JULY 10, 2003 BOARD MINUTES
CORRECTIONS
MADE AT SEPTEMBER 18, 2003 BOARD MEETING

PAGE 015, LINE 16 – "EIR" should read "our"

PAGE 041, LINE 18 – "insubordinate" should read "subordinate"

PAGE 048, LINE 19 – "HCDR" should read "HCD"

CHFA **BOARD OF DIRECTORS**

Thursday, September 18, 2003

Hilton Burbank Airport
& Convention Center
2500 Hollywood Way
Burbank, California
(818) 843-6000

9:30 a.m.

1. Roll Call.

2. Approval of the minutes of the July 10, 2003 Board of Directors meeting.

3. Chairman/Executive Director comments.

4. Discussion, recommendation and possible action relative to final loan commitments for the following projects:

02-020-S	Hawaiian Gardens (PULLED)	Hawaiian Gardens/ Los Angeles	264	
				N/A
02-026-N	Oak Village	Oakland/Alameda	117	
Resolution 03-41				189
03-037-N	Ocean View Garden Apartments	Berkeley/Alameda	62	
Resolution 03-42				209
03-023-C/S	Coyote Run Apartments, Phase II	Palm Springs/ Riverside	66	
Resolution 03-43				227
03-036-C/N	Bayport Apartments	Alameda/Alameda	52	
Resolution 03-44				249
03-034-C/S	Copper Creek Apartments	San Marcos/ San Diego	156	
Resolution 03-45				271
02-021-N	Mission Creek	San Francisco/ San Francisco	139	
Resolution 03-46				293

5. Discussion of other Board matters/Reports.

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

NOTES

HOTEL PARKING: Day parking rate: $7.50/car plus 10% tax with no in and out privileges. (Cash at gate.)

FUTURE MEETING DATE: Next CalHFA Board of Directors Meeting will be November 13, 2003, at the Westin Hotel, Francisco Airport, Millbrae, California.

STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

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ORIGINAL

BOARD OF DIRECTORS

PUBLIC MEETING

--oOo--

Holiday Inn Capitol Plaza
300 J Street
Sacramento, California

Thursday, July 10, 2003
9:36 a.m. to 12:14 p.m.

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"Minutes approved by the Board of Directors at its meeting held:

Attest: ______________________"

Reported By: DANIEL P. FELDHAUS, CSR #6949, RDR, CRR

APPEARANCES

Directors Present:

CLARK WALLACE, Chairperson

CARRIE A. HAWKINS, Vice Chairperson

MATTHEW O. FRANKLIN

ROBERT N. KLEIN II

LUPITA OCHOA
for Tal Finney

THERESA A. PARKER

ANNE STAUSBOLL
for Phil Angelides

CATHY SANDOVAL
for Maria Contreras-Sweet

JACK SHINE

CalHFA Staff Present:

THOMAS C. HUGHES
General Counsel

JOJO OJIMA
Legal Analyst
Secretary of the Meeting

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APPEARANCES
Continued

For the Staff of the Agency:

KEN CARLSON

IRENE JENKINS

RUTH VAKILI

LINN WARREN

KATHY WEREMIUK

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Additional Speakers

WILLIAM P. GRAF, C.E.
URS Corporation

GORDON SCHANCK
University of California

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BE IT REMEMBERED that on Thursday, July 10, 2003, commencing at the hour of 9:36 a.m., at Holiday Inn Capitol Plaza, 300 J Street, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the following proceedings were held:

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(The following proceedings commenced with Mr. Bayuk absent.)

CHAIRPERSON WALLACE: We have a quorum, so I'll call the meeting to order.

Good morning. We're happy to have you at the 479th CHFA [CalHFA] Board meeting.

(Laughter)

CHAIRPERSON WALLACE: I don't know and you don't know, so who's to question that?

Item 1: Roll Call

CHAIRPERSON WALLACE: But let's have the Secretary call the roll, Item 1.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Stausboll for Mr. Angelides?

MS. STAUSBOLL: Present.

MS. OJIMA: Thank you.

Mr. Bayuk?

(No audible response was heard.)

MS. OJIMA: Ms. Sandoval for

Ms. Contreras-Sweet?

MS. SANDOVAL: Present.

MS. OJIMA: Mr. Czuker?

(No audible response was heard.)

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Present.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Here.

MS. OJIMA: Mr. Klein?

(No audible response was heard.)

MS. OJIMA: Mr. Shine?

MR. SHINE: Here.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Here.

MS. OJIMA: Ms. Ochoa for Mr. Finney?

MS. OCHOA: Here.

MS. OJIMA: Mr. Peace?

(No audible response was heard.)

MS. OJIMA: Ms. Parker?

MS. PARKER: Here.

MS. OJIMA: We have a quorum.

Item 2: Approval of Minutes for the May 15, 2003, Board of Directors Meeting

CHAIRPERSON WALLACE: Okay. Item 2 is the minutes of the May 15th meeting. And I hope you all reviewed it; and somebody other than me, who was absent at that meeting, can lead the charge and make a motion and/or make corrections or additions or deletions.

MS. PARKER: Mr. Chairman, before you make a motion, I do want to make a correction on page 82, line 10, for Mr. Hughes, on his behalf.

CHAIRPERSON WALLACE: That's 82, upper left-hand corner?

MS. PARKER: Right. The sentence reads currently, "If there is a forum otherwise" --

CHAIRPERSON WALLACE: Which line?

MS. PARKER: Line 10. I believe that should be "quorum," not "forum."

MR. SHINE: You read these things in context. And that's wonderful. Every word, huh?

CHAIRPERSON WALLACE: Yes, some of our roles in life is reading these things in context, just like you say.

MS. PARKER: That's the only one that I know.

CHAIRPERSON WALLACE: So we have that correction on line -- or page 82 of the minutes of May 15th, line 10, change the word "forum" to "quorum." "If there is a quorum otherwise," et cetera.

Any other corrections or deletions?

MR. FRANKLIN: Now that I have a feel for the level of precision we're after here.

CHAIRPERSON WALLACE: Okay, Matt.

MR. FRANKLIN: I believe "REAC" here is capital R-E-A-C; and it's referenced many times.

MS. PARKER: Yes

MR. FRANKLIN: And it's written as "react," the verb. But it's an acronym.

CHAIRPERSON WALLACE: Yes.

MR. FRANKLIN: But with that, I would make a motion to approve the minutes.

CHAIRPERSON WALLACE: It's all caps; isn't it?

MR. FRANKLIN: It is all caps.

MS. PARKER: It's all caps.

CHAIRPERSON WALLACE: R-E-A-C?

MR. FRANKLIN: Right.

CHAIRPERSON WALLACE: Let the record show that correction.

And Mr. Franklin thereby moves adoption of the minutes with those two corrections.

Is there a second?

MR. SHINE: (Raises his hand.)

CHAIRPERSON WALLACE: Mr. Shine raises his hand, which I couldn't hear.

MR. SHINE: Second the motion, Mr. Chair.

CHAIRPERSON WALLACE: Gotcha.

Okay, any debate on the motion for approval with those two corrections from either the Board or the audience?

(No audible response was heard.)

CHAIRPERSON WALLACE: Hearing, seeing none, Secretary, please call the roll.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Stausboll?

MS. STAUSBOLL: Aye.

(Mr. Bayuk entered the hearing room.)

MS. OJIMA: Mr. Bayuk?

MR. BAYUK: Here. Good morning.

MS. OJIMA: And the minutes?

CHAIRPERSON WALLACE: Well, let's try that one more time, Ed. We're approving the minutes. Are you here; or is it "Aye"?

MS. OJIMA: He's here.

MR. BAYUK: Aye.

CHAIRPERSON WALLACE: It's an "aye."

MS. PARKER: He's here and "aye."

MS. OJIMA: "Here" and "aye."

MS. PARKER: It's a two-fer.

MS. OJIMA: Thank you.

Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Aye.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Aye.

MS. OJIMA: The minutes have been approved.

CHAIRPERSON WALLACE: Okay, the minutes of the May 15th, 2003, Board of Directors meeting, approved as corrected.

Item 3: Chairman/Executive Director Comments:

CHAIRPERSON WALLACE: Item 3, Chairman/Executive Director Comments.

I only want to say thanks for the nice card while I was on my back at your last meeting. I am recovered. I've been fishing in Canada and Montana and Idaho, which will attest to the fact that I am fully recovered.

Having said that, I may drag a little because I got in about 24 hours ago from an all-day drive from Idaho.

So, Carrie, you be on alert as vice-chairman, if I keel over.

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But thank you all for the nice card and your good wishes. I should be around a little while longer.

Terri?

MS. PARKER: Okay.

CHAIRPERSON WALLACE: One other. I do think we can get out of here in record time. We have a minimum of six for a quorum, and Cathy has to leave about 11:10 for a -- she's a last-minute substitute and she's got a doctor's appointment. So I'm going to try and hustle this along. And I hope you all would keep that in mind, and at least get the action items out of the way before Cathy leaves; okay? So the target is 11:10 we want to have the action items.

Let me say, from preliminary review, all three projects are fairly vanilla and pretty safe. I've discussed them with Terri and Linn. So I'm going to ask Linn, if you would kind of keep in mind, we want to hustle.

And then discussion on Item 5 of the U.C. program. And then we go into closed session. We will come out of that and report any action, which I'd doubt there will be, and we're on our way. So that's kind of the way I see this morning's meeting.

Terri, Item 3, any items?

MS. PARKER: Two very quick things. With your concurrence, I plan to have some sort of letter drafted, a plaque made, whatever is appropriate to send to your colleague, Mr. Klein, who has resigned, to express our appreciation for him and his participation. So we'll be working through that. And I just want to let you know that I'm going to be doing that. And you all get something when you leave, even if it's just a thank-you from Clark.

CHAIRPERSON WALLACE: You do?

MS. PARKER: The second thing, I have placed at all your seats a copy of a letter that we sent to Mr. Weicher, who is the Assistant Secretary for Housing and the Federal Commissioner for the Mortgage Review Board, dated June 6th.

This is a follow-up to the discussion that we had at our last Board meeting about the suit that the agency's been involved in with HUD, where they initially sued us for non-compliance with REAC for about 40 projects. And in the interim, they have now come back and found another 38 or 39 projects.

The first one, since we did not agree initially to their generous offer of 3,000 dollars per project, they essentially came back and fined us 5,000 dollars per project. And we essentially wrote them this letter -- wrote to Mr. Weicher saying the facts, laying it out.

We asked for the courtesy of his personal review of this and the ability to essentially put both of the -- all the projects together and deal with it in some sort of a satisfactory manner.

We have heard back from the lawyers assigned to this and their conversations with folks from HUD, and that Mr. Weicher essentially turned this over to Mr. Harold, which is the lawyer who essentially made the recommendation, in the first place. And his recommendation is, you know, for us to frankly go pound sand.

So I wanted to let you know what we had done. I think we wrote a letter which essentially asked for personal consideration. Our partnerships, we did not get the courtesy of that. I am very disappointed on it. The choices at this point are to go through litigation, which will be costly; or to send them a check. And my recommendation at this point in time is to send a check. We have other things to do. This is an unfortunate situation and a lesson learned. And we will go forward.

CHAIRPERSON WALLACE: What's the thrust? Having missed the last meeting, I missed the discussion, and I'm not getting the sense.

What did we do wrong, allegedly?

MS. PARKER: Tom, do you want to do it in

20 seconds or less?

MR. HUGHES: In 20 seconds or less, Mr. Chairman, HUD requires now an inspection procedure for multifamily properties that follows a particular protocol that they have dictated.

In the past, the agency has used its own inspection protocol. And when this new protocol was enacted by HUD -- the REAC procedures Mr. Franklin alluded to -- there was confusion over the implementation of how those procedures were to be used. The agency continued to use its preexisting procedure; and frankly the fine is simply because the agency's old procedure was followed rather than HUD's new procedure.

The fact of that is really nothing because the properties were subsequently reinspected under REAC. All passed. All got very good grades. There's no harm, no foul. Everything is fine. So it's simply a technical issue over whose set of inspection procedures were followed.

