNA scope of work. The bulk of the workconsists of general repairs that apply to all units or to the entire building. These repairs include: new siding on building; new flooring in the kitchen, baths and entry way; painting the kitchens and bathrooms; painting the exterior; new kitchen appliances; new cabinets in the bathrooms; new kitchen sinks; new toilets; new lavatory bowls; plumbing for dishwashers; installation of dishwashers and garbage disposals; hard wired smoke detectors; new bathroom lights and kitchen fixtures; new ranges and range hoods; paving and sealing driveways; new patio fences around the units and exterior fencing and carport repairs. In addition to the rehabilitation work, some new construction and/or improvements are contemplated including: a new pool with decking, fencing and restrooms, new gas meters on individual units and a new maintenance building. The estimated cost of the rehabilitation and new construction work is $1,763,834.

RELOCATION:

The relocation plan for residents at Roland Heights has been developed to enable the project to move forward efficiently while minimizing the disturbance and inconvenience to the residents. As part of the development process, the Borrower will be notifying the residents as to the general nature and length of the rehabilitation work proposed, and their rights per the Uniform Relocation Act and Real Property Acquisition Act of 1970. Relocation costs during acquisition and construction are estimated at $220,000. These costs cover the $5,000 per unit (anticipated total is $160,000) to be paid to over income tenants by October 31, 1999. The remaining $60,000 is for motel costs for the two days the Borrower anticipates it will take them to replace kitchen cabinets, countertops and appliances.

MARKET

A. Market Overview

At the end of 1997, the County's unemployment rate was 5.8% due to an increase of 62,800 jobs. The largest growth has occurred in the construction, manufacturing, sales and retail trade and business services. Manufacturing supplies nearly *20%* of jobs in the San Gabriel Valley, making the valley the 2nd largest manufacturing job base in the County. The City of Industry has more than 1,800 industrial manufacturing plants, distribution facilities and retail stores that employ approximately 70,000 people. By the year 2000, another 200 businesses are expected. Job growth is expected to increase an average of 1.3% through 2001. This expansion has led to an increase in population in the County and an increase in the average rent.

All income and household data is for the Los Angeles Urban County ("Urban County") and no further breakdown is available. The Urban County consists of 47 cities with populations of less than 50,000, and two cities with populations over 50,000 as well as the unincorporated areas of the County for a total of more than 2.2 million people.

Information on Roland Heights is contained in the 1998-2003 Consolidated Plan for the Los Angeles Urban County (the "Consolidated Plan") dated June 1998. Part of the Consolidated Plan includes servicing the unincorporated Roland Heights area through a recreation program. This program will support a variety of activities, such as, seasonal sports programs for youth, after school daycamp, summer fieldtrips, holiday programs and other events addressing the recreational needs of all age groups.

The Urban County's housing stock grew by *two* percent between 1990 and 1997. Approximately 30% of the housing units in the Urban County are multi-family and mobile home units. The demand for low-cost housing units has increased because the supply has been reduced according to the Consolidated Plan. The economic recession of the early 1990's dampened the housing demand overall, but more so in the higher-cost rather than the low-cost end. By July 1997, the median price of a single-family home in the county decreased to $175,900, however the affordability index, defined as the percent of households that can afford the median priced home is only at 39%.

B. Market Demand

Among low-income renters in the Urban County, 30% of the households are large families of 5 or more people, whereas they constitute only 21% among all income renters. In the 1990 Census, over 65% of the low-income households in the Urban County were overpaying for housing. As a result overcrowding is quite severe with approximately 38% of low-income renter households in the Urban County living in overcrowded conditions. Occupancy' levels in the County were 92% in December 1998 and have increased to approximately 94.1% in the County. The current occupancy levels at the project are 100%, which is the same as the occupancy levels in the six projects reviewed within the PMA.

In spite of 17,697 HUD vouchers and certificates for rental assistance, as of March 1998 there are 122,043 families on the Los Angeles County Housing Authority Section 8 preliminary registration and waiting lists. Of these, 95% (115,434) are from the County unincorporated areas and other cities. The average wait for the waiting list is 2.5 years, based on housing need and size.

The Los Angeles Community Development Commission ("CDC") is the administrator of the Los Angeles Urban County Programs. The CDC owns and operates 3,575 units of public housing at 50 sites, as well as '403 units under other state or federal programs. There are 33,607 County households and 1,924 Urban County households on the preliminary registration and waiting lists for these units. Of the 1,924 Urban County households, approximately 34% of the applicants require studio or one-bedroom units, 30% require two-bedroom units and 37% require three or more bedroom units. Between 1998 and 2003 an estimated 50,300 low-income Urban County household are projected to need rental assistance.

The Family Households information listed below is for the Urban County and reflects the need for affordable housing for low- and moderate-income households.

Percentage of Family Households by Income t

Location	0-50% AMI	51-80% AMI	81%+ AMI
Los Angeles	159,829	97,288	444,743

C. Housing Supply

The housing stock of the County is generally in fair condition, almost half of the housing units are over 40 years old. Housing added between 1990 and 1997 represents less than three percent of the total stock. From 1990 to 1997, the County produced 625 units of low-and moderate-income housing through its revenue bond, HOME and redevelopment programs. During this same period, bond issues by the County have been used to preserve 3,480 units of multi-family housing of which 920 units were made affordable to lower income households.

In the Urban County, 22% of all dwelling units are single or one-bedroom units, 30% are two bedroom units, and 48% contain three or more bedrooms. By contrast, rental units are much more likely to contain 0-2 bedrooms, with less than one in five (or 20%) containing three or more bedrooms. Approximately 1,120 additional units affordable to low-income households are needed in the Urban County to house the new households expected to be added between 1998 and 2003. At least one third of these units should be for large families (5 people or more).

According to the appraisal performed in June 1999, a search of land sales was conducted through the eastern portion of the County. No current multi-family land sales were found. The only land sale located was for forty units in Pomona. According to the Pomona Housing Department, with existing rent levels, it is not feasible to construct apartment complexes. For this reason, little new supply is anticipated, demand is expected to increase and vacancies are expected to continue to fall.

Six comparable market-rate apartment complexes were reviewed in the market study. None of the comparables provided rental concessions and none have townhouse units. The townhouses are typically larger and have much lower density than other comparable in the area. According to the property managers of these complexes, size is the most important feature for tenants in this area followed by secured parking. Also, three bedroom units are scarce in the current market.

The allocation of federal funds for the construction of new public rental housing was rescinded by Congress in September, 1995. As a result the CDC was able to complete only 40 of the 230 units anticipated in the County's 1995-1998 Housing and Community Development Plan. The County is no longer relying on HUD direct funding for the construction of new housing. No new public rental housing is planned for the next five years. Instead the CDC is providing financial assistance to rental property owners for the rehabilitation of multi-family units through $1.8 million in CDBG money and $.8 million in Rental Rehab Program Income. They home to improve 320 housing units over the next five years.

The CDC also intends to preserve 547 bond-financed units which are affordable to lower-income households through multi-unit bond financing. In addition the CDC has identified 937 at risk affordable housing units it hopes to preserve through various federal state, local and private funds.

PROJECT FEASIBILITY:

A Rent Differentials (Market vs. Restricted)

Rent Level	Project	Section 8	Mkt. Rate Avg.	Difference	Percent
Two bedroom					
50%	$533	$850	$850	$317	63%
60%	$588	5850	$850	$262	69%
Three Bedroom					
50%	$648	$975	$975	$327	66%
60%	$747	$975	$975	$228	77%

B. Estimated Lease-Up Period

The project will have Section 8 tenants and is expected to be fully rented at the time of acquisition. This is necessary for the project to qualify for, and the tenants receive Section 8 Preservation Vouchers. Minimal disruption is contemplated to the tenant during rehabilitation. The market is currently strong, there is no new multi-family product on the market, so limited turnover is expected.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units *(29)* will be restricted to *50%* or less of median income.
TCAC: 100% of the units (144) will be restricted to 60% or less of median income.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by Project Resources Inc. and dated June *22, 1999.* A Reliance Letter dated October 8, *1999* was also provided to the Agency by Project Resources Inc. No adverse findings were noted in the report. A review of the Project Resources Inc.'s report is being prepared for the Agency by EMG and is due before the Final Commitment deadline which includes asbestos and lead-based paint analysis. The review by Project Resources Inc. indicates the presence of asbestos and recommends an O & M plan.

ARTICLE 34:

A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's profile

The initial General Partner for the limited partner (to be formed) is Jamboree Housing Corporation, a nonprofit public benefit corporation ("Jamboree"). Jamboree was formed in 1990 as the Irvine Community Housing Corporation and the name was changed to Jamboree Housing Corporation in 1995. Jamboree has acquired, rehabilitated or constructed 960 affordable apartment units in 8 projects and a 360-unit rental mobile home park. Lila Liberthal is the current Executive Director of Jamboree.

