BOARD OF DIRECTORS

Thursday, October 12, 2000

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

9:30 a.m.

1. Roll Call ....

2. Approval of the minutes of the August 10, 2000 Board of Directors meeting.. .... .702

3. Chairman/Executive Director comments.

4. Discussion, recommendation and possible action relative to a final commitment on the following projects: (Lim Warren)

NUMBER	DEVELOPMENT	LOCALITY	UNITS
00-027-N	Belvedere Place	San Rafael/ Marin	26

Resolution 00-33.. .... .844

NUMBER	DEVELOPMENT	LOCALITY	UNITS
00-007-N	Vista Del Monte	San Francisco/ San Francisco	104

Resolution 00-34.. 862

5. Discussion, recommendation and possible action relative to the adoption of a resolution (1) authorizing the Agency to implement the California Homebuyer's Downpayment Assistance Program; and (2) authorizing the Executive Director to enter into an interagency agreement with the California Department of Housing and Community Development for such implementation. (Ken Williams)
Resolution 00-35.. .... .884

6. Discussions concerning the following (as contained in the Reports section of the binder): (a) Financing; (b) Programs; and (c) Legislation.

7. Discussion, recommendation and possible action in a Closed Session pursuant to Government Code Section 11126(a)(1) and 11125(b), relative to the appointment of the position of Director of Multifamily Programs.

8. Other Board matters.

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

NOTES

HOTEL PARKING: Parking is available as follows: 1) overnight self-parking for hotel guests is $12.00 per night; and 2) rates for guests not staying at the hotel is $2.00 for the first two hour period, $2.00 for the second two hour period, and $1.00 per additional hour (up to 10 hours).

FUTURE MEETING DATE: Next CHFA Board of Directors Meeting will be December 7, 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
San Francisco International Airport
401 East Millbrae Avenue
Millbrae, California

Thursday, August 10, 2000
9:30 a.m. to 12:33 p.m.

"Minutes approved by the Board of Directors at its meeting held: October 12, 2000

Attest: [signature]"

Reported and Transcribed by: Ramona Cota

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APPEARANCES

Directors Present:

CLARK WALLACE, Chairman

BETHANY ASELTINE

JULIE I. BORNSTEIN

CARRIE A. HAWKINS

ROBERT N. KLEIN II

PAT NEAL

THERESA A. PARKER

JEANNE PETERSON

Staff Present:

DAVID N. BEAVER, General Counsel

JOJO OJIMA

For the Staff of the Agency:

LINN G. WARREN, Chief, Multifamily Lending & Acting Director, Multifamily Lending

Counsel to the Agency:

TODD MITCHELL, Orrick, Herrington & Sutcliffe

Members of the Public:

KEN REINER, Related Companies

TAWNYA FALKNER, Thomas Safran & Associates

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I N D E X

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P R O C E E D I N G S

THURSDAY, AUGUST 10, 2000 MILLBRAE, CALIFORNIA 9:37 A.M.

CHAIRMAN WALLACE: The meeting will come to order. Secretary, call the roll.

ROLL CALL

MS. OJIMA: Thank you. Ms. Bornstein?

MS. BORNSTEIN: Here.

MS. OJIMA: Ms. Neal for Ms. Contreras-Sweet?

MS. NEAL: Here.

MS. OJIMA: Mr. Czuker?

(No response).

MS. OJIMA: Ms. Easton?

(No response).

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Yes.

MS. OJIMA: Mr. Hobbs?

(No response).

MS. OJIMA: Mr. Klein?

MR. KLEIN: Present.

MS. OJIMA: Mr. Mozilo?

(No response).

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Here.

MS. OJIMA: Mr. Gage?

(No response).

MS. OJIMA: Ms. Aseltine for Mr. Nissen?
MS. ASELTINE: Here.
MS. OJIMA: Ms. Parker?
MS. PARKER: Here.
CHAIRMAN WALLACE: Let me hold the roll open for a minute.
MS. OJIMA: Thank you.
CHAIRMAN WALLACE: Bethany, you were saying, and I'd love to be able to do it, if we could convert you to a voting member it would really make -- We'd be on a roll now.
MS. HAWKINS: All in favor say *aye.*
CHAIRMAN WALLACE: Unfortunately, we have got to take that through the Legislature and my suspicion is we are not going to do that. But that doesn't diminish your role in any sense here.
MS. ASELTINE: I'm sure Ms. Peterson is on her way.
CHAIRMAN WALLACE: It doesn't require a vote, let me get a little bit of stuff out of the way that would otherwise come at a later point. We are having some difficulties with quorums. We've got some --
(Ms. Peterson entered the meeting room.)
MS. PARKER: Here she is.
CHAIRMAN WALLACE: Secretary, finish the roll.
MS. OJIMA: Ms. Peterson for Mr. Angelides?

MS. PETERSON: Here.

MS. OJIMA: Thank you.

CHAIRMAN WALLACE: Okay.

MS. OJIMA: We have a quorum.

CHAIRMAN WALLACE: We do have a quorum so now we can do it officially. Let's then deal with the agenda as it's set.

APPROVAL OF TEE MINUTES OF THE JULY 13, 2000 MEETING

Item 2 is the minutes of the July 13 meeting. Anybody want to comment? Amendments, corrections, deletions or motions for approval?

MS. HAWKINS: I'll make a motion to approve the minutes.

CHAIRMAN WALLACE: Carrie moved and Pat seconded.

MS. NEAL: Yes, thank you.

CHAIRMAN WALLACE: Secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Yes.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Yes.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Yes.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Yes.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

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

CHAIRMAN WALLACE: The minutes of the July 13, 2000 Board of Directors Meeting have been approved.

CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Item 3. Terri and I have a couple of things we need to discuss and I was about to -- First let me say we are going to shoot for 12 but I wouldn't be surprised if it drags until 12:30. We have got nine items on the agenda. They are not that complicated but, in fact, there's one cluster that we can take, and I have asked Linn to do so, by putting the three under the same developer's hat and kind of report the commonality of them in an essence of trying to get more efficient and get through it quicker. But for the most part we have got to do our due diligence on these so I'm predicting it's going to take Linn until 11:30 or so.

MR. WARREN: Yes.

CHAIRMAN WALLACE: And then we do want to talk about our D&O situation and our legal liabilities. That's a carryover from last time. But I'm shooting for 12 or at the latest, 12:30. I know some of you have -- Pat's readjusted her schedule, apparently, but we have a bare quorum. We have got six voting members and we need to -- Everything needs to be unanimous or we don't do it today.

Which leads me then into the issue that I broached a moment ago and that is, we're having a little quorum trouble and there's some fair and valid reasons for it. Ken Hobbs isn't well. He's had some surgery recently and his situation is uncertain. Terri visited with him this week. He's doing okay but it could be he's not going to be back for awhile. We have one vacancy on the Board and we have an extra heavy workload. The September Board Meeting right now has a bare quorum again so I'm concerned about that.

The November Board Meeting I want to talk to you a little bit about maybe moving it. I'm going to Japan that -- The first Board Meeting I will have missed in five years. But I'm going to an international senior tennis tournament and they're paying my way. I'm going to go to that and not be here. You unanimously agree with that. So we debated moving the meeting back. I'm going to be gone about two weeks and there's no effective way to do it in November.

Let me try this on you. I don't get back until the 16th. That's the day of your Board Meeting. I'm going to be in no condition to be here so I'm not going to be here and mess things up any more than usual. We can't move it back the following week because that's Thanksgiving Week. How many want to attend a Board Meeting on Thanksgiving Day?

That's our regular Thursday meeting.

We could do it, and Linn and Terri tell me that maybe there's even some advantages if it works, to move it to the first week in December. It's like December 6 or 7. Now we're getting close to the holiday season. The advantage is that we can get a few more projects maybe under our belt before the end of the year and I know there's some project managers that would love to hear that. So the disadvantage is we're getting close to the holidays. I need a little reaction whether that would work for you.

MS. PARKER: Mr. Chairman, can I add to that? One of these other issues for you all to consider is we want to try to schedule a workshop for all of you to attend. Right now, if we do it at the September meeting there's, as Clark is saying, a bare quorum. We could have it be at the November meeting, or December, where there would be more of you and in that sense have more of an opportunity. So it is not just a quorum issue but we're also trying to figure out when might fit best to do this workshop. If we could get some sort of reaction. If you need to look at your calendars, obviously, JoJo can get back and get more of this information. But I think what we wanted to try to do is get some sense from *you* about how best to handle quorum/workshop, a couple of issues.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: I think it would be helpful, Mr. Chairman, if you were there for the workshop. So doing it in November and having the meeting in November might be an assist, particularly when we're close to a quorum. There could be a member of the Board that just can't show up at the last minute. By planning to have as many people there as possible there's more likelihood we will have a quorum that actually is present.

CHAIRMAN WALLACE: Yes, and I would like to be at this first workshop. I just can't do it on the 16th of November.

MR. KLEIN: Yes.

CHAIRMAN WALLACE: Julie.

MS. BORNSTEIN: Mr. Chairman, if there is ever a quiet time in the State's schedule, for those of us who are connected with state agencies and departments, it is probably December, early December. So for a meeting that will require extra time to attend a workshop I would give a very enthusiastic support for the first week in December.

CHAIRMAN WALLACE: Good. Pat, do you agree?

MS. NEAL: Yes.

MS. HAWKINS: I would say early December, as early as possible in December.

CHAIRMAN WALLACE: Correct. Jeanne.

MS. PETERSON: Early December. Even though in the tax credit world December is a very busy time. The earlier the better in December I think would be fine.

CHAIRMAN WALLACE: Well, let's tentatively -- Now we have got some commitments with the hotel. It's supposed to be here again for the November meeting. We have got to hope that we can adjust the contract with the Clarion here to do it. So there's a few other tag items. Plus there's some other members that we will want to contact. But tentatively let's think in terms -- I think it's December 6 or 7.

MS. PETERSON: The 7th.

MS. HAWKINS: Thursday is the 7th.

CHAIRMAN WALLACE: Thursday is the 7th.

MS. PARKER: Depending on what happens with the Clarion and your colleagues we would look at the 6th or the 7th as dates. JoJo, starting tomorrow, will start contacting and we'll get this issue resolved, hopefully within the next seek, and get that out to you for your calendars.

CHAIRMAN WALLACE: Okay?

MS. PARKER: Clark, did you want to ask, though, whether or not for the September meeting it would be helpful, since there's a bare quorum, to start that meeting a little bit later?

CHAIRMAN WALLACE: Again we have got signed up right now six members. That's our minimum quorum count. One member, I think -- Is it Bob? Bob has a conflict in the morning, as I recall, but could make it in the afternoon?

MR. KLEIN: On which day?

CHAIRMAN WALLACE: This is now back to the --

MS. PARKER: September 14.

CHAIRMAN WALLACE: -- September 14 meeting.

MR. KLEIN: Oh.

MS. OJIMA: Burbank.

CHAIRMAN WALLACE: And I think JoJo, in checking with you probably, understood you had a conflict.

MR. KLEIN: Right.

CHAIRMAN WALLACE: Could you make a, for example -- This is at Burbank?

MS. OJIMA: Yes.

CHAIRMAN WALLACE: A one o'clock meeting?

MR. KLEIN: JoJo knows more about my calendar than I do.

CHAIRMAN WALLACE: This is getting dangerous, Bob.

MR. KLEIN: The answer is I would attempt to certainly change whatever I was doing or modify it so that I could do that.

MS. OJIMA: You were speaking to a group in the morning.

MR. KLEIN: Oh, I have a -- That's right. I'm speaking at a conference that morning.

CHAIRMAN WALLACE: You will be through by noon?

Where is it?

MR. KLEIN: San Francisco.

CHAIRMAN WALLACE: Okay, let's try Plan B, 1:30. Do you know when it is, time wise? Do you know what his calendar says?

MS. OJIMA: I don't know that.

MR. KLEIN: There will be someone here, actually, at about 12 o'clock who will know. So before we adjourn we can get that information.

MS. PARKER: I think the other issue, just to give you an alert of whether or not we might try to work on that as a possibility of, you know, getting more than the bare minimum quorum. This is just to use the opportunity since so many of you are here, is trying that concept, if it could work. Is that generally okay with people.

CHAIRMAN WALLACE: Right.

MS. NEAL: Well, I don't know, JoJo would have to talk to my assistant.

CHAIRMAN WALLACE: Man.

MS. NEAL: Well, the Coastal Commission, I'll be in the same box that I am now. Thursday as a heavy Coastal Commission day. So I will be doing -- If you are at your regular times I still can get back to the Coastal Commission, ahich is what I'm going to be attempting to do this afternoon.

CHAIRMAN WALLACE: When is that? An afternoon meeting on the same Thursday?

MS. NEAL: It's all day, it's four days. It actually started -- It's sometimes five days.

MR. KLEIN: Geographically where is it?

MS. NEAL: Now it's in Huntington Beach.

MR. KLEIN: Does it rotate?

MS. NEAL: Yes, it goes to different places. In September it's in Eureka.

CHAIRMAN WALLACE: That's tough, that's tough.

MR. KLEIN: That is very tough.

MS. NEAL: We are coming back down on Wednesday night so that we can be at Burbank.

MS. PARKER: And you were going to try to get a flight out?

MS. NEAL: We were going to try to go back, exactly, for Friday, especially, because it is going to be a rather contentious meeting.

MS. PARKER: Then Thursday you were pretty much --

MS. NEAL: Well, except for the flights. It's hard to get to Eureka from anywhere.

CHAIRMAN WALLACE: And at that time of year Eureka gets socked in, too.

MS. NEAL: Yes. So that would have been the only problem.

CHAIRMAN WALLACE: Sometimes you trek it.

MS. PARKER: Okay. Well, we'll try to check and see what time works.

MS. NEAL: Yes. Otherwise I'll just have to miss it on Thursday because I'm planning to come down to Burbank Wednesday night.

CHAIRMAN WALLACE: Well, anybody else for the September 14 meeting that couldn't make a, say 1 or 1:30 meeting? Or is that against your religion or --

MS. HAWKINS: I blocked out the whole day so I'm okay.

CHAIRMAN WALLACE: Okay. Well, we'll be looking at that and getting back to you, understanding your conflict and we'll obviously be -- That may work for others, I don't know, who previously said they couldn't be there. We'll work on it.

MS. NEAL: But I have already committed to Thursday in September for your meeting.

CHAIRMAN WALLACE: Okay.

MS. NEAL: I have already committed.

CHAIRMAN WALLACE: Okay.

MS. NEAL: Positively, I will be there no matter what you do. It's just that it may help me if you stick to four regular time. And it may not.

CHAIRMAN WALLACE: Because you are coming down

Wednesday night right now.

MS. NEAL: I'm coming down Wednesday.

CHAIRMAN WALLACE: You're going to be flying to Burbank for -- Wait. September is Burbank?

MS. OJIMA: Burbank.

CHAIRMAN WALLACE: So you have got it scheduled to be there Thursday morning and then head back to Eureka.

MS. NEAL: I was going to, but if I can't, I can't.

CHAIRMAN WALLACE: Understand. Okay, Pat, thank you for your flexibility. We'll work on it and get back to you, in both instances, soon. Right, JoJo?

MS. OJIMA: That's right.

CHAIRMAN WALLACE: Okay. Terri had a couple of items under Item 3 on the agenda.

MS. PARKER: Thank you, Mr. Chairman. The first item: As Clark was mentioning about Ken Hobbs. I visited him yesterday to ask him to sign Schermerhorn's resolution. He misses you. We spent quite a bit of time having him catch up on what all is happening. He's very excited to hear about the new Business Plan and all of the good work we are accomplishing. Mr. Klein's suggestion was to maybe use this as an opportunity to have the Board Members send Ken a card, which I have procured and I'm going to pass it around to you. I think it would mean a lot to Ken getting something from you all so I thought it was a really good idea. So I will pass it around. You guys can sign it before you leave, we'll get it mailed to him.

Obviously, we have got a number of reports that we'll go through. Dave will do one on litigation liability; Ken is available to discuss financing. There is a report in your binder about the most recent CaHLIF financial audit, with no significant audit adjustments we are happy to report.

The last item I just wanted to briefly comment on because 1 had mentioned this at the last meeting. We are in the process, with Dave stepping down to return to Staff Counsel 111, at the next Board Meeting Sandy Casey-Herold will be the Acting General Counsel and in that sense be Board Secretary. So you will see her at the September meeting.

Jackie and I are working on a recruitment process. We have advertisements placed. We are advertising in legal journals, local government publications, state publications, using our web site, contacting HUD. So we have essentially put a process in place that we think that we can have the best opportunity to get as broad a recruitment base as possible. We have a final filing date for the 15th so we will be tracking that particular process. Hopefully we will get some good candidates and we will be able to maintain the level of dedication and professionalism that our prior General Counsels have offered the Board and the organization.

With respect to Mr. Schermerhorn's position: Dick is in his final days. He will be retiring. I'll have the Board resolution which you have signed to present to him. I'm still under discussion and it's in my thought process about how best to deal with that position, given the growth of the Agency. I would like to have a little bit more time to be thinking about it. I have had a chance to talk with some of you, I have not had a chance to talk with all of you.

Before I come back to the Board, and obviously the Board is involved in this, I would just ask for a little bit more time. I want to make sure that we think about it at the front end so that we get the kind of process in place that we want, to get the kind of candidates that we want to have for the organization. Which best serves them given what we have in our Business Plan going forward.

But I believe, as one last comment, the organization is in place. Linn on the multifamily side, and Ken Williams on the single-family side, have essentially stepped up, they assumed all the responsibilities. The xganization knows, basically, the chain of command. Who and shat their responsibilities are. We have not missed a beat. We are doing business and to the outside public I would hope :hat we are successful in demonstrating to them that we are open for business and ready to act accordingly.

CHAIRMAN WALLACE: Any questions of Terri from the Board? The audience? Okay, thank you, Terri. Moving on.

Let's hit the project trail. Item 4, the first one, Homestead Park. Linn.

RESOLUTION 00-24

MR. WARREN: Thank you, Mr. Chairman. Our first project this morning is Homestead Park Apartments, which is a family project located in Sunnyvale. We selected this to go first today because there are a number of issues that require a few moments to go through from a preservation standpoint. Homestead Park is a HUD 236/FHA project. It is 220 units. And what the proposed sponsors wish to do, Mid-Peninsula Housing, is to acquire the property and to turn it into a basically straightforward tax credit preservation project.

Unfortunately, what exists today is kind of a broad range of tenant incomes throughout the project, which is a result of how these 236 projects have been developed over time. So the goal of the sponsors is to deal with the existing tenants and not raise rents to any appreciable degree in the foreseeable future, but to have a glide path that over the next ten years raises rents gradually.

There are four series of tenants in this project. There are 50 households that are subject to project-based Section 8. There are approximately 90 households that have 236 basic rents, which by a current calculation is really below 50 percent of median income for Santa Clara County.

There is a third level of rents that are in the somewhat less than 60 percent range, or at or around 60 percent of median income range, that have been certified to the sponsors. There is a fourth level of tenants that at this point in time have not as yet disclosed what their income is and there is some anecdotal evidence that some of these tenants may have fairly high incomes.

What Mid-Peninsula is proposing to do is establish a transition reserve today, at the time of closing, of approximately $1 million. What this transition reserve would do is over the next ten years, as rents are increased to no more than 30 percent of what the tenants could pay, this fund would be drawn upon to supplement any shortfall of operating cost.

For those that have the Section 8 and for those that pay the 236 basic rents the increases would only be for operational cost increases on an annual basis. It's a fairly small number. For those in the 60 percent range the increases could be as high as perhaps 20 percent, but in an absolute dollar standpoint the number is fairly small. For those tenants that do not wish to disclose their income, so by inference they have fairly high incomes, the sponsors would raise the rents to comparable market. The tenants can either pay that or, obviously, they can leave.

All of this is subject to HUD's approval. There is also a request on the table with respect to HUD for a small increase of the Section 8 project. Because this is a 236 it would fall under the new decoupling guidelines which were promulgated by HUD earlier this year. HUD would need to approve the scenario. If they don't--and obviously one of the big concerns for HUD might be is any displacement of tenants--then the deal as it is structured today probably can't go forward. But there have been a number of proposals back and forth between the sponsor and HUD to date on Homestead and the sponsors are comfortable that the most recent proposal that we have in front of you today will be accepted.

A couple of other additional issues on the project itself. There is a day care center and approximately 12 units which are located adjacent to the day care center. What the sponsors wish to do within the next two years, actually after acquisition and two years later, is to demolish the day care center and these 12 units and build approximately 70 to 75 new units on the site. To that end the City of Sunnyvale is contributing $1.5 million to help with the acquisition to allow them to do this.

It's unfortunate that the'day care center may suffer from this, but for those of you that are familiar with Sunnyvale, there is really no vacant land. It is really filled and in-fill development is very rare in that town.

The sponsors feel, and the City of Sunnyvale also agrees, that this is a good opportunity, given the relative low density of Homestead, to add additional units. So there would be a separate financing subsequent to this transaction that would do that and CHFA would be involved in that as well.

The reason that Mid-Pen is involved in this project is they are the current general partner of a limited partnership and they are exercising their right of first refusal to purchase the property at this point in time.

The value, as you can see from your materials for Homestead, is quite high. The fair market value for this project, given current rents in Santa Clara, is upwards of $40 million. The sales price today is approximately $19 million. So the economics of this deal are very similar to what occurred with the El Rancho Verde transaction, which closed earlier this year, in that there are purchasers in the narket in Santa Clara today that will buy the property today snd sit on it, if you will, for the next 10 or 15 years. And as these restrictions begin to wear off the project could go to 100 percent market. Mid-Pen feels that now is the appropriate time to purchase the property and to maintain the affordability for the next 30 years.

So those are the broad issues that we have. The $1 nillion transition fund is a cash-deposited fund which will be contributed from Mid-Pen's balance sheet. With that, let me take a few minutes and we'll go through the project and we'll cover the balance of the issues.

(Video presentation of project begins.)

This is Tenaka Place Road, which really bisects the property. The Homestead project is on both sides of the street. This is the main entrance to Homestead of Tenaka. The additional buildings across the street. This is typical of the central courtyard.

One of the rehabilitation areas will do with the siding in here which is somewhat dated. Mid-Peninsula already had a process in place to replace these, with the new financing this would be accelerated. This gives you a better indication of the type of siding that needs to be replaced. There are also some roof repairs that will be required. As is typical with this type of siding there is some termite eradication that will be required.

The units' interiors are in fairly good condition, however, the sponsors wish to go forward with new cabinets and flooring in the majority of the units and interior appliances and bathroom fixtures as well. As I said at the outset, this is a fairly low-density project, given its location in Sunnyvale. Family, so there are large play areas for children. Ample parking, covered and uncovered, throughout the project.

As the value of the project would indicate, rental demand in Sunnyvale and Santa Clara is very high. As this graph indicates, the yellow bars are essentially market rate. A wide differential between 50 and 60 percent rents. This is replicated throughout, I think all affordable housing projects, in Santa Clara County. Clearly the demand is there. The supply is very limited for projects. Many federally-assisted projects have opted out over the last several years in Santa Clara and this is a good example of why they do that. Because the rents are so high.

(Video presentation of project ends.)

The additional financing for the project. The CHFA financing request is for $14,550,000, a HUD IRP loan request for CHFA of $1,777,035. The seller will be contributing reserves of $750,000. There is tax credit equity of $4,088,502. The City of Sunnyvale, $1.5 million, Mid-Peninsula equity of $620,000.

I need to comment on the equity piece for a moment. The $4 million number that you see is not the complete tax credit equity. In the event the project needs to charge market rate rents for those tenants that are uncertified then they cannot claim the full tax credits. So this is a partial number of approximately 75 percent of the prospective equity. If over a period of time the full equity can be realized with lower rents the CHFA debt would be reduced accordingly. But the number you see here is somewhat less than the full equity for that reason.

The sponsor is well known to us. Mid-Peninsula Housing will form a limited partnership and they will self-manage. Environmental issues are minimal. The project has been well maintained for the past few years and overall, although the transition funding is somewhat unconventional, it really is an acceleration of much of the transition plans that we already have for preservation projects and we think it is an appropriate risk to take at this time. So with that I would like to recommend approval, be happy to answer any questions.

CHAIRMAN WALLACE: Questions?

MS. BORNSTEIN: Mr. Chairman.

CHAIRMAN WALLACE: Yes, Julie.

MS. BORNSTEIN: Linn, do you know what the status of child care availability is in Sunnyvale if there is the loss of this child care center?

MR. WARREN: I have discussed this with the sponsors, Ms. Bornstein. Obviously, Mid-Pen, given their nature, will do all they can to do that. It is not an easy choice. It's limited like everything else. Given the two year construction period, it will be high on their priority to give sufficient lead time. But yes, it is limited and it is unfortunate.

MS. BORNSTEIN: And one other question if you don't mind, Mr. Chairman. On the ample parking. I notice, of course, it's all single level parking. Is there any possibility of reconfiguring the parking so as to free up additional ground space in terms of a structure?

MR. WARREN: I am not aware of any plans. We can certainly ask the sponsors to look at that. The parking configuration right now, there is total parking of 381 spaces and there's 222 covered parking, so there is ample. We can certainly ask the sponsor to examine that.

MS. BORNSTEIN: Thank you.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: On the child care. How many families does it serve? Does it serve only families in this project or families in the community?

MR. WARREN: I think it's pretty much project-related. I believe it is open to others within the area. Approximately 50 children are in the child care center.

MR. KLEIN: The question about parking. Theoretically, I guess where you were going, you could potentially put a child care center on top of some parking.

MS. BORNSTEIN: You could do that, or you would free up land if you could use multi-level parking.

MR. KLEIN: Yes. I think it would be cheaper just to put it on top of the parking. But does the Department have any funds to help child care center construction?

MS. BORNSTEIN: I really didn't pay Mr. Klein to ask me this question. Yes, Mr. Klein, last year we had about $5 million in child care facilities construction financing. This year, I'm proud to say, we have $15 million that will be available to, certainly applicants like Mid-Peninsula if they wanted to build a child care facility.

MR. KLEIN: Well, I was going to encourage the staff and Mid-Pen to potentially work with the Department to see what we can do here creatively to try and preserve the ability to have child care on the site. Because it is a critical resource if the families in this income group are going to retain employment and not deal with the syndrome of children at home unsupervised and with really an anxious working environment for the parents. It's crucial, many times, in keeping family and children together.

MR. WARREN: We will talk to the sponsors.

CHAIRMAN WALLACE: Good suggestion. Why are they taking it down?

MR. WARREN: I'm sorry?

CHAIRMAN WALLACE: Why are they taking the child care center down?

MR. WARREN: To build 75 new units of housing.

MR. KLEIN: I did want to say that Mid-Pen is an excellent sponsor and certainly one that always does try and meet these challenges. We have a great respect for this project, it looks like a very good project, and 75 units is a tremendous contribution to the housing stock. So I respectfully put my comment in that context.

MR. WARREN: We will discuss it with the sponsors, yes.

CHAIRMAN WALLACE: Jeanne.

MS. PETERSON: I had a question and a comment. The question had to do with not just this job but a lot of the other preservation deals that we are looking at today. And that is, as a matter of policy do we require that any of the reserves that are already existing be utilized towards the rehabilitation or that a minimum level be maintained as the ownership changes?