MS. PARKER: Yes, it's unfortunate. I thought that the copy we had made to it, the attachment to it was a list of the projects that have all been reinspected using HUD's REAC process, at least the initial first 40, and the scores associated with them. And I have to tell you that the preponderance of them were in the high 80's, and a good portion of them in the 90's. I think we had one project that was a 70. Nothing that was unacceptable.

CHAIRPERSON WALLACE: But it's your considered opinion it will cost us a lot more to defend ourselves in a suit than pay up and get on with life?

MS. PARKER: That's essentially --

CHAIRPERSON WALLACE: Eat some crow and get on and make it back some other way; okay?

MS. PARKER: That's our plan.

CHAIRPERSON WALLACE: You don't need action on that from us?

MR. HUGHES: No.

MS. PARKER: No, I don't.

MR. FRANKLIN: The only comment, Mr. Chairman, I would just add, is to commend Terri for the letter. I think it was the right thing to at least set the record straight; and there is now a record. So I think this was still a productive step. But the approach you described makes good sense to me.

CHAIRPERSON WALLACE: Jack, do you have a question?

We all hate this. Builders and developers hate this, but we do it all the time.

Do you want to second that motion?

MR. SHINE: No, I do not.

MS. PARKER: I'm not asking for an action.

I think one other point will be certainly when we talk about this in closed session, to make the Board aware of the other kinds of litigation that we are involved in. I think this one is -- although I can tell you for all of us personally, it sort of -- we pride ourselves on our work.

CHAIRPERSON WALLACE: Sure.

MS. PARKER: And to spend this money for no good purpose is really insulting. But we think we have other things that are of higher priority to come before the Board.

And that concludes --

MR. SHINE: Do you think we would get the same penalty if we were in the state of Texas?

CHAIRPERSON WALLACE: No.

MS. PARKER: Mr. Chairman, that concludes my remarks.

CHAIRPERSON WALLACE: Okay, fine. Well done. Stuff happens.

That concludes your remarks. We're through with Item 3. On to Item 4.

And I think you had an item that you wanted to head up before projects, Linn.

MR. WARREN: Thank you, Mr. Chairman.

At our last Board meeting we continued our discussion on the Earthquake Insurance Waiver Program. And one of the requests from the Board was to have a more detailed explanation as to what the waiver procedure would look like and a better explanation of how the damage ratios work, as we consider waiving the earthquake insurance for some of our projects.

I've asked Bill Graf to join me today. Bill is a civil engineer with the URS Corporation in Los Angeles. And Bill has been evaluating earthquake risk for agency projects since 1988. Bill is also the manager of Earthquake Risk, ERS, which is a very well-known, very large engineering and environmental company, with offices really throughout the world. Bill is an expert in this area. He also conducts seismic evaluations, and worked most recently with the L.A. County Hospitals. He has been involved extensively in the study of the single-family damage that was incurred during the Northridge earthquake; and he also advises the Boeing Company on all of our seismic risks for their facilities throughout the United States.

Bill has put together a presentation for you. It should take about five to ten minutes, and give you an idea of what our procedure is.

So I'll turn it over to Bill.

MR. GRAF: Thank you, Linn.

Can everybody see the slides? If you can hear me, and if everybody's feeling well, my name is --

CHAIRPERSON WALLACE: Does that mean there's an impending earthquake about to hit?

MR. GRAF: No, sir.

CHAIRPERSON WALLACE: Okay.

MR. GRAF: No, sir.

MR. WARREN: We're holding this meeting in Sacramento for a good reason.

MR. GRAF: Sacramento is pretty seismically quiet, so we get a lot more activity --

CHAIRPERSON WALLACE: You just have to go up about ten blocks. It's not seismically quiet.

MR. GRAF: Right. There's all kinds of rumblings over there but not from earthquake faults.

CHAIRPERSON WALLACE: True. Other faults.

MR. GRAF: Other faults.

(Laughter)

MR. GRAF: Well, my name is Bill Graf. I manage Earthquake Risk at our Los Angeles office. URS comes out of a bunch of different companies: Dames and Moore, Woodward Clyde, Greiner Engineering. There's 26,000 of us worldwide, so we're a big engineering consulting firm.

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And I'm very happy to be here today to speak to you about this important issue.

I have 24 years' experience. I've come out of UCLA. Seven years with Bechtel Power; and now 17 years with Dames and Moore, which has become URS. And I have been working with CalHFA since 1988.

To give you just a little bit of background and overview, we work with a lot of lenders, a lot of commercial lenders, and you all as well. Folks like GE Capital and Fremont Investment and Hypo Bank, Mass Mutual, American Realty Advisor, Cornerstone Realty Advisors. And CalHFA's seismic criteria is very much in line with theirs, perhaps just a little more conservative. And it's consistent with your degree of care and the conservatism of CalHFA.

What I would like to talk to you about today is a little bit about the overall screening process and then how this waiver program fits within the seismic due diligence that CalHFA conducts. CalHFA goes through screening of individual properties. So when a new project or a rehab project comes in, there's a screening of that project for its seismic risks. And the particular criteria, we'll go into in just a minute. But those individual properties are screened before they are admitted to the multifamily portfolio.

In addition, there's a strategic, or a big picture overview of the portfolio that's done on an annual basis, where we look at the collective risks, what can happen if a large earthquake happens affecting many properties.

So we have the two perspectives that we use to monitor the risks within the program and provide feedback to Linn and others directing the program, so that they know how they're doing, so Margaret Alvarez knows how she's doing, and so they can select the appropriate amounts of portfolio insurance.

So within that overall context, the question has come up: Is there a way to relieve certain of the projects that are particularly low-risk, of their obligation to buy insurance and participate in a pool of insurance that CalHFA maintains for this portfolio? And so that is what I'm here to speak to today, is to give you a little bit of an overview of this waiver of earthquake insurance requirement; okay.

So any questions up to this point or are we all --

CHAIRPERSON WALLACE: Fire away.

MR. GRAF: Good. The goals of the seismic risk program, in general, and the goals of the waiver program; first of all, CalHFA has a number one goal, which is life safety and so we want all these projects to be life-safe. We avoid particular problems that have been noted in past earthquakes, things like tuck-under parking or other things that have resulted in collapse and failure and loss of life.

The earthquake program also seeks to limit the damage, so that the vacancies will not occur, you won't have extended downtimes that could affect rental revenues and could result in financial risks to the borrower and, therefore, to CalHFA.

We want to, of course, reduce the costs as much as possible. We want all of the money that is being spent on this multifamily housing to go to multifamily housing as reasonably as we can. And so the waiver program is intended to permit more of those dollars to go to creating affordable housing and less to go to perhaps unneeded earthquake insurance, and then finally to limit CalHFA's risk. So the goals of the waiver program, consistent with the goals of the overall seismic risk program.

Now, let's look at the particular criteria. Now, this will take a little bit of explanation so if you'll look at the slide. I apologize, it's not terribly clear. One of the things that we do is, we estimate how much for a defined earthquake -- how much repair costs would be incurred to restore that project to its pre-earthquake condition. So what is the repair cost? And we do that -- we gauge that as a fraction of the replacement value of the project. So is it 10 percent of the cost of the project that is lost? Is it 5 percent of the value of the project that is lost in terms of repair costs, to restore it to its pre-earthquake condition?

Well, these damage states or this amount of damage can be related directly to the state that you find the building in, right after the earthquake. So we have some damage states that have been defined by one of the very predominant standards. It's a document called "ATC-13."

And here, we see five damage states defined: slight damage, light damage, moderate damage, heavy damage and major damage.

So damage from zero to 1 percent of the replacement value of the building might be described as limited, localized, minor damage, not requiring repair, and with no potential to cause any sort of extended vacancy for that repair.

And then there's a state called "light damage," with from 1 to 10 percent damage as a fraction of the repair costs of the replacement value of the structure.

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So 1 to 10 percent of the value of the structure, with maybe an average of about 5 percent. And that's described as significant, localized damage of some components, generally not requiring structural repair. We're talking about a lot of drywall damage, window damage, some other things like that in the typical wood-frame, multifamily apartment. There's a lot of paint that's required, that sort of thing; but not a lot of structural repair. You don't have to redo all the shear walls.

A moderate level of damage would be from 10 to 30 percent of the replacement value of the structure, maybe an average of about 20 percent. And that would be significant, localized damage of many components, warranting some structural repair. And that would have a medium or a moderate potential for a vacancy to affect those repairs.

So where does the agency figure in? We won't go into the heavy and major. We don't even want to think about those levels of damage. The Agency, in terms of its new projects, wants to see damage on the average of about 8 percent. So figuring somewhere between slight damage and light damage, this is a pretty safe level, certainly in terms of the equity that the projects have in place and things like that. It's quite unlikely that there will be a default.

And as you can see by the descriptions -- the physical descriptions, life safety is well respected at this level.

Now, for rehabs, we get a little more liberal in terms of enforcing the seismic standards. We allow up to 12 percent damage, which is in the "light" range. But once again, life safety is well respected; and once again, a very light level of damage. Very little potential for extended periods of vacancy, displacing those people who we don't want to displace, or having any sort of consequence in life safety.

MR. WARREN: And by way of note, the current policy does not allow or does not include acquisition rehabilitation projects to apply for the earthquake waiver. We may visit that sometime in the future. But for right now, this procedure only applies to new construction projects.

MR. GRAF: Right, right.

So how does this procedure for seeking waiver fit within this overall framework, now that you understand a little bit of the standards that CalHFA has been applying? So along comes a new multifamily construction project, seeking waiver of the earthquake insurance requirement. If it's in Sacramento, where we

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are today, where the seismic hazard -- the ground shaking and other manifestations of an earthquake -- are very low and very infrequent, then there's a set of procedures that we've gone through to make sure they're designing in the appropriate ways and that the structural engineer is adequately engaged in the job and assuring the quality. But there can be a fairly fast-track waiver process there. Generally, earthquake insurance is not that effective in these areas. It's not needed.

But if you're in a high seismic area; if you're in San Francisco, if you're in Los Angeles, if you're in San Diego, if you're in any of the other coastal areas where we have strong ground-shaking on a more frequent basis, or if you're in Lake Tahoe, then there needs to be more scrutiny to make sure that these projects are really being well built and to the proper standards.

And that's where we get into these waiver reviews. And we are calling this a "Level 4." There are several other levels within the new and rehab environment that we use.

And once it has gone through that waiver review, where we've looked at the design, looked at the criteria and approved all that -- gone through construction reviews, then the structural engineer of record -- the design structural engineer, at the end of that, will also certify the design and construction of the project. And then it would be granted the final waiver.

The process of review, the things that we look at during the development and construction of the project are outlined here. There are things that are done in the design review phase, there are things done in the construction review phase, and then there's a certain amount of stuff that's done post-construction, to make sure that as-built conditions and other things are properly taken into account.

And so you can see, we review the design documents, the design criteria. We make recommendations on your behalf for things that we think will substantially improve the seismic performance of the structure with minimum cost impacts to the project.

Then we go through construction review, where we go and observe the construction on your behalf, make sure that they're doing things properly, using the correct materials, installing them properly; so that the good design that exists on paper ends up in nails and plywood and studs and concrete on the site.

Then we review the design changes that occur as the construction evolves.

And finally, after the construction phase, we review the as-built drawings and discuss with the structural engineer the whole process and make sure that it's going to meet all of CalHFA's criteria before we recommend, back to Linn, to grant final waiver.

So that's the Level 4 process.

MR. WARREN: Thank you, Bill.

Are there any questions?

CHAIRPERSON WALLACE: Do most projects ask for a waiver?

MR. WARREN: They have been, as a matter of fact.

CHAIRPERSON WALLACE: Is that almost pro forma?

MR. WARREN: It is now. The criteria that we've selected, Mr. Chairman, is all projects that have received bond allocation in 2003 and going forward, they apply for the waiver. And Bill and his staff are working up the final package.