The limited partnership, which will acquire the project when the permanent mortgage closes is Rowland Heights Preservation Limited Partnership, a California limited partnership. It consists of Jamboree Housing Corporation as the managing general partner and Rowland Heights Preservation Partners Development LLC, a for-profit California limited liability corporation ("Rowland Heights Preservation") as the administrative general partner. The members of Rowland Heights Preservation are officers with TRI Capital Corporation.

B. Contractor

The contractor will be ICON Builders from Santa Monica, California that has been in business since 1985. They specialize in multifamily. custom homes, industrial and major renovation construction. They have been the contractor on various projects with Thomas Safran and Associates, and as such are familiar with the Agency's architectural standards. Construction is completed on Lark Ellen Senior and Family Housing Project in West Covina, California and the CHFA permanent loan closing is expected soon.

C. Architect

The architect is Todd & Associate, Inc. which performed the physical needs assessment and they will also provide architectural supervision during the rehabilitation work. Todd & Associates, Inc. was founded in 1981 in Phoenix, Arizona and has expanded their scope of services throughout the Western United States. They specialize in facilities evaluations, planning and landscape architecture.

D. Management Agent

The property management agent is The John Stewart Company that manages several projects in the Agency's loan portfolio.

Project Summary

913

Date: 18-Oct-99

[redacted]:

Project : Rowland Heights Apts
Location: 1915 Batson Avenue
Rowland Heights
County/Zip: Los Ange 91748
Borrower: Rowland Hts. Pres. LP
GP: Jamboree
LP: TBD

Program: Tax Exempt
CHFA #: 99-028-S

Appraiser: C———— Cunningham & Assoc.
Cap Rate: 8.25%
As-Is Value $ 9,160,000
After Rehab $ 9,345,000
Final Value: $ 9,345,000

LTC/LTV:
Loan/Cost 69.2%
Loan/Value 74.7%

Project Description:

Units	144
Handicap Units	
Bldge Type	Acq/Rehab
Buildings	41
Stories	2
Gross Sq Ft	134,176
Land Sq Ft	364,597
Units/Acre	17
Total Parking	216
Covered Parking	216

Financing Summary:

	Amount	Per Unit	Rate	Term
Acquisition				
CHFA Loan Acq.	$7,101,765	$49,318	7.00%	1
Developer Equity	$378,922	$2,631	0.00%	-
HUD/IRP	$1,410,000	$9,792	5.75%	15
Permanent				
CHFA First Mortgage	$6,980,000	$48,472	6.20%	30
AHP	$0	$0	0.00%	-
Developer Equity	$0	$0	0.00%	
Tax Credit Equity	$2,780,000	$19,306		
Deferred Developer Fee	$331,077	$2,299		
CHFA HAT	$0	$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	805	23	50%	$533	$20,525
3 BR	1081	6	50%	$588	$23,075
2 BR	805	88	60%	$648	$24,630
3 BR	1081	25	60%	$747	$27,690
2 BR	805	1	Manager	$0	N/A
3 BR	1,081	1	Maint	$0	N/A
		144			

Fees, Escrows and Reserves:

Escrows	**Basis of Requirements**		Amount	Security
Commitment Fee	1.25%	of Loan Amount	$112,837	Cash
Finance Fee	1.25%	of Loan Amount	$87,250	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of credit.
Rent u p Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$122,028	Letter of credit
Marketing	0.00%	of Gross Income	$0	Letter of credit
Annual Replacement Reserve Deposit	$438	Per Unit	$50,400	Operations
Initial Deposit to Repl. Res.		Lump Sum	$144,000	Cash
standby operating Reserve			$550,000	LOC/Res. Rec.

Sources and Uses

Rowland Heights

SOURCES:

Name of Lender / Source	Acquisition Taxable	Acquisition Per unit	Permanent Tax-Exempt	Permanent Per Unit
CHFA Loan Acq.	7,101,765	49,318	-	
HUD/IRP	1,410,000	9,792	-	
CHFA First Mortgage	-	-	6,980,000	48,472
CHFAHAT	-	-		a
AHP		-	-	a
Contributions From Operations	-	-	-	0
Total Institutional Financing	**8,511,765**	58.109	**6,980,000**	**48,472**
Equity Financing				
Tax Credits	0	0	2,780,000	19,306
Developer Equity	378,922	2,631		
Deferred Developer Equity	0	0	331,077	2,299
Total Equity Financing	378,822	2631	3,111,077	21,608
TOTAL SOURCES	8,890,687	61741	10,091,077	61,741

USES:

Acquisition	8,600,000	59,722	6,450,000	44,792
Rehabilitation	0	-	1,558,118	10,820
New Construction	0	-		0
Architectual Fees	0	-	59,500	413
Survey and Engineering		-	20,000	500
Const. Loan Interest & Fees	20,000	38	510,911	3,548
Permanent Financing	123,337	139	112,250	780
Legal Fees	10,000	69	45,000	313
Reserves	0	-	266,028	1,847
Contract Costs	18,500	128	0	0
Construction Contingency	0	-	144,000	1,000
Local Fees	0	-	0	0
TCAC/Other Costs	118,850	-	274,770	1,908
PROJECT *COSTS*	8,890,687	60,097	$9,440,577	65,560
Developer Overhead/Profit	*0*	0	$650,500	4,517
Consultant/Processing Agent	*0*	0	-	0
TOTAL USES	8,890,687	60,097	$10,091,077	61,741

Annual Operating Budget

Rowland Heights Apts.

		% of total	$ per unit
INCOME:			
Total Rental Income	1,208,184	99.0%	8,390
Laundry	12,096	1.0%	84
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	1,220,280	100.0%	8,474
Less:			
Vacancy Loss	55,496	4.5%	385
Total Net Revenue	1,164,784	98.5%	8,089
EXPENSES:			
Payroll	65,178	14.0%	453
Administrative	96,728	20.8%	672
Utilities	67,155	14.5%	466
Operating and Maintenance	132,686	28.6%	921
Insurance and Business Taxes	36,288	7.8%	252
Taxes and Assessments	16,004	3.4%	111
Reserve for Replacement Deposits	50,400	10.9%	350
Subtotal Operating Expenses	464,439	100.0%	3,225
Financial Expenses			
Mortgage Payments (1st loan)	0	0.0%	-
Total Financial	0	0.0%	-
Total Project Expenses	464,439	100.0%	3,225

Cash Flow — Rowland Heights Apts. — CHFA # 99-028-S

RENTAL INCOME	2000	2001 - 2002	2003	2004	2005	2006	2007	2008	2009	2010
Sec. 8 Increase	*1.50%*	Construction	*1.50%*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	110,352	Period	112,007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*1.50%*	Financing	*1.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,097,832		1,114,299	1,153,922	1,182,770	1,211,801	1,242,096	1,273,148	1,304,977	1,337,602
TOTAL RENTAL INCOME	**1,208,184**		**1,226,307**	**1,153,922**	**1,182,770**	**1,211,801**	**1,242,096**	**1,273,148**	**1,304,977**	**1,337,602**
OTHER INCOME										
Other Income Increase	*2.50%*									
Laundry	12,096									
Commercial	N/A									
TOTAL OTHER INCOME	**12,096**									
GROSS INCOME	**1,220,280**									
Vacancy Rate : Sec 8	*0.00%*									
Vacancy Rate : Affordable	*5.00%*									
Less: Vacancy Loss	55,496									
EFFECTIVE GROSS INCOME	**1,164,784**									
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	398,035		413,956	430,514	447,735	465,644	484,270	503,641	523,786	544,738
Replacement Reserve	50,400		50,400	50,400	50,400	50,400	52,920	52,920	52,920	52,920
Annual Tax Increase	*2.00%*		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	16,004		16,324	16,651	16,984	17,323	17,670	18,023	18,384	18,751
TOTAL EXPENSES	**464,439**		**480,680**	**497,565**	**515,118**	**533,367**	**554,860**	**574,584**	**595,090**	**616,409**
NET OPERATING INCOME	**700,345**		**701,690**	**610,734**	**620,888**	**630,528**	**638,133**	**648,234**	**658,298**	**668,313**
DEBT SERVICE										
CHFA Loan Acq.	497,124									
CHFA - 1st Mortgage	0		513,004	521,953	521,953	521,953	521,953	521,953	521,953	521,953
CHFA - HAT	0		0	0	0	0	0	0	0	0
CASH FLOW after debt service	**203,222**		**188,686**	**88,781**	**98,935**	**108,574**	**116,180**	**126,280**	**136,345**	**146,360**
Operating Transition Reserv	**100,000**		**50,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Reserve Bal.	**100,000**		**150,000**	**150,000**	**150,000**	**0**	**0**	**0**	**0**	**0**
DEBT COVERAGE RATIO	**1.41**		**1.37**	**1.17**	**1.19**	**1.21**	**1.22**	**1.24**	**1.26**	**1.28**
Net Residual Cashflow	**103,222**		**138,686**	**88,781**	**98,935**	**108,574**	**116,180**	**126,280**	**136,345**	**146,360**