MR. WARREN: To the extent that it's a CHFA portfolio loan, yes, we would require that for rehabilitation. In many of these transactions though, where it's a different seller, the reserves are part of the sales price and are kept by the seller at the end of the transaction. It's hard for us to dictate that. In almost all cases, there are a couple of exceptions here today, we basically have to fund the reserves anew at the time the project goes through with initial deposits and long-term term deposits. So it is hard for us to dictate what the terms of the sales transaction are.

MS. PETERSON: But in this case you said they are already the GP?

MR. WARREN: They are, but they don't necessarily always control the reserves. But in this case they are keeping the project reserves for the benefit of the project. In other transactions where it's not, then those would go to the seller.

MS. PETERSON: My comment is: Unfortunately, I didn't look it up before I came but it strikes me, actually, that the 50 percent and 60 percent levels are low, even. It's an amazing thing that we call this the low income housing tax credit. If you look at the 60 percent rent it's $924, which is a pretty significant amount of money.

MR. WARREN: Yes.

CHAIRMAN WALLACE: It's all relative.

MS. PETERSON: It is indeed.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: We are referring to this as a preservation project because we are preserving, but in CDLAC terminology, we are not within the two years of termination of the regulatory agreement.

MR. WARREN: That's correct.

MR. KLEIN: So we are not getting the points with CDLAC that would give us that preservation priority. Is that --

MR. WARREN: That's correct.

MS. PETERSON: That's true.

CHAIRMAN WALLACE: Carrie.

MS. HAWKINS: Yes. I would just like to follow up on the child care, and then add, that in any of these developments as we are working with the sponsors if we can encourage tutorial spaces where we can set up the learning centers and have tutorial programs, after school programs for the children. I'm finding that -- In another setting what we are doing is charging a little bit higher interest rate and then refunding the money to have resources. Because as much as it is exciting to have the $15 million, probably add 2 or 3 million dollars per child care center to construct. That is not going to do it all. So can we sort of create financing mechanisms so that it funds these programs in those areas where it isn't possible to fund it with the HCD funds.

MR. WARREN: I failed to show it on the presentation. There is a large community center at Homestead Park.

MS. HAWKINS: Yes, this one here, yes.

MR. WARREN: That, obviously, will be expanded and upgraded with the new ownership.

MS. HAWKINS: Right.

MR. WARREN: And as Mr. Klein points out, Mid-Peninsula is well-known for running services for both family and seniors and they will do so. It is a large facility and they will address that.

MS. HAWKINS: Yes, I understand, and that is why I recommend that we pursue that with other developments in the future.

MR. WARREN: Yes.

MS. HAWKINS: So that we can incorporate these surfaces.

MR. WARREN: Okay.

CHAIRMAN WALLACE: The Chair will entertain a motion.

MS. PETERSON: So moved.

MR. KLEIN: Second.

MS. BORNSTEIN: Second.

CHAIRMAN WALLACE: Peterson and Klein. Any question on the motion, audience, Board? Secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: The resolution has been approved.

CHAIRMAN WALLACE: Resolution 00-24 is hereby, approved. Moving on, Linn, the next project is Runnymede.

RESOLUTION 00-25

MR. WARREN: Runnymede Gardens, Mr. Chairman, is the second preservation project that we have in front of you today from Mid-Peninsula. Runnymede Gardens is a 78 unit senior project located in East Palo Alto. The financing request in front of you today is for a first loan in the amount of $5,290,000. Embedded within that loan is a taxable tail of approximately $1,380,000with a blended interest rate of 6.45, 30 years, tax exempt and taxable.

This is an at-risk project pursuant to the two year definition. The Section 8 contract will expire February of next year. Mid-Peninsula is proposing to purchase the property and to maintain it as a long-term tax credit project. Let me take a moment here and we will run through some pictures then we will cover the financing.

(Video presentation of project begins.)

As I indicated, Runnymede is a senior project located in East Palo Alto. It is basically, a single, three-story building around a central courtyard located at the intersection of Cooley and Runnymede. It's 78 units, all one-bedrooms. The three-story building, which was constructed in 1979. The entrance is gated for vehicular -- There are limited parking places in the project and this is secured by gates. The community room is in very good shape. It is a large community room for the seniors. It is a focal point for many of the activities in the project.

Each of the three levels within the building have a lounge area identical to this one. The property, generally, is in good shape, however, the interior rehabilitation will be essentially the normal cosmetic upgrades, which would be the carpet and drapes. There are a number of old appliances and counter tops which have reached the end of their useful life and those will be replaced by the sponsor. This is the interior courtyard. It is surrounded by the three-story building. Again, another view of the building style.

This is a shot that I wanted to show. This is Light Tree Apartments to our right. Actually, it is not really shown, it's over to the right here somewhat out of the picture. This is a power center that is being built very near the project. As you can see from a prior project, Light Tree was approved by the Board approximately a year ago. This area has now been completely built up with new for sale housing and the power center over to the left here. This power center is approximately a half-mile from the Runnymede Gardens so this whole area of East Palo Alto is undergoing somewhat of a transformation.

The rents in East Palo Alto, actually through all of the South Bay area, are experiencing the same degree of pressures as really all of the Bay Area. We have a good differential between the 50 and 60 percent rents and the market rate rents. There are no new affordable housing projects being contemplated for this part of Palo Alto except for one that is being built, a family project by BRIDGE Housing.

Again, similar with the Sunnyvale situation, there is a limitation of land. There is some vacant land that is being rezoned for new housing in Palo Alto but that will not come on line for a period of time. With that said, there is certainly a limited supply of senior housing in the Palo Alto area and certainly this project would contribute to that.

(Video presentation of project ends.)

As I said, the financing for Runnymede is fairly straightforward from a preservation standpoint. Again, the $5.2 million from CHFA, tax credit equity of $1,641,720, a small deferred developer fee. The sponsor, Mid-Peninsula again. This is essentially in their backyard. Again, we think this is a very valuable preservation property that Mid-Peninsula should be able to run effectively for the next 30 years. So with that I'd be happy to recommend approval and ask for any questions.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: Well, I would just like to comment on the fact that this is a critical area.

In the market demand section this is a startling statistic. It says that sale prices for a home in East Palo Alto were $340,000 in March 2000 and $517,000 in April 2000. What has happened is with the power center there and the renovation that is going on in that community, there are radical changes in values'because Palo Alto and the Silicon Valley surrounding it have huge price levels. And as that area with the power center obtains the kind of retail amenities and a sense of security that it didn't previously have, there are critical pressures on the housing resources and lots of dislocation going on in this community. So I really applaud Mid-Pen's efforts here.

CHAIRMAN WALLACE: That has got to be a statistical aberration, though.

MR. KLEIN: I think you will find --

CHAIRMAN WALLACE: Having been a party to a creation to some of those sorts of things I can tell you that's probably not a pattern.

MR. KLEIN: Well --

CHAIRMAN WALLACE: You know how we report these things, Pat.

MS. NEAL: A-ha.

CHAIRMAN WALLACE: In any given month we have a couple of high-enders. But it is not to say that what your underlying thesis is --

MR. KLEIN: Unfortunately, there is a large subdivision that came on line of newer homes in the area.

CHAIRMAN WALLACE: And that will drag up the --

MR. KLEIN: What had happened is it dragged up the price but it dragged up the price of all the used housing in the area as well on an extraordinary scale.

CHAIRMAN WALLACE: Sure.

MR. KLEIN: It is representative of what is happening, although to use the word average, I think, is not necessarily appropriate.

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

MS. HAWKINS: I'll move.

MS. NEAL: Second.

CHAIRMAN WALLACE: Who did we get there? Carrie and Pat. Any questions on the motion from the Board? Anybody in the audience? Secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-25 has been approved.

CHAIRMAN WALLACE: Resolution **00-25** is hereby approved. Let's keep rolling.

RESOLUTION 00-26

MR. WARREN: Thank you, Mr. Chairman. The next three projects on the agenda have a number of elements in common. There are some differences on an individual project basis but what I would like to do is discuss the transactions in general, the common elements of how the Agency has approached these three, and then we will go through the projects individually for your consideration.

These are three Section **8** projects in San Diego County, two within the city and one within **National** City. The seller is the Gersten Company; the purchaser is Related Companies along with two nonprofits. Related was the entity that we recently closed the El Rancho Verde loan last month, which the Board approved earlier this year.

These three projects are, essentially, from a financial and regulatory standpoint, copies of El Rancho. The common elements that we have on all of these, these are all Title 2 ELIPRA preservation deals, which means there is a use agreement with HUD that extends for ten more years. They all have these rent restrictions, they all have IRP income streams, and they all have old 241 loans which we will need to defease in the same manner as we did with El Rancho. So there is this commonality.

With respect to the defeasance, recently, as the Board will recall, we did somewhat of a different procedure to basically set aside monies to pay these loans without paying them off. That process went extremely well at loan close and we were able to set that up with our bond trustee. The sponsor has indicated to us that perhaps these can be prepaid so we don't have to go through the defeasance process but our experience was that it went very, very well and we are actually kind of indifferent as to which way they want to go. So we are very pleased that that worked.

This is the latest effort by Related Companies in the preservation area. There is some economy of scale by buying these three projects from a single source. The rehabilitation guideline proposals for all three are essentially similar. Some of the projects have individual physical issues that I will get into, but generally their approach will be the same so, obviously, the economy of scale that Related can bring to the table for all three of these at the same time. This is attractive to the Agency because it does allow us to assist in the preservation of approximately 940 units in San Diego.

The economic pressures that existed in San Jose are not as great as they are in San Diego, but that said, these are still valuable properties which could very well be purchased sometime in the future by market rate developers and then they would sit on this, similar to the Homestead situation, and then raise rents to market after the restrictions expire. So with that, what I would like to do is go through the individual projects then we can discuss the issues.

(Video presentation of project begins.)

The first project to look at is Coronado Terrace. Coronado is a 312 unit project located in the city and county of San Diego. Fairly medium density project. Constructed in '71 and '74 in two phases. There are two- and three-story buildings. One of the very nice features that you will see throughout all these projects is the large number of multi-bedroom units. In this case we have 268 two-bedrooms and 44 three-bedrooms. There are six tot lots dispersed throughout the project.

Rehabilitation. There are roofs and balconies that need attention, new community rooms and the interiors will need new refrigerators and disposals. One of the common themes throughout all of the rehabilitation relating to this project is the common buildings, which is the leasing office, rec rooms, meeting rooms. They have a strong belief that these need to be upgraded and rehabilitated, with the theory that in the long term these projects have to compete as a tax credit project, in much the same way that El Rancho did. So to that end, these common area amenities need to be increased to make them competitive on a long term basis.

This is a typical interior driveway. There is some tuck-under parking throughout the project. These have gone through our seismic review standards and no additional bracing or work is going to be required. Again, the management office; the community center is directly across the street. This is 25th Street, which is the main access. This is somewhat typical. Behind the project is residential. Interstate 5 is approximately a half-mile to the left off of 25th.

A number of tot lots and play areas are interspersed throughout the project, very similar to all three. Again, the sponsors are very interested in upgrading these knowing this is an attractive amenity that is required to keep the project competitive on a long term basis. The main thoroughfare which runs to the rear of the project.

The rent pressures and demand of supply situation in San Diego is somewhat different than what we are seeing in Northern California but it is strong in its own way. The rents that are being chargedare not as high, in comparison to the 50 and 60 percent rents, but because of the large influx of population and demand for housing, particularly the large unit housing, there is a very strong demand quotient involved throughout all of San Diego. So we have a nice differential between the rents for these two unit types between market. Generally, the demographic studies indicate that there will be a continuing strong demand given the lack of new housing that is being built in San Diego.

(Video presentation of project ends.)

Two of the projects, Coronado Terrace and another one I will discuss in a minute, at the moment, these three projects do not have locality financing. We have asked the sponsor and the sponsors, basically parallel with our request, are seeking additional monies on two of the three projects from the Housing Commission for San Diego. If you look at the cash flows, although they are adequate and within our guidelines, we feel that additional supportive financing would certainly be helpful with this project.

If it is not received we believe we can go ahead and make these projects perform adequately without it. But as with all these preservation deals, if there is a way that additional financing can be brought in, it just makes the project that much better and that more rehabilitation is done. So that request is on the table with the Housing Commission and approval of that should parallel, essentially, approval of the final loan close.

The final funding request, then, for Coronado is for **$16,500,000, 6.3** percent interest rate, that is blended again with a taxable tail of approximately $1.5 million, 31 years. There will be one year of interest-only during the construction period followed by amortizing for 30 years. An **IRP**, the standard **IRP** structure, **$1,847,449** at **5.75** for 10 years. And with that, we feel this, again, a good preservation effort for San Diego and we would recommend approval, be happy to answer any questions.

CHAIRMAN WALLACE: Okay, Bob.

MR. KLEIN: In the San Diego area it is widely known that utilities are a large problem. The utility budget is huge in these projects.

MR. WARREN: Yes.

MR. KLEIN: **$1142** a year **out** of the **$3684.** The **$3684** has **no** taxes in it so that is a big, big number. So really I have, I think, a two-part question. One is, the utility budgets, are they so high because you prospectively assumed the new rates are going to stick and you have assumed the higher utilities will apply going forward? Or number two, I expect that since the utility allowances that are published are based on trailing figures, those figures have not been adjusted yet and the deduction from rents for utilities is going to end up being, I would think, a great deal higher, probably double. So I'm trying to figure out where we are in this continuum, in this radical and volatile environment, on utilities.

MR. WARREN: I should have perhaps mentioned in my opening remarks that all three projects are master-metered so there are not individual utility deductions and pass-throughs on the rents. So in those situations, the debt is underwritten since the owner pays for the utilities with very high utility numbers. So that is the differential on the deal. On a transaction where they're individually metered the number would be much lower.

MR. KLEIN: Well, are these budgets for utilities based on trailing historical or are they --

MR. WARREN: They are based --

MR. KLEIN: -- are they --

MR. WARREN: I'm sorry, Bob. They are based on two things, the operational history for the project and what related fields they can more effectively manage the utilities at. There is a sense on behalf of the sponsor that the utilities were perhaps too high in the past and they feel they can reduce that number. But that said, given the family nature of all these, the large units, we actually have asked that the utility budget be increased so that they can adequately meet the demand. It's a combination of both.

MR. KLEIN: Do we have a provision in our agreements that the sponsor can't switch from a master-meter to an individual meter. The Irvine Company, for example, uses a company to bill out, to do a utility rebilling off of a master-meter. So there's, I guess, two sides to that concern. One is, if utility rates are doubling, do we have something that says that it can't be switched back to a standardized trailing deduction from the rents to effectively transfer all of this risk factor to the tenants?

MR. WARREN: Physically, The cost to go to an individual metering for the three projects was extraordinary. That's why it was not converted to metering. We also looked at check-metering, which is the individual analysis of gas and utilities.

MR. KLEIN: Right.

MR. WARREN: Much of the utility for the project is 3as so it's somewhat cheaper. We are looking at the ability to perhaps implement some of the check-metering to allow the nanagement company to better police, if you will, the individual utility usage for right now. But that is a nanagement issue where we would need to review the utility costs on an annual basis with the sponsor and are they doing all they can to limit the amount of utility cost, vis-a-vis the individual tenants, to avoid wastage.

MR. KLEIN: Okay. And on a prospective basis--if it is true, and I don't know that it is because I'm reading news reports, you have better information--is it true that the individual unit utility costs are doubling? And if they are, does this budget reflect a doubling on historical? What does it reflect?

MR. WARREN: It does not reflect doubling on historical. As far as the utility costs escalating, we have approximately a four to five percent utility cost escalation factor in the budgets. The sponsors are comfortable with the fact that that is adequate on a long term basis, particularly for a gas-driven project. As far as them doubling on an annual basis, no, our budgets don't reflect that. We don't believe that is what is occurring on these projects.

MR. KLEIN: Okay. Well, I would respectfully submit that there seems to be enough information out there in the general public that there are extremely high utility increases in this market. And given this is such a high percentage of the operating budget with a one-ten coverage on these projects that we really need to analyze this and get a report on this as a condition of whatever we are doing here. Now, this other loan source that is potentially available, the subordinate debt, could take some of the pressure off of that. We seem to have a very volatile exposure here to a large component of the operating budget. I just individually would take a position that we need to analyze that.

CHAIRMAN WALLACE: Well, apparently they have analyzed it. Again, it's all relative. I mean, it's affecting the entire San Diego, greater San Diego area, I guess. You would not want to not make the loan based on -- Because where are they going to go?

MR. KLEIN: No, I would not like to make the loan without provision to deal with the problem. They are probably very good projects. They look to me to be very good projects. My problem is that we may need to give them some other form of assistance or help these projects in some other way because we have a blatant warning to us.

CHAIRMAN WALLACE: Sure.

MR. KLEIN: That we have got a big exposure on the biggest single operating expense item.

CHAIRMAN WALLACE: Yes, but you know from what you have read that the Governor on down are working on this. And I'm not sure -- I guess you are saying we should monitor it and be footloose in case we have to assist or encourage other forms of assistance. But it is all relative. 1 mean, these people are not going to be able to go next door and do any better, from what I'm hearing.

MR. WARREN: Mr. Klein.

CHAIRMAN WALLACE: So I wouldn't --

MR. WARREN: I€ it helps, Mr. Klein, we have spent a fair amount of time on this because we were the ones that actually at the outset, when Related brought these projects to us, asked if we could do individual metering to deal with this issue just like you said. Our asset management folks have spent a fair amount of time with Related's management folks. Yes, we are concerned about historical trends, but we do feel that the budget is adequate at the outset.

If there are increased costs and then clearly this comes out of cash flow, this is something that Related would have to deal with on an ongoing basis. But short of providing additional reserves and such for potential utility increases, which the project is not set in a position to do at this juncture. We feel that the utility budget is adequate.

MR. KLEIN: Is it likely -- These are not preservation projects under CDLAC, as I understand it.

MR. WARREN: That would probably be correct given the use restrictions go for ten more years, yes.

MR. KLEIN: So is it likely these projects are going to have enough points to get allocation in this round?

MR. WARREN: We feel that because of the rents and such, yes. Two of the three we think would score well.

CKAIRMAN WALLACE: Okay. Any other questions?

MS. PARKER: One final point. Mr. Klein, it was my understanding that when staff looked through this with the sponsors that they had increased the historical trends by some percentage, but there is also the intention of trying to essentially reduce the usage, which may have created, in that sense, some gap that could be utilized to deal with the overall increased cost. So I'm not sure if that came out. But it's not just a matter of trying to double the existing historical usage. I think the expectation was they were going to try to be able to do something about being more efficient. That efficiency would help offset what rate increases are also being currently experienced in the area. Is that correct, Linn?

MR. WARREN: Yes.

MR. KLEIN: Maybe I could ask a legal question. When the utility allowances are set at initial inception are the utility allowances -- I've forgotten, I just have not looked at them in a long time. Are the utility allowances changed year to year and do we have to, in fact, adjust to those changes or are we locked in on the first year, Jeanne?

MS. PETERSON: The adjustments are made. You know, I have been thinking as you have been talking that, obviously, the effect that a great change would have, would be really to reduce the tenant-paid portion of the rent.

MR. KLEIN: Right.
MS. PETERSON: So yes, there would be adjustments made.
MR. KLEIN: So it could amount to an $80 per month per tenant reduction in the rent.
MS. PETERSON: That's unlikely. I mean, that is gigantically huge.
MR. KLEIN: That's my concern.
MS. PETERSON: No, I understand.
MR. KLEIN: That the level of increases that are being reported in legislative hearing--and of course we know that some of those are selective too--are in the neighborhood of $50 and $80 per month. That's why I am so sensitive to this issue because it is a big swing on a 1.10 debt service coverage. It goes from a positive to a negative overnight.
CHAIRMAN WALLACE: Okay. Further questions? We're on alert.
MR. WARREN: If I can offer with regard to the issues, Mr. Klein, we will go back to the sponsors and revisit this and see if there are some additional components we need to add to this to help hedge that. We are confident that we have covered it but we would be happy to revisit the issue with the sponsor and see if there is something else we can do.
CHAIRMAN WALLACE: That's a good idea. With that,

Bob, do you want to make a motion to approve?

MR. KLEIN: I don't.

MS. NEAL: I will.

CHAIRMAN WALLACE: Pat.

MS. NEAL: I make a motion to approve.

CHAIRMAN WALLACE: Is there a second?

MS. HAWKINS: I'll second it.

CHAIRMAN WALLACE: By Carrie. Further discussion on the motion? Audience? Anybody want to lower their utility rate here this morning? Hearing none, Secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: I'm going to abstain.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-26 has not been approved.

CHAIRMAN WALLACE: Right.

MS. OJIMA: We are short.

CHAIRMAN WALLACE: Okay. That means that -- What do you want to do to get your vote?

MR. WARREN: If you would like, Mr. Klein, I'd be happy to have the sponsor address your concerns. Would that help in your reconsidering this?

MR. KLEIN: Well, that would be very helpful.

MR. WARREN: Good.

MR. KLEIN: I think these are good projects.

MR. WARREN: Okay.

MR. KLEIN: That is not the issue.

MR. WARREN: Mr. Chairman, is it possible to --

CHAIRMAN WALLACE: Is the sponsor here?

MR. WARREN: Yes, he is.

CHAIRMAN WALLACE: Let's hear from the sponsor.

MR. WARREN: Okay. Mr. Reiner.

CHAIRMAN WALLACE: Because I assume it is going to be the same issue on -- It is going to be the same issue on all three of these proposals.

MR. WARREN: This is Ken Reiner of the Related Companies. Ken may wish to specifically address what he feels would mitigate this.

MR. REINER: Yes. What we did on the utility estimates is we took the historical and then we did some research to determine what we thought future costs would be.

Clearly, we didn't double the existing budgets but we did bring that forward. We have considered the sub-metering but we have kind of come away from that for a couple of reasons. One is, air conditioning is not required in this market. In most of our projects nationwide, air conditioning is really the reason we have pushed for sub-metering. Also, the temporal climate means that the heating usage, the gas usage, is also lower than we see nationally. So those were two real big reasons why we were less afraid of the utility expenditures, because we don't have the heating, we don't have the cooling. We can continue to explore the other alternatives. What did you --

MR. WARREN: The check-metering or sub-metering.

MR. REINER: The check metering. Typically we shy away from it because it is somewhat of a managerial nightmare because you can't turn off a tenant's electricity just because they aren't paying if you're doing check metering. It really turns into a collection issue for our management company. Whereas, if we did a sub-metering with San Diego Gas and Electric it becomes the tenant's problem and not ours. So it is very cost effective to do that. I think it is something we could do if we had to. But once again, for managerial reasons we shy away, we shy away from the check-metering.

But I wonder if that would be -- If we went with the check metering so that we took the utility cost -- I also want to state one other thing, it's a Section 8 job. It's 100 percent Section 8 just about. So the utility costs factor into the Section 8 rents. And what Jeanne said was accurate, which is that if utility costs increase -- You have a tenant at, say, 30 percent of median income paying 30 percent of that, and you have a utility cost increase, that tenant's rent can't increase. What has to happen is we go back. Under Section 8,we have to get the Section 8 contracts increased to cover. It's typical to an OCAF or an AF, annual adjustments. So I think that played in also to our analysis because we felt that the Section 8 being there --

On our other deal HUD did require us to close based on the in-place HAP contracts which are annual. But Washington DC did require us to agree to enter into five-year renewals of those HAP contracts as well as we have agreed to continue to enter into Section 8 as long as it is provided. Under Title 2 use agreements that clause survives as long as the Title 2 agreements survive, which is about ten years.

One thing Washington DC did on top of what was said, even after the expiration of Title 2, if we make Section 8 available to you, you guys need to accept it. So we have committed to that to not only HUD but in El Rancho Verde we committed it to CHFA.

MR. WARREN: So by definition, if there is a significant increase in utilities, part of Related's job will be to go back to HUD, indicate that these utilities have increased. Not just for this Section 8 project but throughout all of San Diego County. And HUD by their agreement under Title 2 would be obligated to go ahead under the OCAF, the Operating Cost Adjustment Factor, to meet that utility cost accordingly. I chose not to stress that, Mr. Klein, because it is related to desire to position this a tax credit project on the long term basis. But that said, on the five-year threshold, and potentially as long as Section 8 is out there or for longer, then yes, any extraordinary spikes in utility costs could be covered by the management techniques that Mr. Reiner has explained plus the Section 8 operating increase factors.

MR. KLEIN: The check-billing won't really solve the problem because what happens is the following year the housing authority will pass through a higher utility allowance. But the Section 8 is a very compelling argument. You said on the other projects they forced you to extend for five years.

MR. REINER: Yes.

MR. KLEIN: Is that your intention, to extend for five years on this project?

MR. REINER: Yes, yes, yes.

MR. WARREN: Yes. Not only that, that is our requirement as well.

MR. KLEIN: I can support this project.

CHAIRMAN WALLACE: Well, okay. I need a vote for reconsideration and it needs to come from you.

MR. KLEIN: I move to reconsider.

CHAIRMAN WALLACE: You move for reconsideration; is there a second?

MS. BORNSTEIN: Second.

CHAIRMAN WALLACE: Second by Bornstein. Any further discussion on the motion for reconsideration? Hearing none, secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. PETERSON: Well -- (Laughter). Aye.

CHAIRMAN WALLACE: The tyranny of the minority.

MS. OJIMA: Thank you. Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS, NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-26 has been approved.

CHAIRMAN WALLACE: Resolution 00-26 has been approved. Thank you all concerned. Ken, you came to the rescue, it's good you were here. But that's a rational explanation. Bob, appreciate your concern, it's a very valid issue. Now what is your game plan on the next project? You have given us some commonalities? Are you going to, Linn, deal with the distinctions?

MR. WARREN: I think we will just continue with individual projects, Mr. Chairman. I think we --

CHAIRMAN WALLACE: Okay, let's run through it.

MR. WARREN: -- discussed the commonality. Let's run through the individual projects and proceed from there.

RESOLUTION 00-27

The next project for your consideration is Plaza Manor. This is a 372 unit existing Section 8 project in National City. This is somewhat different from the other two projects in that it is a combination of both senior and family and it is the largest project in front of you. The financing request in front of you today is for $15,290,000, 6.3 again and blended rate with taxable tail, 31 years tax exempt and taxable. The IRP mortgage situation with $2,099,770; again, 5.75 for ten years. With that I think I'll go right into the pictures and we can discuss the individual project.

(Video presentation of project begins.)

This is the main thoroughfare, Plaza Drive. This is the senior tower off on the right here. This is all commercial and retail off to the left.

CHAIRMAN WALLACE: Linn, let me stop you for a moment.

MR. WARREN: Yes, certainly.

CHAIRMAN WALLACE: I think I committed a technical blunder. We got a motion for reconsideration.

MR. WARREN: But you did not vote --

CHAIRMAN WALLACE: But I did not then ask for a motion for approval of the project. So before we get too far off this I would like to then now call for a motion to approve the project.

(Video presentation of project paused.)

MS. NEAL: So moved.

MS. BORNSTEIN: So moved.

CHAIRMAN WALLACE: Neal and Bornstein. This is the notion to approve the project. So what I said was not accurate last time, we have not approved 00-26. So you should scrub that from the minutes. Well, this will be a corrective action. Any questions on the motion to approve the project? Coronado Dunes, or whatever it was.