We have elected not to extend that for packages that have not received allocation prior to 2003. Many of those are already under construction, so we had to draw the line to the flood; and to remind the Board, obviously, we have a number of projects in the portfolio that may wish to avail themselves of the waiver in the future.

We are holding off for approximately nine months to a year as we develop new procedures, and then we may offer that to those borrowers at an appropriate time. But clearly, we can't have a flood of requests and go forward. So we have selected that cutoff date to manage the process.

CHAIRPERSON WALLACE: Anybody else? Board? Audience?

(No audible response was heard.)

CHAIRPERSON WALLACE: Bill, it's been very instructive; and we thank you. Keep up the good work.

MR. GRAF: Thanks a lot.

CHAIRPERSON WALLACE: Zero tolerance.

MR. GRAF: Thanks.

CHAIRPERSON WALLACE: Thank you.

Okay, on to the projects.

Item 4: General Discussion of Upcoming Projects

Resolution 03-31 (Timothy Commons Family Apartments)

MR. WARREN: Mr. Chairman, the first project for your consideration and the Board's consideration today is Timothy Commons. This is a 32-unit, new construction family project in Santa Rosa. The request before you is for a first mortgage loan in the amount of four million dollars for construction, approximately 3 percent interest rate, variable, 18 months; included with that is 3.625 tax-exempt and 375,000 dollars of taxable. The permanent mortgage is relatively small after construction is complete, 800,000 dollars at the current 30-year interest rate of 800,000.

This is, again, typical of our 100 percent affordable projects. It's heavily layered, with the financing. We have the City of Santa Rosa with HOME and In Lieu Fees of approximately 1.3 million; AHP and Redevelopment, 160,000 and 150,000, respectively; most notably, MHP grant loan of 1.749 million and deferred developer fee and tax credit equity.

With that, I'll have Ruth Vakili go through the projects and describe the affordability. Thank you.

MS. VAKILI: Good morning.

The project is located in Santa Rosa. And this is Highway 12. This is Highway 101. The project is located here. And about a 10-minute walk from downtown Santa Rosa --

MS. PARKER: I want to interrupt you, but there's no way -- you're going to need to speak into the mike.

MS. VAKILI: That's useful; isn't it?

MS. PARKER: Thank you.

The court reporter was straining.

MR. WARREN: Okay. Go ahead.

MS. VAKILI: Shall I back up?

CHAIRPERSON WALLACE: Yes, back up. You were barely into it. That would be good.

MS. VAKILI: Okay. The project is located about ten minutes -- a ten-minute walk from downtown Santa Rosa; and all types of retail is located near Highway 12 and 101, the major thoroughfares in the area.

This is the site here. Across the street are commercial uses. These projects are a mixture of light industrial and commercial. The project directly across the street -- this is one large parcel, which has a Sears warehouse that is not in use any longer. And multiple use is here. One large property in which the owner is in discussions with the developer, Burbank Housing, for possibly obtaining the property and developing residential.

To the back of the property is a townhome project that's about five years old. And to the rear of the project is older single-family homes, in this area (indicating).

Up front is a commercial use.

This is Sebastopol Road, a major thoroughfare through Santa Rosa (indicating).

This is a closer view of the site. And here again, you can see the commercial.

The project itself is located within two redevelopment districts. There has been a substantial amount of investment in this area, centered around commercial property improvements, infrastructure, economic revitalization. And this property is one of the residential efforts in the revitalization of the area. There are future plans for more substantial revitalization being mixed-use projects, residential, and further commercial improvements.

The site itself is 1.8 acres.

The environmental factors with this site -- the environmental report has revealed that there is a low level of contamination of the underground water supply. The report indicated that there is no potential for human contact with the impacted water. However, as a protective measure, the fire department of the City has required an installation of vapor barrier under the slab. And with that mitigation, the project would be clear of any possible low-level factors.

The site is not located within the limits of an active fault zone.

Here, you can see the residential project that's about five years old, and a view looking towards Sebastopol.

This is a view looking towards the older homes in the back of the property.

And this is the site plan, showing parking on either side. This is Timothy Road and the buildings here that are all centered, towards the center of the project, with the community building here.

This is an elevation of the project.

This is a scale showing the rent differentials. The project is rented at 30, 50 and 60 percent rents. 37 percent of the units are at 30 percent; 25 percent of the units are at 50 percent rents; and 38 percent are at 60 percent rents. This project is estimated to be highly attractive to the residents of Santa Rosa. There is a very high level of demand in Santa Rosa. There are 11 tax credit properties currently in the market.

They all have a waiting list of 1,022 prescreened residents. There are also waiting lists held by the County and the City of over 4,000 people. Burbank Housing, the developer, also has a waiting list of over 1,500 people.

With the rent differentials of between 34 to 81 percent of the market, this project is estimated to lease up within 30 to 60 days of opening; and the 30 to 60 days is relative only to the amount of time to process and move in tenants. So there is a very high demand for this property.

MR. WARREN: Thank you.

MS. VAKILI: Okay, that's it.

MR. WARREN: Our borrower is Timothy Commons, Limited Partnership. The general partner is Burbank Housing, a borrower we've had a great deal of experience with. We've currently funded three projects with Burbank recently and two more under construction. Burbank Housing also manages other properties as well.

So with that, we would like to recommend approval and we would be happy to answer any questions.

CHAIRPERSON WALLACE: Questions from the Board?

MR. SHINE: Not a question but just an observation.

CHAIRPERSON WALLACE: Jack?

MR. SHINE: It's interesting to note that on this kind of a project, the cities are still charging full-load fees, in this case over 23,000 dollars a unit just for the privilege of building in the city. There's nothing we can do about it, I suppose; but it would be nice to pay attention to it when you compare that to other cities and how they welcome people by not charging them the same kind of fee because of the kind of project it is.

CHAIRPERSON WALLACE: It's a bad time to negotiate. I'm in the middle of discussions on a project in Tracy; and they said, "We can't help you much with fees because right now, it's a pass-through for us, and we're getting robbed every other level," so it is tough.

MR. SHINE: We've heard those arguments for how many years?

CHAIRPERSON WALLACE: Oh, about 80.

MR. SHINE: Combined? You're probably right.

CHAIRPERSON WALLACE: In my experience, it's a tough time. And 23,000 is terrible; but there's a lot worse than that, too.

Carrie?

VICE CHAIRPERSON HAWKINS: I just wanted to ask about this requirement for a vapor barrier. And it says, "The requirement for a vapor barrier has been incorporated into the plans."

I don't recall seeing other developments with that. I'm sure we probably had that. But how do you do that -- and not being a contractor, how do you do it and how costly is it to do that?

MR. SHINE: It doesn't cost very much, and it's very, very common. Most of what we used to call "FHA houses," which is a thing of the past, always had a requirement of a membrane and usually mesh and other stuff in the foundation.

CHAIRPERSON WALLACE: It's a good idea, anyway, Carrie, and most of us would do that.

VICE CHAIRPERSON HAWKINS: That is just

standard?

CHAIRPERSON WALLACE: Yes.

MR. WARREN: We see it on a regular basis.

VICE CHAIRPERSON HAWKINS: And we don't even comment on it normally because it's so standard; is that right?

MR. WARREN: It is generally standard.

CHAIRPERSON WALLACE: Even if the environmental review hadn't suggested that as an alternative.

VICE CHAIRPERSON HAWKINS: Right.

MR. SHINE: Most soils engineers will do it when they do their foundation recommendations.

VICE CHAIRPERSON HAWKINS: Okay.

CHAIRPERSON WALLACE: Right, moisture barriers.

VICE CHAIRPERSON HAWKINS: So it's the same as the moisture barrier?

MR. WARREN: We have often required ourselves, particularly infill areas with high-liquefaction and high-water contents, as Mr. Shine indicates, the geotechnical reports often require and recommend that. So it's fairly standard.

CHAIRPERSON WALLACE: Let's put it this way: We'll trade it for the fees.

VICE CHAIRPERSON HAWKINS: Yes.

MR. SHINE: In a heartbeat.

CHAIRPERSON WALLACE: In a heartbeat.
How do you get into redevelopment areas, Ruth?
MS. VAKILI: Well, the property itself is located within the County jurisdiction and within the City, although it is in the City of Santa Rosa and with the overlap, that's how they were fortunate in some ways enough to be in two redevelopment zones.
CHAIRPERSON WALLACE: Write a book on: When redevelopment agencies compete, you win.
MS. VAKILI: Well, the stack of paperwork is about this big.
CHAIRPERSON WALLACE: Whoa.
MS. VAKILI: With all the overlay of plans.
CHAIRPERSON WALLACE: You lose.
Any further questions? Board? The audience?
(No audible response was heard.)
CHAIRPERSON WALLACE: Hearing none, is there a motion for approval or non-approval?
MR. SHINE: I'll move.
CHAIRPERSON WALLACE: Shine.
MS. SANDOVAL: Second.
CHAIRPERSON WALLACE: Cathy Sandoval, second.
Any discussion on the motion, Board or audience?
(No audible response was heard.)
CHAIRPERSON WALLACE: Hearing, seeing none,

Secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Stausboll?

MS. STAUSBOLL: Aye.

MS. OJIMA: Mr. Bayuk?

MR. BAYUK: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Aye.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Aye.

MS. OJIMA: Resolution 03-31 has been approved.

CHAIRPERSON WALLACE: Resolution 03-31 is hereby approved.

Thank you, Ruth.

And next?

MR. WARREN: Thank you, Mr. Chairman.

I'd ask Irene Jenkins to present the next two projects; and if Kathy could join us.

//

Resolution 03-32 (University Neighborhood Apartments)

MS. JENKINS: The next project is University Neighborhood Apartments. This is a new special-needs project, 27 units in one building in Berkeley, on University Avenue, one-, two- and three-bedroom units.

Our financing will be a first mortgage of 1.9 million, at 3 percent for a 30-year term; and a second mortgage of 1.5 million at 3 percent, for a ten-year term, based on the Section 8 contract. Our loans will be secured by a residential condominium parcel and the land. There is also a commercial space which will be a separate condominium parcel.

Other sources of financing: Affordable Housing Program, 286,000 dollars; 9 percent tax credit equity of 3.9 million dollars; and deferred developer fees of 117,000.

Locality involvement is extensive. The City of Berkeley is providing a deferred subordinate loan of 1.9 million dollars. The County of Alameda is providing a HOPWA, Housing Opportunity for People with AIDS, grant loan of 80,000. There is a City and HUD Section 108 loan for the commercial space. And the City of Berkeley Housing Authority is providing 17 Section 8 project-based vouchers, 14 of which are committed and three of which are expected.

I will turn it over to Kathy to tell you about the project.

MS. WEREMIUK: This is an infill site on University Avenue. This view shows that it's about a mile and a half from Highway 80, down University, and a little bit further from the bay.

This is a different overview of the site. The site is about three-quarters of a mile, or eight blocks from the downtown area of Berkeley and the downtown BART station and a few more blocks to the University area and ten blocks from the university.

The neighborhood itself on University Avenue is primarily commercial, with some small amount of residential above the commercial. They're older buildings.

Behind the property is a residential area.

This is a closer view of the site. It's currently two parcels, one of which is a parking lot and the other of which has a paint store on it and a small historic building. The historic building is going to have to be moved to another site, and it is something that impacted the costs of the development.

The parcel itself is a quarter of an acre. The only environmental issues associated with the parcel come from the removal of this building, which has some lead, asbestos and mold in it. And we will require that, when we put our permit financing on the project, that we get certifications from licensed environmental contractors that the toxic substances were appropriately removed.

This is a view from the site itself across the street, showing the streetscape. It's across the street from the church.

This is a front view of the existing building. And to this side of the building (indicating) is a small motel called the "Flamingo Motel." And then there's a small commercial building on this side.

Behind the site, you can see smaller-scale residential.

This is a front elevation of the site, the front of the building. It is four stories high. It will have two commercial bays here (indicating) and here (indicating). They will be in a separate parcel. They'll have their own parking. Parking is fully contained on the first floor of the building.