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Cash Flow

RENTAL INCOME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,371,042	1,405,318	1,440,451	1,476,462	1,513,373	1,551,208	1,589,988	1,629,738	1,670,481	1,712,243
TOTAL RENTAL INCOME	**1,371,042**	**1,405,318**	**1,440,451**	**1,476,462**	**1,513,373**	**1,551,208**	**1,589,988**	**1,629,738**	**1,670,481**	**1,712,243**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	15,106	15,484	15,871	16,268	16,674	17,091	17,519	17,957	18,405	18,866
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**15,106**	**15,484**	**15,871**	**16,268**	**16,674**	**17,091**	**17,519**	**17,957**	**18,405**	**18,866**
GROSS INCOME	**1,386,148**	**1,420,802**	**1,456,322**	**1,492,730**	**1,530,048**	**1,568,299**	**1,607,507**	**1,647,694**	**1,688,887**	**1,731,109**
acancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
acancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
ess: Vacancy Loss	69,307	71,040	72,816	74,636	76,502	78,415	80,375	82,385	84,444	86,555
FFECTIVE GROSS INCOME	**1,316,840**	**1,349,761**	**1,383,506**	**1,418,093**	**1,453,545**	**1,489,884**	**1,527,131**	**1,565,310**	**1,604,442**	**1,644,553**
PERATING EXPENSES										
nnual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
xpenses	566,527	589,188	612,756	637,266	662,757	689,267	716,838	745,511	775,332	806,345
eplacement Reserve	52,920	55,566	55,566	55,566	55,566	55,566	58,344	58,344	58,344	58,344
nnual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
axes and Assessments	19,126	19,509	19,899	20,297	20,703	21,117	21,539	21,970	22,409	22,858
OTAL EXPENSES	**638,574**	**664,263**	**688,221**	**713,129**	**739,026**	**765,950**	**796,721**	**825,826**	**856,085**	**887,547**
T OPERATING INCOME	**678,267**	**685,498**	**695,285**	**704,964**	**714,520**	**723,934**	**730,410**	**739,464**	**748,357**	**757,006**
BT SERVICE										
IFA Loan Acq.										
IFA - 1st Mortgage	521,953	521,953	953	521,953	521,953	521,953	521,953	521,953	521,953	521,953
IFA - HAT	0	0	0	0	0	0	0	0	0	0
SH FLOW after debt service	**156,314**	**163,545**	**1 31**	**183,011**	**192,567**	**201,981**	**208,457**	**217,531**	**226,404**	**235,053**
erating Transition Reserv	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
mulative Reserve Bal.	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	[illegible]
BT COVERAGE RATIO	**1.30**	**1.31**	**33**	**1.35**	**1.37**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Residual Cashflow	**156,314**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Cash Flow

RENTAL INCOME	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,755,049	1,798,925	1,843,899	1,889,996	1,937,246	1,985,677	2,035,319	2,086,202	2,138,357	2,191,816
TOTAL RENTAL INCOME	**1,755,049**	**1,798,925**	**1,843,899**	**1,889,996**	**1,937,246**	**1,985,677**	**2,035,319**	**2,086,202**	**2,138,357**	**2,191,816**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	19,337	19,821	20,316	20,824	21,345	21,878	22,425	22,986	23,561	24,150
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**19,337**	**19,821**	**20,316**	**20,824**	**21,345**	**21,878**	**22,425**	**22,986**	**23,561**	**24,150**
GROSS INCOME	**1,774,386**	**1,818,746**	**1,864,215**	**1,910,820**	**1,958,591**	**2,007,555**	**2,057,744**	**2,109,188**	**2,161,918**	**2,215,966**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	88,719	90,937	93,211	95,541	97,930	100,378	102,887	105,459	108,096	110,798
EFFECTIVE GROSS INCOME	**1,685,667**	**1,727,809**	**1,771,004**	**1,815,279**	**1,860,661**	**1,907,178**	**1,954,857**	**2,003,729**	**2,053,822**	**2,105,167**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	838,699	872,143	907,028	943,309	981,042	1,020,284	1,061,095	1,103,539	1,147,680	1,193,587
Replacement Reserve	58,344	61,262	61,262	61,262	61,262	61,262	64,325	64,325	64,325	64,325
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	23,315	23,781	24,257	24,742	25,237	25,741	26,256	26,781	27,317	27,863
TOTAL EXPENSES	**920,258**	**957,185**	**992,547**	**1,029,313**	**1,067,540**	**1,107,286**	**1,151,676**	**1,194,645**	**1,239,322**	**1,285,775**
NET OPERATING INCOME	**765,409**	**770,624**	**778,457**	**785,966**	**793,121**	**799,891**	**803,181**	**809,084**	**814,500**	**819,392**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	521,953	521,953	521,953	521,953	521,953	521,953	521,953	521,953	521,953	521,953
CHFA - HAT	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**243,456**	**248,670**	**256,504**	**264,013**	**271,168**	**277,938**	**281,228**	**287,131**	**292,547**	**297,439**
Operating Transition Reserv	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Reserve Bal.										
DEBT COVERAGE RATIO	**1.47**	**1.48**	**1.49**	**1.51**	**1.52**	**1.53**	**1.54**	**1.55**	**1.56**	**1.57**
Net Residual Cashflow	**243,456**	**248,670**	**256,504**	**264,013**	**271,168**	**277,938**	**281,228**	**287,131**	**292,547**	**297,439**