MR. WARREN: Terrace.

CHAIRMAN WALLACE: Coronado Terrace. Hearing,

seeing none, secretary, call the roll.
MS. OJIMA: Okay, this is a motion to approve Resolution 00-26. Ms. Peterson?
MS. PETERSON: Aye.
MS. OJIMA: Ms. Bornstein?
MS. BORNSTEIN: Aye.
MS. OJIMA: Ms. Neal?
MS. NEAL: Aye.
MS. OJIMA: Ms. Hawkins?
MS. HAWKINS: Aye.
MS. OJIMA: Mr. Klein?
MR. KLEIN: Aye.
MS. OJIMA: Mr. Wallace?
MR. WALLACE: Aye.
MS. OJIMA: Resolution 00-26 has been approved.
CHAIRMAN WALLACE: You're repeating yourself.
MS. OJIMA: Yes I am.
CHAIRMAN WALLACE: Resolution 00-26 has been approved.
MS. OJIMA: Three times.
CHAIRMAN WALLACE: Thank you.
MS. OJIMA: Thank you.
CHAIRMAN WALLACE: Sorry, Linn.
MR. WARREN: No problem. Let's proceed again.
(Video presentation of project resumed.)

Plaza Manor, very similar to the other project, constructed in 1970. There are two main components, there is a senior housing seven-story building which we will show you in a moment, and then the family housing which consists of two- and three-bedroom units, respectively.

The rehabilitation is very similar. Security upgrades given the size of the project and the wide dispersal. New maintenance and recreation rooms, and on the interior, refrigerators, disposals, a new leasing office and new elevators. This is a good picture of the senior tower, if you will, behind the family units off of Plaza Drive. This is a better picture of that. Again, the elevators are in need of repair and will be addressed by the sponsors. This is the main entrance and there's a small seating and lounge area on the ground floor.

It is a family project. Part of it is, so there are a large number of tot lots dispersed throughout the project. The sponsors indicate that these will be upgraded with new play equipment. Tennis courts and new play equipment are slated. Fairly medium density. Certainly ample parking given the family nature of the project. There is a rec building which is right off of Plaza Drive. It is somewhat inadequate given the size of the project and the sponsors have indicated this will be remodeled along with other community buildings within the project.

The units do need some additional work, tubs, showers, refrigerators, ranges, the carpeting and such. This is typical throughout all three projects and Related wishes to upgrade the individual units, particularly in the family areas. Another view of the buildings. This is somewhat typical of the neighborhood that is behind Plaza, stable, single family on this side. On the opposite side of Plaza, commercial and retail.

There is a little bit of a difference when we are talking about the rent demands vis-a-vis Plaza versus the other two projects. As you will note from the graph, the one-bedroom rents have been set at 49 percent of area median. Two factors are in play here. There are some studio apartments, by the way, in the project. They are not reflected on the graph but they do exist. The rents for those are set at 46 percent of the median income from an underwriting standpoint.

Clearly, the demand in this part of San Diego is for the two-, three- and four-bedrooms, as you'll see in all the projects. There is still a good demand for the studios and the one-bedrooms, however, because of a fairly large supply of the studios and the ones and the lack of interest--not lack of interest but lessened demand for these--the sponsors felt that the rent should be set somewhat lower from an underwriting standpoint.

And we agree. We think that it is best to try to keep these rents down. Clearly, they will try to charge less for these if they possibly can. If demand increases over a period of time that is something they could revisit. But from an underwriting standpoint we have elected to keep the rents for the studios and the ones at this lower level. That said, however, the demand for the twos and threes throughout the project is similar to the demands on the prior project, Colony, in that this part of South Bay, even in National City, there is a fair amount of demand for these units.

So with the one exception of the smaller units, again, a good demand for the project. It's a good family project in part of National City and we certainly think that as Related repositions this as a tax credit project it will compete effectively in the long term. So with that, be happy to recommend approval and ask for any questions.

(Video presentation of project ends.)

CHAIRMAN WALLACE: Questions? Pat.

MS. NEAL: How many of the studios are in the senior tower?

MR. WARREN: There are 140 units in the senior tower and it is a combination of studios and ones. I don't have a breakdown with me but it is a combination of the two in the senior tower.

CHAIRMAN WALLACE: It's all studios, Ken?

MR. WARREN: It's all studios in the tower? Okay.

CHAIRMAN WALLACE: No. Ken?

MR. REINER: Yes, it is all ones and studios.

MR. WARREN: Yes, the studios and ones are in the tower.

MS. NEAL: So the bulk of your studios, then, would be in the senior tower of the 84 studios?

MR. WARREN: Yes, that's correct.

MR. REINER (FROM THE AUDIENCE): All of them.

MS. NEAL: All are in the senior tower?

MR. WARREN: Yes, all of them.

CHAIRMAN WALLACE: Julie.

MS. BORNSTEIN: In rehabilitating the playgrounds, it looked like from the photograph that underneath the playground equipment is concrete. I know there are some new, improved materials that are much safer. I don't know if the developer is thinking of using those materials to reduce injury and liability on the playground.

MR. WARREN: Generally, what we require is padded texture. That is our preference. It is a composite, if you will, which is padded. We don't like sand. The cats do, we don't, so we avoid that. The bark, which is also typical, is not used because that provides no comfort at all. So what Related will do, we're all on the same page on this, is to have the padded surface.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: On this project there will be a five year extension of the Section 8 contract?

MR. WARREN: Yes.

MR. KLEIN: It would be very helpful going forward if we could get a staff report, even just sent out to us before the next meeting, about what really is happening with utilities in San Diego. There is a lot of noise out there. It is difficult to separate fact from fiction. Being informed we could make better decisions quicker for you.

MR. WARREN: Certainly.

CHAIRMAN WALLACE: Good idea. Jeanne.

MS. PETERSON: Why is the amortization over 31 years? Is that just the way it worked out? Little unusual.

MR. WARREN: It is one year interest-only during the construction period and 30 years amortization after the construction is complete.

MS. PETERSON: Thank you. And the other question I had may be a little bit more difficult and that is that although traditionally in Section 236 and in Section 8 deals it was relatively common to have this kind of configuration where you had a family component and an elderly component under the same mortgage with the same owner, I'm quite surprised -- Actually, it's a question, a legal question rather, more than anything else. And that is, how can that be done in this day and age, even with the preservation deal, after the Fair Housing Act's amendments of 1988. Because you either have to have a senior deal that meets those requirements or a non-designated deal in which seniors and families can live.

MR. BEAVER: State law --

MS. PETERSON: So how can we do this?

MR. BEAVER: State law underacts --

MS. PETERSON: And also the federal rule. I don't think we can do it, actually.

MR. BEAVER: Is it all one parcel?

MR. WARREN: They are all one parcel.

MS. PETERSON: One parcel, one owner, one mortgage.

MR. WARREN: I'll defer to Dave on some of the other indications but the Agency has approved and funded projects that have senior and family components combined under tax credit transactions with some other sponsors. That's what this is. So I guess I am not clear on your question as to how this is to be approved. Under the HUD guidelines, or the HUD approval, clearly, the sponsors will go back to HUD with the current configuration and ask for approval based upon the way it is structured now under one parcel. I guess we need to -- I'm not sure of your question.

MR. BEAVER: Basically, the situation you end up with under state law is you can't discriminate based on age unless you do it under an act provision that provides an exception. It is very limited. So what you end up with is if you can't comply with that, and probably you can't, then you can't limit the project based on elderly or age.

MS. PETERSON: And that's basically what I was referring to.

MR. BEAVER: Right.

MS. PETERSON: And also it is true in federal law now. It didn't use to be. The only way that you can not discriminate is to have a building or a development that is specified solely for seniors and that meets those requirements, including age restrictions. It is actually an exception to the law. So to have what in effect is going to look like one development, one owner, one mortgage, one mortgagee, etcetera, etcetera, I think -- and I'm not trying to be difficult but I think it does present some issues.

And it may be that practically they won't be issues because the people who want to live in the high-rise are going to be seniors and the people who want to live in the larger bedroom units are going to be families. But I would certainly urge that as this deal comes to closing that somebody take a very good look at that legal issue.

MR. BEAVER: Basically, what you are going to end up with is you cannot limit it to seniors, a unit to seniors. Right? So if a family comes in and wants to occupy what you had otherwise set aside as a senior unit, you can't. They can file a lawsuit if you try.

MR. WARREN: Certainly. I think we view the tower, although it is labeled as senior, traditional y that has been the occupancy. But clearly the sponsors are going to be obligated to abide by any fair housing laws and operate the project accordingly. Knowing Related, the management company, they are not going to go out of their way to try to steer, they just simply will not do that. They will be compliant.

MR. BEAVER: They will need to be heads-up or they can inadvertently catch a lawsuit.

MR. WARREN: We will certainly advise the sponsors that they need to be cognizant of that as they go forward.

MR. REINER (FROM THE AUDIENCE): Can I come up for a minute?

MR. WARREN: Sure.

MR. REINER: Jeanne was right.

CHAIRMAN WALLACE: Ken, give your name.

MR. REINER: Ken Reiner from the Related Companies. Jeanne was right. Under 236 you couldn't have developed this as a senior and a family on one legal parcel, it wouldn't have worked. It was developed as a family project, as a 236 family. What happened was the market demand dictated exactly like you said. That's exactly what happened. The seniors in

National City chose and want to live in the ones and the studios and the families in the garden. We understand that we can't discriminate from anyone who wants to live in the tower, it just so happens that that is the makeup of the tenant population. The demand did it itself. There are no age restrictions, there is no underlying regulatory agreement which require it to be a senior building.

MS. PETERSON: Then it shouldn't be called -- I was just taking from what I was reading which said it's a family and elderly deal. So, in fact, it is really an undesignated deal.

MR. REINER: Technically, but the market has turned it into a senior --

MS. PETERSON: Thank you.

CHAIRMAN WALLACE: But do you call your tower *seniors* or anything that implies that a family couldn't go in the tower?

MR. REINER: No, no.

CHAIRMAN WALLACE: Okay. So we're kind of using the term loosely here to describe the type of complex that it is.

MR. REINER: Correct.

MR. WARREN: That's correct. And to be clear, Mr. Chairman, to reflect who the tenant profile is today. But as you walk in the leasing office for this project you don't see a senior-only component, you don't see a family-only component. You really --

CHAIRMAN WALLACE: There is no labeling.

MR. REINER: No.

MK. WARREN: No, none whatsoever.

MR. REINER: What has happened is that the senior building has taken on a life of its own.

CHAIRMAN WALLACE: Sure.

MR. REINER: It is a very active population of seniors. They have lunch brought into the community center every day.

CHAIRMAN WALLACE: Well, I know a lot of kids that have lunch brought in every day.

MR. REINER: No, but I mean it's transitioned.

CHAIRMAN WALLACE: I understand. You are in no way segregating, the market is doing it on its own.

MR. REINER: Correct, correct.

MR. WARREN: That's correct.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: Ken, I had another question for you. Historically, has there been this differential on the one-bedrooms from market or have those units in the tower essentially been at market? You're reducing the rents, which is a very good thing, to 49 percent of AMI. It appears that without that reduction, at 60 percent of median they would have been pretty close to market.

MR. REINER: Right.

MR. KLEIN: So has that tower been operating without much differential from market?

MR. WARREN: It is a Section 8 project so the tenant payment profile is obviously lower than what the market would be. And I think that the Section 8 contract rents are essentially set at approximately the 60 percent of median, around in there. So given the long-term nature of the Section 8 project it is somewhat of a disconnect, Mr. Klein, in that the tenant-paid portion is so low.

MR. KLEIN: Right.

MR. WARREN: Yes. But the goal would be, obviously, if the project does transition in the absence of Section 8 that the rents would go to the appropriate level that would support the units. Which may be less than 50.

MR. KLEIN: At the point that you make the transition I think that Jeanne's point will become very poignant. Because once you get into a situation where the aarket rate for the tenant is substantially different from narket, the single mother with a child who has no other options but to save $120 a month in rent will live in an elderly project if there is no exclusion because that is her only choice. But right now I don't have any problems with :his. I think it is an important observation. But under

Section 8, you are right, it is a moot issue.

MR. WARREN: At this point in time it is.

MR. KLEIN: Right.

MR. WARREN: In the future it may not be.

CHAIRMAN WALLACE: Okay, thank you. Having heard all that, are there any other questions from the Board or audience? If not, a motion to approve.

MS. HAWKINS: I move.

MR. KLEIN: I second.

CHAIRMAN WALLACE: Carrie approves and Bob seconds Any questions on the motion? Hearing none, secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-27 has been approved.

CHAIRMAN WALLACE: Resolution 00-27 hereby approved. Let's talk about Vista Terrace Hills.

RESOLUTION 00-28

MR. WARREN: Thank you, Mr. Chairman. Our last of our three is Vista Terrace Hills. This is located in what is considered the City of San Diego. And again, as I said at the outset, additional locality money may be directed toward this project in the future. This is a mortgage request for a first mortgage of $17,380,000, again a taxable tail of approximately $1,580,000, an IRP mortgage of $1,895,527. I think, Mr. Chairman, in the interest of time I am going to go right into the pictures then we will proceed from there.

(Video presentation of project begins.)

(Tape 1 was changed to tape 2.)

Vista Terrace, very similar in style to the other two properties. It is somewhat different in that it is located on multiple levels on the site. This is Del Sur Drive, which is the main surface street; the project is on the left. Rehabilitation, again, very similar. We have three- and four-bedroom units, which is an added plus for this project given the large size of the units. Tot lots and Laundry rooms. The rehabilitation will be similar to the other two projects which, again, are the common buildings and the unit rehab as required. And again, additional security Lighting and cameras in the project itself.

This is a typical configuration in one of the two-story buildings. This gives you a sense. It is somewhat dense in the middle with these walkways and fences throughout the project. This gives you a good idea of kind of the multiple levels that exist at Vista Terrace. You look down on areas and playgrounds. Again, the basketball courts and tot lots are interspersed throughout the project. This is up on the hillside. This retaining wall here will need to be, some work will be required on this. This is a commercial area over to the left. This is Beyer Avenue, which is the main thoroughfare throughout the project. This is the metro light rail over on the left here.

Vista Terrace, again, is three- and four-bedrooms. Again, a popular unit. There is somewhat of an absence of these large units throughout the project. But, again, we have a good rent differential between the two projects with market rents approximately **$985** and **$1150** respectively for the threes and fours. The same demand and supply situation that exists with the other properties.

(Video presentation of project ends.)

Again, as with the other ones, they are all very similar. There may be some locality financing but to date this will be the tax exempt debt with the Agency plus the tax credit equity. And with that, be happy to recommend approval, answer any questions.

CHAIRMAN WALLACE: Talk about repair of eroded areas around the buildings. How serious does that look?

MR. WARREN: Well, this area right here, this needs to be addressed.

CHAIRMAN WALLACE: Where is the property line, roughly?

MR. WARREN: The property line is right in here with this slope. And then due to the kind of multiple layers, there are some retaining walls within the project that have to be addressed. So because of the drainage issues that will all have to be replumbed, perhaps. But the erosion refers to not only the exterior, but also in some areas the interiors of the project need to be repaired.

CHAIRMAN WALLACE: No structural problems with the buildings?

MR. WARREN: Our report does not indicate any of that. But obviously, if it is not tended to, it could need that at some time in the future.

CHAIRMAN WALLACE: Thank you. Any questions? Pat.

MS. NEAL: Is that graffiti?

MR. WARREN: Yes, it is.

MS. NEAL: And --

CHAIRMAN WALLACE: What does it say?

MS. NEAL: Well, I just have this thing about graffiti. I think it is the worst property crime there is as far as devaluing property.

CHAIRMAN WALLACE: The second worst, Pat.

MS. NEAL: Okay.

CHAIRMAN WALLACE: Any further questions?

MR. WARREN: I will move off the slide quickly, Ms. Neal.

MS. NEAL: To get away from the graffiti?

CHAIRMAN WALLACE: Any questions from the Board or the audience? Hearing none, is there a motion for approval? Jeanne?

MS. PETERSON: *So* moved.

CHAIRMAN WALLACE: Moved.

MS. BORNSTEIN: Second.

CHAIRMAN WALLACE: Second, Julie. Any questions on the motion? Hearing none, seeing none, secretary call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye;

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-28 has been approved.

CHAIRMAN WALLACE: Resolution 00-28 hereby approved. Carrie, why don't you chair the next one.

MS. HAWKINS: All right.

CHAIRMAN WALLACE: Thomas Paine Square Apartments.

MS. HAWKINS: Linn.

RESOLUTION 00-29

MR. WARREN: Thank you, Ms. Hawkins. The next project that we have is Thomas Paine Square Apartments. This is a preservation project in San Francisco. This is a first mortgage request for $5,785,200, 6.35 percent blended interest rate with a taxable tail, 30 years tax exempt; also with an IRP loan of $819,744. This is an at-risk project. The Section 8 contract is expiring, will expire, and, obviously, with the rents existing in San Francisco these are becoming very desirous projects for opt-out candidates. So with that let me run through the pictures fairly quickly and we can discuss Thomas Paine.

(Video presentation of project begins.)

Thomas Paine is a family project. It is 97 units located off of Golden Gate and Turk. This is typical. It's a three-story with a shingle construction. There are numerous townhouse units throughout the project. The major area of rehabilitation will be related to the balconies. As you can see, some wear in here and these shingles on the side will require a fair amount of additional work. Again, typical of the shingle structure. Within the project is a community center. There is limited parking, it is through gated access. The buildings surround this common area.

This is somewhat typical of the neighborhood in the Turk and Golden Gate area. This is the Rosa Parks Senior Center which is directly adjacent to the site. This is a HOPE 6 project which is actually catty-corner to the project itself. This will be a large mixed-housing, mixed-income development project. The other side of the project, this is a play area. There are numerous playgrounds like this that surround the side. This is the 911 Center for San Francisco located behind it.

As I said, the units are actually in fairly good condition. A majority of the rehab will be limited to or focused on the exterior of the building and the shingles.

The rents, as you can imagine in San Francisco, are similar to what we saw earlier in the Homestead project. A wide differential between the existing Section 8 rents and the market rents. In this particular case the red bars here indicate the existing Section 8 contract. The sponsor has indicated that they needed to see these increased to the

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existing 60 percent level to help cash flow the property and that will be a condition of close. There is a wide range of units within the project. As **you** can see we have studios, one, twos, threes and four-bedrooms. So, again, this is a very desirable project.

There is no locality financing. The environmental reports have developed limited issues. There was some minor asbestos found in the drywalls and that will be subject to an O&M Plan. The sponsor is Bethel African Methodist Episcopal Church, BAMEC. They have three other projects in the immediate area with the property. Their church is actually directly around the corner from this site. We feel comfortable that they can certainly handle this property. And again, with the services that they provide through their church and other community services it certainly is a good relationship given their church facilities.

Telesis West is also acting as financial consultant on this particular project, and others that we have done business with, and they will help as administrative general partner. So with that we think this is a good preservation project for downtown San Francisco and we would like to recommend approval and answer any questions.

(Video presentation of project ends.)

MS. HAWKINS: Thank you, Linn. Any questions? Yr. Klein.

MR. KLEIN: The Section 8 project. Five year extension?

MR. WARREN: Yes. They will seek, as with the others. It is pretty typical nowadays, Mr. Klein, to seek an increase plus a five year extension.

MR. KLEIN: As a technical, federal appropriations question, my understanding is that the federal government approves so much per year for these Section 8 extensions. If the dollar amount or cost of these extensions goes up substantially in California because of major utility increases across the state, does that mean that they are going to, in fact, have to cut off some of the Section 8 units in the state in order to stay within their budgeted allocation for California for the year?

MR. WARREN: I think that even though they get a five-year contract extension, the extensions are subject to annual appropriations.

MR. KLEIN: I personally think if you get a five year extension you are in the best possible place.

MR. WARREN: Yes, you are.

MR. KLEIN: As against people that are going to year-to-year extension.

MR. WARREN: That's absolutely right, Mr. Klein. We thought however, when we underwrite these properties need to look to the tax credit rents for the underwriting basis.

And if for some reason the Section 8 should stop, for whatever reason, then we would need to transition from the Section 8 payment into the tax credit payments. So we don't count or underwrite based upon the five year extension. If it's achieved we think that's good. But in the event it is not achieved then we have a standby operating reserve which we would then go to, to help with the transition should there be unit turnover.

MR. KLEIN: I actually think the staff's position on requiring this five year extension is excellent because if you have got five year extensions in place and other units on one year extensions, theoretically or logically, not necessarily implying that the federal government acts logically, but logically one would believe that they would terminate the one year extensions first. So I think it puts the Agency in the best possible position.

But I'm trying to understand, as it affects all of our preservation objectives in the state, what this particular change implies. Do you know what it means if we have much higher than expected increases? Do they reduce the number of Section 8 contracts they renew?

MR. WARREN: I don't know, Mr. Klein. I don't know what the result would be from HUD, I'm really not sure.

MR. KLEIN: I would appreciate it if staff could come back and let us know how that budgetary authority works.

MS. PARKER: We'll try to have a conversation with the folks at HUD to see if we can get some additional information and provide that back to the Board.

MR. KLEIN: Thank you.

MS. HAWKINS: Thank you. Any other comments or questions? Hearing none, may I have a motion for approval of Resolution 00-29.

MS. NEAL: So moved.

MS. HAWKINS: It has been moved by Ms. Neal. Is there a second?

MS. BORNSTEIN: Second.

MS. HAWKINS: And seconded by Ms. Bornstein. Any discussion? Hearing none, may we have the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: With a proviso that I didn't hear the debate but I have read the project, aye.

MS. OJIMA: Thank you.

MS. HAWKINS: Resolution 00-29 is unanimously approved.

CHAIRMAN WALLACE: Okay.

MS. HAWKINS: And I turn the chair to Mr. Wallace.

CHAIRMAN WALLACE: Linn.

MR. WARREN: Thank you, Mr. Chairman. Our next project is --

MS. BORNSTEIN: Mr. Chairman?

CHAIRMAN WALLACE: Yes.

MS. BORNSTEIN: Before he presents his project I'm afraid I have a point of personal privilege that I need to inquire of our legal counsel. On this project, I own property within a short distance and I am not sure of what our definition of conflict is on voting on properties. I apologize that I didn't think of this before this morning.

CHAIRMAN WALLACE: You aren't the only one. So, counsel?,

MR. BEAVER: You own property within a short distance?

MS. BORNSTEIN: Yes. In fact, if you look at the map that is related to this project I am underneath the flag that gives the address.

CHAIRMAN WALLACE: How deep underneath the flag?

MR. BEAVER: How many feet?

MS. BORNSTEIN: It is not a matter of feet, actually, it is a matter of blocks, and I am not sure of what our definition is.

MR. BEAVER: Yes. What is the likelihood that action with respect to this project would influence the value of your property?

MS. BORNSTEIN: Well, I own a residential unit in a multifamily project within a few blocks of this one.

CHAIRMAN WALLACE: How many units?

MS. BORNSTEIN: In my project?

CHAIRMAN WALLACE: Yes.

MS. BORNSTEIN: Forty-five. I own a condominium in that project.

MR. BEAVER: You own one condominium within a condominium project?

MS. BORNSTEIN: Within a project of 45 units.

MR. BEAVER: Within a few blocks of this?

MS. BORNSTEIN: Yes.

MR. BEAVER: Okay. I would not expect that to materially affect your personal --

MS. BORNSTEIN: Financially.

MR. BEAVER: -- financial interests.

MS. BORNSTEIN: So it would be your advice then that --

MR. BEAVER: It's appropriate.

MS. BORNSTEIN: -- under state law I would be free and appropriate to vote on this?

MR. BEAVER: Yes.

MS. BORNSTEIN: Thank you. Thank you, Ms. Chairman.

CHAIRMAN WALLACE: I could have advanced some very entertaining thoughts right now but I will hold back.

MR. WARREN: I'll proceed, Mr. Chairman.

CHAIRMAN WALLACE: Thanks, Julie, that's the right thing to do, though.

RESOLUTION 00-30

MR. WARREN: Seventeenth Street Commons is a request for refinancing of an existing project in downtown Sacramento. The financing request is for a first loan of $1,419,000, 6.2 percent interest rate, 30 years, 501(c)(3). The sponsor is CADA, C-A-D-A, which is the Capitol Area Development Authority. They are well-known to us and to the Capitol. They manage numerous projects in downtown Sacramento, several hundred units, and this is an addition to their portfolio.

The project itself, by way of background, was at one point in time a co-op. As a matter of fact, one of the loans that we will be taking out on a long-term basis is with the National Co-op Bank. However, it is no longer a co-op, that structure has been collapsed, and the goal of CADA is to turn the current 25 units into 29 units of residential property. So with that, let me run through the pictures and we can look at the property.

(Video presentation of project begins.)

The project was built in two phases. There are two buildings types, actually. We have this newer-type building, which is this brown stucco, and we also have this blue paneling along the side. This is the entrance to the property off of 17th Street. There is a fair amount of economic activity going on down in Sacramento. This is a 68 unit market rate project which is right next door. This is also directly adjacent to the East End Development, which is several hundred thousand square feet of state office building which is being constructed.

There is some amount of rehabilitation that is required. These large beams need to be repaired and replaced. They support balconies over one of the buildings. One of the structures was built in approximately 1914, this three-story building here. This is a commercial building that obviously was at one time residential. It was converted to commercial offices and is now being converted back into residential. There will be four units, two on the second floor and two on the first floor. This is the interior of that building which is being converted.

(Video presentation of project ends.)

Rents for downtown Sacramento are growing. There is a movement for additional housing, which you saw earlier, so again we have a good rent differential between the one-, two- and three-bedroom units. So on a long-term basis, with the demand particularly for tenants who wish to work and live downtown, we think this would be an appropriate project for that. From an affordability and rate restriction standpoint, when the project was brought to us there was a request for only 20 percent of the units affordable. We have asked CADA and they have agreed to increase the affordability to 20 percent at 50 and 20 percent at 60. The balance of the units will be at market.

This is a refinancing situation. SHRA, which is the Sacramento Housing Redevelopment Agency, will be contributing the construction funds of approximately $340,000. That will fund the rehabilitation. Then the CHFA funds will come in and retire that debt and the existing first lien debt with the Co-op Bank. Behind us in order of priority will be an existing $445,000 loan with SHRA which will stay on a residual receipt basis behind us.'

So with that, again, we are comfortable with CADA as an owner/operator. They are very experienced in this. We think this is an appropriate use of 501(c)(3) funds for redeveloping downtown Sacramento. With that we ask approval and answer any questions.

CHAIRMAN WALLACE: Is it true the three-story apartment building was originally constructed in 1900?

MR. WARREN: Yes. There is some debate as to whether it was 1900 or 1914 but it was in that period of time, yes.

CHAIRMAN WALLACE: It has aged well.

MR. WARREN: It has aged well.

CHAIRMAN WALLACE: Any questions? Bob.

MR. KLEIN: Well, I would like to say that the Sacramento Redevelopment Agency certainly does an extremely good job, according to my experience, and is very thorough in going through these projects, as our staff is. The operating expenses here, including taxes and assessments, are $3,445. If you subtract the taxes and assessments they are about $3,070, which does seem very appropriate.