And the parking for the residential, which is one for one, it will be gated parking on the first floor. The first floor will be concrete, and the residential will be on the top three floors. It will be wood frame and stucco.

This is just a view of the model of the project, showing some of the articulation.

And this is a rear view of the project. It steps down to two stories at the back. There is a large central courtyard on the second floor. And then the social service area, and there is a community room and rooms for the provision of services will be on the second floor.

This project was scaled back in this fashion because there was a long and extensive neighborhood design process; and the neighbors, to approve the design, required that it step down and meet the same massing as the residential neighborhood from the rear. That impacted the costs of the project.

The project is 100 percent affordable. It is primarily very low income. There are two units at 17 percent of AMI, six at 30 percent of AMI, 13 at 50 and five at 60. And it's primarily larger units. There are four one-bedroom's, fifteen two's and eight three's. It's 100 percent universally designed, which means that all of the units have been built so that someone in a wheelchair can access every part of every unit.

The project itself is dedicated to -- it will have 50 percent of the units or 14 units available to people who are handicapped, with a primary emphasis on physical handicaps. Although people will be pulled from the City Housing Authority list. And, therefore, if somebody has a different handicap, they'll still be able to live in the building.

This is a special-needs project. The service provider is a group called "Toolworks," which does case management for people with physical disabilities and people with developmental disabilities. They currently assist 150 clients on an in-home basis in the Berkeley area. They also run several businesses and employ another 150 handicapped people. And they will be offering a full range of services, including -- from medical, psychological to job training and job skills services.

And services are currently supported by a SHIA grant, a State of California SHIA grant. At the expiration of that grant program, which we don't expect to continue, we've had an indication, although not a commitment from the City, that they would be involved in the future service provision for the site.

And as you can see, there is a great disparity in the income levels from the market.

This purple column is the market rents. And the HUD rents are in red. The HUD rents -- the FMR's are currently higher than the market. So we are anticipating that the subsidies will be at the market rent levels, with 17 -- at least 17 of the families not even paying restricted rents but paying 30 percent of their income. And there is a long waiting list with the City of Berkeley. They have a very long waiting list for handicapped people, as well as other families. We anticipate that the project will be preleased.

MS. JENKINS: The borrower is a limited partnership with two general partners, Affordable Housing Associates, which is an experienced developer, nonprofit developer, with 14 projects under their belt and another seven in the pipeline.

The co-general partner is Hearth Homes, which is a new nonprofit corporation, whose mission is supportive housing. And this is their first project.

The management agent is Mid-Penninsula Housing Management Corporation, which manages 80 projects, of which ten are special-needs projects.

So we've got a very experienced development team here.

And with that, we'll take questions.

CHAIRPERSON WALLACE: Questions? The Board?

MR. FRANKLIN: Just curious if you could elaborate a little more on the project costs.

If you look at this per unit, it's almost -- well, it's 300, what -- 346 versus 211 in Santa Rosa.

Construction costs alone look like they're two times what the Santa Rosa deal was. So I'm just curious what you are seeing here.

MS. WEREMIUK: There are several things that impact construction costs.

A quarter of the construction costs -- a full 25 percent of that came from the mediated design process. It added a million two in construction costs to change the massing of building, scale it down and individually mass every unit.

Other costs in this come from it being in the Bay Area, where labor costs are high.

The project was significantly less expensive when we first saw it three years ago, before it went through the design review process. And most of the costs -- I mean, the one differential is that it's in the Bay Area, and labor costs are high there. And the second is the review process that it went through. And infill is always expensive.

MR. FRANKLIN: The only other question I would have: This is funded out of reserves, is that right, entirely, the loan?

MS. WEREMIUK: This is -- our loan is funded out of earned surplus, which is not reserves. It's money that's returned to the agency from pre-1980

Section 8 deals, under an agreement that we have with HUD. And it's the use of those funds -- oh, actually, it's post-1980.

MR. WARREN: Post-1980.

MS. JENKINS: There's a limited distribution on post-1980 Section 8 projects. And the balance comes to the agency as what we call our "earned surplus," for use to fund low- and moderate-income projects.

MS. PARKER: Kathy, just one other thing I would note. This is a special-needs deal as opposed to the prior one that was a family. We usually see our special-needs deals on a per-unit basis more expensive. If nothing else, just the additional supportive service facilities and whatnot. So if we were going to compare apples to apples, even without the delay on the design and the prevailing wage issues, it would be a more expensive project on a per-unit basis.

MR. FRANKLIN: Absolutely. Part of why I asked is, our HCD Loan and Grant Committee has raised this as a question, and sort of challenged staff to start thinking about development costs and looking at guidelines, looking at parameters. So I'm just curious how you all wrestled with what is surely an age-old challenge.

MR. WARREN: It's an ongoing challenge,

Mr. Franklin. You know, we rely upon the cost guidelines that are set forth by TCAC, CDLAC and other areas and often by localities. We're not in a very good position from a leverage standpoint to demand reduced costs. We can evaluate the efficiency of the project as to cash flow and those sort of things. But we have found over the years that it's difficult for us, as a lender, to dictate those costs.

Where it really does lie is with the allocating agencies, with its resources, to impose that discipline on costs. But it's an age-old problem. You're exactly right.

CHAIRPERSON WALLACE: Yes. Matt, you're right on. You can look at the building, how heavily articulated it is. That's inefficient as can be, but that local design review is a killer.

MR. SHINE: That's neighborhood opposition is what it really is.

CHAIRPERSON WALLACE: That's what it is, yes.

MR. SHINE: It's 40 dollars a square foot to accommodate what they wanted to do; and it's still, you know, 160 or 170 dollars a foot to build.

CHAIRPERSON WALLACE: Yes. And it's Berkeley and it's Bay Area. And it's tough. And it took three years to do. Ay-yai-yai. I'm glad I'm not doing it.

God bless you developers who hung in there for three years.

MR. SHINE: All developers need a community outreach program, which means giving in to the neighbors.

CHAIRPERSON WALLACE: Yes. With all that said, do we have a motion? I mean, we like special-needs projects. They're unique. They serve a real role; and we're proud that you can hang in there for three years to get them this far, notwithstanding the costs.

MR. SHINE: We are in the first and second position, though, on our 35 percent loan.

CHAIRPERSON WALLACE: Yes.

MR. SHINE: Good.

CHAIRPERSON WALLACE: That's a no-brainer. Good for us.

Can I have a motion?

I guess --

MR. FRANKLIN: I'd offer a motion.

VICE CHAIRPERSON HAWKINS: I'll second that.

CHAIRPERSON WALLACE: Matt and Carrie.

Any discussion on the motion by the Board or the audience?

(No audible response was heard.)

CHAIRPERSON WALLACE: Hearing, seeing none, Secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Stausboll?

MS. STAUSBOLL: Aye.

MS. OJIMA: Mr. Bayuk?

MR. BAYUK: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Aye.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Aye.

MS. OJIMA: Resolution 03-32 has been approved.

CHAIRPERSON WALLACE: Resolution 03-32 is hereby approved.

Good. We're moving right along, Linn. Try again.

Resolution 03-33 (Housing Alliance)

MS. JENKINS: The next project is Housing Alliance. This is also a new construction special-needs project, with 28 one-, two- and three-bedroom units, also in Alameda County, but this one is in Castro Valley.

Our financing on this includes a loan to lender of 5.6 million dollars; and the permanent financing, a first mortgage of 680,000 at 1 percent for 25 years; and a second mortgage of 1,570,000 at 1 percent for 10 years. Both of these are tax-exempt loans.

Other financing includes: MHP loan of 1.9 million dollars, a HUD Supportive Housing loan of 400,000 dollars, federal home loan bank Affordable Housing Program of 210,000; and tax credit equity of 2.4 million.

There is extensive locality involvement in this project, a consortium of the County and four communities, including Pleasanton, Fremont, Hayward and San Leandro HOME funds of a total of 2,280,000 dollars; and block grant funds as well of 646,000. In addition, there is an Alameda County trust fund grant of 325,000, and a HOPWA loan of 140,000.

This, too, has rental assistance in the form of both Section 8 Project-Based Vouchers and Shelter Plus Care rental subsidies. The vouchers are for ten years with an option to renew. Shelter Plus Care rental subsidies are a five-year contract with a five-year renewal option.

Kathy?

MS. WEREMIUK: This is the site in Castro

Valley. This is an overview showing you the neighborhood. It's on Center Street, which is a minor arterial. It connects to Grove Street, which connects to the freeway.

The site is long and narrow. And at the bottom elevation of the site is the San Lorenzo Creek. That is an active creek, and it makes the bottom 10 percent of the site unbuildable.

This is a slightly larger view showing Highway 580, which the site is approximately three-quarters of a mile from 580. And this connects to 880 and 680. The site is in between Oakland and San Jose. It is primarily a bedroom community for people who work in San Jose.

The closest neighbors are other multifamily rental buildings, with significant single-family development, which is in good condition in the neighborhood.

This is a closer view of the site and the creek and the adjacent neighbors.

This is a street view. Most of the other rental projects in San Leandro are older, built in the sixties and seventies, and most recently in the eighties.

And this is a view of the site. This shows some of the sloping on the interior of the site. The site slopes east-west and also north-south.

This is a view from the street. The building will be going in this part of the site (indicating), which has the smallest drop. The site drops 50 feet from the street to the creek. And this is a view of how the building will be placed on the street -- on the site. It's a long and narrow building, which in some ways means it's very inefficient to build. Parking will come down partway on the site. And on the first floor of the building, in this area (indicating), most of this area will be dedicated to services. And this area in here (indicating) will have a community room and a tot lot. 2,500 square feet are dedicated in this project to service space and to community space.

This is a view of the project itself, again long and narrow. It's four stories high. But because of the topography of the site, there are actually five levels of building as it steps down.

On the front of the site, there is some tuck-under parking. Underneath the first portion of the building, there is one elevator tower.

The project is 100 percent affordable. It is also 100 percent very low income. Two of the units will be dedicated to people at 20 percent AMI; seven at 35 percent AMI, and 18 at 50 percent AMI. And because it's 100 percent subsidized, the tenants will pay even less than the restricted rents.

This chart shows the subsidies -- or the restricted rents for the one-bedroom units at 17 percent, 35 percent and 50 percent. The 885 is the Shelter Plus Care rent. That's a fixed number. And the 996 is what we anticipate the HUD vouchers will bring in. The FMR's in this instance are much higher than the market rents in Castro Valley, so the subsidies are at the lower of market, or FMR.

For the two- and three-bedrooms, again, a substantial rent differential between market and the restricted rents; and then again a much larger differential between the rents the tenants will be paying and the restricted rents.

There is a long waiting list at the County of Alameda for these units and a large Shelter Plus Care waiting list as well.

This project is, again, a special-needs project. It is 100 percent for persons who are -- persons or families who are homeless or formerly homeless. Seven of the units will also be for homeless and physically disabled, two of them for HIV and the other for physical disabilities.

The services will be provided by the Tri-City

Housing Coalition; and they have a history and track record of providing 24-hour services for families that have been homeless, helping to mainstream them.

Services will be extensive. They will be on- and off-site. It will include day care for children, psychiatric, medical, job training. An absolutely full range of services, and service staff for at least the first three years of the project. There will be two full-time people on site and a half-time child care coordinator on site that will be paid for with a HUD grant.

MS. JENKINS: The managing general partner is Resources for Community Development, which has developed over 800 units although in the Bay Area for very low and low income and special-needs residents.

Allied Housing, Inc., is the co-general partner. It's a supportive housing developer that has completed two projects to date in Livermore and has provided extensive housing and employment services for homeless people and people in job training programs.

The management agent is the John Stewart Company, which manages 120 developments, with over 10,000 units.

With that, we will take questions.

VICE CHAIRPERSON HAWKINS: Mr. Wallace, do you want me to take over or do you want to finish this?

CHAIRPERSON WALLACE: I want you to wrap it up.

VICE CHAIRPERSON HAWKINS: All right.

He keeps me in practice in case he wants to go fishing sometime; right?

CHAIRPERSON WALLACE: It never happens.