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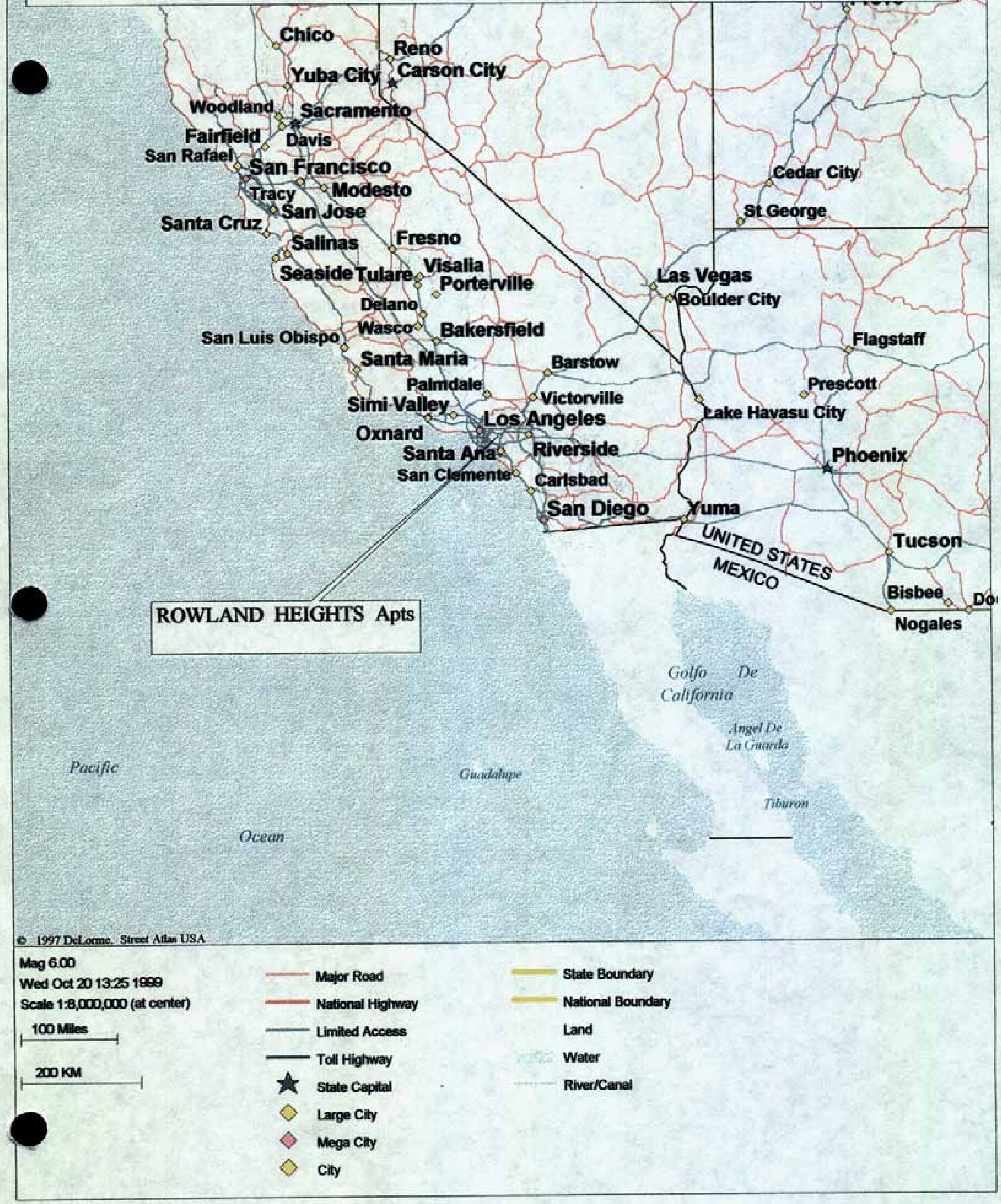
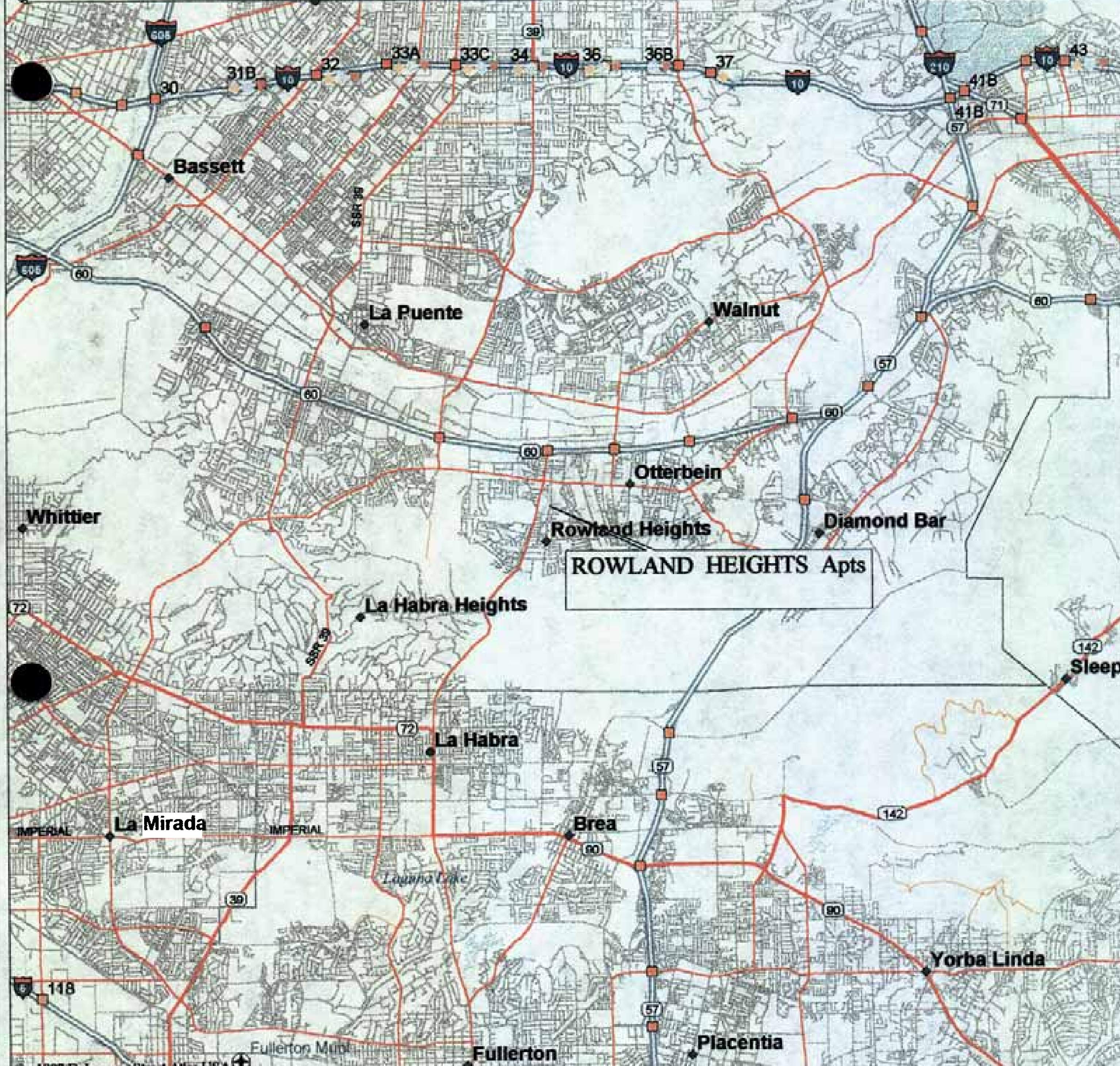
Cash Flow

RENTAL INCOME	2031	2032
Sec. 8 Increase	*N/A*	*N/A*
Surplus Sec. 8 Income	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*
Affordable Rents	2,246,611	2,302,777
TOTAL RENTAL INCOME	**2,246,611**	**2,302,777**
OTHER INCOME		
Other Income Increase	*2.50%*	*2.50%*
Laundry	24,753	25,372
Commercial	N/A	N/A
TOTAL OTHER INCOME	**24,753**	**25,372**
GROSS INCOME	**2,271,365**	**2,328,149**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*
Less: Vacancy Loss	113,568	116,407
EFFECTIVE GROSS INCOME	**2,157,796**	**2,211,741**
OPERATING EXPENSES		
Annual Expense Increase	*4.00%*	*4.00%*
Expenses	1,241,331	1,290,984
Replacement Reserve	64,325	64,325
Annual Tax Increase	*2.00%*	*2.00%*
Taxes and Assessments	28,421	28,989
TOTAL EXPENSES	**1,334,076**	**1,384,298**
NET OPERATING INCOME	**823,720**	**827,444**
DEBT SERVICE		
CHFA Loan Acq.		
CHFA - 1st Mortgage		
CHFA - HAT		
CASH FLOW after debt service		
Operating Transition Reserv		
Cumulative Reserve Bal.		
DEBT COVERAGE RATIO		
Net Residual Cashflow		

ROWLAND HEIGHTS - Los Angeles (Regional) 920



ROWLAND HEIGHTS - Los Angeles (Local) 922



Mag 12.00
Wed Oct 20 13:34 1999
Scale 1:125,000 (at center)

2 Miles

2 KM

Local Road
Major Connector
State Route
Primary State Route
Walkway/Stairway
Trail
Interstate/Limited Access
Exit

Utility/Pipe
Railroad
Small Town
Exit/Gas
Exit/Lodging
Exit/Food
Public Airport
County Boundary

RESOLUTION 99-35

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Rowland Heights Preservation Partners Development LLC, and Jamboree Housing Corporation, a California nonprofit public benefit corporation (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 144-unit multifamily housing development located in the City of Rowland Heights to be known as Rowland Heights (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on October 18, 1999, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
99-028-S	Rowland Heights Apartments Rowland Heights/Los Angeles	144	$ 7,101,765 Acquisition $ 1,410,000 IRP $ 6,980,000 Permanent

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-35 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:______________
Secretary

Executive Summary

Date: 18-Oct-99

Project Profile:

Project :	Plum Tree West Apts.	*Borrower:*	Plum Tree Ltd. Partnership
Location:	1055 Montebello Drive	GP:	Plum Tree Res. LP/Jamboree
City:	Gilroy	*LP:*	Edison
County:	Santa Clara	*Program:*	Tax Exempt
Type:	Senior	*CHFA # :*	99-027-N

Financing Summary

	Final	Per Unit
Acquisition		
CHFA Loan Acq.	4,950,000	70,714
Developer Equity	554,543	7,932
Permanent		
CHFA First Mortgage	$5,650,000	$80,714
Contributions From Operations	$180,958	$2,585
Other Loans	*$0*	$0
Other Loans	$0	*$0*
Developer Equity	$0	*$0*
Deferred Developer Equity	$235,783	$3,368
Tax Credits	$1,842,942	$26,328
CHFA BRIDGE	$0	*$0*
CHFA HAT	$0	*$0*

Loan to Value
63.7%

Loan to Cost
71.4%

Unit Mix:

Type	Size	Number	*AMI*	Rent	Max Income
1 BR	820	14	50%	$738	$28,900
1 BR	820	55	60%	$810	$38,600
2BR	900	1	Manager	$1,001	N/A
		70			

Index:

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Plum Tree West Apartments

CHFA Ln. # 99-027-N

SUMMARY:

This is a final commitment request for two loans funding the acquisition and permanent financing of Plum Tree West Apartments. The initial loan will finance the acquisition of the existing assisted project using a taxable loan in the amount of $4,950,000. The project will ultimately be sold to a tax credit partnership utilizing tax-exempt bond financing and 4% tax credits. The acquisition loan will be due and payable in two years and will be retired by a conventional construction loan.

The permanent first mortgage will be in the amount of $5,650,000 for thirty years. The proposed acquisitiodrehabilitation project is a 70-unit senior project located at 1055 Montebello Drive in Gilroy in Santa Clara County.