I only would ask -- And I apologize, I should have maybe brought up the question when we were going over the Thomas Paine project. On the Thomas Paine project it is not an issue of risk because the expenses are more than I would have expected so I am just asking for purposes of understanding, in the context of all the projects we review. That project without taxes is $5,664 per unit for operations.

MR. WARREN: This is Thomas Paine you are referring to, Mr. Klein?

MR. KLEIN: Right.

MR. WARREN: Okay.

MR. KLEIN: And so I am trying to understand. On a comparable basis you have got $2600 more per unit. Why is that?

MR. WARREN: Two factors, I think. If you'll go back to Thomas Paine for a moment. When you have a project that has traditionally been Section 8 and has been operated as such, by definition those project operating expenses are traditionally much higher. One strategy the Agency is pursuing is, over a period of time to find a way to reduce those expenses, but not to automatically cut them to, quote, an acceptable tax credit level", which may be $4,000 --

MR. KLEIN: Right.

MR. WARREN: -- or $3800. We think that would be probably, ill-advised until we know more about the project. So as we underwrite these and as the contracts are continued, on Paine, which is a good example, then the staff is comfortable having the expenses at those levels. Now that said, in some situations we will certainly ask those high expenses to be reduced. Plus on Thomas Paine you have a lot of family units; it is a much more dense project. So all of those combined would lead to, I think, a higher operating expense budget.

It costs less to operate properties in Sacramento than it does San Francisco, the family sizes are smaller on 17th Street, and I think that CADA can bring a certain amount of efficiency because they have, as I said, several hundred units all through Sacramento. So all of that. Sometimes it is more art than science, but I think that would justify somewhat lower operating expenses for 17th Street.

CHAIRMAN WALLACE: Look at your revenue differential too.

MR. WARREN: Yes.

CHAIRMAN WALLACE: San Francisco is the highest cost of living area in the country year in and year out.

MR. KLEIN: Yes, I understand that. But we have a project here that is smaller, that has payroll of $313 per unit, yet payroll of $1600 per unit in Thomas Paine. So I was wondering if there are a lot of special services going on? There's a lot of money going out here in payroll. Is there some special level of services or something that Thomas Paine is delivering?

MR. WARREN: On services for Thomas Paine, yes. As I said at the outset, the church that is involved with Thomas Paine, one of the components is that they do staff heavily because it is family. And HUD has always encouraged having staffing, support staffing within the operating budget so that gets carried through on the projects that get brought to us. That is not necessarily the case, though, on a traditional tax credit project where a lot of the services are below the line, versus embedded within the budget.

MR. KLEIN: Right.

CHAIRMAN WALLACE: Any further questions on 17th Street? Anyone? Anyone want to --

MR. KLEIN: I would move for approval.

CHAIRMAN WALLACE: Bob moves approval.

MS. HAWKINS: I will second it.

CHAIRMAN WALLACE: Carrie seconds it. Any questions on the motion from the Board or the audience? Hearing, seeing none, secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Before casting my vote I have a comment to read into the record, which is that the Treasurer may have an economic interest in a property within several blocks of this development. And while he does not believe that this loan would have a beneficial economic interest on any property in which he has interest, in an abundance of caution I have reviewed the proposal without substantive discussion with him. Therefore, I cast my vote, aye.

MS. OJIMA: Thank you, Ms. Peterson.

CHAIRMAN WALLACE: Is it a 45 unit condominium issue in which he --

MS. BORNSTEIN: No, but I think he is up the street from me.

MR. BEAVER: Can I ask the nature of the financial interest that he has? Is it --

MS. PETERSON: It's the ownership interest.

MR. BEAVER: He owns a property within several blocks?

MS. PETERSON: Correct.

MR. BEAVER: No, I don't have a problem. No reason to believe that the rehabilitation of this existing project would have any significant impact on the value of his property. That is his view?

MS. PETERSON: His view is that in an abundance of caution he did not want to participate personally in the review of this, and therefore that I should review it.

MR. BEAVER: I think we are well within the okay lines on this.

CHAIRMAN WALLACE: All right, so we accept your personal vote.

MR. BEAVER: Both because it doesn't sound like it is likely that his financial interest is materially affected, and also because, in effect, he has built a fire wall between the vote being cast and his interest.

CHAIRMAN WALLACE: Fine. So your vote is *aye.*

MS. PETERSON: Yes.

MS. OJIMA: Thank you.

CHAIRMAN WALLACE: May the roll go on.

MS. OJIMA: Yes, sir. Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: I have a property that I own that is about 80 miles away. (Laughter). Aye.

MS. OJIMA: Thank you, Mr. Wallace. Resolution 00-30 has been approved.

CHAIRMAN WALLACE: Resolution 00-30 is hereby approved. Okay, Linn, Saratoga Seniors.

RESOLUTION 00-31

MR. WARREN: Thank you, Mr. Chairman. Our next project is Saratoga Seniors, a 120 unit senior project located in Vacaville. The financing request is for a first loan in the amount of $5,730,000, interest rate of 6.2 percent, 30 years, tax-exempt. This is a Phase 2 of an existing project that the sponsors have built in Vacaville. With that, let me go ahead and run through some of the pictures for the property.

(Video presentation of project begins.)

This is the first phase of Saratoga Seniors. Again, it is fairly new. It has been on-line for approximately a year and a half. This is the common area with a community center and the rec pool. These facilities will be shared with the second phase development. This is the Phase 2 site, directly adjacent to Phase 1.

In this particular area of Vacaville there is a large number of senior housing. Across the street -- This is a market rate senior project directly across from Phase 2. This is an assisted living project, which is right next door to Phase 1. On the left is the assisted living in Phase 1. On the right is for sale housing targeted to seniors. The sales price of these units are approximately $200,000.

One of the issues that we looked at, obviously, is the concentration of the supply of senior projects in Vacaville. Although there is a large number of them the population of Vacaville has essentially doubled in the last several years with the introduction of power centers and various new developments and as the population begins to age and retire.

So staff is comfortable with the rent differentials that you see here between the 50 and 60 percent rents. We think that is an appropriate risk to take, even with the new development in this particular area. The red bar, as you see, are the 40 percent rents. That is a function of the locality financing, which is $566,000 of HOME funds which would be in a subordinate position at 3 percent.

The sponsor on this property is St. Anton Partners. They are an organization that is known to us. We have done two other transactions with them, which were Renwick Square and Sutter Homes up in South Placer. Both projects came on-line approximately a year and a half ago and are operating at full occupancy. The nonprofit involved in these projects is Nehemiah Progressive Homes, again the nonprofit on these two other projects. A very active nonprofit in Sacramento in both the single and multifamily area. The management company will be a combination of St. Anton and Jon Berkley, again, a management company that we know and have been in existence for approximately 20 years.

(Video presentation of project ends.)

So with that staff is comfortable with the relative demand and the supply in Vacaville and we think this would be a good new construction addition to our portfolio. We would like to recommend approval.

CHAIRMAN WALLACE: Any questions? Quick, somebody advance a motion to approve.

MS. BORNSTEIN: **I** move approval.

CHAIRMAN WALLACE: Julie.

MS. HAWKINS: I'll second.

CHAIRMAN WALLACE: And Carrie. Any questions on the motion, audience or Board? Hearing none, seeing none, secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-31 has been approved.

CHAIRMAN WALLACE: Resolution 00-31 is hereby approved. Okay, we are coming down the home stretch, Baldwin Park.

RESOLUTION 00-32

MR. WARREN: Thank you, Mr. Chairman. Our last project today is Baldwin Park. This loan request is somewhat different for the Agency than what we have seen in the past. This is a request for, basically, a land loan. By way of background: The project sponsors for Baldwin Park, Thomas Safran and Associates, they are currently in the process of applying for nine percent credits for a mixed family and senior project on the site.

The equity investor that originally made a loan in conjunction with Thomas Safran is withdrawing from the project and the request from Safran for us today is to contribute a short-term land loan in the amount of $641,000 in conjunction with locality funding from the redevelopment agency. The loan-to-value ratio for this particular project is 59 percent, which is certainly within acceptable limits, ınd there is a commitment pending on behalf of the :edevelopment agency. Two more payments are required from :hat organization. Within 12 months the land loan that we ıould be making would be retired.

An application is with the Agency for funding for he nine percent transaction and we certainly would anticipate being involved with the transaction on a permanent basis. But prior to that occurring, given the commitment rom the local redevelopment agency, this debt would basically be retired within a 12 month period.

We have looked at the balance sheet for Thomas afran. This is clearly not income-generated, it would require interest-only payments from the sponsor after :unding. But given the relative strength of Thomas Safran ınd their experience in this area, staff is comfortable from an underwriting standpoint they can make the debt service on the interest-only for a limited period of time.

So with that, it is somewhat of a departure from our normal lending guidelines. We don't intend to make a habit out of this, but on a periodic basis where there is a limited risk to the Agency with an experienced sponsor we think this is an appropriate use of Agency funds. So with that I'd like to recommend approval.

CHAIRMAN WALLACE: Yes, Jeanne.

MS. PETERSON: My question relates to whether or not the funding from the redevelopment agency, which would in effect repay our loan, is contingent upon receipt of the nine percent credit within a given time frame? Or, if our loan will be secure irrespective of whether or not the nine percent credit is obtained in a certain time frame.

MR. WARREN: I don't know, let me ask the sponsor real quick, Jeanne.

MS. FALKNER: Hi, Tawnya Falkner, Thomas Safran and Associates. We have a guarantee from the redevelopment agency for a minimum of three years that they have to allow us to continue to go for tax credits given the competitiveness. So even if we aren't successful in this round we will have another couple of rounds to go after it. They have security with two other parcels that are associated with the pending project. So their funding is due in in January and July of 2001. It's a guarantee. It would take out CHFA's loan. Thereafter, we still have a few more years to go after additional tax credits. So CHFA's loan would be in no way at risk.

MR. WARREN: In the event we need to extend the term -- The loan does come due and payable within a period of time so we would compel at some point in time repayment. The sponsors would have to seek alternative financing, ultimately, if they were not successful.

MS. PETERSON The compelling is 12 months, right?

MR. WARREN: Right now it is, yes.

MS. PETERSON But it sounds as though --

MR. WARREN: And obviously we would be --

MS. PETERSON: -- we have total security for the repayment of that within 12 months, irrespective of what happens.

MR. WARREN: And we would obviously entertain an extension if it was appropriate.

MS. FALKNER: Correct.

MS. PETERSON: Thank you.

MS. FALKNER: If I might also interject. We own the other parcel that is in the amount of $350,000, we bought that back in February. So we had also offered that. We would even be willing to offer that as further guarantee even though this loan payment is substantiated by the redevelopment agency's funds.

CHAIRMAN WALLACE: Yes, Bob.

MR. KLEIN: First of all, I'm supportive, I know the Safran company has a very good performance record. But I would ask: Clearly, your intention is this will be an affordable housing site. It is a very competitive environment for tax credits. If you don't get tax credits there are, of course, the bond program or other solutions to make it an affordable project. I assume that when we make a loan like this, is there some covenant that goes with the land that says this will be an affordable housing site? So it doesn't become a retail site or --

MR. WARREN: Yes. We would need to put some form of regulatory agreement on this, Mr. Klein, to ensure that it remains affordable. We probably would not need all the provisions, clearly, because it's geared towards the housing project.

MR. KLEIN: Right.

MR. WARREN: But something, basically, you're absolutely right, to encumber this that it would stay that way.

MR. KLEIN: And it would survive our loan?

MR. WARREN: And it would survive our loan.

MR. KLEIN: Yes. I'm very supportive.

CHAIRMAN WALLACE: That was my question.

MR. WARREN: Yes.

CHAIRMAN WALLACE: And that's why I was buried in here looking. Because we're not doing this to make money.

MR. KLEIN: No.

CHAIRMAN WALLACE: We're doing this to find affordability.

MR. KLEIN: Right.

MR. WARREN: That's correct.

CHAIRMAN WALLACE: And that is what you do.

MR. KLEIN: Yes.

MS. FALKNER: One point of clarification. In the event -- And I may be interjecting without clarifying with Linn. In the event we were not successful in tax credits and the redevelopment agency and ourselves decided not to proceed forward a couple of years down the line, okay, enough is enough, we would have to be able to sell it in the market and not have those restrictions attached, if and when we sold it. So I just wanted to clarify that. Because the covenant cannot run with the land permanently, of course, because that would really greatly reduce the value of the land.

CHAIRMAN WALLACE: During the life of our loan --

MR. WARREN: During the extent of our loan being involved, *yes*, that would be there. If for some reason in the future it became something else our loan is repaid.

CHAIRMAN WALLACE: And there is no confusion why we are making the loan.

MS. FALKNER: Absolutely.

MR. WARREN: That's correct.

MS. FALKNER: We build affordable housing.

MR. KLEIN: I actually have a problem with that. The covenant running with the land. The intent is that if land is land banked for affordable housing -- I'm very supportive and I think we should aggressively do these kinds of loans, particularly with outstanding companies like this. The problem is the nine percent credit field is very competitive. And you do have other options. You have HCD options, you have bond options. There are other ways to put together affordable housing and Tom Safran is extremely innovative in going with that.

But I can't support a loan that we don't have a covenant that continues with the property after our loan is paid off that says it will remain affordable housing. Otherwise, what we have done is become a gap lender in what ultimately is a commercial transaction. This property three years from now, with an assemblage of land, may be worth four times as much for retail use. We are serving as a gap lender to retain the nature of this property for affordable housing. So my vote would be conditioned upon seeing a continuing covenant, otherwise we are participating in, potentially, a commercial transaction.

CHAIRMAN WALLACE: Yes, we're not here to bank shopping centers at market rate.

MR. KLEIN: That's right.

CHAIRMAN WALLACE: I know roughly where the property is. But I agree with him, we are here to make a gap loan because we are buying affordability on that site s oner or later, with them or someone else.

MR. WARREN: I guess the one concern I would have in this area is that if after a period of time -- And clearly the reason we're doing this is the City of Baldwin Park wants this for affordable and they really are promoting this. If for some reason in the distant future they are unable to secure any sort of credits, either nine percent or four percent credits, and the City is unable to make this work, which is doubtful but possible, as an affordable housing project, then my only concern would be, Mr. Klein, is we have placed a restriction on a piece of property the City wishes to develop that for some reason in the future cannot be made affordable through economic reasons. So I think our restrictions need to stay in place so long as the City of Baldwin considers this an affordable housing site and their noney stays in the transaction.

MR. KLEIN: Well, we could design -- because I hope :his is not the last land loan, more loans with Tom Safran ɔr other companies like this would be good to help them land ɔank loans or assemble parcels. But we should as an Agency, just to fulfill our responsibilities, if it can't happen in a period of years and it is sold for a windfall profit there is some kind of a contribution to affordable housing funds or something. Because we are replacing venture capital in this property. Which I think is totally appropriate to keep the price down for affordable housing. But if it leads eventually to a windfall profit issue we should have some provision to deal with that exigency.

But certainly if they came back after five years, it's impossible to make it affordable housing, the City of Baldwin Hills--or whatever--doesn't want to do this, we want to sell it for retail. I'd say, if it is impossible, fine, but there should be some recapture of a windfall profit. If everyone holds a property there is a reasonable level of return on it as it is held and it does not lead to an embarrassing situation for the Agency where it is later sold as a commercial shopping center with a huge land profit that doubles or triples. Which has happened many occasions with assemblages of land in redeveloping areas. That would not be a good thing. So I'm just suggesting --

CHAIRMAN WALLACE: Is it even statutorily permitted for us?

MR. KLEIN: Well, our intent is to do affordable housing so that's why we are entering 'into it. But we should Save some exit solution to avoid embarrassment for the Agency that would clearly deviate from our goal.

CHAIRMAN WALLACE: I see a bunch a hands but let me go first to David. Counsel?

MR. BEAVER: Yes. I basically agree with what Bob just said in that we have authority to do land banking. There is a question about whether we could use bond funds but that is not raised in this particular deal. And I think, particularly, if we have reason to believe that by doing the land banking it will facilitate its ultimate development into affordable housing, particularly housing that we would finance. That doesn't mean that there couldn't be circumstances where we would release the property from that. I would also add that it would be within our authority to exact a buy-out from the affordability covenant. So all the things that are being talked about I think are feasible within our statutory scheme.

CHAIRMAN WALLACE: Carrie.

MS. HAWKINS: Yes. I just ran into the same exact situation where the land became so valuable, and also the costs ran up. A long story and I'll tell you about it privately some time. But we bought out -- This is another organization. We bought out that affordability factor and released the developer because it became obvious that it wasn't going to be an affordable development and we tied them up. We would not have benefitted, they would not have benefitted, we would have been in litigation and all kinds of things. So we released them for a buy-out fee and it worked out great. We transferred that benefit to another development that they are doing.

MR. KLEIN: A good solution. But at least then --

MS. HAWKINS: Right.

MR. KLEIN: -- there is ability to protect the ultimate goal that we had and have more funds to help other people and make other units affordable.

CHAIRMAN WALLACE: Pat.

MS. NEAL: I have a little difficulty with you extending your authority past the time that you have the loan on the property.

MR. KLEIN: Well, I would point out that on all these 30 year loans we do --

MS. NEAL: This isn't a 30 year loan.

MR. KLEIN: No, but just as a matter of analogy, the developers are entering into 55 year regulatory agreements on 30 year loans as a matter of standard practice.

MS. NEAL: I'm quite aware of that, Mr. Klein, I don't need to be educated on it. This particular case I think is a little bit different and 1 have some difficulty with your arguments in this particular case.

CHAIRMAN WALLACE: What are you saying, Pat?

MS. NEAL: Well, you're going --

CHAIRMAN WALLACE: That extending a covenant to --

MS. NEAL: Yes, I think so, and I'm having difficulty seeing and being able to do that in this particular case.

CHAIRMAN WALLACE: Well, I think what we are saying is, to the degree that the loan is outstanding it will have a covenant that it is for affordable housing.

MS. NEAL: Right, and I have no problem --

CHAIRMAN WALLACE: There is no question so far.

MS. NEAL: Right, right.

CHAIRMAN WALLACE: Then to the degree that due to some unforeseen circumstances down the line--and I'm agreeing with Mr. Klein, and I think comforted by what Counsel Beaver is saying--that the land cannot be developed for affordable housing, then analogous to what Carrie was talking about, then we should have some -- If they are going to be released to a market rate deal, whatever, housing or otherwise, then there is a price to pay for that. And having been in analogous situations I want a piece of that action because I in good faith, CHFA in this case, advanced funds for a purpose which was different than profit. And therefore I --

MS. NEAL: But you also have a community involved too.

CHAIRMAN WALLACE: I would want some kind of a commitment in the compact that gave us the ability to deal with it, a lot like Carrie just described.

MS. NEAL: What Carrie described I can go with. What I'm concerned about here is the City is involved in this also, I understand. The City of Baldwin Park.

MR. WARREN: Yes.

MS. NEAL: I'm looking, at that point, whether we are putting a restriction on a local community and a local agency that I'm not so certain --

CHAIRMAN WALLACE: I don't think we are.

MS. NEAL: Okay.

CHAIRMAN WALLACE: I think we are saying there may be that circumstance or others, but if it isn't used for affordable housing then we bought -- We made the loan based on an affordable housing anticipation. If that doesn't come then, yes, we would let you out but we want some kind -- The reason they would be doing it is because the land value went up geometrically and now Baldwin Hills and the developer --

MS. NEAL: Baldwin Park.

CHAIRMAN WALLACE: Baldwin Park and the developer feel that it has gone up five-fold and they can take those funds and do better with it. We did not enter into it with that so I would want a piece of that to go toward some other use for which we originally anticipated. Which is what I hear you saying. And what I hear you saying would be a valid reason for us today to enter into this kind of a compact.

MR. WARREN: Mr. Chairman, just so we're clear. The discussion would be that in the event this ceases to be an affordable housing project sometime in the future, after failing all the rounds and the City then decides that this needs to be something else because of the circumstances, then the Agency would extract some sort of economic return for its involvement over a long period of time but not impose a regulatory condition on the property use over a period of time.

MS. HAWKINS: Right.

CHAIRMAN WALLACE: I agree.

MS. HAWKINS: Right.

MR. WARREN: And that would be contingent upon the final determination of the City of Baldwin Park, would be my guess. In the situation they would be the ones that would finally arbitrate that this project can't be developed for the intended purposes.

CHAIRMAN WALLACE: Yes.

MR. WARREN: If I may summarize, that's our sense.

CHAIRMAN WALLACE: Understanding that the contract is really between CHFA and the Safran Company.

MS. FALKNER: What I was going to say is two things. One, we have about $500,000 into this project to late and do not feel that in Baldwin Park --

CHAIRMAN WALLACE: I'll give you $5 million next week. Now what do you say?

MS. FALKNER: Great. We would not feel that in Baldwin Park, really, a market rate development would work there. The market is very poor, probably about 75 percent Hispanic with median incomes at or about 60 percent AMI. So we would not feel that someone else would want to buy it for certainly, market rate residential. There is a possibility of retail but it's zoned for residential so doubtful anything would happen. The City has substantial replacement inclusionary in redevelopment law to satisfy so therefore they are absolutely intent on making something happen so they are in compliance with all of the legal issues that they need to satisfy as a city.

So what I would be willing to offer is, say in the went three, four or five years from now it couldn't happen as an affordable housing development. We went after a couple of nine percents, we went after a four percent and it's, like, we can't do it. We want to make it done but there is some point you have to say, enough is enough and cut your ties.

What if we offered that in the event the value went up and we sold the property, could we convert it back to a prime time situation so we are not getting the gain of CHFA's lower interest rate and instead are paying you more a typical, conventional market rate deal so that it was apples and apples with what we would get in the normal market. Because Century, and Edison Capital as our investor, were willing to do this. We just walked away from Edison because we were getting a better rate.

So it wasn't a problem to get a loan, and I don't mind paying more, but of course, the more you pay the more cost it adds to the project so that's why we were coming to CHFA. But we would be willing to pay the higher interest rate down the line if it did not continue as affordable.

CHAIRMAN WALLACE: Well, something like that.

MS. FALKNER: Okay.

CHAIRMAN WALLACE: I think we are heading toward a possible solution.

MS. FALKNER: Okay.

CHAIRMAN WALLACE: But, for example, if it was -- That market rate differential you are talking about could be peanuts compared to--and it's probably not going to happen--but peanuts compared to a change of events that would create a marketability for a regional, even a neighborhood shopping center. You might be making 500 percent on your money and our spread is 2 points.

MS. FALKNER: Okay.

CHAIRMAN WALLACE: So I wouldn't want to agree to that right now. I would almost rather have an agreement--you're going to hate this, Beaver, and you won't allow it--

an agreement to agree. Where the parties have to mutually agree. Or maybe we stipulate a percentage of the increase in value because of the intent to go in for affordable housing. My guess is we could work out something like that to create almost a dis-incentive for you or your successors to leave the affordable arena without our approval.

MS. FALKNER: Um-hmm.

CHAIRMAN WALLACE: Something like that. We have had a track record with you all before. You are good at what you do. We would like to make the deal but we don't -- We are doing it for a public purpose.

MS. FALKNER: I understand.

CHAIRMAN WALLACE: I know you understand it. Julie.

MS. BORNSTEIN: I just had some questions of staff on the implementation. I too share the same thoughts and support the comments that you have all been making in the event this property down the line is not available for affordable housing. But in terms of implementing that: If it were in the loan agreement and the loan gets paid off in a year then it does not, I assume, survive the loan agreement. So I would think, and I would hope, staff would maybe be able to amplify this.

That it would have to be some sort of an agreement that runs with the land with the provision that it could be terminated on the payment of a fee that perhaps is no less than the differential between a market rate loan and the loan that they are getting now, but could under some events as described by the Chair, perhaps be a higher amount should there seem to be a windfall. And I am interested to know if that is agreeable to the developer? If it ran with the land with the provision that that's how it could be terminated.

MR. WARREN: Just so we're clear, Ms. Bornstein, this would be subsequent to the payoff of the loan to the Agency.

MS. BORNSTEIN: It would have to -- The sense I get of the Board Members' comments is that it would have to survive the repayment of the loan for a specified period of time.

MS. PETERSON: But perhaps it could have -- I really like that idea a lot if that will work for the developer. But perhaps you could also tie it to have it be a minimum of three years or something like that. Tie it to this amount of time that the City is interested in doing. It sounds as though we are going to be wrapped pretty carefully and doing what we feel is important to do, even subsequent to the payoff of the loan in a 12 month time period.

CHAIRMAN WALLACE: Let me suggest it is not fair to us to negotiate with you by committee here.

MR. WARREN: Yes.

CHAIRMAN WALLACE: You probably have somebody you have got to go back to and --

MS. FALKNER: Well --

CHAIRMAN WALLACE: Or maybe you are the final authority.

MS. FALKNER: No.

CHAIRMAN WALLACE: But having said that, I think we are all at a mutual disadvantage to try and negotiate by committee. Okay?

MR. WARREN: I think, if I could, on behalf of --

CHAIRMAN WALLACE: I think what I would suggest is that we give a conceptual approval to the loan provided that this feature, the affordability compact, if it ceases to exist at some point in time, which you all should negotiate -- We will come back at the next meeting, which is only a month away, and you tell us what you have mutually negotiated, Linn.

MR. WARREN: Yes.

CHAIRMAN WALLACE: And come back and get our final approval.

MR. KLEIN: Mr. Chairman, I would suggest that there may be timing issues for the developer. I would be prepared to make a motion to delegate to staff the ability to negotiate this so it can be done expeditiously for the developer. I think the staff understands the objectives. We can have a recorded covenant with the contract that survives the loan payoff to protect the situation. We have a lot of staff resources here and ability and I would be very much prepared to support a motion that followed the Julie/Carrie formula here. I agree with you.

In East Palo Alto, a year and a half ago, people said there was no possibility for retail potential. The Power Center came in and land quadrupled inside of 90 days after that loan recorded. So I do think to be good stewards we do need to have a provision to capture a percentage of the upside. Certainly we are replacing someone who probably would have gotten under their prior agreement a percentage of the upside and we could look to that for any other reasonable index. But this is a --

In order to move this forward I would like to make a motion that we capture the essence of Carrie and Julie's comments. On the bottom side we have an interest differential on this that would take it back to what a land loan is based on staff's determination. And on the up side, if the profit goes above a certain level, one that the staff deems to be a reasonable disposition profit, there is a percentage participation that would then be a buy-out of the affordability covenant.

CHAIRMAN WALLACE: Why don't you do this, append to that. Let me have a -- After they've negotiated -- I agree with you, let's shortcut it. But give me the authority to finally approve that.

MR. KLEIN: I would add that to my motion.

CHAIRMAN WALLACE: And then I will work with Terri and staff after you guys get together on some plan that is consistent with what I'm hearing here this morning. Okay? That's a motion.

MR. KLEIN: That's a motion.

MS. BORNSTEIN: I'll second.

CHAIRMAN WALLACE: What was the motion?

MR. KLEIN: I think the minutes will probably be sufficient to reflect the motion.

CHAIRMAN WALLACE: We approve the loan. Let me try this short form. We approve the loan subject to the Chairman's approval of negotiations between staff and the developer of the final loan terms and conditions.

MS. PARKER: Mr. Chairman can I just have one minute? I would like to add staff and the sponsors to see whether or not their preference would be to, essentially, wait a month and come back. I don't know what the time sensitivity is. Which would be preferable from the sponsor's standpoint?