VICE CHAIRPERSON HAWKINS: All right, are there any questions from the Board?

Thank you.

MR. FRANKLIN: I just have one.

VICE CHAIRPERSON HAWKINS: Comments?

MR. FRANKLIN: I'm violating our time rule here. But on the cash flow, I'm curious; the second position CalHFA loan goes away after year 10; right?

MS. WEREMIUK: Correct.

MS. JENKINS: Yes.

MR. FRANKLIN: And part of my interest, quite frankly, full disclosure, is the MHP's in this.

So looking at the MHP with your debt, in year 11 -- and understanding that's a ways away, so it's tough to predict anything 11 years out -- when that goes away, you've got a debt service coverage of 1.6 with your remaining debt, with your debt that's in the first. So I am just curious of your sort of policy and guidelines on that, because it goes to the question of leverage.

MS. WEREMIUK: What happens, because the rents -- the restricted rents on this project are so low, that at the end of the 25-year period, on the loan, we can only carry it for 25 years, the expenses and the rents begin to cross. So while we may have a higher debt service coverage in year 11, our goal is to carry the loan out through the 25 years.

If the project has additional cash, given the nature of the project, we are assuming that they would be able to utilize that cash for services.

MR. WARREN: It's important to note, too, that on the cash flow, the incremental Section 8, which is evident in the first ten years, by our underwriting standards, ceases in year 11.

MR. FRANKLIN: Right.

MR. WARREN: It's entirely possible it can continue; and if that money goes forward, then it obviously would be a much healthier position; but the money would be taken up by the payments to the subordinate lenders as well, as this is a very heavily layered financing.

MS. WEREMIUK: The other thing is that in year 11, if the Section 8's go away, or the Shelter to Care goes away, we will have residents of the project who have much lower incomes and will not be able to pay the restricted rents, so that a higher debt service coverage in year 11 is a healthy thing for this project to deal with that -- with the risk of the loss of the subsidies.

MR. FRANKLIN: Do you have or have you contemplated any sort of provision that if it is renewed, that they would put more debt on the project?

MR. WARREN: We probably would not allow that. We have the right to approve any new subordinate financing. But my sense is it really wouldn't be necessary. The project, as I said, is heavily layered; and it's doubtful, when Section 8's are renewed, that any credit lender would put any additional debt on it, given the low lien position that new lender would have to occupy.

MR. FRANKLIN: But the -- okay. I was really thinking with you. Because then you're going to -- I mean, you're going to even have a sort of richer project, if you will. I don't know who the subordinate lenders are. But MHP would get 15 percent of the residual receipts. They are currently 70. But I'm not sure that is a great outcome.

MS. WEREMIUK: The money would be paid back to the localities; and it would go back into new affordable

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projects. And that would actually be a very good outcome.

MR. WARREN: Yes, I think our goal here, Mr. Franklin, is to get our debt retired as quickly as we can. And that's been our goal in almost all of the special-needs projects that we do because localities do want to begin to garner a larger share of the cash flow down through time.

MR. FRANKLIN: Okay, thank you.

CHAIRPERSON WALLACE: Good question, though, Matt.

On non-special-needs projects, sometimes ten years out we might entertain refinancing to elongate the affordability over time. But these are comparatively new special needs to the agencies. We've been doing them three or four years, or have we been doing --

MR. WARREN: Special-needs projects?

CHAIRPERSON WALLACE: Yes.

MR. WARREN: Oh, I'd say probably closer to five years -- five or six years now.

CHAIRPERSON WALLACE: Call me a liar for a year and a half, but you know --

MR. WARREN: The bulk of them have been in the last few years, though, Mr. Chairman.

CHAIRPERSON WALLACE: Well put. So the school is still out on all this.

MR. WARREN: Right.

CHAIRPERSON WALLACE: But you've raised some good issues. But with so many agencies having their -- in the line-up, we're in a pretty advantageous position. And it might be that ten years out, depending on any number of circumstances we might entertain.

MR. FRANKLIN: Right. And I would just point out with half of the 2.1 billion-dollar bond is for the MHP program, when you add in supportive housing. And I think we will see a lot of deals like this, where there is CalHFA first, or first and second hard debt, with MHP behind it.

CHAIRPERSON WALLACE: Yes.

MR. FRANKLIN: In looking at the relationship, the degree to which those relatively soft MHP dollars are leveraged with more debt, it will give us the ability to do more projects and more units.

CHAIRPERSON WALLACE: Right.

MR. FRANKLIN: And so I think it's in the Board's interest to watch that and to push ourselves a bit at that level.

CHAIRPERSON WALLACE: Good advice, and we have. And I think we'll continue to look at those sorts of issues.

Okay, any other questions from -- oh, it's you. Excuse me.

VICE CHAIRPERSON HAWKINS: That's all right.

CHAIRPERSON WALLACE: Wrap it up.

VICE CHAIRPERSON HAWKINS: All right, any other questions from the Board or from the public?

(No audible response was heard.)

VICE CHAIRPERSON HAWKINS: Hearing none, I would entertain a motion for approval of Resolution 03-33.

CHAIRPERSON WALLACE: I'll so move.

VICE CHAIRPERSON HAWKINS: Thank you, Clark.

MR. FRANKLIN: I second that.

VICE CHAIRPERSON HAWKINS: And thank you, Mr. Franklin.

All those in favor?

CHAIRPERSON WALLACE: We'll defer to the Secretary to call the roll.

VICE CHAIRPERSON HAWKINS: Yes.

MS. OJIMA: Thank you.

Ms. Stausboll?

MS. STAUSBOLL: Aye.

MS. OJIMA: Mr. Bayuk?

MR. BAYUK: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Aye.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Aye.

MS. OJIMA: Resolution 03-33 has been approved.

CHAIRPERSON WALLACE: Okay, Carrie. 03-33 is hereby approved.

VICE CHAIRPERSON HAWKINS: Yes, all right.

CHAIRPERSON WALLACE: Thank you very much.

Item 5: Resolution 03-34 (U.C. Student Housing Loan and Program Guidelines)

CHAIRPERSON WALLACE: Let's go on to the next item; and that's you still, Linn.

MR. WARREN: Thank you, Mr. Chairman.

CHAIRPERSON WALLACE: By your lonely self now out there.

MR. WARREN: By myself.

CHAIRPERSON WALLACE: So you're carrying the whole load.

MR. WARREN: I actually have a cast of experts and the representatives on the Student Housing Program here today. If the Board has questions on the next resolution, they are certainly available to answer your questions.

Back in September of last year, I asked representatives of the Office of the President of the University of California to come and speak to the Board about the Agency's involvement in their privatized Student Housing Program. At that point in time, we talked extensively about U.C.'s model program to develop upper division graduate housing and junior faculty housing on leased land on university campuses.

There are many reasons for U.C. for doing this; but the main or the primary reason, as U.C. has explained, is the ever-growing population on the U.C. campuses that, in spite of the current budget problems, is expected to grow perhaps up to 30 percent over the next ten years. U.C. needs to address housing for these upper-division students.

The direction from the Board at that time was to thoroughly explore the Agency's potential to finance these projects. We felt at the time that the Agency was really in a unique position to offer tax-exempt 501(c)(3) financing on these leasehold mortgages for these student housing projects. Since that time, we have met with members, representatives from the Office of the President of U.C., individual campus representatives of both U.C. Berkeley and U.C. San Diego.

Internally, we've worked with our legal staff, our finance staff and with rating agencies, bond insurance agencies and others within the industry, as well as nonprofit owners for the property.

What we've concluded is that we think the Agency really is in a unique position to offer financing for these fairly large student housing projects. The average size of these right now, as contemplated by the University of California, is approximately 100 million dollars loan to cost per project. There is some discussion within U.C. to make these somewhat smaller in the future; but the two projects that we're being asked to look at today -- or not today, but in the future, in 2004 -- are in that price range.

The agency is really unique in that as both bond issuer and lender, we are able to offer a fairly seamless bond execution at low cost, at a competitive rate. We have saved approximately, in comparison to other privatized projects within the U.C. system, upwards of 15 percent, some bond issuance costs. And the clear benefit of that is, in the case, for example, in discussions with U.C. San Diego, when we discussed our bond program with them, they felt they could actually return back-up additional bids, which they had to reduce from their project because of the increased financing costs.

The other benefit that we feel we have with this program is the income that the Agency would generate. You saw this morning two projects that require a subsidy. And we certainly can accept the risk for these projects. But the income that we can generate from these student housing projects would allow us to supply subsidy to those other projects that require them.

There are a couple of other issues that need to be mentioned. Issues that, as far as the campus, that really are benefits. One of the great problems that exists today with U.C. campuses is the fact that the students live off campus. They are really competing for other low-income individuals, and really driving up the demand for those campuses.

I live in the City of Davis; and it's a severe problem, where students will go in and really crowd out and outbid families that need affordable housing. And this problem can be replicated all the through the U.C. system; some more than others. But it's a pervasive problem. This is one goal that we think we can address by doing the student housing.

But there are a couple of important underwriting issues that I'd like to talk to the Board about. By definition, this is not an affordability-driven project. What we are doing here is providing -- or addressing an unmet need through our bond execution and credit facilities. As a byproduct of our state statutes, there will be an affordability set-aside. With that said, the main goal here is to provide a financing vehicle that can be replicated on a regular basis based upon the model guidelines as set forth by the University of California. By us providing a reliable piece of credit, then these projects can have even further reduced costs and we can assist U.C. in meeting their housing demands.

As I said, by doing these projects on campus and potentially off campus in the future, we lessen the demand for housing.

From a pure underwriting standpoint, one of the issues that we have to address is that of loan to value. These are leasehold mortgages with the site on the campus themselves. So the conventional analysis of loan to value really doesn't apply here.

Lenders in these situations look to the project cash flow, they look to the operator, and primarily they look to the lender protections that are embedded within the lease itself. So as we bring these projects to you, hopefully if you approve the resolution today, we will discuss value on these projects in relative terms, as to the potential cash flow, as to the markets.

But since we're really unable to foreclose and resell the property, as we do with the other projects you saw today, we have to take a different underwriting standpoint. And as we present these projects, we'll discuss those wishes with you.

But my experience in lending has been that you protect yourself from the leasehold mortgage situation by looking at the operator, by the lease and the lessor. And in this particular case, we have found that the lender protections that we would insist on in leasehold coincide very closely to those operating considerations that the university wants in their lease themselves. So our interests really are in line.

From a design standpoint, U.C. is extensively involved in the design of their projects. They really do spend an inordinate amount of time on quality. The costs are high but not inordinately so. And they insist on this being a long-term asset, which ultimately they will own at the end of the project. So they have a vested interest in doing a good job.

The final issue that I want to bring from an underwriting standpoint to the Board's attention is what if something goes wrong? As I said, we looked to the cash flow, we look to the lease protections, we look to the operator. And my experience has been over the years that if you act proactively, in concert with the landlord and the operator, then you can mitigate most situations. But from a pure market demand standpoint, we think we have a model market here in which the demand is, if not assured, very strong; and we have the full commitment from the university to really drive and set the rents so they will always be competitive.

Anecdotally, when I visited the U.C. San Diego campus, I was extremely impressed at the comparable market studies that the U.C. San Diego housing director undertook. As good as any I've seen in the business. So they do go out to the market and they do price their product competitively.

So with that, what we're asking today is really a fairly simple resolution that would allow us to entertain applications for these projects. As with all projects, we would bring them back to the Board for consideration. Given complexities that may exist, we may want to actually bring them back for initial commitments before we ask for a final.

The other resolution, obviously, is that this helps indicate to U.C. our interest in going forward with their program.

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From a time-line standpoint, there are two projects that we've been asked to look at. The first is the Albany site, which is on San Pablo Boulevard, near the Berkeley campus; and the second is a project in U.C. San Diego. Both have time lines in which they are looking for financing commitments from the agency in early 2004, with expected completion in the summer of 2006.