LOAN TERMS:

	ACQUISITION	PERMANENT
1st Mortgage Amount:	$4,950,000	**$5,650,000**
Interest Rate:	7.00%	6.20%
Term:	Interest only	30 year fixed, Fully Amortized
Financing:	Taxable	Tax-Exempt
Standby Operating Commitment:		$535,000 **$400,000** – Letter of Credit $135,000 – Residual Receipts

LOCALITY INVOLVEMENT:

No locality involvement is contemplated.

SECTION 8 CONVERSION:

Current Status. The project was financed under the 221(d)(4) program, a HUD market rate program. The project is also under the Section 8 Project-Based Housing Assistance Payment ("*HAP*")program. Tenants pay a maximum of 30% of their median income towards rent and utilities. HUD pays the owner of the project the difference between the *HAP* contract rent and the tenant's contribution. The HAP contract expires in March, 2000. The current HUD HAP rental rates are $719 for a one-bedroom unit and $786 for a two-bedroom unit.

Conversion Scenario. There are a number of potential scenarios that could occur at the termination of the existing *HAP* contract. A complete termination of the Section 8 subsidy would require a conversion of tenant rents to the 50% and 60% of median income rents. Existing tenants would generally be unable to pay this increased rent without the benefit of a replacement subsidy. Staff believes that senior projects will have priority over family projects in obtaining annual renewals. However, given the uncertainty of the HAP contracts continuing after expiration, staff is requiring a standby operating reserve to subsidize project costs in the event the tenant profile changes from Section 8 to a traditional tax-exempt bond/tax credit rent structure.

The following scenario is contemplated:

- Funding of $535,000 in a Standby Operating Account as a first claim of excess funds and to cover any debt service shortfall during the transition period. The Standby Operating Account will be funded by a $400,000 letter of credit and $135,000 in anticipated residual receipts. Any shortfall in residual receipts would require that the amount of the letter of credit be increased.

- The CHFA Regulatory Agreement will require that the sponsor seek HUD renewals of the HAP contracts.

- The Standby Operating Account must be maintained for the benefit of the project until all units have transitioned to 50% and 60% of median income, or at the discretion of the Agency.

- Cash distribution reviewed and approved by the Agency according to the terms outlined in the Regulatory Agreement, during acquisition and permanent loan prior to any cash disbursements.

PROJECT DESCRIPTION:

A. Site Design:

The project consists of an existing 70-unit senior garden apartment complex built in 1978. The site is zoned R3 (Medium Density Residential) which allows for a maximum average density of 16 units per acre and the project is a conforming use. There are 69 one-bedroom units (650 square feet), and 1 two-bedroom manager's unit (800 square feet).

The two-story elevator building is arranged in a "Y" shape with three wings emanating from the main entrance. Handrails are located in the hallways in the building and each apartment has an emergency call button hard wired to the management office and apartment. Amenities include a community room, a lounge with a kitchen, a management office and a laundry room. There is a large patio area off of the main community room and another covered patio area at the northeast comer of the site. On-site parking consists of 57 parking spaces, including 12 open spaces and 45 carport parking spaces.

B. Project Location:

The City of Gilroy ("Gilroy") is the most southern community in Santa Clara County. It is the site of the greatest agricultural production in the county, but has been diversifying its employment base in recent years. Gilroy's population growth has been faster than growth in the rest of Santa Clara County. The two reasons for this growth are the new businesses that have been established in Gilroy and the city is an affordable source of housing for employees of the electronics industry in San Jose, Santa Clara and Sunnyvale. Over 80 industries are located in and around Gilroy including food processing, electronics, paper products and seed production. Agriculturally related industries still dominate the area; the two largest employers are Gilroy Foods, Inc (1,053 employees) and A&D Christopher Ranch (725 employees).

The project is located along the northerly line of Montebello Drive, west of Wren Avenue, in the southwesterly section of Gilroy. The main thoroughfare is First Street that also serves as Highways 152 route through Gilroy. The area is proximate to public transportation; the Santa Clara County Transit System's public bus has stops located along First Street and Wren Avenue near the project.

The primary market area ("PMA") is approximately one mile in radius and is bordered by Highway 152 to the north, Third Street on the South, Wren Avenue on the east and Santa Theresa Boulevard on the west. The PMA is a residential area within Gilroy and is nearly 100% built out. There are a few vacant parcels located along First Street that are zoned for commercial development and all residentially zoned sites have been developed. Approximately 80% of existing structures within the PMA are multi- and single-family residential. The development of single-family homes in the PMA occurred in the 1960's through the early 1970's.

North of the project is a cemetery. Multi-family residences are on all other sides. The project is within a block of neighborhood shopping centers. There is additional land on both sides of the project that could be used for an additional phase on the project.

C. Rehabilitation Work and Improvements:

Bank of America has issued a Construction Loan Commitment Letter agreeing to loan money for the rehabilitation work in the amount of **$6,226,975** for nine months. The loan from Bank of America is contingent upon the allocation of low-income housing tax credits. The construction loan would pay off the Agency's acquisition loan.

The physical needs assessment report ("PNA") presented by the Sponsor was prepared by Todd & Associates, Inc. The PNA is being reviewed by EMG on behalf of the Agency. Initial feedback is in general agreement with the PNA with loan commitment contingent on an acceptable final. The bulk of the work consists of general repairs that apply to all units or to the entire building. These repairs and improvements include: re-roofing the building, new thermal pane retrofit windows, new glass doors in the corridors and corridor exits (to provide more natural light into the corridors), new lighting systems in the corridors, new kitchen countertops (including new sinks, fixture, and garbage disposal), new bathroom fans, new low-flow toilets, fumigation of the building and exterior painting of the building. New additions to the project include: gutters and downspouts, a new stairway in the lobby and a new spa. The estimated cost of the structure repairs and new additions totals **$758,320.**

In addition, exterior rehabilitation work is to be completed, including the repair and/or replacement of roads, sidewalks, trash enclosures, fencing, decks and trees and lawns for a total of **$149,700.** This results in a total rehabilitation budget for the project of **$908,020.**

D. Relocation

No permanent relocation is anticipated consequently, very little, if **any,** relocation will be required during rehabilitation. The **$25,000** budgeted to cover relocation is the estimated cost of a motel stay for every resident for one or two nights. As part of the development process, the developer will be notifying the residents as to the general nature and length of the rehabilitation work proposed, and their rights per the Uniform Relocation Act and Real Property Acquisition Act of **1970.**

MARKET:

A.' Market Overview

Population within the PMA is 17,867 according to 1998 estimates by Equifax National Decision Systems. The population in the PMA is expected to grow by 8.9% over the next five years, which is slow, primarily because there is a lack of land available for further residential development. The average household income in the PMA is estimated at $64,332. The estimated per capita income, as of 1998, was $21,683. Approximately 27% of the PMA residents are retired or not in the labor force.

Approximately 55.4% of the residential units in the PMA are owner occupied. The median property value in the PMA is estimated at $238,511. Over 40% of all housing units within the neighborhood were built prior to 1970. The remaining 44.6% of the units are rental housing with an estimated vacancy rate of 1.4%.

B. Market Demand

The overall vacancy rate for dwelling units in Gilroy in 1999 was estimated at 2.6%, as compared to 3.85% for the county overall. The City of Gilroy Consolidated Plan July 1, 1995 to June 30, 2000 ("the Consolidated Plan") quotes the Association of Bay Area Governments ("ABAG") stating that Gilroy would have to increase it's existing housing stock by 5,000 units to meet the projected housing need of lower income households. This kind of growth is not possible, however, an estimated 200 units were constructed in March 1995 and were used to move low income residents from rental units to owner-occupied units.

According to the Housing Authority of the County of Santa Clara, as of July 9, 1999, there are 35,000 applicants on the waiting list for Conventional (public) Housing and 32,000 on the waiting list for the Section 8 Certificate & Voucher program. According to the Consolidated Plan, the Section 8 Rental Waiting list was reopened for the Elderly/Disabled in 1989. As of the date of the Consolidated Plan (adopted in May 1995) there were 126 elderly households on the list and the average wait is three years.

As of 1995 nearly 45% of all renter households in Gilroy were very low-income. 1,410 extremely low and very low-income renter households had a housing cost burden exceeding 30% of their income. In addition, there were 704 very low-income owner households. As of 1998, there are 13,809 households within a five-mile radius of the project with a total population base of 45,843. Within the PMA, there are 6,568 households with a total population of 17,867. No income breakdown is available for Gilroy by age or household.

The Santa Clara County Consolidated Plan, summarized in the graph below, provides a rough estimate of family households by income. However, this date of this data is unknown. What it does show is that over 25% of all residents in Santa Clara County make less than ***50%*** of the county median income.

Percentage of Family Households by Income Category

Location	0-50% AMI	51-80% AMI	81%+ AMI
Santa Clara	11,708	2,113	31,949

C. Housing Supply

There are several apartment complexes located within the city limits, including some complexes located within the PMA. The majority of the existing housing stock within Gilroy is single-family detached housing. The apartment complexes in the community are scattered and the majority are between 20-30 years old. Most of the larger complexes in the area serve as subsidized housing for low-income families and senior citizens. The bulk of new residential construction has been for-sale housing, primarily detached. There is no new construction of multi-family residential in the area.