MR. WARREN: If I can speak. We need to resolve this now, basically, in the next week or two from the timing standpoint of the sponsor. One reason this was brought in so quickly to do, is we needed to address this today, basically.

MS. PARKER: For the record, I wanted to make sure one way or the other that there was a timing issue.

CHAIRMAN WALLACE: Do you need Tums for the proposal that I just read back? That you all negotiate it and it's subject to my final sign-off. Is that workable?

MR. WARREN: That gives us sufficient time to go forward, yes.

CHAIRMAN WALLACE: And I'm around the next week or two that you mentioned.

MR. WARREN: That's an adequate time frame, Mr. Chairman.

CHAIRMAN WALLACE: Okay. So that's your motion?

MR. KLEIN: Yes, sir.

CHAIRMAN WALLACE: Second?

MS. NEAL: Well, I need you to --

CHAIRMAN WALLACE: Let me get a second if I can.

MS. BORNSTEIN: Yes, I second that motion.

CHAIRMAN WALLACE: Bornstein. Yes, Pat.

MS. NEAL: I need you to go through that again because I thought that the objective was to make certain it remained affordable. Is that correct?

MR. KLEIN: Yes.

CHAIRMAN WALLACE: Yes.

MS. NEAL: But what does that have to do with profit? I heard you say profit.

CHAIRMAN WALLACE: Bob's motion is that we ask staff to negotiate an agreement for -- We approve the loan subject to the Chairman signing off on a negotiated agreement between the staff and the developer that will include a component relative to protection of the affordability factor in one way, shape or form. Having heard the discussion.

MS. NEAL: Okay, that's okay.

CHAIRMAN WALLACE: Everybody understand the motion more or less? Any further discussion? We do have a motion and a seconder. Anyone, audience, want to comment? Secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye, aye, aye, aye.

MS. OJIMA: Thank you. It has been approved.

CHAIRMAN WALLACE: You got ten votes. Motion --

MS. OJIMA: 00-32.

CHAIRMAN WALLACE: -- 00-32 is hereby adopted. Okay, let me suggest -- Thank you, Linn. That's been a long, tough morning and we are pretty close to schedule.

OTHER BOARD MATTERS

Under Item 5, Other Board Matters, there are a number of reports that Terri pointed out earlier. And I don't think we need to get into discussion with Ken's reports. Do we need to highlight the CaHLIF audit report? I think that's pretty straightforward and pretty darn good. But I do think we need to discuss Item 4 under reports, the Director Liability, Immunity and Indemnification that Chief Legal Counsel has analyzed for us on page 2040. So I would ask David to give us his overview of that report.

MS. PARKER: Mr. Chairman, one point, though. Ken is here if anybody has any questions. He has several reports in here. I think it is important to note that we did close the transaction on the 236 deal. Also at each of your stations is a copy of the letter that was sent to the Chairman of Fannie thanking them and acknowledging the cooperation of their staff. It's, frankly, the overall ability to getting this done resulting in the positive impact that hopefully this will have to preserve affordability in

California.

CHAIRMAN WALLACE: Any questions?

MS. PETERSON: I would just like to add for the record that that is a remarkable achievement and wonderful. I think California is the only state in the country that has taken advantage of the offer of Fannie Mae to purchase those loans. Staff should really be commended for doing it.

CHAIRMAN WALLACE: And we are in the process, are we not, of contacting the portfolio and establishing a warm, fuzzy relationship.

MR. WARREN: We are, Mr. Chairman, it is underway.

CHAIRMAN WALLACE: Is it warm and fuzzy *or* warm or fuzzy?

MR. WARREN: We will give the owners the option.

MR. KLEIN: Mr. Chairman?

CHAIRMAN WALLACE: Yes.

MR. KLEIN: I really appreciate, too, Ken's reports. He does an outstanding job in these reports, they are very effective. I am wondering, with time being a consideration, if we could just have at one of our later Board sessions the chance to review this report with him.

CHAIRMAN WALLACE: I'm not saying you can't do it right now if it is the pleasure of the Board.

MR. KLEIN: Well, I am thinking that the Board has some Board Members that need to leave and there are some other critically pressing business.

CHAIRMAN WALLACE: Yes. So you want a review of Ken's Fannie Mae report? Or his overall --

MR. KLEIN: He has a very good report in here on variable rate bonds that I think --

CHAIRMAN WALLACE: The variable --

MS. HAWKINS: Yes.

MR. KLEIN: They are very important for the Board but we could wait and do that at a later Board Meeting.

CHAIRMAN WALLACE: The September meeting so far is not a heavy agenda.

MS. PARKER: And again, that is the issue that we would hope the workshop is going to cover.

CHAIRMAN WALLACE: Correct. I think that's good advice. So let's have a --

MR. KLEIN: We could do it at the workshop.

CHAIRMAN WALLACE: Let's have this re-inserted on the --

MS. PARKER: I think what Bob -- This is one of the workshop's major issues we are going to focus on.

CHAIRMAN WALLACE: Yes. No, I agree.

MS. PARKER: That facilitates the opportunity.

CHAIRMAN WALLACE: We're thinking about the workshop and that's kind of -- That first workshop, Bob, is kind of integrally tied into --

MR. KLEIN: This would be a good place to review it, and that's fine.

CHAIRMAN WALLACE: This quorum issue that we discussed earlier. We want to get as many people --

MR. KLEIN: Right.

CHAIRMAN WALLACE: The next meeting right now has six lined up, whereas the November meeting had eight or nine of us tentatively lined up. The implication is we would rather do it when the greater number of people are there.

MR. KLEIN: Absolutely.

CHAIRMAN WALLACE: Yes. So depending on how the meeting schedules work out let's put Ken on for an overview. Maybe along on the front end or as a participant in the first workshop if we do that, in December now. Does that make sense?

MR. KLEIN: Yes.

CHAIRMAN WALLACE: Good. With that understanding, Ken, we now go to Chief Legal Counsel and you all review the rest of these on your own time. Ready? David.

MR. BEAVER: Thank you, Mr. Chairman. We're going to talk a little bit about CHFA Director tort liability immunity indemnification and insurance. You each were provided a memo on the subject. It's clear as mud. What I would like to do, is just kind of cover some high points. Give you the basic overview and then open it to questions.

I would like to preface the discussion with these words of reassurance: As far as I know, no CHFA Director has ever been sued for their actions within their official duties as a Board Member. I know no one has done so since I have been with the Agency, which was 1985. So there should be some comfort in that, and I'll try to add some more in this discussion.

As far as liability goes, the California Tort Claims Act is the state body of law that governs the liability of public employees. As Board Members of a state agency, you are public employees for the purposes of that law.

The basic rule that applies is that unless otherwise provided by statute--and there are some statutory privileges and immunities that will apply and we'll talk about them briefly. The basic rule is you are as liable as any private person would be, as a starting point. As such, you would have, also, the defenses that would be available to any private, corporate director.

So I want to talk for a minute about a prime defense that is available to a private corporate director for personal liability that might arise for Board decisions. Basically, the most common defense is what is called the business judgement rule. That means that as long as you follow the business judgement rule, or comply with it, that you should be shielded from personal liability for any decisions of this Board.

And that rule basically requires that you act in good faith, in the best interest of the Agency, and that you exercise such care--and that would include reasonable inquiry in the performance of your duties--but such care as an ordinary, prudent person would under the circumstances. Again, as long as you meet that standard, you should be shielded from personal liability for any of the decisions made here. Again, I'm just hitting the high points.

I would also like to talk about privileges and immunities that apply to you. Because while you have the defenses that any private person would have, you also have special statutory immunities and privileges that are available to public employees. And I want to hit, basically, four of them that I think are particularly relevant to your activities as Board Members.

The first one is a privilege that I did not mention in the memo, but it's an important one, so I want to focus on it for a moment here. Basically, by statute, any communication that you make during Board Meetings in the proper discharge of your official duties, and any discussions here, any communications are absolutely privileged. That's important because say, for example, in the course of frank discussions you say something that somebody takes as being a slander or a defamation. If they try to sue you for that, this privilege would provide a shield. The idea there is that in making policy and discussing Board matters you are provided protection so that you can have full and frank discussions.

There are also three immunities that I think are particularly relevant that were discussed in the memo. One of them is that you are immune for any discretionary decisions. Basically, this is very important because almost all, if not all, of what happens in these meetings involves the exercise of discretion and judgements in making policy and approving loans. So that is a very important shield.

Another important immunity is that basically you are only liable for your own negligence or your own actions. What this basically means is you are not vicariously liable. You as a Director are not vicariously liable for any act that any other Director takes. Or staff for that matter. Now there is one exception to that, and that is, it is possible that you could be held directly negligent for failure to supervise staff properly. What really applies is that by statute you are responsible for supervising Terri, for example. So that would be a primary responsibility and you need to be mindful of your role in supervising Terri. (Laughter). But basically --

CHAIRMAN WALLACE: You're making us very nervous.

MS. NEAL: You're making me really nervous.

MR. BEAVER: That should not be a problem area. So that is an important caveat. But, basically, you are responsible for your own conduct, so there should be some comfort there. There is also another one that basically says that if you were involved in some kind of a misrepresentation that you--and that would include whether negligent or intentional--you can only be held liable if you are guilty of what is called actual fraud, corruption or actual malice. And these are terms that are discussed somewhat in the memo. So, basically, those are important protections or shields that are available to you to protect you in your activities as Board Directors.

I also want to touch on indemnification. What happens if you are sued? Is the Agency obligated to pay the cost of defense, which in this day and age can be very, very large. What if there is a judgement against you? Is the Agency responsible for paying that judgement or a settlement that might occur? And if the Agency does pay those costs or those liabilities, do they have the right to come back against you for reimbursement? This is what the discussion of indemnification is all about.

You can get into fairly complicated scenarios and the rules change somewhat depending on the fact patterns, but I just want to hit the basic idea. Basically, if you are sued, you need to do two things. You need to make a timely request to the Agency that they provide you with a defense. The second thing is, you need to reasonably cooperate in that defense. Now, if you do those two things, in so long as the act complained of is not found to be beyond the scope of your official duties, or so long as you are not found to have been guilty of actual fraud, corruption or malice, the Agency is required to pay for the defense, to pay for any judgement or settlement to which it agrees--and there is a big exception for punitive damages and we will talk about that--and the Agency may not come back against you for reimbursement. Yes, go ahead.

MR. KLEIN: Mr. Chairman, if I could ask a quick question here.

CHAIRMAN WALLACE: Sure.

MR. KLEIN: It says in the memo that CHFA has the following options, of providing the defense unconditionally, etcetera, or refusing to provide the defense. If the Director is acting in the normal course of their duties within the scope does CHFA have the option to elect not to defend the Director?

MR. BEAVER: Yes. But --

MR. KLEIN: Is that statutory or just --

MR. BEAVER: That's statutory. Okay. But, the practical matter is this. Okay. So then they do not provide the defense so then you're forced to defend yourself. They would still have to pay the judgement or settlement. The burden would be on you to prove that you were acting within the scope. But if you were acting within the scope then basically they have got to pay the judgement, the settlement. In addition, you could sue to have them cover your defense costs. And you would prevail so long as you can prove that it was within the scope and that you were not guilty of actual fraud, corruption or malice. So even though they refused the defense you could ultimately force the Agency to cover those costs.

MS. BORNSTEIN: Mr. Chairman, on the same point. Dave, wouldn't it also be -- The decision whether to refuse to defend or defend would be a Board decision, would it not? Staff is not authorized to make that decision.

MR. BEAVER: Yes, that's an interesting question, whether -- I would say, basically, yes. Interesting. Terri has limited authority with respect to matters within a half million dollars. But I think the nature of the controversy would be such that a refusal to provide a defense for a Director would have to be a Board decision, as a practical matter. I would be very surprised -- At whatever level the decision was made I would be very surprised if the Agency declined to provide the defense.

Which, by the way, if the Agency chooses to provide the defense unconditionally it doesn't matter whether it was beyond the scope. It doesn't matter whether you were guilty of actual fraud, corruption or malice. The Agency has to foot the bill for the whole thing and may not seek reimbursement. That is the most likely scenario.

There are two other options but, typically, it would not be in the Agency's best interest to cut a Director loose, apart from the affection that we would hold the Directors. There is also the long view of, how are you going to attract people to serve on a Board if you are not there for them when the times get tough.

CHAIRMAN WALLACE: Are you through with your --

MR. BEAVER: Actually, I had just a --

CHAIRMAN WALLACE: I think --

MR. BEAVER: I had one more.

CHAIRMAN WALLACE: Why don't we let David finish his presentation then hit the questions.

MR. BEAVER: Yes, I'm almost done. The last thing we need to talk about is insurance and this will be fairly brief. Basically, there is such a thing as liability insurance that is called ***director and officer liability insurance,*** the purpose of which is to protect directors and officers, in this case, Directors, from liabilities that may be incurred in the course of doing their corporate duties. The Agency has authority to purchase such insurance for you.

We have contacted -- The Department of General

Services has a relationship, has actually on retainer, an insurance broker. We have contacted them and asked them to find out for us what is available, the extent of coverage and the cost and they are in the process of doing that.

I apologize that they were not able to resolve the questions sooner, but they actually asked for a lot of information that is being processed. They asked for our Annual Report, they asked for a Five Year Business Plan, they asked for our enabling statutes and a whole host of things. Actually, it's taken a fair amount of time for them to distribute to the several insurance companies they are talking about and to burn through it. We are somewhat unique. Typically, these policies are provided in a private corporate context more often than a state context so they were not able to get back to me. But I have had some preliminary discussions.

I think the real issue is going to be whether that insurance is very valuable for us. A couple of reasons why you would be interested in insurance. First, it is a way to lay off on someone else the risk of the indemnification costs. In other words, the Agency doesn't want to set money aside or otherwise doesn't feel solvent enough and they would rather pay for insurance to cover our responsibilities for indemnification. So that is one value of insurance. That is not particularly valuable for us, in my view, because, first of all, our track record is our Directors don't get sued, and second of all, if they did, I think we are solvent enough out of our operational budgets to cover those costs. So I don't think it is of critical importance for us to lay that off on an insurance company.

The other value of having liability insurance would be to the extent that it could cover the excess liability. By that I mean liabilities which the Agency would not legally be allowed to cover. That would include punitive damages liability.

Let me talk about that for a second. The Agency is not required to cover any punitive damages liability, and in fact, may not, unless that payment is approved by the appointing power of that Director--in most of your cases that is going to be the Governor--and the Legislature, based on findings by both of them. Three findings: One, that the action complained of is within the scope of your employment; two, that you acted in good faith, without malice; and three, that it would be in the best interest of the Agency to pay it. So it is a very cumbersome and unlikely scenario. One, certainly, that we would not be comfortable counting on. So punitive damages is a problem area.

Politically it would be a nightmare for them because the thought would be that a jury would have had to have found that you acted maliciously in order to get the punitive damages award in the first place. And what is the Legislature going to do? They are going to nullify the jury's decision? I think it is a political problem for them to do so.

CHAIRMAN WALLACE: You've got my friend John Burton. It would be fun. We're never going to get that far but --

MR. BEAVER: So that's a type of excess liability that one would be interested in getting insurance to cover. The problem there is, based on preliminary discussions I have had with the broker, it is doubtful that coverage will be available. So that's the real question here. If he is able to come back and say, yes, we have an insurance company that will cover that liability and it will cost you this much, then I think there is something for us to look at. If they come back and say, no, nobody is willing to cover the excess, then it seems of doubtful value. Basically, when we get the answer back so we can report back to you what the answer is. Yes, Bob.

CHAIRMAN WALLACE: You're through, David?

MR. BEAVER: Yes.

CHAIRMAN WALLACE: Good report. Bob.

MR. KLEIN: The question of what is our scope. While our primary mandate is not for things like child care we recognize the importance of child care to good, affordable housing developments. Child care is an area that is known to have some litigation involved with it, for example. So how do we define whether we are acting within our scope? Hopefully it is interpreted broadly because affordable housing has service components -- there's elderly assisted care in some of these projects or we are doing AIDS projects or -- we have a pretty broad scope here. So hopefully it is interpreted broadly. But how can we get some direction of what is in our scope?

MR. BEAVER: Well, I spent some time looking at that. Of course, the inherent problem is that all of the cases that talk about scope, none of them really focus on our type of activity. There's an awful lot of stuff dealing with police actions.

MR. KLEIN: Would it help, as an Agency, if we just adopted a broad definition of our scope so that we would have some clarity and an umbrella that reasonably was thought about to, say, these are areas where we are clearly within our scope. Not to say there's other areas that are not in our scope.

MR. BEAVER: My guess is that you can't, that the Board is not in a position through a resolution to affect the definition that would be applied by the courts.

MR. KLEIN: At least if we could get some supplemental memo back on what is our scope it gives us some idea of where we are.

MS. PARKER: Bob, can I ask a question? The question was made earlier about -- Is this with respect to whether or not CHFA would pay the litigation fees?

MR. KLEIN: Mm-hmm.

MS. PARKER: This goes back to being a Board discussion and decision. So I don't know whether or not you really want to have a definition or leave it so it provides the opportunity for the discussion to happen around the specific issue at the point in time. That would actually, I think, give the Board more flexibility than to have some definition. Some specific circumstance may fall out but the Board would be -- would feel all very strongly if presented upon it to want to, of course, support that individual.

MR. KLEIN: Yes. I was hoping we could have some instances -- All of these things certainly are within the scope, which is not to say there are many other things that may be within the scope we have not been able to cover. People have to leave. I can follow up with questions individually.

CHAIRMAN WALLACE: Julie.

MS. BORNSTEIN: Just one question. On page seven when you point out what you are doing in terms of getting cost of insurance and that kind of thing, could I maybe add one other element to a future report? And that is to do, not even a formal survey but a very informal survey of maybe some other boards that are filled with state appointees to determine if any of them have gone to the extent of purchasing D&O Insurance.

Things that come to mind are people like the Integrated Waste Management Board or some of the other state organizations that are populated by appointees who do make decisions that could give rise to liability, albeit somewhat different than the kind we would encounter. It would help me in my decisions if I knew if other boards within the state's structure had purchased D&O insurance.

MR. BEAVER: Yes, we can give you some more on that. I would comment that I talked to the General Counsel at CalSTRS because Terri had experience sitting on that board. In her experience they did provide liability coverage and I asked him about that. What he said was, we buy it, CalSTRS buys it because it is required by statute. He said, we are not at all sure what we are really getting, and he has actually assigned an attorney to take a hard look at that question. So far she has been kind of shrugging her shoulders and saying, we buy it because we are required to buy it but we are not sure that we are getting anything for it.

CHAIRMAN WALLACE: But you don't --

MR. BEAVER: Because, again, they also don't have the need to lay the liability off.

CHAIRMAN WALLACE: Right.

MR. BEAVER: They are well-heeled, they don't have the need to lay the liability off. So the question is, is it covering something more than what we would already be --

MS. BORNSTEIN: Capable of.

MR. BEAVER: Capable of, required to cover.

MS. PARKER: Mr. Chairman, I think Julie's point, though, is on point. It's a little bit of what we were trying to figure out when we talked about this before. If there were any other state organizations that might be looking at this issue. We will try to check with some of our colleagues in other board areas.

But more importantly, I think it is important because there is this -- Everybody that is on a board is in the same boat. And if we want to do anything differently, unless it is currently in statute, we would have to have statutory change. And anybody who is going to look at us for statutory change is going to look at all those other people in the boat.

(Ms. Hawkins and Ms. Neal
exited the meeting room.)

So we will give you some sense if there are some similarities or some anomalies or whether or not you are willing to be volunteers on this Board, along with the same people who are volunteering on any number of other very visible boards in the state of California.

CHAIRMAN WALLACE: PUC. There's some that probably do carry it but the vast majority probably don't. It's a pretty broad immunity provision if we go about our business reasonably. Like we had a couple of issues disclosed as a possible conflict. As long as you go in with that sort of mentality, my sense is there's broad immunity in service. And I have served in other departments in state government. It's pretty broad immunity because you have a lot of discretion.

Having said that, we're losing -- Our quorum is shot but there aren't any more votes. I don't want to cut this short but maybe there's a few more questions that we could do with David directly after the meeting. My sense is that we probably don't need to keep this going too much longer. Are there any really pressing questions further on this subject? David, I think you have done a really outstanding job of covering the ground that we asked you to cover and I think we all appreciate it very much.

MR. BEAVER: Thank you.

CHAIRMAN WALLACE: It's very helpful.

MR. BEAVER: Thank you.

CHAIRMAN WALLACE: And I don't feel that impacted and don't intend to submit my resignation today. (Laughter)

Okay?

MR. BEAVER: That was our goal.

CHAIRMAN WALLACE: To secure my resignation?

MR. BEAVER: To avoid that.

CHAIRMAN WALLACE: Okay. Any further questions on this subject? No? Fine. Thanks again, David.

PUBLIC TESTIMONY

Our last item on the agenda is any questions from the members of the public or the audience on otherwise non-agendized items. Give me one one of these days, Dick, would you, from the audience just for a drill to wake me up. Thank you. Okay, this meeting is adjourned. Thank you all very much, it was a productive meeting. Linn, if we had not usurped your earlier time you would have been right on schedule.

(The meeting was adjourned at 12:33 p.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 137, and which recording was duly recorded at Millbrae, California, in the matter of the Board of Directors Public Meeting of the California Housing Finance Agency on the 10th day of August, 2000, and that the foregoing pages constitute a true, complete and accurate transcript of the aforementioned tapes, to the best of my ability.

Dated this 31st day of August, 2000, at Sacramento County, California.

Ramona Cota

Ramona Cota, Official Transcriber

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Belvedere Place Apartments

CHFA Ln. # 00-027-N

SUMMARY:

This is a final commitment request for **two** loans totaling $3,497,000. The first mortgage is in the amount of $1,500,000 for thirty years and the second is a Bridge loan in the amount of $1,997,000. The proposed acquisition/rehabilitation project is a 27-unit family project located at 162-172 Belvedere Street in San Rafael in Marin County.

LOAN TERMS:

1st Mortgage Amount:	$1,500,000
Interest Rate:	**6.10%**
Term:	**30** Year fixed, Fully amortized
Financing:	Tax-Exempt

BRIDGE Loan:	$1,997,000
Interest Rate:	**6.10%**
Term:	Fully amortized over **5** years
Financing:	Tax-Exempt

FINANCING:

The San Rafael Redevelopment Agency was awarded tax-exempt private activity bonds for the subject project and Westamerica Bank will purchase the bonds through a private placement to fund a loan for the purpose of acquiring and rehabilitating the subject property. The Westamerica Bank loan is for a 27 month term with one option to prepay the bonds in **the 24th month.** CHFA will refund the local bond issued and retire the Westamerica loan upon the completion of the project, rent-up and stabilization of occupancy.

LOCALITY INVOLVEMENT:

The City of San Rafael Redevelopment Agency is expected to contribute $759,333 and Marin County will contribute CDBG/HOME funds in the amount of $683,400. The Marin Community Foundation will contribute $1,500,000. The Marin Community

Foundation loan will be paid in three installment with the last installment repaying a portion of CHFA's Bridge loan in the amount of $470,000.

PROJECT DESCRIPTION:

A. Site Design

The subject is zoned HR-1 (Residential Use of no greater than 43 units per acre) and is a conforming use. The Belvedere Place Apartments is a complex consisting of 27 apartment units located in two, two-story buildings. The studio apartment will be converted into an office and, therefore, after rehabilitation the total residential unit count will be 26. After rehabilitation there will be one, one-bedroom unit and twenty-five, two-bedroom one-bath units. The two buildings are both L-shaped, forming an inteior courtyard within which the parking area is located. The parking area contains twenty-five open parking spaces. Common area improvements include a laundry/storage area and landscaping is minimal. The project was built in 1959.

The individual units include wall-to-wall carpeting (except kitchens and baths), wall heating (no air-conditioning), refrigerators, drop-in range and oven, and formica countertops. The ceilings are exposed wood beam and each unit contains a 30-gallon water heater. The lower level contains fenced patios. The subject contains considerable deferred maintenance and needs new kitchen appliances, kitchen countertops, interior flooring, interior painting, bath repairs, exterior patch work, painting, and miscellaneous repairs.

B. Project Location

The general neighborhood is defined as being bounded by Francisco Boulevard to the southwest, San Rafael Harbor to the north, Harbor Street to the west, and Kemer Boulevard and Bellam Boulevard to the east. Francisco Boulevard, a frontage road of US #101 is a commercially oriented street containing several automotive oriented businesses and highway commercial use while many of the properties between Francisco Boulevard and Canal Street and Belvedere Street are oriented toward automotive repair or small industrial uses. Neighborhood shopping facilities are located primarily along Bellam Boulevard.

BRIDGE Housing Corporation was selected by the City of San Rafael to assist them with the acquisition and rehabilitation of targeted properties within the Canal Street neighborhood ("the Canal',). The Canal is located near downtown San Rafael and is historically a low-income, immigrant community. Properties within the Canal are generally in disrepair and are overcrowed, the effect of which is to keep market rate rents in the Canal much lower than other areas of Marin County. The relative affordability of the Canal is a function of landlord neglect and overcrowding. The Canal Area Housing

Improvement Program is an attempt to create long-term affordability in buildings that have been renovated and made safe, decent and sanitary.

C. Rehabilitation Work and Improvements

The Physical Needs Assessment ("PNA") was prepared by Catherine Dolph on July 25, 2000. As previously mentioned above, the overall condition of the property is poor due to inadequate maintenance.

According to the PNA, immediate expenditures include: electrical grounding and service upgrades and the replacement of older building systems, such as aging plumbing fixtures and heating units. Exterior rehabilitation includes: site drainage, landscaping, repaving parking surface areas, security fencing and lighting, and handicapped accessibility. Other exterior requirements are new building siding and exterior walls, stairs and railings, unit patios and trash enclosures. The roofs appear to be in satisfactory condition for the next few years. Interior rehabilitation includes: new carpeting/resilient flooring, appliances, cabinets/countertops, bathroom fixtures, windows/doors, electrical fixtures, walls/ceilings, window coverings, and painting. The estimated cost of these items is $1,115,000.

D. Relocation

The Borrower does contemplate relocation costs due to the substantial rehabilitation work involved. Due to the substandard nature of the rehabilitation the project is essentially new construction. The borrower has set aside $800,000 in 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 City of San Rafael is the county seat and largest city in Marin County with a population of 54,800. San Rafael is centrally located within Marin County and it is proximate to Alameda and Contra Costa Counties via the Richmond-San Rafael Bridge. It is the oldest city in the county and San Rafael serves as the financial and economic hub of the county.

Although some population growth is expected, the lack of land available for development as well as limited growth policies should keep population growth rather modest over the next several years.

According to Projections 2000 published by ABAG, the projected mean household income for San Rafael is $87,900 versus $100,600 for Marin County as a whole. Despite being below the county mean household income, the figure of $87,900 for San Rafael is still well above the San Francisco Bay Area figure of $76,400.

Housing prices in San Rafael although much higher than many parts of the Bay Area, are lower than for most other cities in Marin County. The following is a list of housing prices in San Rafael and selected other parts of Marin County as of First Quarter 2000. Sausalito $515,000, Mill Valley $464,000, Corte Madera/Greenbrae/Kentfield/Larkspur $425,000, Fairfax/Ross/San Anselmo $390,000, San Rafael $334,000, and Novato $298,500.