In both those cases, we will not be doing construction lending. We have made it very clear to both the university and the sponsors that we expect the construction period risk to be borne by a private lender. And we will fund upon completion of the project and upon occupancy, which should occur in the summer of 2006, or early in the fall.

So with that, Mr. Chairman, I would like to ask for consideration of the resolution. And I'd be happy to answer any questions.

We have a number of people from both the Office of the President, Berkeley, the nonprofit provider; and as far as questions of financial capacity, I've asked Ken to make himself available to answer any of those questions.

CHAIRPERSON WALLACE: Why don't we ask a couple of those parties from U.C. who have addressed us in the past to come up and give us their perspective?

MR. WARREN: I'd be happy to.

If I could ask Gordon Schanck from the Office of the President to join me.

Is Gordon here?

I don't know if you want to bring Doug up or -- and Doug Stimpson, who works with Gordon, has been actively involved.

So I need to also note, also from U.C. Berkeley is Jeff Bond. Jeff is involved in actually the Albany project. Jeff is available, too, if there's any particular questions.

I failed to mention one thing. Attached to the resolution is a pro forma cash flow, which Ruth Vakili has prepared. This is not the Albany deal, but it's representative of the type of underwriting exercise we'll go through. So if the Board wishes, we can discuss that; but that is there for discussion, if necessary.

Gordon?

CHAIRPERSON WALLACE: Okay. Welcome.

MR. SCHANCK: Thank you.

CHAIRPERSON WALLACE: Again.

MR. SCHANCK: We're very pleased to be back and to be continuing looking at this project; and working with Ken and Linn has been very productive.

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We obviously have a very large -- what we call our "traditional program," primarily developing dormitories and lower-division student housing, even apartment-style housing, which we own and finance. We have very affordable corporate-style bond financing that we do for our housing program. We have strong housing programs at all of our existing campuses.

But what we have found is that the demand is so great and the diversity of housing is so great, that we have needed to expand the ways in which we look at doing transactions.

Some years ago, our Davis campus began by doing what we call these "third-party" or "privatized transactions," where we land lease to private developers. This gives us several advantages. Among them, it gives us a more diverse approach in doing our housing. It brings some other skill sets to us. We have a very quality-driven culture, building laboratories and institutional-style buildings; and, of course, dormitory buildings with a long-life perspective. But we also emphasize affordability in our program. While we're not necessarily qualifying at all the affordability levels, the projects you've been hearing about, we are very competitive and try to be very competitive on rates and to keep our rates below those in the marketplace.

And we've achieved that, sometimes by land subsidies or just long-term ownership and our favorable financing and tax-exempt status. So affordability is an important component to us. And delivering more cost-effective construction has been another feature of the third-party program, having it independent of our own rate setting, so that we can keep our rates as low as possible on our existing housing, even though new projects come on line and cost more.

And finally, looking at our total debt capacity to build all the projects, we need to build both programmatic and housing and other auxiliary support kinds of facilities are putting quite a burden on our debt capacity and on our credit. And so obviously using the privatized housing vehicle and particularly with the financing, such as provided by CalHFA, would allow us to expand the capacity and meet the very great needs we've faced with this growth in student population.

So, again, we're very enthusiastic about the potential to do this with relatively affordable debt and off our credit.

CHAIRPERSON WALLACE: You've seen our guidelines. Is that consistent -- I guess you've helped bless them, or you wouldn't be here quite yet.

So they're workable for U.C.?

MR. WARREN: I'll let U.C. answer to that.

MR. SCHANCK: Well, I think we can. Doug has been working on the two projects specifically and can probably speak to it in more detail. But, yes, the one concern, that was the major concern that was highlighted, is the loan-to-value ratio, given the ground lease construction and that these are really a single financing for 100 percent of the project. And we've done third party, as well as our own projects. That's how they're financed. So it's very consistent with our program. But obviously you need to take a little different look at the underwriting that has strictly a fixed limit for loan-to-value ratio.

MR. WARREN: If I could just -- we have had, I think, Mr. Chairman, to adjust our underwriting standards somewhat, like in the LDV is a good example to put out; but aside from that, the real estate underwriting, rents, vacancy, operating costs that are very similar to what we normally do and those adjustments that we've had to make for the leasehold will be made that way. So we've tried to stay as close to our normal, you know, guidelines as we can.

CHAIRPERSON WALLACE: What circumstances could realistically lead to a default, where we have to eat it and we can't have a property to go back on?

MR. WARREN: Well, I guess from my perspective, it would be some significant reduction in demand, in which the rents, as the escalators have set forth, can't be maintained. That would be the default situation that I would think is likely or potential. The other is the operator does a very poor job and is unable to manage the project. So those are the two risks that I see.

CHAIRPERSON WALLACE: Now, the rents from the students flow to an entity at the university and the university pays us?

MR. WARREN: No, this is truly a privatized transaction.

CHAIRPERSON WALLACE: No? Straight student to us?

MR. WARREN: The owner is a private 501(c)(3). In this particular case of the Albany project is the EAH of San Rafael, who we have done business with in the past. No, the university is not involved as the operator owner of the property.

CHAIRPERSON WALLACE: So there's no guarantees by the university?

MR. WARREN: No.

CHAIRPERSON WALLACE: It's strictly we're underwriting based on -- you're right, on demand. And speaking of that, the demand for most of your campuses is probably far in excess -- or historically, and your surveys, outlook-wise, are probably for the demand to be far in excess of supply.

MR. SCHANCK: You know, we did a long-term study, a ten-year study with our growth and housing needs; and we're barely keeping up with the ratios of housing, the percentage of our students that we're able to house through this growth period. With our plan, if we're able to build all of the additional beds we plan, including projects like the ones we'll be bringing to you down the road -- if we're able to do that, we're still below the percentage of housing we would like to have at virtually every one of our campuses and that our communities would like us to have. So we think there is a strong built-in student demand model.

In addition, these are arm's-length projects, and we recognize that they do have to meet a broad range of underwriting criteria. And so all of our ground leases do provide that they can be rented, first, to other branches, if you will, within the university family, such as faculty and staff; but ultimately, to the general community. And because the rents are set at, we think very competitive levels, relative to community rents, in theory, even if the student demand drops off and there isn't some backup demand in the university, it should be able to rent in the general market.

CHAIRPERSON WALLACE: Two other quick questions.

Ken Carlson, are we okay here from your perspective?

Why don't you come up and put it on the record?

If you say "no," then --

MR. CARLSON: I'll sit over by --

MS. PARKER: You need to articulate that "thumbs up," Ken.

MR. CARLSON: Yes. Thank you, Mr. Chairman.

Yes, while multifamily, you know, is sometimes viewed as a risky area, the nice thing about it is that it pays for itself. We think we have added the capacity to incrementally add to the multifamily portfolio. I think the student housing that we contemplated in the business plan is only, what, a quarter or so of all the multifamily we'll be doing, going forward.

MR. WARREN: If we add the second program, it would double that.

MR. CARLSON: Okay.

MR. WARREN: But, right now, it's 25 percent.

MR. CARLSON: But what goes on and what is interesting on multifamily, is that unlike single-family, the loans don't pay off early, so you have a long stream of future income. The federal -- and the federal laws that restrict the profitability of a bond program are much more strict in single family than they are multifamily. So we can use our variable rate debt and interest rate swap strategy to lower our costs of funds drastically and still provide and take, you know, a profit that can add to our capital throughout multifamily and then, of course, here with these larger projects that will build capital quickly enough to meet the rating agency's standards.

CHAIRPERSON WALLACE: Have you tested those waters?

MR. CARLSON: Well, it's interesting --

CHAIRPERSON WALLACE: Or do you just know inherently --

MR. CARLSON: No.

CHAIRPERSON WALLACE: -- You've been here so long?

MR. CARLSON: Right. We can see how -- well, multifamily is actually producing a good share of the net revenue of the Agency right now. And it will be going forward as well. Even though it's, what, a fifth or a quarter of the size of the single-family program, it produces as much net revenue as the single-family program. So multifamily is an area where we can always grow, I think.

One other thing that's going on is that the rating agencies -- Standard & Poor's, to be exact -- has been working with us to review the current loan portfolio and determine what kind of capital haircut we ought to be taking on it. And we think this will free up quite a bit of capital to back our new ventures.

In the past, they have not looked at the portfolio itself, the individual projects. They just have made gross assumptions about it. And we think that we will see some real good results from this study. So I think we're in good shape to expand the multifamily program.

CHAIRPERSON WALLACE: So it is a thumbs-up, from your perspective?

MR. CARLSON: Absolutely.

CHAIRPERSON WALLACE: My last question is for you, Tom. When these gentlemen initially came to us, we said, you know, "It's not an affordable project. That's our basic mission. Check the statutes and the regs and make sure that we're free to do this," and I want you to say that you've done that and we are; or if not, whatever.

MR. HUGHES: Well, we are imposing upon these projects the affordability restrictions that CalHFA is subject to under state law. So I think for the reasons that Linn articulated about the contribution to these projects would make to alleviate some of the affordable housing demands in those localities, that it meets our test of our mission. Our primary mission is to aid low- and moderate-income folks in affordable housing. It does that. And we will impose the state law-driven affordability requirements on those projects.

I think at that level, it passes the test. The rest of the questions are essentially business questions, at that point.

CHAIRPERSON WALLACE: Legally, it's a "do pass"?

MR. HUGHES: Yes. If we do, just to elaborate on one thing that Linn correctly pointed out, is that we're looking, you know, to the lender protection provisions of the ground lease for our substantial assurance of repayment on these deals.

We have been lending on ground lease properties in the past; and we have articulated, both Linn and I, as borrowers, that we are looking for financeable ground leases with sufficient lender protection provisions that we have a high-level of assurance.

We have also worked with outside counsel to help develop some of those standards for a financeable ground lease.

That having been said, the sheer volume of these transactions requires close inspection of the terms of those ground leases, and we will be doing that as we go forward in this process.

CHAIRPERSON WALLACE: And all of them are -- any project is going to come to the Board, anyway.

MR. HUGHES: That's correct.

CHAIRPERSON WALLACE: At least in the foreseeable future.

Carrie?

VICE CHAIRPERSON HAWKINS: Yes, I have a question as far as the affordability monitoring that would take place. How would that be handled?

MR. WARREN: Very similar to what we're doing today. The project sponsors would need to income-certify for 20 percent of the units and rent-certify for 10 percent of the units, and our Asset Management folks would basically review that with the same certification audits that we do today.

We think we can utilize the financial assistance records that the individual campuses have to help us with the income. We think that would be a very nice package to rely upon.

There still are some issues about which financial assistance programs allow them to pay rent and so on and so forth. But we can work that out.

But, no, the protocols we go through today, Ms. Hawkins, are the same for these projects, from a procedural standpoint.

CHAIRPERSON WALLACE: I've got two minutes before Cathy has to leave, and we need her. She's the quorum.

Jack?

MR. SHINE: Is that a "be quick," Mr. Chairman?

CHAIRPERSON WALLACE: That's all.

MS. PARKER: No, I think we have a quorum without her.

MR. SHINE: First of all, Linn, I want to compliment you. The last time we discussed this issue there were a lot of questions.

In reading through the material here last night, I had a bunch of comments, all of which you have covered. And so I want to thank you for that. But my one question that I will want to talk about later is: Does this in any way, directly or indirectly, have a negative impact on our ability to go get bonds for other things that we want to do?

You don't even have to answer it now.

MR. WARREN: Well, I think we should answer it now.

MR. CARLSON: I think for right now we don't think so, you know. We know the rating agencies and our financial partners are -- you know, we keep them informed of what we're doing. And we haven't seen -- I don't see any reluctance yet to have us expand our programs. And they'll -- you know, they'll be monitoring us over time. And I think that the right thing to do is move ahead and do what we think we can do and find out if there are restrictions to our growth, we'll find out as we go forward.

CHAIRPERSON WALLACE: Thank you.

MS. PARKER: And I'd, of course, bring that back to the Board for a policy decision.

CHAIRPERSON WALLACE: Any other question?

MR. FRANKLIN: Mr. Chairman?