Of the market rate apartment complexes in Gilroy, none are restricted to occupancy by senior citizens. The neighboring city of Morgan Hill has one market-rate senior citizens apartment complex named Las Casas de San Pedro Senior Apartments. It includes amenities not found in this project including washer/dryers, dishwashers, one-car garages, a fitness center, a pool and van transportation. Las Casas de San Pedro Senior Apartments is also a two story facility, but it is a walk-up without any elevators. The size of the units are similar to this project and rents are at market ($895-$1,000) for the area.

Out of the six apartment complexes surveyed in July 1999 by the Cushman & Wakefield only one was offering a rental concession in, the form of a reduced security deposit. The remaining comparables are not offering concessions, and some managers said they have not had to offer any incentives over the past several years.

PROJECT FEASIBILITY:

A Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Section 8	Mkt. Rate Avg.	Difference	Percent
One Bedroom					
50%	$738	$952	$900	$162	82%
60%	$810	$952	$900	$90	90%
Two Bedroom					
Manager	$1,001	$1.100	$1,010	$9	99%

B. Estimated Lease-Up Period

The project has existing Section 8 tenants and minimal disruption is contemplated to the tenant during rehabilitation. The market is currently strong, there is no new multi-family product on the market and no other senior project in the area, so limited turnover is expected.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (14) will be restricted to 50% or less of median income.
TCAC: 100% of the units (70) will be restricted to 60% or less of median income.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by Project Resources Inc. and dated May 21, 1999. No adverse findings were noted. A review of the Project Resources Inc.'s report deadline, which includes asbestos and lead-based paint analysis, is being prepared for the Agency by EMG and is due before the Final Commitment The report by Project Resources Inc. indicates the presence of asbestos and recommends an O & M plan.

ARTICLE 34:

A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's profile

The managing General Partner for the limited partnership (to be formed) is Jamboree Housing Corporation, a nonprofit public benefit corporation ("Jamboree"). Jamboree was formed in 1990 as the Irvine Community Housing Corporation and the name was changed to Jamboree Housing Corporation in 1995. Jamboree has acquired, rehabilitated or constructed 960 affordable apartment units in 8 projects and a 360-unit rental mobile home park. Lila Liberthal is the Executive Director of Jamboree.

The limited partnership, which will acquire the project when the permanent mortgage closes is Plum Tree Preservation Limited Partnership, a California limited partnership. It consists of Jamboree Housing Corporation as the managing general partner and Plum Tree Preservation Partners LLC, a for-profit California limited liability corporation ("Plum Tree Preservation") as the administrative general partner. The members of Plum Tree Preservation are officers with TRI Capital Corporation.

B. Contractor

The contractor will be A.J. James Construction Company , Inc. from Morgan Hill, California which incorporated in 1973. A.J. James Construction Company, Inc. is a general building contractor which has experience in the construction and remodel of affordable rental housing projects

C. Architect

The architect is Todd & Associates, Inc. which performed the physical needs assessment and will also provide architectural supervision during the rehabilitation work. Todd & Associates, Inc. was founded in 1981 in Phoenix, Arizona and has expanded their scope of services throughout the Western United States. They specialize in facilities evaluations, planning and landscape architecture.

D. Management Agent

The property management agent is The John Stewart Company which manages several projects in the Agency's loan portfolio.

Project Summary

936 Date: 18-Oct-99

Project Profile:

Project : Plum Tree West Apts.
Location: 1055 Montebello Drive
Gilroy
County/Zip: Santa Cl 95020
Borrower: Plum Tree Ltd. Partnership
GP: Plum Tree Pres. LP/Jambore
LP: Edison

Program: Tax Exempt
CHFA#: 99-027-N

Appraiser: Kenneth Matlin
Cushman & Wakefield
Cap Rate: 8.00%
As-Is Value $ 6,540,000
After Rehab $ 6,750,000
Final Value: $ 6,750,000

LTC/LTV:
Loan / Cost 71.4%
Loan / Value 83.7%

Project Description:

Units	70
Handicap Units	
Bldge Type	
Buildings	1
Stories	2
Gross Sq Ft	52,129
Land Sq Ft	139,912
Units/Acre	22
Total Parking	45
Covered Parking	12

Financing Summary:

	Amount	Per Unit	Rate	Term
Acquisition				
CHFA Loan Acq.	$4,950,000	$70,714	7.00%	1
Developer Equity	$554,543	$7,922	0.00%	-
CHFA HAT	$0	$0	0.00%	1
Permanent				
CHFA First Mortgage	$5,650,000	$80,714	6.20%	30
AHP	$0	$0	0.00%	-
Contributions From Operations	$180,958	$2,585	0.00%	
Tax Credit Equity	$1,842,942	$26,328	0.00%	
Deferred Developer Fee	$235,783	$3,368	0.00%	
CHFA HAT	$0	$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	*Max* Income
1 BR	820	14	50%	$738	$28,900
1 BR	820	55	60%	$810	$38,600
2BR	900	1	Manager	$1,001	N/A
		70			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	security
Commitment Fee *Acq.*	1.25%	of Loan Amount	$64,125	Cash
Finance Fee Permanent	1.25%	of Loan Amount	$70,625	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up h u n t	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$60,350	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$360	Per Unit	$25,200	Operations
Initial Deposit to Repl. Res.		Lump sum	$70,000	Cash
Standby Operating Reserve			$535,000	LOC/Res. Rec.

Sources and Uses — Plum Tree West Apts.

SOURCES:

Name of Lender / Source	Acquisition Taxable	Per Unit	Tax-Exempt	Per unit
CHFA Loan Acq.	4,950,000	70,714	-	0
Other	0	-	-	0
CHFA First Mortgage	0	-	5,650,000	80,714
CHFAHAT	0	-	0	0
AHP	0	-	0	0
Contributions From Operations	0	-	180,958	2,585
Total Institutional Financing	**4,950,000**	70,714	**5,830,958**	**83,299**
Equity Financing				
Tax Credits	0	0	1,842,942	26,328
Developer Equity	554,543	7,922	235,783	3,368
Deferred Developer Equity	0	0	0	0
Total Equity Financing	**554,543**	7,922	2,078,725	29,696
TOTAL *SOURCES*	**5,504,543**	**78,636**	**7,909,683**	112,995

USES:

Acquisition	5,350,000	76429	$5,410,000	77,286
Rehabilitation	0	0	$1,038,775	14,840
New Construction	0	0		0
Architectual Fees	28,272	404	$39,500	564
Survey and Engineering	7,600	101	$2,400	60
Const. Loan Interest & Fees	0	0	$568,895	8,127
Permanent Financing	77,375	1105	$90,625	1,295
Legal Fees	15,000	214	$30,000	429
Reserves	0	0	$150,350	2,148
Contract Costs	16,550	236	$0	0
Construction Contingency	0	0	$94,434	1,349
Local Fees	0	0	$0	0
TCAC/Other Costs	9,746	139	$79,504	1,136
PROJECT COSTS	**5,504,543**	**78629**	**$7,504,483**	107,207
Developer Overhead/Profit	0	0	$405,200	5,789
Consultant/Processing Agent	0	0	-	0
		0		
TOTAL USES	**5,504,543**	**78629**	**$7,909,683**	112,995

Annual Operating Budget — Plum Tree West Apts.

		% of total	$ per unit
INCOME:			
Total Rental Income	800,976	99.7%	11,443
Laundry	2,520	0.3%	36
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	**803,496**	**100.0%**	**11,479**
Lese:			
Vacancy Loss	33,656	4.2%	481
Total Net Revenue	**769,840**	**96.8%**	**10,998**
EXPENSES:			
Payroll	46,000	21.4%	657
Administrative	44,709	20.8%	639
Utilities	36,000	16.7%	514
Operating and Maintenance	42,500	19.7%	607
Insurance and Business Taxes	18,524	8.6%	265
Taxes and Assessments	2,500	1.2%	36
Reserve for Replacement Deposits	25,200	11.7%	360
Subtotal Operating Expenses	218,433	100.0%	3,078
Financial Expenses			
Mortgage Payments (1st loan)	0	0.0%	-
Total Financial	*0*	**0.0%**	-
Total Project Expenses	216,433	100.0%	3,078