The local economy, similar to most of the San Francisco Bay Area, is strong and is expected to remain strong in the near future. The May 2000 unemployment rate in San Rafael was 2.1% and for Marin County as a whole was 1.5%.

B. Market Demand

The apartment market in San Rafael and all of Marin County is strong with vacancies low and rents rising. A vacancy survey of apartment complexes in San Rafael conducted in conjunction with this application provided a current vacancy rate of *0%.* This is consistent with the First Quarter 2000 rate provided by REALFACTS.

Rents in San Rafael and all of Marin County have risen significantly over the past two to three years. Gross income for the subject complex has increased 6.3% from 3/99 to 2/00 in its present as-is condition. Rents at other complexes in the subject's locality have also increased from 7.3% to 17.4% over the last two years.

C. Housing Supply

Due primarily to a lack of available land, increasing development fees, and relatively stagnant rents during most of the 1990's, very few apartment complexes have been constructed in San Rafael or the rest of Marin County in recent years. Most of the projects which have been built have been subsidized in some form or fashion. At present, only one apartment complex is currently under construction. The Rafael Town Center in downtown San Rafael (currently in the construction stage) is a mixed-use project that will include 113 apartment units, 40,000 square feet of office space, and 25,000 square feet of retail space. A large percentage of the apartment units will be market rate units although several will be reserved for low-income tenants.

The apartment market in San Rafael and all of Marin County is expected to remain strong in the foreseeable future.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Project	Mkt. Rate Avg.	Difference	Percent
One bedroom				
50%	$657	$900	$243	73%
Two Bedroom				
50%	$785	$1,200	$415	65%

B. Estimated Lease-Up Period

Given the strong demand for apartment units in San Rafael and Marin County as a whole as well as the zero vacancy rate, the subject should lease up quickly. The project will also benefit from the city's targeting efforts for renovating the Canal Street neighborhood through its revitalization policies.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (6) will be restricted to *50%* or less of median income.
TCAC: 100% of the units (26) will be restricted to *50%* or less of median income.
HOME: 100% of the units (26) will be restricted to *50%* or less of median income.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by ATC Associates Inc. dated May 2000. No adverse conditions were noted. In addition, ATC Associates Inc prepared an asbestos and lead based paint report dated May 2000. The report also indicated no adverse conditions other than the implementation of both a lead-based paint and asbestos Operations and Maintenance Plan.

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 BRIDGE Housing Corporation, a California nonprofit public benefit corporation as the Managing General Partner.

B. Contractor

The Borrower is negotiating a contract with D & H contractors who BRIDGE has used previously on their other projects.

C. Architect

The architectural firm of Irving Antonio Gonzales is uniquely qualified to take on this project and deliver comprehensive services and a finished product. Mr. Gozales has 16 years on seismic rehabilitation projects, historic preservation, restoration, adaptive reuse, additions, and new construction.

D. Management Agent

Management services for Belvedere Place Apartments will be provided by BRIDGE Management. BRIDGE Management was formed by BRIDGE in 1988 as a financially independent, but affiliated, nonprofit company to assure that developments in which BRIDGE has served as the developer or general partner would be well maintained.

BRIDGE Management currently has management agreements serving over 3,000 rental and condominium units in 24 developments.

Project Summary

Date: 21-Sep-00

Project Profile:

Project : Belvedere Place
Location: 162-172 Belvedere St.
San Rafael
County/Zip: Marin 94901
Borrower: BRIDGE
GP: BRIDGE
LP: TBD

Program: Tax Exempt
CHFA # : 00-027-N

Appraiser: Clifford Davis

Cap Rate: 8.00%
Market: $ 2,650,000
Income: $ 4,100,000
Final Value: $ 4,100,000

LTC/LTV:
Loan/Cost 23.6%
Loan/Value 85.3%

Project Description:

Units	26
Handicap Units	N/A
Bldge Type	Acq/Rehab
Buildings	2
stories	2
Gross Sq Ft	19,991
Land Sq Ft	26,350
Units/Acre	43
Total Parking	25
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$1,500,000	$57,692	6.10%	30
San Rafael Redev. Agency	$759,333	$29,205	1.009	30
Maria Co. CDBG/HOME	$683,400	$26,285	1.00%	30
Marin Comm. Found.	$1,500,000	$57,692		
Developer Equity	$0	$0		
Tax Credit Equity	$1,924,710	$74,027		
Deferred Developer Fee	$0	$0		
CHFA Bridge	$1,997,000	$76,808	6.108	5
CHFA HAT	$0	$0	0.00%	

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	579	1	50%	$657	$33,700
2BR	725	24	50%	$785	$37,450
2BR	725	1	Mgr	$785	N/A
		--			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$34,970	Cash
Finance Fee .	1.00%	of Loan Amount	$34,970	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$30,270	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$24,588	Letter of credit
Marketing	2.00%	of Gross Income	$4,918	Letter of Credit
Annual Replacement Reserve Deposit	350	Per Unit	$9,100	Operations
Initial Deposit to Repl. Res.	1,923	Per Unit	$50,000	Cash

Sources and Uses

Belvedere Place

SOURCES:

Name of Lender / Source	Amount	$ per sq ft	$ per unit
CHFA First Mortgage	1,500,000	75	57,692
CHFA Bridge	0	0	0
CHFA HAT	0	0	0
San Rafael Redev. Agency	759,333	38	29,205
Marin Co. CDBG/HOME	683,400	34	26,285
Marin Comm. Found.	1,500,000	75	57,692
Total Institutional Financing	**4,442,733**	**222**	**170,874**
Equity Financing			
Tax Credits	1,924,710	96	74,027
Deferred Developer Equity	0	0	0
Total Equity Financing	**1,924,710**	**96**	**74,027**
TOTAL SOURCES	**6,367,443**	**319**	**244,902**

USES:

Acquisition	2,590,750	130	99,644
Rehabilitation	1,221,945	61	46,998
New Construction	0	0	0
Architectual Fees	114,473	6	4,403
Survey and Engineering	4,488	0	173
Const. Loan Interest & Fees	404,995	20	15,577
Permanent Financing	394,565	20	15,176
Legal Fees	8,000	0	308
Reserves	79,506	4	3,058
Contract Costs	15,000	1	577
Construction Contingency	223,026	11	8,578
Local Fees	25,000	1	962
TCAC/Other Costs	840,966	42	32,345
PROJECT COSTS	**5,922,714**	**296**	**227,797**
Developer Overhead/Profit	414,731	21	15,951
Consultant/Processing Agent	30,000	2	1,154
TOTAL USES	**6,367,445**	**319**	**244,902**

Annual Operating Budget

Belvedere Place

		$ per unit
INCOME:		
Total Rental Income	243.384	9,361
Laundry	2,496	96
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	245,880	9,457
Less:		
Vacancy Loss	12,294	473
Total Net Revenue	233,586	8,984
EXPENSES:		
Payroll	36,420	1,401
Administrative	23,260	895
Utilities	14,006	539
Operating and Maintenance	23,170	891
Insurance and Business Taxes	7,144	275
Taxes and Assessments	0	
Reserve for Replacement Deposits	9,100	350
Subtotal Operating Expenses	113,100	4,350
Financial Expenses		
Mortgage Payments (1st loan)	109,079	4,195
Total Financial	109,079	4,195
Total Project Expenses	222,179	8,545

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Cash Flow Belvedere Place CHFA # 00-027-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	243,384	249,469	255,705	262,098	268,650	275,367	282,251	289,307	296,540	303,953
TOTAL RENTAL INCOME	**243,384**	**249,469**	**255,705**	**262,098**	**268,650**	**275,367**	**282,251**	**289,307**	**296,540**	**303,953**
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	2,496	2,558	2,622	2,688	2,755	2,824	2,895	2,967	3,041	3,117
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**2,496**	**2,558**	**2,622**	**2,688**	**2,755**	**2,824**	**2,895**	**2,967**	**3,041**	**3,117**
GROSS INCOME	**245,880**	**252,027**	**258,328**	**264,786**	**271,406**	**278,191**	**285,145**	**292,274**	**299,581**	**307,070**
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	12,294	12,601	12,916	13,239	13,570	13,910	14,257	14,614	14,979	15,354
EFFECTIVE GROSS INCOME	**233,586**	**239,426**	**245,411**	**251,547**	**257,835**	**264,281**	**270,888**	**277,660**	**284,602**	**291,717**
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	104,000	108,160	112,486	116,986	121,665	126,532	131,593	136,857	142,331	148,024
Replacement Reserve	9,100	9,100	9,100	9,100	9,100	9,555	9,555	9,555	9,555	9,555
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	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**113,100**	**117,260**	**121,586**	**126,086**	**130,765**	**136,087**	**141,148**	**146,412**	**151,886**	**157,579**
NET OPERATING INCOME	**120,486**	**122,166**	**123,825**	**125,461**	**127,070**	**128,195**	**129,740**	**131,249**	**132,716**	**134,138**
DEBT SERVICE										
CHFA - 1st Mortgage	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079
CHFA - Bridge Loan	862,161	363,491	363,491	363,491	363,491					
CHFA - HAT Loan										
CASH FLOW after debt service	**11,407**	**13,087**	**14,746**	**16,382**	**17,991**	**19,115**	**20,661**	**22,170**	**23,637**	**25,059**
DEBT COVERAGE RATIO	**1.10**	**1.12**	**1.14**	**1.15**	**1.16**	**1.18**	**1.19**	**1.20**	**1.22**	**1.23**

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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*
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	311,552	319,341	327,324	335,508	343,895	352,493	361,305	370,338	379,596	389,086
TOTAL RENTAL INCOME	**311,552**	**319,341**	**327,324**	**335,508**	**343,895**	**352,493**	**361,305**	**370,338**	**379,596**	**389,086**
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	3,195	3,275	3,357	3,441	3,527	3,615	3,705	3,798	3,893	3,990
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**3,195**	**3,275**	**3,357**	**3,441**	**3,527**	**3,615**	**3,705**	**3,798**	**3,893**	**3,990**
GROSS INCOME	**314,747**	**322,616**	**330,681**	**338,948**	**347,422**	**356,108**	**365,010**	**374,136**	**383,489**	**393,076**
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	15,737	16,131	16,534	16,947	17,371	17,805	18,251	18,707	19,174	19,654
EFFECTIVE GROSS INCOME	**299,010**	**306,485**	**314,147**	**322,001**	**330,051**	**338,302**	**346,760**	**355,429**	**364,314**	**373,422**
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	153,945	160,103	166,507	173,167	180,094	187,298	194,790	202,581	210,684	219,112
Replacement Reserve	10,033	10,033	10,033	10,033	10,033	10,534	10,534	10,534	10,534	10,534
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	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**163,978**	**170,136**	**176,540**	**183,200**	**190,127**	**197,832**	**205,324**	**213,116**	**221,219**	**229,646**
NET OPERATING INCOME	**135,032**	**136,349**	**137,608**	**138,801**	**139,924**	**140,470**	**141,436**	**142,313**	**143,096**	**143,776**
DEBT SERVICE										
CHFA - 1st Mortgage	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	**25,953**	**27,270**	**28,528**	**29,722**	**30,845**	**31,391**	**32,357**	**33,234**	**34,017**	**34,697**
DEBT COVERAGE RATIO	**1.24**	**1.25**	**1.26**	**1.27**	**1.28**	**1.29**	**1.30**	**1.30**	**1.31**	**1.32**

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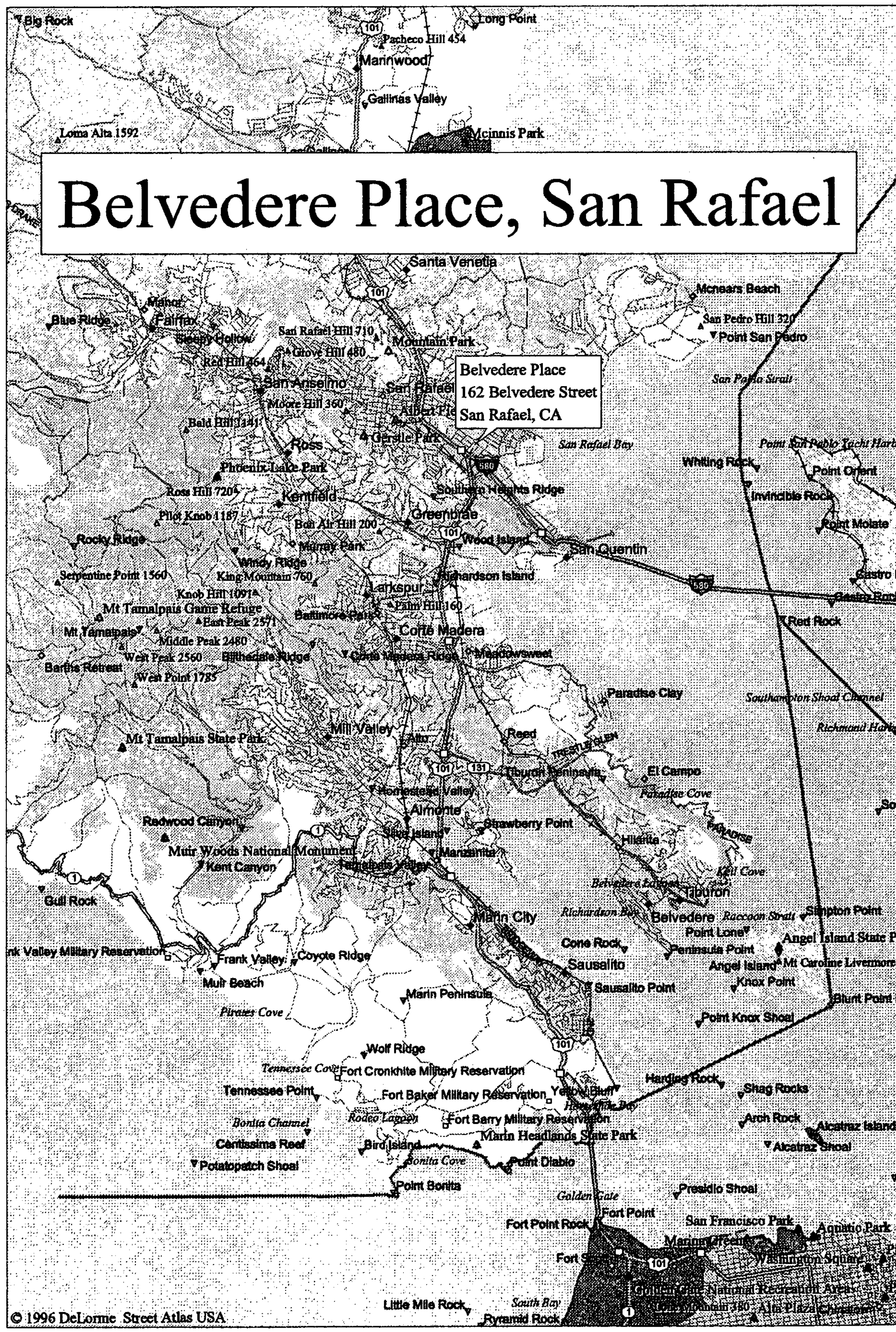
Cash Flow

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	398,813	408,783	419,003	429,478	440,215	451,220	462,501	474,063	485,915	498,063
TOTAL RENTAL INCOME	**398,813**	**408,783**	**419,003**	**429,478**	**440,215**	**451,220**	**462,501**	**474,063**	**485,915**	**498,063**
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	4,090	4,192	4,297	4,404	4,515	4,627	4,743	4,862	4,983	5,108
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**4,090**	**4,192**	**4,297**	**4,404**	**4,515**	**4,627**	**4,743**	**4,862**	**4,983**	**5,108**
GROSS INCOME	**402,903**	**412,976**	**423,300**	**433,882**	**444,730**	**455,848**	**467,244**	**478,925**	**490,898**	**503,171**
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	20,145	20,649	21,165	21,694	22,236	22,792	23,362	23,946	24,545	25,159
EFFECTIVE GROSS INCOME	**382,758**	**392,327**	**402,135**	**412,188**	**422,493**	**433,055**	**443,882**	**454,979**	**466,353**	**478,012**
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	227,876	236,991	246,471	256,330	266,583	277,246	288,336	299,870	311,864	324,339
Replacement Reserve	11,061	11,061	11,061	11,061	11,061	11,061	11,614	11,614	11,614	11,614
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	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**238,937**	**248,052**	**257,532**	**267,391**	**277,644**	**288,307**	**299,950**	**311,484**	**323,479**	**335,953**
NET OPERATING INCOME	**143,820**	**144,274**	**144,603**	**144,797**	**144,849**	**144,748**	**143,931**	**143,495**	**142,875**	**142,059**
DEBT SERVICE										
CHFA - 1st Mortgage	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079	109,079
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	**34,741**	**35,195**	**35,524**	**35,718**	**35,770**	**35,669**	**34,852**	**34,416**	**33,796**	**32,980**
DEBT COVERAGE RATIO	**1.32**	**1.32**	**1.33**	**1.33**	**1.33**	**1.33**	**1.32**	**1.32**	**1.31**	**1.30**


Belvedere Place, San Rafael
Belvedere Place
162 Belvedere Street
San Rafael, CA
Big Rock
Pacheco Hill 454
Long Point
Marinwood
Gallinas Valley
Mcinnis Park
Loma Alta 1592
Santa Venetia
Mcnears Beach
San Pedro Hill 320
Point San Pedro
Blue Ridge
Fairfax
Sleepy Hollow
San Rafael Hill 710
Mountain Park
Grove Hill 480
Red Hill 464
San Anselmo
San Rafael
Moore Hill 360
Bald Hill 1141
Ross
Gerstle Park
San Rafael Bay
San Pablo Strait
Whiting Rock
Point Orient
Phoenix Lake Park
Ross Hill 720
Kentfield
Southern Heights Ridge
Invincible Rock
Pilot Knob 1187
Bon Air Hill 200
Greenbrae
Point Molate
Rocky Ridge
Murray Park
Wood Island
San Quentin
Windy Ridge
Serpentine Point 1560
King Mountain 760
Larkspur
Richardson Island
Knob Hill 1091
Palm Hill 160
Mt Tamalpais Game Refuge
East Peak 2571
Baltimore Park
Red Rock
Mt Tamalpais
Corte Madera
Middle Peak 2480
West Peak 2560
Blithedale Ridge
Corte Madera Ridge
Meadowsweet
Barths Retreat
West Point 1785
Paradise Cay
Southampton Shoal Channel
Mt Tamalpais State Park
Mill Valley
Alto
Reed
El Campo
Tiburon Peninsula
Paradise Cove
Homestead Valley
Almonte
Redwood Canyon
Strawberry Point
Muir Woods National Monument
Kent Canyon
Tamalpais Valley
Manzanita
Gull Rock
Belvedere Lagoon
Tiburon
Richardson Bay
Belvedere
Raccoon Strait
Marin City
Point Lone
Angel Island State Park
Frank Valley
Coyote Ridge
Cone Rock
Peninsula Point
Sausalito
Angel Island
Mt Caroline Livermore
Muir Beach
Sausalito Point
Knox Point
Marin Peninsula
Blunt Point
Pirates Cove
Point Knox Shoal
Wolf Ridge
Tennessee Cove
Fort Cronkhite Military Reservation
Harding Rock
Shag Rocks
Tennessee Point
Fort Baker Military Reservation
Yellow Bluff
Bonita Channel
Rodeo Lagoon
Fort Barry Military Reservation
Arch Rock
Alcatraz Island
Centissima Reef
Bird Island
Marin Headlands State Park
Alcatraz Shoal
Potatopatch Shoal
Bonita Cove
Point Diablo
Point Bonita
Golden Gate
Presidio Shoal
Fort Point
Fort Point Rock
San Francisco Park
Aquatic Park
Washington Square
Golden Gate National Recreation Area
Alta Plaza
Little Mile Rock
South Bay
Pyramid Rock
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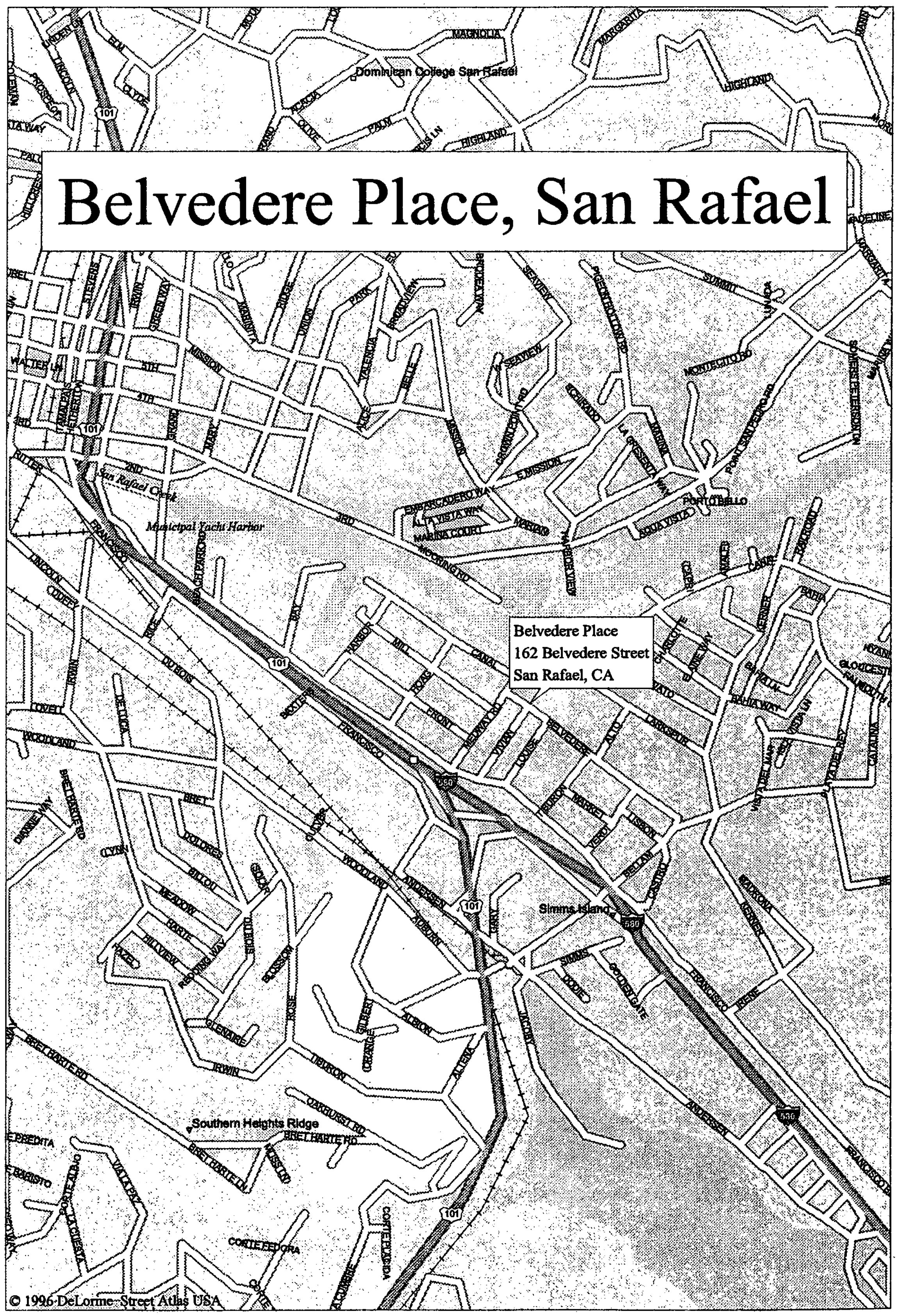
Belvedere Place, San Rafael
Dominican College San Rafael
San Rafael Creek
Municipal Yacht Harbor
Belvedere Place
162 Belvedere Street
San Rafael, CA
Simms Island
Southern Heights Ridge
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RESOLUTION 00-33

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from BRIDGE 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 26-unit multifamily housing development located in the City of San Rafael to be known as Belvedere Place (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated September 21, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 26, 2000, 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
00-027-N	Belvedere Place San Rafael/Marin	26	$1,500,000 $1,997,000 (Bridge)

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 00-33 adopted at a duly constituted meeting of the Board of the Agency held on October 12, 2000, at Millbrae, California.

ATTEST:______________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Vista **Del** Monte Apartments

CHFA Ln. # 00-007-N

SUMMARY:

This is a final commitment request for a 501(C)(3) first mortgage in the amount of $11,400,000, amortized over 32 (first 2 years interest only) years at ***5.9%*** interest; and a HUD IRP second mortgage in the amount of $1,173,250 amortized over 12 years at **5.75%** interest. The proposed acquisition/rehabilitation project is a 104-unit family project located at 49 Goldmine Drive in San Francisco in San Francisco County.

LOAN TERMS:	**1ST MORTGAGE**	**IRP MORTGAGE**
Loan Amount:	$11,400,000	**$** 1,173,250
Interest Rate:	5.90%	**5.75%**
Term:	32 Year fixed. Fully amortized	12 years
Financing:	501(C)(3)	501(C)(3)

LOCALITY INVOLVEMENT:

None

CONSTRUCTION FINANCING:

The United Farm Workers Pension Fund has provided a letter of interest for the purpose of financing the rehabilitation of the project. The letter of interest is based on a construction loan in the approximate amount of $4,000,000 not to exceed **24** months with **an** interest rate of not more than 9%. CHFA will withhold $3,800,000 of loan proceeds until the rehabilitation work is completed and accepted by our Agency.

SECTION 8 CONTRACT:

Section **236:** The project will operate under CHFA 501(C)(3) rents. with income restrictions at 50% of median income. The existing Section 8 contract for Vista Del Monte expires on September **30th**, 2000. As part of the HUD IRP decoupling. the borrower is submitting a request to the HUD San Francisco Hub for Mark Up To Market ("MUTM") processing. The procedures that will be applied to the project of MUTM are recited in HUD Notice 99-36 which states, "HUD will mark rents up to market to facilitate a change of ownership from a for-profit or limited dividend owner to a nonprofit".

MUTM will require the new owner to execute a five year HAP contract. CHFA will be the contract administrator since the property will no longer be HUD-insured. Notice 99-36 also states that HUD can grant contracts for longer than five years, so the new owner intends to request a term of ten years.

Coincident with submitting the request for MUTM processing, the borrower will also file an application to decouple the IRP under the provisions of Section 236(e)(2). This will not require CHFA to purchase the existing loan, but it will place oversight responsibility for compliance with the new Use Agreement in CHFA's hands and allow the IRP payments to continue.

Conversion Scenario: The majority of residents are likely to remain Section 8 tenants for several years. Given the uncertainty of the HAP contracts which may be extended 5 to 10 years, the renewal is subject to annual appropriations. Therefore. CHFA staff is requiring **a** transition operating reserve to subsidize debt service costs. The borrower will seek renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Transition Operating Fund **("TOF")** shall be required to subsidize the project costs. if required. during the transition from Section 8 to non-subsidized rents. Funding of the account will occur at loan close when the owner will deposit $1,585,000 into the TOF to cover approved operating shortfalls, which will be drawn on an **"as** needed" basis.