CHAIRPERSON WALLACE: Yes.

MR. FRANKLIN: Just to revisit the affordability issue, you addressed this, Linn; but I'm not sure I caught it. I understood the argument around Davis and the displacement that happens with off-campus housing. And I find that a very compelling argument. I think there is a public benefit to that.

But curious in a world where there is the U.C. system and in a world where you all are putting out financial aid, there's a lot of financial information, a precedent in terms of tuition, as far as looking at household incomes, offering more assistance for those of little means. The difficulty or the rationale for not having deeper affordability, we're at 10 percent at 50 and 10 percent at 80? Is that right?

MR. WARREN: That's correct.

MR. FRANKLIN: And as I understand it, it's statutorily permitted --

MR. WARREN: Certainly.

MR. FRANKLIN: -- But we're just questioning the thinking. And you did address this. I'm just not sure I caught it.

MR. WARREN: I understand. The university is very sensitive -- and Gordon may wish to address this -- is very sensitive to the rent setting that they do. And one of the concerns they had, if they have differential rents from a pure affordability standpoint that could disadvantage other students and it could disadvantage other projects. Their model really contemplates a level rent for all students across the board. How they pay for it could vary. Some will use their own income. Some will use financial assistance and others likes that. But they're very clear that they'd like to have that level rent structure across the board in the interest of fairness and the levelness of --

MR. FRANKLIN: So the idea is that the financial aid essentially addresses it?

MR. WARREN: It does to a large degree.

MR. SCHANCK: That's exactly right. It's through financial aid rather than rent setting that we achieve the ultimate affordability.

Though, as I said, we do try to keep rents certainly below market. And, obviously, we have an existing housing stock we don't want to cannibalize from. But with the demand we have, we feel that's --

MR. FRANKLIN: Yes, that makes good sense.

MR. SCHANCK: -- Very achievable.

MR. FRANKLIN: Okay, thank you.

MR. SCHANCK: That is the source for the subsidy, if you will.

MS. PARKER: Well, I think one other point that I think Linn made is, because of our financing, the university at least is one example, is able to add another 100 units, isn't it, Linn?

MR. WARREN: That was my understanding. I think Doug could correct me on that, San Diego.

MS. PARKER: And so, you know, the subsidy, there will be the stock that will be there that has obviously an incredible value.

MR. WARREN: The lower financing costs will benefit -- I think the goal is to benefit the project in a number of ways, either increased cash flow or benefits to the actual structure.

CHAIRPERSON WALLACE: So what you're asking in this resolution is an approval of the guidelines, having nothing to do with projects that are in process in Albany and San Diego?

MR. WARREN: That is correct, Mr. Chairman.

CHAIRPERSON WALLACE: They are there for info only. So the guidelines that are articulated here are really what's embraced in this resolution.

MR. WARREN: They are general guidelines. We realize that some of them may vary over time. And if we come back for project approval, we'll certainly point out the variances. But what we're really asking today is the Board's approval and endorsement for us to go ahead and formally entertain these applications.

CHAIRPERSON WALLACE: The Chairman will entertain a motion to that effect.

Cathy --

MS. HAWKINS: I'll move.

CHAIRPERSON WALLACE: Okay, go.

MS. SANDOVAL: Second.

CHAIRPERSON WALLACE: I was going to say if you do that, I'll get you out fast.

Any discussion on the motion? Board or

audience?

(No audible response was heard.)

CHAIRPERSON WALLACE: Hearing, seeing none, Secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Stausboll?

MS. STAUSBOLL: Aye.

MS. OJIMA: Mr. Bayuk?

MR. BAYUK: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Franklin?

MR. FRANKLIN: Aye.

MS. OJIMA: Ms. Hawkins?

VICE CHAIRPERSON HAWKINS: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRPERSON WALLACE: Aye.

MS. OJIMA: Resolution 03-34 has been approved.

CHAIRPERSON WALLACE: 03-34 is hereby approved.

We look forward to a good working relationship with a great university.

MR. FRANKLIN: Thank you, Mr. Chairman.

MR. SCHANK: Likewise.

CHAIRPERSON WALLACE: Thank you.

And thank you, Cathy.

(Cathy Sandoval left the room for the day.)

CHAIRPERSON WALLACE: The Board --

Do we stay here?

MS. OJIMA: Yes.

CHAIRPERSON WALLACE: The Board has to go into executive session.

MS. OJIMA: Let's take a break.

CHAIRPERSON WALLACE: Let's take a five-minute break. We unhappily need to, as we've done this before, there are two legal matters that we need to be briefed on. And we have to ask you to step outside so we can stay in place. Isn't that awful?

But five minutes, I expect you back here approximately 11:20.

Item 6: Closed Executive Session

(A brief recess was taken at 11:15, and then the Board met in closed session until 12:12 p.m.)

CHAIRPERSON WALLACE: Let the record show that the public meeting has been called back into session.

In that connection, that the Board, in executive session, conferred on Item 6.1, West LB AG versus CalHFA; and Item 6.2 -- oh, CHFA. You know, I guess that's the way it emanated --

MS. OJIMA: Yes.

CHAIRPERSON WALLACE: -- CHFA versus Hanover California Management Accounting Center; and that the Board took no action. There was discussion but the Board took no action, after discussion of both those agendized items.

Okay, do I need a motion to that effect, Tom, or just the statement into the record?

MR. HUGHES: The statement is in the record.

CHAIRPERSON WALLACE: So be it.

Item 7: Discussion of Other Board Matters and Reports

CHAIRPERSON WALLACE: Let's move on to Item 7 then, Discussion of Other Non-Agendized Board Matters or Reports. You have some reports in the back. You've been handed out a couple.

Are there any other items that, for the good of the Board -- or for the good of the Agency that need to come before the Board in this connection?

Board?

(No audible response was heard.)

CHAIRPERSON WALLACE: Audience?

(No audible response was heard.)

CHAIRPERSON WALLACE: Hearing, seeing none, moving on to Item 8.

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Item 8: Public Testimony

CHAIRPERSON WALLACE: Is there any public testimony that needs to be brought to the Board's attention?

Members of the public?

(No audible response was heard.)

CHAIRPERSON WALLACE: A wise choice.

Having said that, then we'll note that -- do we get a break on parking? Do we need a stamp; is that what that first note says, JoJo?

MS. OJIMA: No, it just says that it's expensive.

CHAIRPERSON WALLACE: That's what we pay? We're out of here.

And the next Board meeting will be on September 18th at the Hilton Burbank. We will see you then. We are adjourned.

MS. PARKER: I hope to have at the September meeting the calendar for Board dates for 2004. So you can start reserving time on your calendars. I know for many of you, they fill up quickly. So I'll be bringing that with me.

CHAIRPERSON WALLACE: Thank you for your sage participation. We are adjourned.

(The meeting concluded at 12:14 p.m.)

REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings were reported by me at the time and place therein named; that the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting by computer.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings, nor in any way interested in the outcome of the cause named in said matter.

In witness whereof, I have hereunto set my hand this 16th day of July 2003.

Daniel P. Feldhaus

DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

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CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Northwood Apartments
Irvine, Orange County, CA
CalHFA # 03-047-S

SUMMARY

This is a final commitment request for tax-exempt permanent loan financing in the amount of Seven Million Dollars ($7,000,000), and bridge loan financing in the amount of One Million Dollars ($1,000,000). Security for the loans will be a leasehold deed of trust on Northwood Apartments, a 96-unit family project. The property will be owned by Northwood Housing Associates, a California Limited Partnership, whose general partner is BRIDGE Housing Corporation–Southern California, a California Nonprofit Public Benefit Corporation.

Northwood Apartments is a 96-unit, new construction family project located near the intersection of Jeffery Road and Trabuco Road in Irvine, Orange County.

LOAN TERMS

Permanent

First Mortgage	$7,000,000
Interest Rate	5.50%
Term	35 year fixed, fully amortized
Financing	Tax-exempt
Second Mortgage	$1,000,000
Interest Rate	4.00%
Term	1 year fixed, simple interest
Financing	Tax-exempt

LOCALITY INVOLVEMENT

Orange County will provide the project a $1,900,000 residual receipt loan for 55 years at 3% interest from Redevelopment Housing Set-Aside Funds.

The City of Irvine will provide the project a $600,000 residual receipt HOME loan for 55 years at 3% interest.

OTHER FINANCING

Orange County, as a part of its approval conditions, required that the project apply for State tax credit. If the additional credit is awarded, the project affordability will increase, Orange County's financing will decrease, and the CalHFA permanent financing will be reduced by approximately $350,000 to $6,650,000.

GROUND LEASE

The Irvine Company will provide a 58 year ground lease for $10,000 per year (2% annual escalator), plus a portion of the residual receipts. The ground lease payments are included in the Operating Budget. The CalHFA Regulatory Agreement will be recorded against the fee interest, and the Deed of Trust will be recorded against the leasehold interest. (The appraised fee interest land value as of April 4, 2003, was $4,320,000.) In addition to being the ground lessor, it is expected The Irvine Company will be the investor. At the end of the ground lease term, the project will revert to the ground lessor.

PROJECT DESCRIPTION

Project Location

Northwood Apartments is located off Trabuco Road (on the west side) 1,200 feet north of Jeffrey Road in Irvine, Orange County. The City of Irvine is located in central/southern Orange County mid-way between Los Angeles and San Diego.

To the north of the project is a church, to the northeast are single family homes, to the east and southeast are construction sites for new single family homes, to the south is a office complex with a shopping center beyond, to west is vacant land, and to the northwest owner-occupied condominiums.

Site

The project site is 4.54 acres and is currently zoned 25 DU/AC (Med-High Density Multifamily Housing) which is sufficient to construct the 96 unit family apartments. The zoning allows for a maximum density of 25 units per acre. The project site is vacant and access is from Trabuco Road.

Improvements

The project will consist of 96 units in 6 three-story buildings (garden style walk-up), and a community building. There are 1, 2, and 3-bedroom units. The buildings will be on slab on grade, with wood frame construction, composite roofs, and stucco siding.

The project will have 201 parking spaces (30 garages, 36 carports, 30 tuck-under, and 105 uncovered), two laundry rooms, a tot lot, a basketball half-court, and a swimming pool.

Unit amenities include central heat and air conditioning, refrigerator, range, dishwasher, and patio. The units will be individually metered for electricity and gas, with a central boiler in each building.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
18	1	1	648
49	2	1	808
5	3	2	1008
24	3	2	1029

Off-site improvements

There is approximately $10,000 in off-site improvements which consists of an extension and completion of 100 yards of neighborhood sidewalk near the project.

MARKET

Market Overview

The Market Study prepared by Eliant has defined the Primary Market Area (PMA) as the City of Irvine. As of 2003, the PMA had approximately 151,176 residents (53,721 households). The population of the PMA is projected to increase by approximately 12,733 residents (2,119 households) between 2003 and 2008, representing a 1.63% annual increase. As of 2003 the population of Orange County was 2,986,914 residents (968,430 households) and is projected to increase by 236,536 residents (74,730 households), a 1.54% annual rate increase, by 2008. Orange County is second only to Los Angeles County in population size in California.

The unemployment rate in May 2003 for Orange County was 3.6% and 2.5% for the PMA. On average in 2002 there were 1,504,600 people employed in the County labor force of which 5% were in the City of Irvine. The top five employers in the City of Irvine are University of California, Verizon Wireless, Irvine Unified School District, St. John Knits, and Allergan.

Housing Demand and Supply

The estimated 2003 median housing value in the PMA is $388,579, which is 14% higher than the County's median housing value of $335,635. The market study's calculations show that 7,446 households in the PMA are income qualified for units at 30% and 50% AMI. Renters are estimated to comprise 70% of the income-qualified households translating to 5,176 qualified households. The PMA is projected to add 184 new income-qualified renter households by 2005. The estimated market capture rate for the project is 3.9%.