Cash Flow — Plum Tree West Apts. — CHFA # 99-027-N

RENTAL INCOME	2000	2001-2002	2003	2004	2005	2006	2007	2008	2009	2010
Sec. 8 Increase	*1.50%*	Construction	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	130,380	Period	132,336	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*1.50%*	Financing	*1.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	670,596		680,655	704,545	722,159	740,212	758,717	777,685	797,127	817,056
TOTAL RENTAL INCOME	**800,976**		**812,991**	**704,545**	**722,159**	**740,212**	**758,717**	**777,685**	**797,127**	**817,056**
OTHER INCOME										
Other Income Increase	*2.50%*		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	2,520		2,583	2,648	2,714	2,782	2,851	2,922	2,995	3,070
Commercial	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**2,520**		**2,583**	**2,648**	**2,714**	**2,782**	**2,851**	**2,922**	**2,995**	**3,070**
GROSS INCOME	**803,4[illegible]**		**815,574**	**707,193**	**724,872**	**742,994**	**761,568**	**780,608**	**800,123**	**820,126**
Vacancy Rate : Sec 8	*0.00%*		*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	33,656		34,162	35,360	36,244	37,150	38,078	39,030	40,006	41,006
EFFECTIVE GROSS INCOME	**769,840**		**781,412**	**671,833**	**686,629**	**705,844**	**723,490**	**741,577**	**760,117**	**779,120**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	187,733		195,242	203,052	211,174	219,621	228,405	237,542	247,043	256,925
Replacement Reserve	25,200		25,200	25,200	25,200	25,200	26,460	26,460	26,460	26,460
Annual Tax Increase	*2.00%*		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	2,500		2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
TOTAL EXPENSES	**215,433**		**222,992**	**230,853**	**239,027**	**247,527**	**257,626**	**266,817**	**276,375**	**286,314**
NET OPERATING INCOME	**554,408**		**558,420**	**440,980**	**449,602**	**458,317**	**465,864**	**474,760**	**483,742**	**492,805**
DEBT SERVICE										
CHFA Loan Acq.	346,500									
CHFA - 1st Mortgage	0		415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254
CHFA - HAT Loan	0		0	0	0	0	0	0	0	0
CASH FLOW after debt service	**207,908**		**143,166**	**25,726**	**34,348**	**43,063**	**50,610**	**59,506**	**68,488**	**77,551**
DEBT COVERAGE RATIO	**1.60**		**1.34**	**1.06**	**1.08**	**1.10**	**1.12**	**1.14**	**1.16**	**1.19**
Operating Transition Res	**0**		**105,000**	**12,850**	**17,150**					
Cum. Operating Trans. Res.*	**0**		**105,000**	**117,850**	**135,000**					
Net Residual Cashflow	**207,908**		**38,166**	**12,876**	**17,198**	**43,063**	**50,610**	**59,506**	**68,488**	**77,551**

Cash Flow

RENTAL INCOME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sec. 8 Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	837,482	858,419	879,879	901,876	924,423	947,534	971,222	995,503	1,020,390	1,045,900
TOTAL RENTAL INCOME	**837,482**	**858,419**	**879,879**	**901,876**	**924,423**	**947,534**	**971,222**	**995,503**	**1,020,390**	**1,045,900**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	3,147	3,226	3,306	3,389	3,474	3,561	3,650	3,741	3,834	3,930
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**3,147**	**3,226**	**3,306**	**3,389**	**3,474**	**3,561**	**3,650**	**3,741**	**3,834**	**3,930**
GROSS INCOME	**840,629**	**861,645**	**883,186**	**905,266**	**927,897**	**951,095**	**974,872**	**999,244**	**1,024,225**	**1,049,831**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	42,031	43,082	44,159	45,263	46,395	47,555	48,744	49,962	51,211	52,492
EFFECTIVE GROSS INCOME	**798,598**	**818,563**	**839,027**	**860,002**	**881,502**	**903,540**	**926,128**	**949,282**	**973,014**	**997,339**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	267,202	277,890	289,006	300,566	312,589	325,092	338,096	351,620	365,685	380,312
Replacement Reserve	26,460	27,783	27,783	27,783	27,783	27,783	29,172	29,172	29,172	29,172
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	2,988	3,047	3,108	3,171	3,234	3,299	3,365	3,432	3,501	3,571
TOTAL EXPENSES	**296,650**	**308,721**	**319,897**	**331,520**	**343,606**	**356,174**	**370,633**	**384,224**	**398,357**	**413,055**
NET OPERATING INCOME	**501,948**	**509,842**	**519,129**	**528,483**	**537,897**	**547,366**	**555,496**	**565,058**	**574,656**	**584,284**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**86,694**	**94,588**	**103,875**	**113,229**	**122,643**	**132,112**	**140,242**	**149,804**	**159,402**	**169,030**
DEBT COVERAGE RATIO	**1.21**	**1.23**	**1.25**	**1.27**	**1.30**	**1.32**	**1.34**	**1.36**	**1.38**	**1.41**
Operating Transition Res										
Cum. Operating Trans. Res.*										
Net Residual Cashflow	**86,694**	**94,588**	**103,875**	**113,229**	**122,643**	**132,112**	**140,242**	**149,804**	**159,402**	**169,030**

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Cash Flow

RENTAL INCOME	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Sec. 8 Increase	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*
Surplus Sec. 8 Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,072,048	1,098,849	1,126,320	1,154,478	1,183,340	1,212,924	1,243,247	1,274,328	1,306,186	1,338,841
TOTAL RENTAL INCOME	**1,072,048**	**1,098,849**	**1,126,320**	**1,154,478**	**1,183,340**	**1,212,924**	**1,243,247**	**1,274,328**	**1,306,186**	**1,338,841**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	4,029	4,129	4,233	4,338	4,447	4,558	4,672	4,789	4,908	5,031
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**4,029**	**4,129**	**4,233**	**4,338**	**4,447**	**4,558**	**4,672**	**4,789**	**4,908**	**5,031**
GROSS INCOME	**1,076,076**	**1,102,978**	**1,130,553**	**1,158,816**	**1,187,787**	**1,217,482**	**1,247,919**	**1,279,117**	**1,311,094**	**1,343,872**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	53,804	55,149	56,528	57,941	59,389	60,874	62,396	63,956	65,555	67,194
EFFECTIVE GROSS INCOME	**1,022,272**	**1,047,829**	**1,074,025**	**1,100,876**	**1,128,398**	**1,156,607**	**1,185,523**	**1,215,161**	**1,245,540**	**1,276,678**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	395,524	411,345	427,799	444,911	462,708	481,216	500,465	520,483	541,302	562,955
Replacement Reserve	29,172	30,631	30,631	30,631	30,631	30,631	32,162	32,162	32,162	32,162
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	3,642	3,715	3,789	3,865	3,942	4,021	4,102	4,184	4,267	4,353
TOTAL EXPENSES	**428,339**	**445,691**	**462,219**	**479,407**	**497,281**	**515,868**	**536,728**	**556,829**	**577,732**	**599,469**
NET OPERATING INCOME	**593,934**	**602,138**	**611,806**	**621,469**	**631,117**	**640,740**	**648,794**	**658,332**	**667,808**	**677,209**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254	415,254
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**178,680**	**186,884**	**196,552**	**206,215**	**215,863**	**225,486**	**233,540**	**243,078**	**252,554**	**261,955**
DEBT COVERAGE RATIO	**1.43**	**1.45**	**1.47**	**1.50**	**1.52**	**1.54**	**1.56**	**1.59**	**1.61**	**1.63**
Operating Transition Res										
Cum. Operating Trans. Res.*										
Net Residual Cashflow	**178,680**	**186,884**	**196,552**	**206,215**	**215,863**	**225,486**	**233,540**	**243,078**	**252,554**	**261,955**

Cash Flow

RENTAL INCOME	2031	2032
Sec. 8 Increase	*1.50%*	*1.50%*
Surplus Sec. 8 Income	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*
Affordable Rents	1,372,312	1,406,619
TOTAL RENTAL INCOME	**1,372,312**	**1,406,619**
OTHER INCOME		
Other Income Increase	*2.50%*	*2.50%*
Laundry	5,157	5,286
Commercial	N/A	N/A
TOTAL OTHER INCOME	**5,157**	**5,286**
GROSS INCOME	**1,377,469**	**1,411,905**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*
Less: Vacancy Loss	68,873	70,595
EFFECTIVE GROSS INCOME	**1,308,595**	**1,341,310**
OPERATING EXPENSES		
Annual Expense Increase	*4.00%*	*4.00%*
Expenses	585,473	608,892
Replacement Reserve	32,162	32,162
Annual Tax Increase	*2.00%*	*2.00%*
Taxes and Assessments	4,440	4,528
TOTAL EXPENSES	**622,075**	**645,582**
NET OPERATING INCOME	**686,521**	**695,728**
DEBT SERVICE		
CHFA Loan Acq.		
CHFA - 1st Mortgage	415,254	34,604
CHFA - HAT Loan	0	
CASH FLOW after debt service	**271,267**	**661,123**
DEBT COVERAGE RATIO	**1.65**	**20.11**
Operating Transition Res		
Cum. Operating Trans. Res.*		
Net Residual Cashflow	**271,267**	**661,123**