PROJECT DESCRIPTION:

A. Site Design

The subject is zoned RM-1 (Low density residential) and is a legal. conforming use. The Vista Del Monte Apartments is a complex consisting of 104 apartment units located in 3 two- **and** three-story wood frame buildings. All of the units are flats with interior entrances. The subject complex **has** several laundry rooms and a separate office building with a recreation room. The units located on the Diamond Street have private garages on the first level with the living area on the upper levels. There **are** a total of 16 units located on Diamond Street and the units are two stories above the garage level. Most of the units on Diamond Heights Boulevard have garages on the first level, and units on the second floor, with the units stepping down the rear slope.

All of the subject units have wall to wall carpeting. except in the kitchens and bathrooms. which have vinyl flooring. Heating is provided to all units and units larger than one-bedroom have individual furnaces. The one-bedroom units have wall heating. The water heaters are located on the ground floor and serve several units. Kitchens contain electric range/oven. refrigerator, single sink with garbage disposal. wood cabinetry and formica countertops. Bathrooms are typical. with **a** wall-hung sink. vinyl floor, tub/shower and toilet. All of the units have sliding glass doors from the living room to **a** private deck or balcony.

The subject site is paved and/or landscaped throughout. The subject has several common open areas and play equipment in an area near the office. The project has 104 enclosed parking spaces.

B. Project Location

The general neighborhood is known as the Diamond Heights area of San Francisco. The San Francisco Redevelopment Agency became involved in the area in the 1960s and 1970s. **as** a redevelopment area. Over the next 10 years. significant public and private investment was made in the area. The neighborhood. which is primarily residential. consists almost entirely of multifamily buildings constructed during the 1970s. The area boasts dramatic views of downtown San Francisco from much of the area. The neighborhood is entirely built out. with virtually no vacant land remaining for development.

The subject site is located on the northeast side of Diamond Heights Boulevard. This arterial street is two lanes in each direction and is divided. Parking is available on both sides. This street encircles the neighborhood, and intersects Portola Drive, Clipper Street. O'Shaughnessy Boulevard and Bosworth Street.

The subject site also borders Gold Mine Drive and Diamond Street. Gold Mine Drive. east of Diamond Heights Boulevard, is a cul-de-sac that terminates at the subject's northern border. Diamond Street borders the eastern portion of the subject and heads to the north to Market Street. This street is part of the adjoining Glen Park neighborhood. and is improved with older, single family and multifamily houses built in the early 1900s. They are generally well maintained.

Diamond Heights shopping center, which is anchored by a 24-hour Safeway store and Rite-Aid Drugs, **is** located just northwest across the street from the subject. **A** good quality apartment complex known as Village Square Apartments is located west of the subject on Diamond Heights Boulevard. Improvements along Diamond Heights Boulevard to the southeast include multifamily dwellings **20** to **25** years old. To the northwest of the subject past the intersection of Duncan Street is **a** large-scale multifamily project, which has been converted to condominiums. To the north **and** east of the subject. the hill slopes downward, and the area is improved primarily with early 1900s single family dwellings.

Public transit access is good. MUNI bus service is available on Diamond Heights Boulevard. and the Glen Park Bay Area Raid Transit (BART) station is located at Bosworth and San Jose Avenue. near the 1-280 interchange. approximately one mile south of the subject. Freeway access to Interstate 280 is available within one mile. which connects to US 101 and 1-80.

C. Rehabilitation Work and Improvements

The Physical Needs Assessment ("PNA") was prepared by EMG on June 19, *2000.* As previously mentioned above, the overall condition of the property is average.

The proposed scope of work will focus on repairing items most in need of attention. Based on extensive on-site reviews performed by EMG, Kodama-Desino and Midstate Construction. it is apparent that repair of roofs and the re-siding of building exteriors are the property's most pressing needs. In addition. significant work items include painting of the exterior of the property, repair or replacement of ***26*** balconies, and individually metering the electrical system.

Additional items under the scope of work include:

- **ADA** compliance items
- Landscaping and irrigation
- Repair of asphalt roadways and pedestrian paving
- Replacement of storm drain and catch basins
- Replacement of damaged gutters and downspouts
- Replacement of fire escape doors
- Replacement of windows and patio doors
- Repair of intercom system
- Addition of smoke detectors
- Replacement of kitchen cabinets and bath tub surrounds

The total rehabilitation budget is $2,320,000. All of the immediate items listed in EMG's Property Condition Survey will be addressed under the initial scope of rehabilitation. In addition, the new owner will undertake a significant property improvement program using replacement reserves.

Utility Conversion

Because of rising utility costs **and** the possible impact on financial operations of Vista Del Monte, a review of the feasibility of converting utilities to individual metering was extensively discussed with the borrower. architect. and contractor. From a financial standpoint, the borrower shares CHFA's apprehension regarding future rate increases and the elasticity of demand.

As noted above, electrical utilities will be converted to individual meters. The borrower's rehabilitation plan includes $57.200 for the cost of this conversion. The borrower is well aware of the situation in the San Diego area which focused on electricity, not gas.

Conversion of the natural gas is a more difficult problem. It has been determined that the current gas-fired hot water system cannot be changed from its current distribution system. This is due to pipe location. original system design and the fact that four units are connected to the same hot water heater throughout the development.

The borrower's architect, Kodama-Diseno. has analyzed the gas distribution system present at Vista Del Monte. They believe that the gas main comes into the development at the community building and branches out to the rest of the buildings in series, as opposed to parallel lines.

Based on Kodama-Diseno's analysis, the contractor, Midstate Construction. estimates that this work would be well over $4.000 per unit, or at least $316.000. Beyond these construction costs, it is estimated that each family would be temporarily relocated for a period of two to four weeks. These costs are estimated to be $2.500 per family, or S260.000.

Assuming costs of approximately $676,000 it has been determined that the conversion of gas to individual meters is infeasible at this time. The development budget is insufficient to absorb these costs, but perhaps the more important issue is the lack of a positive cost benefit ratio. The master metered gas costs have been approximately $50,000 per year. Assuming that the cost of gas would increase by 25%, the annual costs would be $62.500. It would take at least 10 years to pay back this large capital cost. Also, we expect large increases to be offset. at least partially, by increases in Section 8 utility allowances. In summary, the capital cost of $676,000 would require at least 10 years for repayment.

D. Relocation

The Borrower does not contemplate relocation costs even though substantial rehabilitation work is involved. The majority of the rehabilitation work does not affect the unit interiors. Nonetheless, miscellaneous interior repairs with a potential for requiring temporary relocation will be included in the scope of work. 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.

In order to reduce relocation costs, work will be phased to minimize the amount of time a household will need to be out of their unit. Also, to the extent possible, households will be relocated within the development to vacant units. Finally. $52,000 has been included in the development budget to pay for relocation costs, including lodging and a meal per diem. in the event households need to be temporarily relocated. In general. relocation of households will be handled with sensitivity and the project manager will assist tenants in locating suitable temporary housing.

MARKET:

A. Market Overview

While San Francisco covers a relatively small land area of approximately 45 square miles. it is the geographic center of a major metropolitan area consisting of nine counties surrounding San Francisco Bay. The Bay Area is the fourth largest metropolitan center in the United States with a population exceeding 5,700,000. It is a relatively high income area with an economic base which is likely to expand in the future. Principal economic activities include finance. high technology, manufacturing, and transportation. The population within San Francisco proper was approximately 790.500 as of January 1, 1999.

Job growth has expanded and total jobs for 2000 are estimated to be 628.860. Unemployment was reported at 1.8 percent as of December 1999, which is well below the state average of 4.6 percent. ABAG reports the median household income in San Francisco to be $68,600 as of 2000. this is a 15.1 percent increase from its 1995 estimate of $59,600.

The economic outlook for San Francisco and the Bay Area is favorable. On a region wide basis, the Bay Area has a diversified economic base which helps insulate it from national economic fluctuations. Employment patterns within San Francisco are oriented toward office activities.

B. Market Demand

The housing market in San Francisco has long been one of the most expensive markets in the country. High demand and a shortage of buildable lots have kept San Francisco housing costs at roughly two times the national average. Rental rates have increased dramatically in the last year. Most complexes report 20 to 40 percent increases in monthly rent levels over the past year. The vacancy rate is considered to be nonexistent, with most units being occupied immediately upon turnover of the unit. Continued demand for rentals, and the lack of new construction has led to continued increases in market rents. The presence of rent control limits the upside potential of many in-place rents, as they may only be increased by one to two percent per year. Only when a unit is vacated can the landlord re-lease the unit at market rent.

C. Housing Supply

In terms of sales and new development. residential sales and construction in the San Francisco market have rebounded from the 1990 levels. The number of total residentid units constructed in 1990 was 1,077. The annual number of permits for new housing units in the city declined the next several years to a low of 515 in 1995. However. the number of units rebounded in 1996 to 1.474 permits and in 1997 increasing to 1,721 permits. The strong housing market continued in 1998 with a total of 2,594 residential permits issued for both single and multi-family units. As of February 1, 2000 there have been a total of **244** residential permits issued in San Francisco of which **231** are for multi-family units.

There are approximately **8,700** HUD Section 8 Project-Based Housing units in San Francisco. According to the Housing Authority there are also 4,400 Section 8 vouchers as well as 1.680 Section 8 units managed by the Housing Authority for a total of 14. 780 units located in the City of San Francisco. Vacancy is historically very low, and there **are** an average of 5.000 to 6.000 persons on the waiting list for assisted housing in San Francisco. The typical waiting list is 6 to **36** months.

PROJECT FEASIBILITY:

Rent Level	Subject Project	Section 8	Mkt. Rate Avg.	Difference	Percent
One Bedroom					
50%	s733	$1,140	$1,600	$867	46%
60%	$827		$1,600	$773	52%
80%	$1,108		$1,600	$492	69%
Two Bedroom					
50%	$820	$1,473	$1,950	$1,130	42%
60%	$988		$1,950	$962	51%
80%	$1,325		$1,950	$625	68%
Three Bedroom					
50%	$903	$1,853	$2,575	$1,672	35%
60%	$1,136		$2,575	$1,439	44%
80%	$1,525		$2,575	$1,050	5wc
Four Bedroom					
50%	$970	$2,090	$2,950	$1,980	33%
60%	$1,263		$2,950	$1.687	43%
80%	$1.697		$2,950	$1,253	58%

The general San Francisco residential housing market is one of the strongest in the country for both rental and for-sale housing. The overall appeal of the subject's location is considered above average. demand will remain strong for the subject property.

OCCUPANCY RESTRICTIONS

CHFA: 20% of the units (21) will be restricted to **50%** or less of median income.
20% of the units (19) will be restricted to 60% or less of median income.
60% of the units (63) will be restricted to 80% or less of median income.

Note: As part of the Mark-Up-To-Market contract renewal process, the new owner will request a ten (10) year term with one year renewals.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by EMG dated February 24, 2000. No adverse conditions were noted. In addition, EMG provided an asbestos and lead based paint report dated February 2000. The report also indicated no adverse conditions other than the implementation of an asbestos Operations and Maintenance Plan.

ARTICLE 34:

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

DEVELOPMENT TEAM:

A. Borrower's profile

The borrower will be 49 Gold Mine Drive. Inc., a California nonprofit public benefit corporation (not yet formed) with the National Farm Workers Service Center (NFWSC), Inc. a California nonprofit public benefit corporation as the sole owner.

Since 1983 the NFWSC has developed various affordable housing and economic development projects. Focusing in the Central San Joaquin Valley in California, the NFWSC has constructed over 500 single-family homes and completed 10 acquisitionhehabilitation and new construction projects consisting of 1,369 multi-family units.

The NFWSC recently completed the acquisition of two properties: Hollister Plaza and Mountain View I. Hollister Plaza, consisting of 116 units and located in Hollister, CA, was the last LIHPRA preservation project with a Title VI capital grant from HUD. Mountain View I, consisting of 316 units and located in Albuquerque. New Mexico, involved an FHA-insured loan through private activity bonds and 4% tax credits. Both of these projects are currently under rehabilitation.

The NFWSC has in predevelopment one 9% tax credit, new construction project consisting of 81 multi-family units in Somerton. Arizona and 55 single-family units in Fresno. Finally, the NFWSC is currently negotiating the acquisition of four existing properties in Arizona and four in New Mexico consisting of 1.570 units.

B. Contractor

The Borrower is under current negotiations with a contractor. Midstate Construction has assisted them in estimating ***costs*** for Vista Del Monte Apartments.

C. Architect

The architectural firm of Kodama-Diseno is uniquely qualified to take on this project and deliver comprehensive services and a finished product. The firm **was** founded in 1978 and has been involved with over 80 nonprofit organizations, community groups, and municipalities on over 12,000 units of housing in California.

D. Management Agent

Management services for Vista Del Monte Apartments have not been finalized. The owner **is** considering several qualified local property management firms, but has not made a decision. CHFA's commitment **is** conditioned upon a local property management company acceptable to the Agency.

Project Summary

871

Date: 21-Sep-00

Project Profile:

Project:	Vista Del Monte **Apts.**	*Appraiser:*	Chris Carneghi
Location:	49 Goldmine Drive		Carneighi-Bautovich
	San Francisco	*Cap Rate:*	9.25%
County/Zip:	San Fran 94131	*As-Is Value*	$ 12,100,000
Borrower:	National Farmworkers	*After* Rehab	$ 15,400,000
		Final Value:	$ 15,400,000
		LTC/LTV:	
Program:	501(C)(3)	*Loan/Cost*	82.4%
CHFA #:	00-007-N	*Loan/Value*	74.0%

Project Description:

Units	104
Handicap Units	N/A
Bldge Type	Rehab
Buildings	7
Stories	2 & 3
Gross Sq Ft	93,425
Land Sq Ft	166,348
Units/Acre	27
Total Parking	104
Covered Parking	0

Financing Summary:

Permanent	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$11,400,000	$109,615	5.90%	32
HUD - IRP Loan	$1,173,250	$11,281	5.75%	12
Seller Repl. Reserves	$186,000	$1,788	0.00%	-
Income from Operations	$800,000	$7,692	0.00%	-
Developer Equity	$0	$0	0.00%	
Deferred Developer Fee	$274,583	$2,640		

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	561	5	50%	$733	$29,950
2 BR	798	4	50%	$820	$33,700
3 BR	970	10	50%	$903	$37,450
4 BR	1190	2	50%	$970	$40,450
1 BR	561	5	60%	$827	$35,940
2 BR	798	4	60%	$988	$40,440
3 BR	970	9	60%	$1,136	$44,940
4 BR	1190	1	60%	$1,263	$48,540
1 BR	561	16	80%	$1,108	$47,920
2 BR	798	11	80%	$1,325	$53,920
3 BR	970	30	80%	$1,525	$59,920
4 BR	1190	6	80%	$1,697	$64,720
3 BR	970	1	Manager	N/A	N/A
		104			

Fees, Escrows and Reserves:

Escrows	**Basis of Requirements**		*Amount*	**Security**
Commitment Fee	1.00%	of Loan Amount	$125,733	Cash
Finance Fee	1.008	of Loan Amount	$125,733	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$125,733	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$199,458	Letter of Credit
Marketing	0.008	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$300	PerUnit	$31,200	Operations
Initial Deposit to Repl. Res.	$1,000	Initial Deposit	$104,000	Cash
Transition Operating Reserve	0		$1,585,000	Cashflow
Const. Defect Agreement		12 Months	$57,994	Letter of Credit

Sources and Uses

Vista Del Monte

SOURCES:

Name of Lender / Source	Permanent 501(C)(3)	Per Unit
CHFA Loan Acq.		
HUD - IRP Loan	1,173,250	11,28
CHFA First Mortgage	11,400,000	109,61
Seller Repl. Reserves	186,000	1,788
Income from Operations	800,000	7,69
Developer Equity		
Total Institutional Financing	13,550,250	130,37
Equity Financing		
Tax Credits	0	(
Developer Equity		
Deferred Developer Equity	274,583	2,64(
Total Equity Financing	274,583	2,64(
TOTAL SOURCES	13,833,833	133,018

USES:

Acquisition	8,870,000	85,288
Rehabilitation	2,644,530	25,428
New Construction	0	0
Architectual Fees	114,592	1,102
Survey and Engineering	0	0
Const. Loan Interest & Fees	549,195	5,281
Permanent Financing	291,965	2,807
Legal Fees	7,500	72
Reserves	353,458	3,399
Contract Costs	17,000	163
Construction Contingency	212,093	2,039
Local Fees	0	0
TCAC/Other Costs	173,500	1,668
PROJECT COSTS	$13,233,833	127,248
Developer Overhead/Profit	$500,000	4,808
Consultant/Processing Agent	$100,000	962
TOTAL USES	$13,833,833	133,018

Annual Operating Budget Vista Del Monte Apts.

		$ per unit
INCOME:		
Total Rental Income	1,987,668	19,112
Laundry	6,912	66
Other Income	0	
Commercial/Retail	0	
Gross Potential Income (GPI)	**1,994,580**	**19,179**
Less:		
Vacancy Loss	99,729	959
Total Net Revenue	**1,894,851**	**18,220**
EXPENSES:		
Payroll	122,688	1,180
Administrative	134,155	1,290
Utilities	132,252	1,272
Operating and Maintenance	146,186	1,406
Insurance and Business Taxes	38,789	373
Taxes and Assessments	4,210	40
Reserve for Replacement Deposits	31,200	300
Subtotal Operating Expenses	**609,480**	**5,860**
Financial Expenses		
Mortgage Payments (1st loan)	811,411	7,802
Total Financial	**811,411**	**7,802**
Total Project Expenses	**1,420,891**	**13,662**

Cash Flow

Vista Del Monte Ap CHFA # 00-006-N

RENTAL INCOME	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sec. 8 Increase	*1.60%*	*1.60%*	*1.60%*	*1.60%*	*1.60%*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	478,980	486,644	494,430	502,341	510,378	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%*
Affordable Rents	1,508,688	1,546,405	1,585,065	1,624,692	1,665,309	1,706,942	1,749,616	1,793,356	1,838,190
TOTAL RENTAL INCOME	**1,987,668**	**2,033,049**	**2,079,495**	**2,127,033**	**2,175,688**	**1,706,942**	**1,749,616**	**1,793,356**	**1,838,190**
OTHER INCOME									
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	6,912	7,085	7,262	7,443	7,630	7,820	8,016	8,216	8,422
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**6,912**	**7,085**	**7,262**	**7,443**	**7,630**	**7,820**	**8,016**	**8,216**	**8,422**
GROSS INCOME	**1,994,580**	**2,040,134**	**2,086,757**	**2,134,476**	**2,183,317**	**1,714,762**	**1,757,631**	**1,801,572**	**1,846,611**
Vacancy Rate : Sec 8	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	99,729	102,007	104,338	106,724	109,166	85,738	87,882	90,079	92,331
EFFECTIVE GROSS INCOME	**1,894,851**	**1,938,127**	**1,982,419**	**2,027,753**	**2,074,151**	**1,629,024**	**1,669,750**	**1,711,494**	**1,754,281**
OPERATING EXPENSES									
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	578,280	601,411	625,468	650,486	676,506	703,566	731,709	760,977	791,416
Replacement Reserve	31,200	31,200	31,200	31,200	31,200	31,200	32,760	32,760	32,760
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**609,480**	**632,611**	**656,668**	**681,686**	**707,706**	**734,766**	**764,469**	**793,737**	**824,176**
NET OPERATING INCOME	**1,285,371**	**1,305,516**	**1,325,752**	**1,346,066**	**1,366,445**	**894,258**	**905,281**	**917,757**	**930,105**
DEBT SERVICE									
CHFA - 1st Mortgage	0	0	811,411	811,411	811,411	811,411	811,411	811,411	811,411
CHFA Interest only - Rehab per	444,860	444,860	0	0	0	0	0	0	0
CASH FLOW after debt service	**840,511**	**860,656**	**514,341**	**534,655**	**555,035**	**82,847**	**93,870**	**106,346**	**118,694**
DEBT COVERAGE RATIO	**2.89**	**2.93**	**1.63**	**1.66**	**1.68**	**1.10**	**1.12**	**1.13**	**1.15**
Net Residual Cashflow	**840,511**	**860,656**	**514,341**	**534,655**	**555,035**	**82,847**	**93,870**	**106,346**	**118,694**
Operating Transition Reserv	**400,000**	**400,000**	**500,000**	**285,000**					
Cumulative Reserve Bal.	**400,000**	**800,000**	**1,300,000**	**1,585,000**					
Devl. Cash for Rehab	**400,000**	**400,000**							

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Cash Flow

RENTAL INCOME	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	1,884,145	1,931,248	1,979,529	2,029,018	2,079,743	2,131,737	2,185,030	2,239,656	2,295,647	2,353,038
TOTAL RENTAL INCOME	**1,884,145**	**1,931,248**	**1,979,529**	**2,029,018**	**2,079,743**	**2,131,737**	**2,185,030**	**2,239,656**	**2,295,647**	**2,353,038**
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	8,632	8,848	9,069	9,296	9,528	9,766	10,011	10,261	10,517	10,780
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**8,632**	**8,848**	**9,069**	**9,296**	**9,528**	**9,766**	**10,011**	**10,261**	**10,517**	**10,780**
GROSS INCOME	**1,892,777**	**1,940,096**	**1,988,599**	**2,038,314**	**2,089,271**	**2,141,503**	**2,195,041**	**2,249,917**	**2,306,165**	**2,363,819**
Vacancy Rate : Sec 8	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
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	94,639	97,005	99,430	101,916	104,464	107,075	109,752	112,496	115,308	118,191
EFFECTIVE GROSS INCOME	**1,798,138**	**1,843,091**	**1,889,169**	**1,936,398**	**1,984,808**	**2,034,428**	**2,085,289**	**2,137,421**	**2,190,856**	**2,245,628**
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	823,073	855,996	890,235	925,845	962,879	1,001,394	1,041,450	1,083,108	1,126,432	1,171,489
Replacement Reserve	32,760	34,398	34,398	34,398	34,398	34,398	36,118	36,118	36,118	36,118
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	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**855,833**	**890,394**	**924,633**	**960,243**	**997,277**	**1,035,792**	**1,077,568**	**1,119,225**	**1,162,550**	**1,207,607**
NET OPERATING INCOME	**942,305**	**952,698**	**964,535**	**976,155**	**987,531**	**998,636**	**1,007,721**	**1,018,195**	**1,028,307**	**1,038,021**
DEBT SERVICE										
CHFA - 1st Mortgage	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411
CHFA Interest only - Rehab per	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**130,894**	**141,287**	**153,124**	**164,744**	**176,120**	**187,225**	**196,310**	**206,785**	**216,896**	**226,610**
DEBT COVERAGE RATIO	**1.16**	**1.17**	**1.19**	**1.20**	**1.22**	**1.23**	**1.24**	**1.25**	**1.27**	**1.28**
Net Residual Cashflow	**130,894**	**141,287**	**153,124**	**164,744**	**176,120**	**187,225**	**196,310**	**206,785**	**216,896**	**226,610**
Operating Transition Reserv										
Cumulative Reserve Bal.										
Devl. Cash for Rehab										

Cash Flow

RENTAL INCOME	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
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	2,411,864	2,472,161	2,533,965	2,597,314	2,662,247	2,728,803	2,797,023	2,866,949	2,938,623	3,012,088
TOTAL RENTAL INCOME	**2,411,864**	**2,472,161**	**2,533,965**	**2,597,314**	**2,662,247**	**2,728,803**	**2,797,023**	**2,866,949**	**2,938,623**	**3,012,088**
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	11,050	11,326	11,609	11,900	12,197	12,502	12,814	13,135	13,463	13,800
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**11,050**	**11,326**	**11,609**	**11,900**	**12,197**	**12,502**	**12.814**	**13.135**	**13,463**	**13,800**
G[illegible]S INCOME	**[illegible],914**	**[illegible],483,487**	**2,545,574**	**2,609,214**	**2,674,444**	**2,741,305**	**2,809,838**	**2,880,084**	**2,952,086**	**3,025,888**
Vacancy Rate : Sec 8	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
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	121,146	124,174	127,279	130,461	133,722	137,065	140,492	144,004	147,604	151,294
EFFECTIVE GROSS INCOME	**2,301,769**	**2,359,313**	**2,418,296**	**2,478,753**	**2,540,722**	**2,604,240**	**2,669,346**	**2,736,079**	**2,804,481**	**2,874,593**
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	1,218,349	1,267,083	1,317,766	1,370,477	1,425,296	1,482,308	1,541,600	1,603,264	1,667,394	1,734,090
Replacement Reserve	36,118	37,924	37,924	37,924	37,924	37,924	39,820	39,820	39,820	39,820
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	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	**1,254,467**	**1,305,006**	**1,355,690**	**1,408,400**	**1,463,219**	**1,520,231**	**1,581,420**	**1,643,084**	**1,707,214**	**1,773,910**
NET OPERATING INCOME	**1,047,302**	**1,054,306**	**1,062,606**	**1,070,353**	**1,077,502**	**1,084,008**	**1,087,926**	**1,092,996**	**1,097,267**	**1,100,683**
DEBT SERVICE										
CHFA - 1st Mortgage	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411	811,411
CHFA Interest only - Rehab per	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**235,891**	**242,896**	**251,195**	**258,942**	**266,092**	**272,598**	**276,515**	**281,585**	**285,856**	**289,273**
DEBT COVERAGE RATIO	**1.29**	**1.30**	**1.31**	**1.32**	**1.33**	**1.34**	**1.34**	**1.35**	**1.35**	**1.36**
Net Residual Cashflow	**235,891**	**242,896**	**251,195**	**258,942**	**266,092**	**272,598**	**276,515**	**281,585**	**285,856**	**289,273**
Operating Transition Reserv										
Cumulative Reserve Bal.										
Devl. Cash for Rehab										