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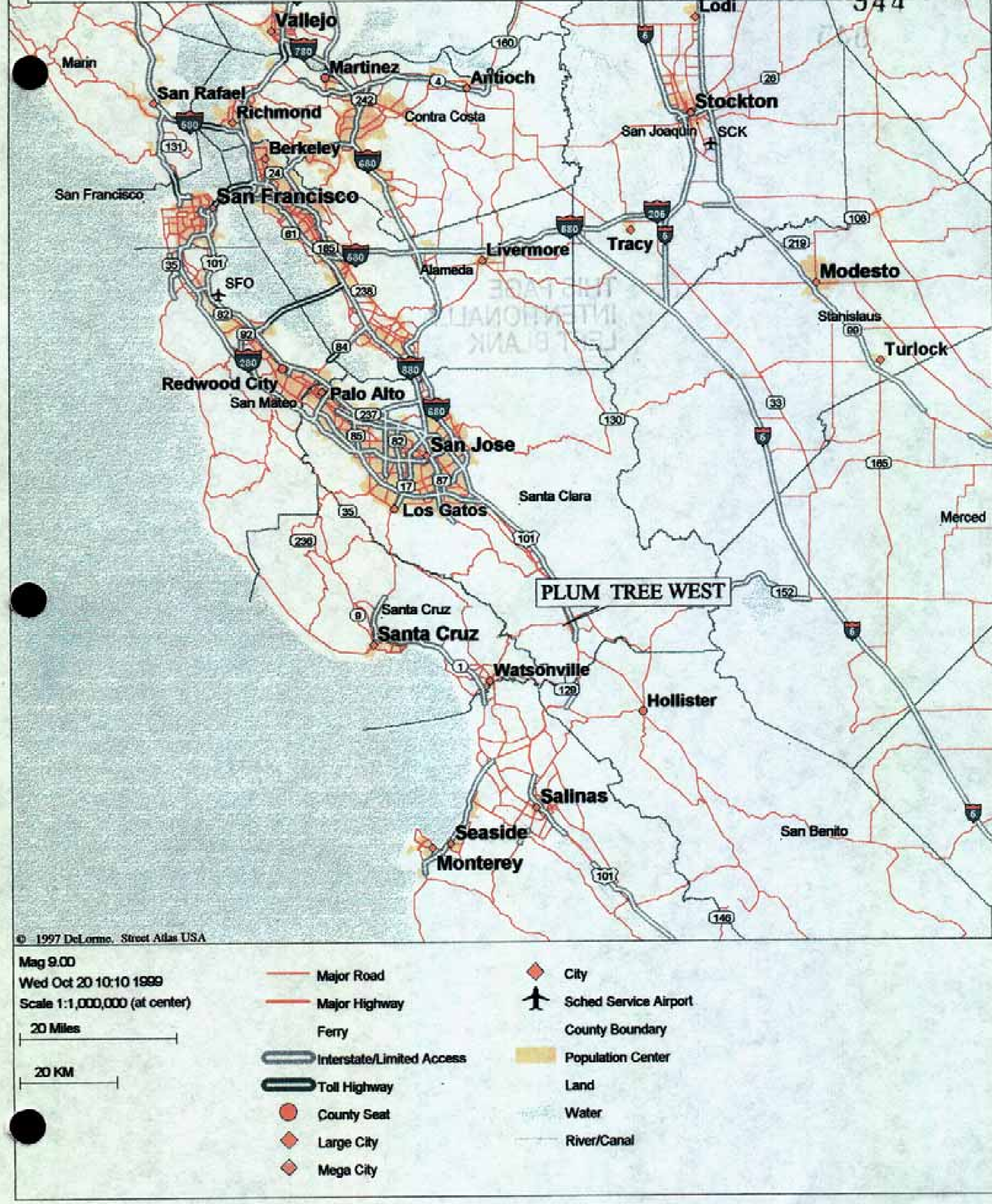
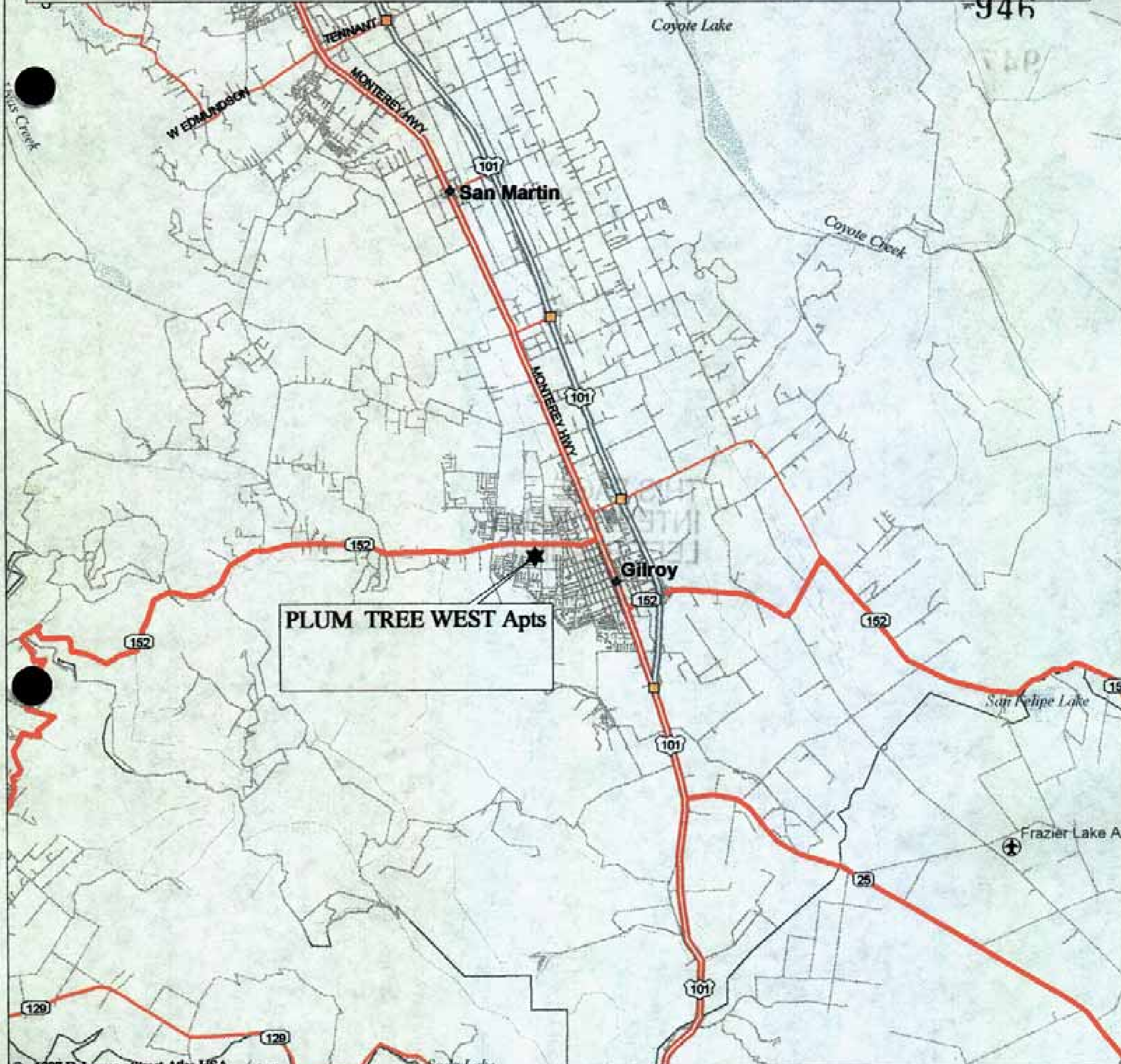
PLUM TREE WEST APTS - Gilroy (Regional)

944



PLUM TREE WEST Apts - Gilrroy (Local)

946



Mag 12.00
Wed Oct 20 13:59 1999
Scale 1:125,000 (at center)

2 Miles

2 KM

- Local Road
- Major Connector
- State Route
- Primary State Route
- Trail
- Interstate/Limited Access
- US Highway
- Exit
- Utility/Pipe
- Railroad
- Small Town
- Public Airport
- County Boundary
- Water
- Woodland
- River/Canal

RESOLUTION 99-36

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Plum Tree Preservation Partners LLC, and Jamboree Housing Corporation, a California nonprofit public benefit housing corporation (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 70-unit multifamily housing development located in the City of Gilroy to be known as Plum Tree West Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated October 18, 1999 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on October 18, 1999, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final Commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/	NUMBER	MORTGAGE AMOUNTS
99-027-N	Plum Tree West Apartments Gilroy/Santa Clara	70	$ 4,950,000 Acquisition $ 5,650,000 Permanent

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STATE OF CALIFORNIA
STD. 113 (REV 8-72)

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2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to increase the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial or material way.

I hereby certify that this is a true and correct copy of Resolution 99-36 adopted at a duly constituted meeting of the Board of the Agency held on November 4, 1999, at Millbrae, California.

ATTEST:______________
Secretary

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