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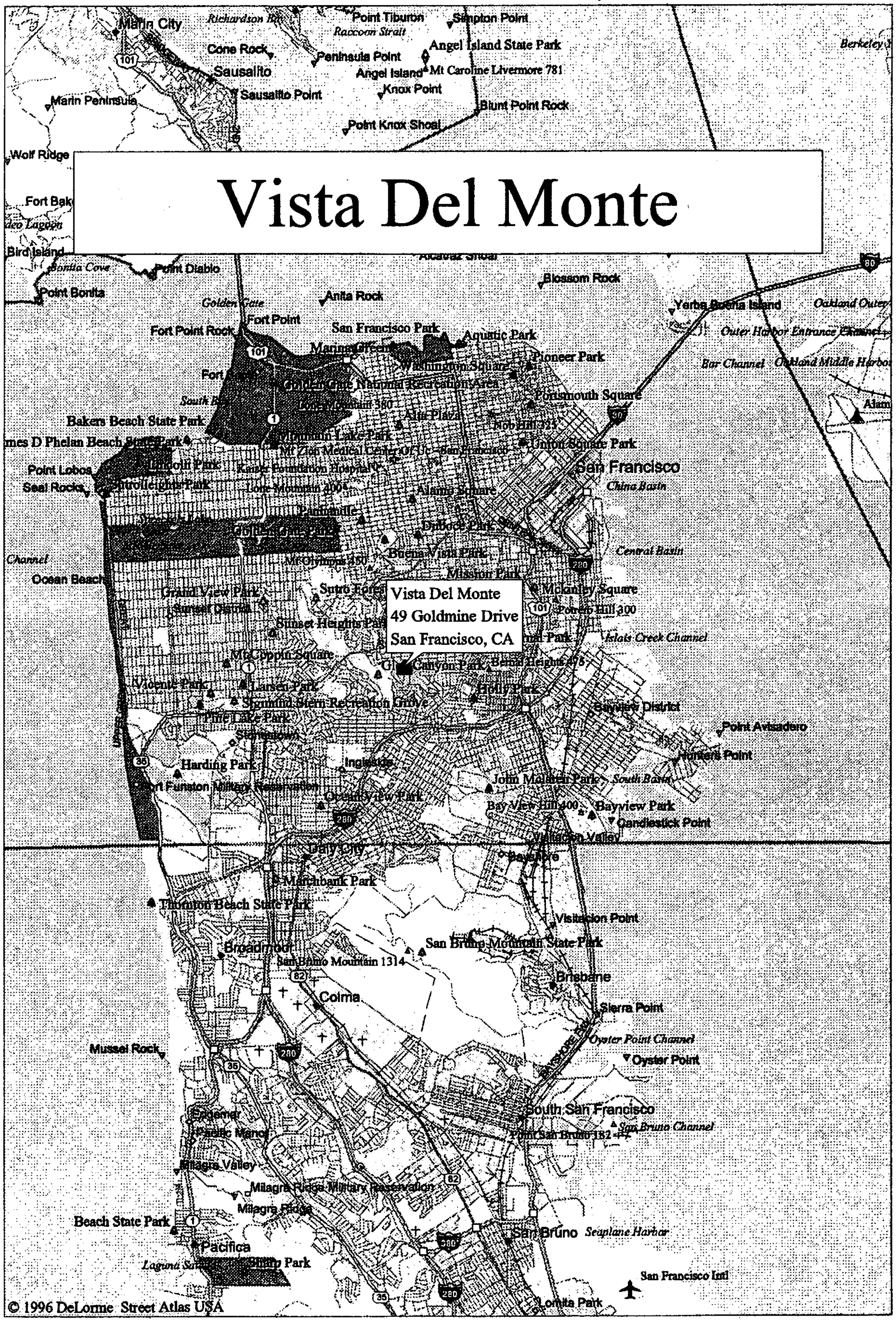
Cash Flow

RENTAL INCOME	2030	2031	2032
Sec. 8 Increase	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	N/A	N/A	N/A
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	3,087,390	3,164,575	3,243,689
TOTAL RENTAL INCOME	**3,087,390**	**3,164,575**	**3,243,689**
OTHER INCOME			
Other Income Increase	*2.50%*	*2.50%*	*2.50%*
Laundry	14,145	14,498	14,861
Commercial	N/A	N/A	N/A
TOTAL OTHER INCOME	**14,145**	**14,498**	**14,861**
GROSS INCOME	**3,101,535**	**3,179,073**	**3,258,550**
Vacancy Rate : Sec 8	*5.00%*	*5.00%*	*5.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	155,077	158,954	162,928
EFFECTIVE GROSS INCOME	**2,946,458**	**3,020,120**	**3,095,623**
OPERATING EXPENSES			
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*
Expenses	1,803,454	1,875,592	1,950,616
Replacement Reserve	39,820	39,820	39,820
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	0	0	0
TOTAL EXPENSES	**1,843,274**	**1,915,412**	**1,990,436**
NET OPERATING INCOME	**1,103,185**	**1,104,708**	**1,105,187**
DEBT SERVICE			
CHFA - 1st Mortgage	811,411	811,411	0
CHFA Interest only - Rehab per	0	0	0
CASH FLOW after debt service	**291,774**	**293,297**	**1,105,187**
DEBT COVERAGE RATIO	**1.36**	**1.36**	**N/A**
Net Residual Cashflow	**291,774**	**293,297**	**1,105,187**
Operating Transition Reserv			
Cumulative Reserve Bal.			
Devl. Cash for Rehab			

Vista Del Monte



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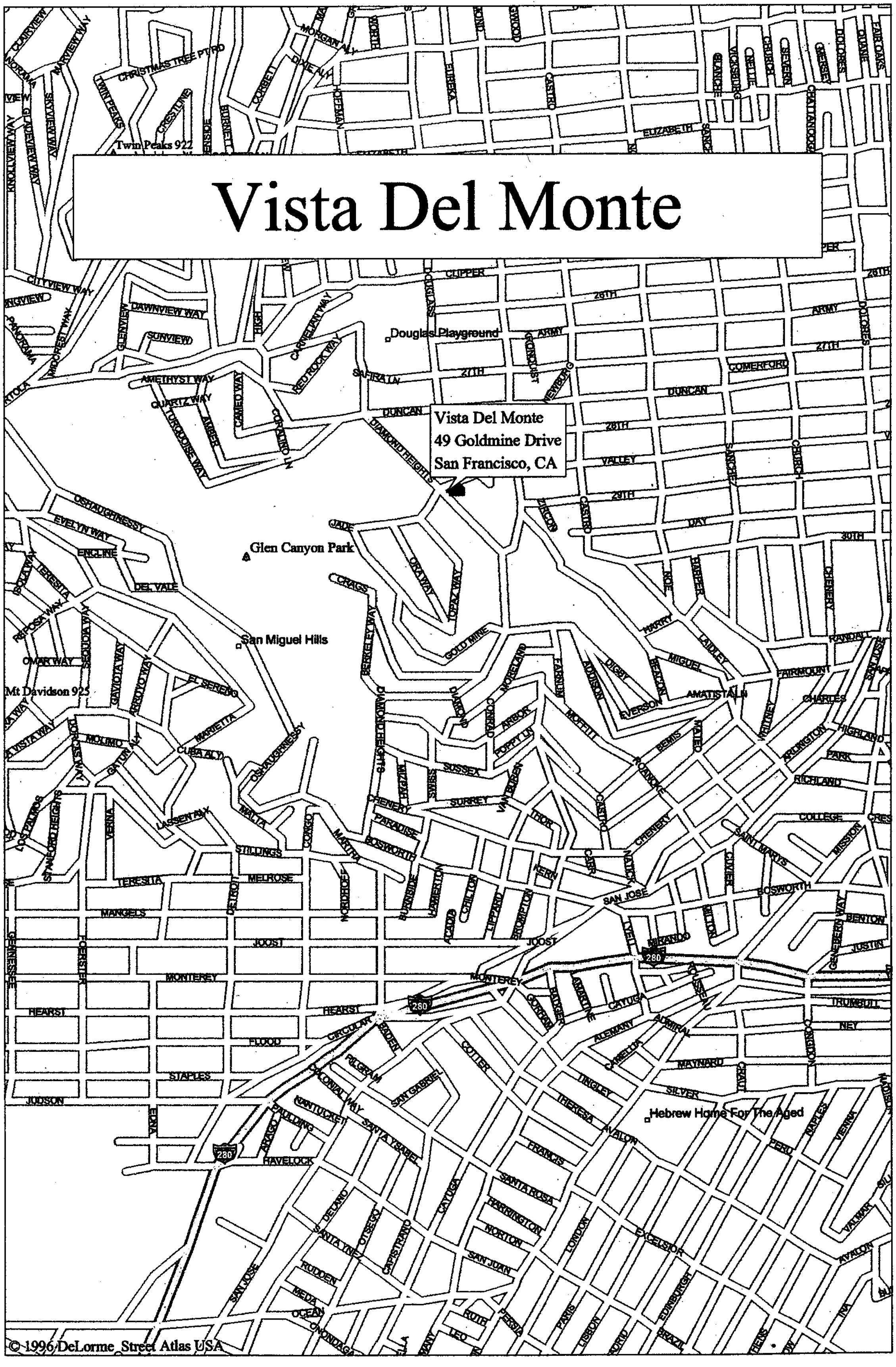
Vista Del Monte
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RESOLUTION 00-34

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from National Farm Workers Service Center, Inc., a California nonprofit 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 104-unit multifamily housing development located in the City of San Francisco to be known as Vista Del Monte (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated September 21, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, 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
00-007-N	Vista Del Monte San Francisco/San Francisco	104	$11,400,000 $ 1,173,250 (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.

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 00-34 adopted at a duly constituted meeting of the Board of the Agency held on October 12, 2000, at Millbrae, California.

ATTEST:______________
Secretary

State of California

MEMORANDUM

To: Board of Directors Date: October 12, 2000

Ken Williams

Ken Williams, Chief of Single Family

From: **CALIFORNJA HOUSING FINANCE AGENCY**

Subject: CALIFORNIA HOMEBUYER'S DOWNPAYMENT ASSISTANCE PROGRAM (CHDAP)

ACTION REQUEST

This is to request approval for CHFA to administer the California Homebuyer's Downpayment Assistance Program (CHDAP) contained in Assembly Bill **2865.**

BACKGROUND

On July **7,** 2000, Governor Gray Davis signed into law Assembly Bill **2865** which established the California Homebuyer's Downpayment Assistance Program (CHDAP). **The** legislation focused on the continuing and urgent need to provide affordable mortgage financing to meet the increasingly unfulfilled housing needs of citizens of California. It declared the following:

> The high cost of housing impedes the ability of California employers to compete in the national market place for employees. Affordable housing enhances the quality of life for California residents and provides fuel for the **state's** economic engine. Housing is a critical component of the California economy, both as an income producing sector **and** a principal factor in economic development. California's housing crisis severely impacts families struggling to provide safe, stable homes for their children to grow **and** learn **and the** workers who **are** the backbone of many of **the** state's most important industries. The percentage of Californians able **to** purchase **their own** homes continues to decline, even **as** the percentage climbs for the rest of **the** nation.

Therefore, legislation was enacted **to** make existing financing for residential mortgages more affordable **to** California's homebuyers. The purpose of the California Homebuyer's Downpayment Assistance program is to assist first-time low- **and** moderate-income homebuyers utilizing existing financing. The legislation authorized CHFA to administer a deferred-payment, low-interest junior mortgage loan to reduce principal and interest payments and make financing affordable to first-time low and moderate income homebuyers.

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PROGRAM SUMMARY

The California Homebuyer's Downpayment Assistance Program (CHDAP) is a deferred-payment junior lien mortgage loan of up to 3% of the purchase price. The CHDAP loan can be used in conjunction with CHFA or non-CHFA senior mortgage loans secured by the home. The CHDAP loan will be available on a statewide basis for first-time homebuyers who do not exceed moderate income limits, based on published HCD moderate income limits adjusted annually for county and family size as shown in Attachment A to the attached Program Description. Sales price limits will be those shown in Attachment B to the attached Program Description.

The CHDAP junior loan has a term not to exceed the term of the first loan. The CHDAP junior loan is being set at three percent (3%)per annum simple interest for the term of the loan.

The Legislature has appropriated $50,000,000 from State General Funds to the California Department of Housing and Community Development (HCD). HCD will contract with CHFA to administer of the program and allocate funds in accordance with the Agency's authority. All repayments of loans are available for re-lending by CHFA for this program.

A more detailed description of the Program, including basic qualifications and requirements is attached.

RECOMMENDATION

Since CHFA's primary role is affordable housing lending, and since CHFA has administered a number of similar programs over the years, we were asked by the Legislature and the Administration to participate in the development of and administration of the program. Following the passage of AB 2865, we have drafted program policy and procedures and we are prepared to proceed with implementation.

It is recommended that the Board authorize the Agency to contract with the Department of Housing and Community Development to administer the California Homebuyer's Downpayment Assistance Program (CHDAP) contained in AB 2865; and authorize the Agency to implement and administer the Program, and make such changes to the Program as may be necessary as long as those changes are consistent with AB 2865 and the Agency's legal authority.

PROGRAM DESCRIPTION
CALIFORNIA HOMEBUYER'S DOWNPAYMENT ASSISTANCE PROGRAM (CHDAP)

PROGRAM DESCRIPTION

On July 7, 2000, Governor Gray Davis signed into law Assembly Bill 2865 which established the California Homebuyer's Downpayment Assistance Program (CHDAP). The Bill provides State funding for $50 million of downpayment assistance to first-time low- and moderate-income homebuyers. The Bill authorizes the Agency to provide a deferred-payment, low-interest, junior mortgage loan of up to 3% of the purchase price. The CHDAP loan can be used in conjunction with CHFA or non-CHFA senior mortgage loans secured by the home. The CHDAP loan will be available on a statewide basis for first-time homebuyers who do not exceed moderate income limits, based on published HCD moderate income limits adjusted annually for county and family size. The current income limits are shown in Attachment A. The CHDAP is designed to provide 3% of the purchase price to assist with the downpayment needs of prospective eligible California first-time homebuyers.

The California Homebuyer's Downpayment Assistance Program (CHDAP) junior loan has a term not to exceed the term of the first loan. The maximum principal amount is up to three percent (3%) of the purchase price of the home. The Agency will set the interest rate at three percent (3%) per annum simple interest for the term of the loan. Repayment of the entire principal and interest of the loan is due upon any of the following events: sale of the secured property; refinance or payoff of any senior mortgage loans; or upon the formal filing and recording of a Notice of Default (unless rescinded). Prepayment of the loan is permitted without penalty.

PROGRAM FUNDING

The Legislature has appropriated $50,000,000 from State General Funds to the California Department of Housing and Community Development (HCD). HCD will contract with CHFA to administer of the program and allocate funds in accordance with the Agency's authority. All repayments of loans are available for re-lending by CHFA for this program.

BORROWER ELIGIBILITY

The CHDAP is available to first-time homebuyers throughout California who plan to owner-occupy and whose family income does not exceed CHFA-published HCD moderate-income limits. HCD moderate-income limits are adjusted annually by county and family size. Annual changes will be announced by CHFA Program Bulletin to lenders when applicable and will be posted on CHFA's web page. Current moderate-income limits are shown in Attachment A.

First-time homebuyers applying for a CHDAP loan will also be subject to senior mortgage loan eligibility requirements according to criteria of the lender, investor, mortgage insurer or guarantor. When using other CHFA financing, lenders will follow CHFA Single Family Program requirements.

PROPERTY ELIGIBILITY

Properties must meet CHFA approved Single Family Program property eligibility requirements. Sales price limits for the California Homebuyer's Downpayment Assistance Program (CHDAP) have been established by the Agency and may be revised from time-to-time. Attachment B shows the recommended sales price limits. Lower limits may be imposed by lenders, investors, mortgage insurers or guarantors of senior loans.

FIRST LOAN RESTRICTIONS

As mentioned earlier, this program allows CHFA lenders to use other non-CHFA acquisition financing in combination with the CHDAP junior loan. Therefore, lenders will follow the most restrictive lending criteria of lenders, investors, insurers or guarantors or this Program.

LOAN PROCESSING AND PURCHASE DOCUMENTATION PROCEDURES

Lenders will follow the CHFA standard loan reservation and loan delivery process as set forth in Single Family Program guidelines, and as will be communicated by CHFA for the CHDAP junior mortgages.

SERVICING

California Homebuyer's Downpayment Assistance Program (CHDAP) junior mortgages will be serviced directly by CHFA due to the deferred payment loan structure and minimal servicing requirements.

At the time of loan purchase, CHFA will notify the borrower of the CHDAP mortgage loan number and provide instructions to the borrower regarding procedures for prepayments or loan payoffs to be made directly to CHFA.

INFORMATION ABOUT THE PROGRAM

CHFA will announce the California Homebuyer's Downpayment Assistance Program (CHDAP) by Program Bulletin to approved lenders, via fax and mail. Information will also be faxed and mailed to other interested parties and placed on the web site. CHFA staff will include CHDAP program information in workshops and presentations in various areas of the state. Additionally, CHFA may use media advertising if deemed necessary. Lenders and others will be advised that questions regarding this program may be directed to Single Family Programs by mail at CHFA, California Homebuyer's Downpayment Assistance Program, 1121 L Street, 7th Floor, Sacramento, CA 95814; FAX (916) 327-8452; e-mail assistance@chfa.ca.gov or by calling CHFA.

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CALIFORNIA HOMEBUYERS DOWNPAYMENT ASSISTANCE PROGRAM
YEAR 2000 HCD MODERATE INCOME
NUMBER OF PERSONS IN FAMILY

COUNTY	1	2	3	4	5	6	7	
ALAMEDA	$56,750	$64,900	$73,000	$81,100	$87,600	$94,100	$100,550	$107,050
ALPINE	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
AMADOR	$35,700	$40,800	$45,900	$51,000	$55,100	$59,150	$63,250	$67,300
BUTTE	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
CALAVERAS	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
COLUSA	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
CONTRA COSTA	$56,750	$64,900	$73,000	$81,100	$87,600	$94,100	$100,550	$107,050
DEL NORTE	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
EL DORADO	$44,450	$50,800	$57,150	$63,500	$68,600	$73,650	$78,750	$83,800
FRESNO	$31,550	$36,100	$40,600	$45,100	$48,700	$52,300	$55,900	$59,550
GLENN	$32,000	$36,550	$41,150	$45,700	$49,350	$53,000	$56,650	$60,300
HUMBOLDT	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
IMPERIAL	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
INYO	$33,800	$38,600	$43,450	$48,250	$52100	$55,950	$59,850	$63,700
KERN	$32,500	$37,150	$41,800	$46,450	$50,150	$53,900	$57,600	$61,300
KINGS	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
LAKE	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
LASSEN	$34,000	$38,900	$43,750	$48,600	$52,500	$56,400	$60,250	$64,150
LOS ANGELES	$43,750	$50,000	$56,250	$62,500	$67,500	$72,500	$77,500	$82,500
MADERA	$31,550	$36,100	$40,600	$45,100	$48,700	$52,300	$55,900	$59,550
MARIN	$62,950	$71,900	$80,900	$89,900	$97,100	$104,300	$111,500	$118,650
MARIPOSA	$33,250	$38,000	$42,750	$47,500	$51.300	$55,100	$58,900	$62,700
MENDOCINO	S32.400	$37,050	$41,650	$46,300	$50,000	$53,700	$57,400	$61,100
MERCED	$31,150	$35,600	$40,050	$44,500	$48,050	$51,600	$55,200	$58,750
MODOC	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
MONO	$36,600	$41,850	$47,050	$52,300	$56,500	$60,650	$64,850	$69,050
MONTEREY	$42,250	$48,300	$54,300	$60,350	$65,200	$70,000	$74,850	$79,650
NAPA	$44,750	$51,150	$57,550	$63,950	$69,050	$74,200	$79,300	$84,400
NEVADA	$41,000	$46,850	$52,700	$58,550	$63,250	$67,900	$72,600	$77,300
ORANGE	$58,450	$66,800	$75,150	$83,500	$90,200	$96,850	$103,550	$110,200
PLACER	$44,450	$50,800	$57,150	$63,500	$68,600	$73,650	$78,750	$83,800
PLUMAS	$32,250	$36,900	$41,500	$46.100	$49,800	$53,500	$57,150	$60,850
RIVERSIDE	$39,850	$45,500	$51,200	$56,900	$61,450	$66,000	$70,550	$75,100
SACRAMENTO	$44,450	$50,800	$57,150	$63,500	$68,600	$73,650	$78,750	$83,800
SAN BENITO	$45,300	$51,750	$58,250	$64,700	$69,900	$75,050	$80,250	$85.400 .
SAN BERNARDINO	$39,850	$45,500	$51,200	$56,900	$61,450	$66,000	$70,550	$75.100
SAN DIEGO	$45,100	$51,550	$58,000	$64,450	$69,600	$74,750	$79,900	$85,050
SAN FRANCISCO	$62,950	$71,900	$80,900	$89,900	$97,100	$104,300	$111,500	$118,650
SAN JOAQUIN	$38,150	$43,600	$49,050	$54,500	$58,850	$63,200	$67,600	$71,950
SAN LUIS OBISPO	$40,300	$46,100	$51,850	$57,600	$62,200	$66,800	$71,400	$76,050
SAN MATEO	$62,950	$71,900	$80,900	$89,900	$97.100	$104,300	$111,500	$118,650
SANTA BARBARA	$44,950	$51,350	$57,800	$64,200	$69,350	$74,450	$79,600	$84,750
SAMA CLARA	$73,100	$83,500	$93,950	$104,400	$112,750	$121,100	$129,450	$137,800
SANTA CRUZ	$51,850	$59,250	$66,650	$74,050	$79,950	$85,900	$91.800	$97,750
SHASTA	$31,700	$36,200	$40,750	$45,250	$48,850	$52,500	$56,100	$59,750
SIERRA	$32,850	$37,500	$42,200	$46,900	$50,650	$54,400	$58,150	$61,900
SISKIYOU	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
SOLANO	$44,750	$51,150	$57,550	$63,950	$69,050	$74,200	$79,300	$64.400
SONOMA	$48,800	$55,750	$62,750	$69,700	$75,300	$80,850	$86,450	$92,000
STANISLAUS	$36,900	$42,150	$47,450	$52,700	$56,900	$61,150	$65,350	$69,550
SUTTER	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
TEHAMA	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
TRINITY	$31,100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
TULARE	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600
TUOLUMNE	$33,600	S38.400	$43,200	$48,000	$51,850	$55,700	$59,500	$63,350
MNTURA	$57,550	$65,750	$74,000	$82,200	$88,800	$95,350	$101,950	$108,500
YOLO	$46,150	$52,700	$59,300	$65,900	$71,150	$76,450	$81,700	$87,000
YUBA	$31.100	$35,500	$39,950	$44,400	$47,950	$51,500	$55,050	$58,600

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Attachment B

PROPOSED CHDAP PROGRAM SALES PRICE LIMIITS

Effective **10/12/00**

County	NEW CONSTRUCTION Non-Target		RESALE Non-Target	
	Non-Target	Target	Non-Target	Target
Alameda	$ 272,090	$ 331,240	$ 239,982	$ 293,312
Alpine	$ 207,429	None	$ 162,573	None
Amador	$ 169,109	None	$ 143,915	None
Butte	$ 169,109	$ 206,689	$ 109,031	$ 133,261
Calaveras	$ 169,109	None	$ 143,915	None
Colusa	$ 169,109	None	$ 143,915	None
Contra Costa	$ 272,090	$ 331,240	$ 239,982	$ 293,312
Del Norte	$ 169,109	None	$ 143.915	None
El Dorado	$ 190,076	$ 232,316	$ 147,930	$ 180,804
Fresno	$ 169,109	$ 206,689	$ 115,113	$ 140,693
Glenn	$ 169,109	None	$ 143.915	None
Humboldt	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Imperial	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Inyo	$ 169,109	None	$ 144,448	None
Kern	$ 169,109	$ 206,689	$ 98,521	$ 120,415
Kings	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Lake	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Lassen	$ 169,109	None	$ 143.915	None
Los Angeles	$ 230,564	$ 281,800	$ 219,684	$ 268,502
Madera	$ 169,109	$ 206,689	$ 115,113	$ 140,693
Marin	$ 301,473	None	$ 301,473	None
Mariposa	$ 169,109	None	$ 143.915	None
Mendocino	$ 169,109	$ 206,689	$ 154,266	$ 188,548
Merced	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Modoc	$ 169,109	None	$ 143,915	None
Mono	$ 169,109	None	$ 143,915	None
Monterey	$ 222,985	$ 271,460	$ 222,985	$ 271,460
Napa	$ 222,985	$ 271,460	$ 174,219	$ 212,935
Nevada	$ 177,890	$ 217,422	$ 184,971	$ 226,075
Orange	$ 280,140	$ 341,040	$ 245,864	$ 300,500
Placer	$ 190,076	None	$ 147,930	None
Plumas	$ 169,109	None	$ 143.915	None
Riverside	$ 196,464	$ 240,122	$ 160,249	$ 195,859
Sacramento	$ 190,076	$ 232,316	$ 147,930	$ 180,804
San Benito	$ 222,985	None	$ 208,689	None
San Bernardino	$ 196,464	$ 240,122	$ 160,249	$ 195,859
San Diego	$ 222,985	$ 271,460	$ 217,167	$ 265,427
San Francisco	$ 301,473	$ 367,010	$ 301,473	$ 367,010
San Joaquin	$ 171,105	$ 209,129	$ 122,133	$ 149,273
San Luis Obispo	$ 208,914	$ 255,340	$ 202,109	$ 247,023
San Mateo	$ 301,473	None	$ 301,473	None
Santa Barbara	$ 222,985	$ 271,460	$ 221,870	$ 270,103
Santa Clara	$ 350,175	$ 426,300	$ 295,198	$ 359,371
Santa Cruz	$ 248,343	None	$ 225,744	None
Shasta	$ 169,109	$ 206,689	$ 111,113	$ 135,805
Sierra	$ 169,109	None	$ 143,915	None
Siskiyou	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Solano	$ 222,985	$ 271,460	$ 174,219	$ 212,935
Sonoma	$ 233,853	None	$ 219,373	None
Stanislaus	$ 169,109	$ 206,689	$ 112,412	$ 137,392
Sutter	$ 169.109	$ 206,689	$ 143,915	$ 175,896
Tehama	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Trinity	$ 169,109	$ 206,689	$ 143,915	$ 175,896
Tulare	$ 169,109	$ 206,689	$ 120,806	$ 147,652
Tuolumne	$ 169,109	None	$ 143.915	None
Ventura	$ 275,713	$ 335,650	$ 216,258	$ 264,316
Yolo	$ 220257	$ 269,203	$ 161.204	$ 197,028
Yuba	$ 169,109	$ 206,689	$ 143,915	$ 175,896

RESOLUTION 00-35

CALIF'ORNIA HOMEBUYER'S DOWNPAYMENT ASSISTANCE PROGRAM (CHDAP)

WHEREAS, Assembly Bill 2865 was passed by the Legislature and signed into law by Governor Gray Davis on July 5, 2000 adding Chapter 11 (commencing with Section 51500) to part 3 of Division 31 of the Health and Safety Code of the State of California, creating the California Homebuyer's Downpayment Assistance Program (CHDAP).

WHEREAS, monies to fund the CHDAP are appropriated by Item 2240-103-0001 (4) of the Budget Act of 2000; and

WHEREAS, pursuant to the Budget Act of 2000 the California Department of Housing and Community Development (HCD) is required to enter into an interagency agreement with the Agency so that the Agency may use the appropriated monies to administer the CHDAP authorized pursuant to Chapter 11; and

WHEREAS, the Agency is authorized to collect reimbursement of its costs and expenses in implementing and administering the CHDAP from the appropriated funds; and

WHEREAS, the Agency has determined that it is in the public interest for the Agency to contract with HCD to administer the CHDAP; and

WHEREAS, Pursuant to Part 3, Division 31 of the Health and Safety Code of the State of California the Agency has authority to enter into agreements with other governmental agencies for the exercise of its powers and functions, including the implementation and administration of the CHDAP under Chapter 11; and

WHEREAS, the Agency has designed the details for the CHDAP consistent with Chapter 11, which CHDAP's description is attached hereto and incorporated herein by this reference as if fully set out herein,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency as follows:

1. The Executive Director is authorized to enter into an interagency agreement with HCD to administer the CHDAP

2. The Agency is authorized to implement and administer the CHDAP as described, and to modify, as may be necessary, the details of the CHDAP from time to

time so long as such changes, if any, are consistent with Chapter 11 and the Agency's legal authority.

3. The Agency is authorized to collect reimbursement for its costs and expenses in implementing and administering the Program from the appropriated Item 2240-103-0001 (4) of the Budget Act of 2000 funds.

I hereby certify that this is a true and correct copy of Resolution 00-35 adopted at the duly constituted meeting of the Board of Directors of the Agency held on October 12, 2000 at Millbrae, California.

ATTEST: ____________________
Secretary

Attachments