The market study surveyed all apartments within a one-mile radius of the project and all the family LIHTC projects in the PMA. It found a total of 3,505 units of which 948 units were income restricted. Occupancy for the surveyed projects averaged 95.8% for market rate units and 96.1% for income restricted units. Over half of the income restricted units were limited at 80% to 120% of AMI and there were no units restricted to below 50% AMI. Only one existing 100% LIHTC affordable family project, Santa Alicia (84 units), was identified in the market study and it was built by BRIDGE Housing Corporation.

Existing Affordable Units Surveyed in the PMA

Affordable Units	No. of Units	Occupancy %
50% AMI	406	100%
60% AMI	20	100%
80% AMI	264	100%
120% AMI	258	88%
Total	*948*	*96.1%*

The market study identified three affordable projects (384 units) in the predevelopment stages. Two of the projects identified are by BRIDGE Housing. One is the proposed Northwood Apartments (96 units) and the other is Laguna Canyon (120 units), which is 4.5 miles away (also CalHFA financed). The market study states no negative impact is expected from the projects.

PROJECT FEASIBILITY

Market rate rents for comparable properties average $1199 for a one-bedroom unit, $1353 for a two-bedroom unit, and $1821 for a three-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$1199**		
30%	$370		$829	31%
50%	$653		$546	54%
60%	$756		$443	63%
Two Bedroom		**$1353**		
30%	$431		$922	32%
50%	$771		$582	57%
60%	$850		$503	63%
Three Bedroom		**$1821**		
30%	$496		$1325	27%
50%	$889		$932	49%
60%	$945		$876	52%

Estimated Lease-up Period

The market study predicts the project will be 100% pre-leased, with absorption averaging 46 units per month.

OCCUPANCY RESTRICTIONS

CalHFA: 20% of the units (19) will be restricted at 50% or less of median income. The CalHFA Regulatory Agreement will be for a term of 35 years.

TCAC: 100% of the units (94) will be restricted to 60% or less of median income.

HOME: 12% of the units (11) will be restricted to 50% or less of median income.

County: 11% of the units (10) will be restricted to 30% or less of median income.
35% of the units (33) will be restricted to 50% or less of median income.
4% of the units (4) will be restricted to 60% or less of median income.

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on April 16, 2003, by Anne M. Brown Environmental Management Consulting. The report concluded that there are no adverse environmental conditions that warrant further investigation or remedial action.

A seismic report has been ordered, but has not yet been received. The project is requesting a waiver of the earthquake insurance requirement. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease due to the impact of the earthquake insurance premium on the operating budget.

ARTICLE XXXIV

An opinion letter submitted by the law office of Goldfarb & Lipman dated February 5, 2003, states Article XXXIV does not apply. The opinion letter is subject to CalHFA's review and approval. Satisfactory evidence of Article XXXIV compliance will be a condition of the final commitment.

DEVELOPMENT TEAM

Borrower

Northwood Housing Associates, LP

The project will be owned by Northwood Housing Associates, a California Limited Partnership, with BRIDGE Housing Corporation-Southern California, a California Nonprofit Public Benefit Corporation ("BRIDGE Housing") as the general partner. BRIDGE Housing was formed in 1995 as an affiliate of BRIDGE Housing Corporation. It has over 18 years experience in affordable housing and has developed 72 projects with a total of 8,500 units in California.

Management Agent

BRIDGE Property Management

BRIDGE Property Management Company will provide property management services for the project. The property management company was formed in 1988 as a financially independent, but affiliated non-profit company by BRIDGE Housing Corporation to manage its properties. BRIDGE Property Management Company manages over 3,500 units for BRIDGE Housing Corporation.

Architect

KTGY Group, Inc.

KTGY was founded in 1991 and is a professional architectural firm based in Irvine California. It provides planning and architectural design services for residential communities and related specialty projects throughout the western United States. Product designs include Single-Family Detached, Apartments, Mixed-Use, Urban Infill, Tax Credit Apartments, Senior Housing, Campus Housing, and Master Planning.

Project Summary

Final
Date: 29-Aug-03

Project Profile:

Project:	Northwood Apartments			
Location:	Jeffery and Trabuco Road			
	Irvine 92620	*Cap Rate:*	8.50%	
County:	Orange	*Market:*	-	
Borrower:	Northwood Housing Associa	*Income:*	$12,291,764	
GP:	BRIDGE Housing Corporatio	*Final Value:*	$12,291,764	Estimated
LP:	The Irvine Company			
		LTC/LTV:	Construction	Permanent
Program:	Tax-Exempt	*Loan/Cost*	N/A	47.8%
CalHFA #:	03-047-S	*Loan/Value*	N/A	56.9%

Project Description:

Units	96
Handicap Units	3
Bldge Type	New Const.
Buildings	6
Stories	3
Gross Sq Ft	197,760
Land Sq Ft	197,762
Units/Acre	21
Total Parking	201
Covered Parking	96

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$7,000,000	$72,917	5.50%	35
CalHFA HAT	$0	$0	0.00%	-
CalHFA Loan to Lender	$0	$0	0.00%	-
Orange County RDA Set-Aside	$1,900,000	$19,792	3.00%	55
City of Irvine HOME	$600,000	$6,250	3.00%	55
Cash from Operations	$0	$0	0.00%	-
AHP	$0	$0	0.00%	-
Other	$0	$0		-
G.P. Equity Contribution	$0	$0		-
Deferred Developer Equity	$815,019	$8,490		-
Tax Credit Equity	$4,340,400	$45,213		
CalHFA Bridge	$1,000,000	$10,417	4.00%	1
CalHFA HAT	$0	$0	0.00%	-

Unit Mix:

Type	Manager		30% AMI/SMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent	number	rent	number	rent	number	rent	
1 bedroom			2	370	8	653	8	756	0	0	18
2 bedroom	2	771	6	431	13	771	28	850	0	0	49
3 bedroom	0	0	2	496	10	889	17	945	0	0	29
4 bedroom			0	0	0	0	0	0	0	0	0
subtotal	2		10		31		53		0		
											96

Fees, Escrows, and Reserves:

Fees	Basis of Requirements		Amount	Security
Loan Fees	1.00%	of Total Loans	$80,000	Cash
	0.50%	of First Mortgage	$35,000	Cash
Escrows				
Bond Origination Guarantee	1.00%	of Total Loans	$80,000	Letter of Credit
Inspection fee	$1,500	x months of construction	$18,000	Cash
Construction Defect	2.50%	of Hard Costs	$207,303	Letter of Credit
Reserves				
Operating Expense Reserve	10.00%	of Gross Income	$92,014	Cash
Annual Replacement Reserve Deposit	$320	per unit	$30,720	Operations

Sources and Uses

Northwood Apartments

SOURCES:

Name of Lender / Source	Amount	$ Per Unit	% of Total
CalHFA First Mortgage	7,000,000	72,917	47.8%
CalHFA Bridge	0	0	0.0%
CalHFA HAT	0	0	0.0%
Orange County RDA Set-Aside	1,900,000	19,792	13.0%
City of Irvine HOME	600,000	6,250	4.1%
Total Institutional Financing	**9,500,000**	**98,958**	**64.8%**
Equity Financing			
Tax Credits	4,340,400	45,213	29.6%
G.P. Equity Contribution	0	0	0.0%
Deferred Developer Equity	815,019	8,490	5.6%
Total Equity Financing	**5,155,419**	**53,702**	**35.2%**
TOTAL SOURCES	**14,655,419**	**152,661**	**100.0%**

USES:

Acquisition	0	0	0.0%
Rehabilitation	0	0	0.0%
New Construction	9,403,125	97,949	64.2%
Architectual Fees	500,000	5,208	3.4%
Survey and Engineering	0	0	0.0%
Const. Loan Interest & Fees	1,036,561	10,798	7.1%
Permanent Financing	180,500	1,880	1.2%
Legal Fees	50,000	521	0.3%
Reserves	130,000	1,354	0.9%
Contract Costs	17,200	179	0.1%
Construction Contingency	570,000	5,938	3.9%
Local Permit Fees	295,000	3,073	2.0%
TCAC Fees/Costs	38,859	405	0.3%
Impact Fees/Other Costs	621,000	6,469	4.2%
PROJECT COSTS	**12,842,245**	**133,773**	**87.6%**
Developer Overhead/Profit	1,813,174	18,887	12.4%
Consultant/Processing Agent	0	0	0.0%
TOTAL USES	**14,655,419**	**152,661**	**100.0%**

Annual Operating Budget

Northwood Apartments

		$ Per Unit
INCOME:		
Total Rental Income	910,920	9,489
Laundry	9,216	96
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**920,136**	**9,585**
Less:		
Vacancy Loss	46,007	479
Total Net Revenue	**874,129**	**9,106**
EXPENSES:		
Payroll	114,014	1,188
Administrative	70,485	734
Utilities	61,140	637
Operating and Maintenance	74,911	780
Insurance and Business Taxes	26,850	280
Taxes and Assessments	0	-
Ground Lease Payments	10,000	104
Reserve for Replacement Deposits	30,720	320
Subtotal Operating Expenses	**388,120**	**4,043**
Financial Expenses		
Mortgage Payments (1st loan)	451,094	4,699
Total Financial	**451,094**	**4,699**
Total Project Expenses	**839,214**	**8,742**

Cash Flow — Northwood Apartments — CalHFA Development Number: 03-047-S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	910,920	933,693	957,035	980,961	1,005,485	1,030,622	1,056,388	1,082,798	1,109,868	1,137,614
TOTAL RENTAL INCOME	**910,920**	**933,693**	**957,035**	**980,961**	**1,005,485**	**1,030,622**	**1,056,388**	**1,082,798**	**1,109,868**	**1,137,614**
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	9,216	9,446	9,683	9,925	10,173	10,427	10,688	10,955	11,229	11,510
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**9,216**	**9,446**	**9,683**	**9,925**	**10,173**	**10,427**	**10,688**	**10,955**	**11,229**	**11,510**
GROSS INCOME	**920,136**	**943,139**	**966,718**	**990,886**	**1,015,658**	**1,041,049**	**1,067,076**	**1,093,753**	**1,121,096**	**1,149,124**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	46,007	47,157	48,336	49,544	50,783	52,052	53,354	54,688	56,055	57,456
EFFECTIVE GROSS INCOME	**874,129**	**895,982**	**918,382**	**941,342**	**964,875**	**988,997**	**1,013,722**	**1,039,065**	**1,065,042**	**1,091,668**
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	347,400	361,296	375,748	390,778	406,409	422,665	439,572	457,155	475,441	494,459
Replacement Reserve	30,720	30,720	30,720	30,720	30,720	32,256	32,256	32,256	32,256	32,256
Annual 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
Ground Lease Payment	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
TOTAL EXPENSES	**388,120**	**402,216**	**416,872**	**432,110**	**447,953**	**465,962**	**483,089**	**500,898**	**519,413**	**538,665**
NET OPERATING INCOME	**486,009**	**493,766**	**501,510**	**509,232**	**516,922**	**523,035**	**530,632**	**538,167**	**545,628**	**553,002**
DEBT SERVICE										
CalHFA - 1st Mortgage	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094
CalHFA - Bridge Loan	1,040,000	0	0	0	0					
CASH FLOW after debt service	**34,916**	**42,673**	**50,416**	**58,138**	**65,828**	**71,941**	**79,539**	**87,074**	**94,534**	**101,908**
DEBT COVERAGE RATIO	**1.08**	**1.09**	**1.11**	**1.13**	**1.15**	**1.16**	**1.18**	**1.19**	**1.21**	**1.23**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,166,055	1,195,206	1,225,086	1,255,713	1,287,106	1,319,284	1,352,266	1,386,073	1,420,724	1,456,242
TOTAL RENTAL INCOME	**1,166,055**	**1,195,206**	**1,225,086**	**1,255,713**	**1,287,106**	**1,319,284**	**1,352,266**	**1,386,073**	**1,420,724**	**1,456,242**
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	11,797	12,092	12,394	12,704	13,022	13,348	13,681	14,023	14,374	14,733
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**11,797**	**12,092**	**12,394**	**12,704**	**13,022**	**13,348**	**13,681**	**14,023**	**14,374**	**14,733**
GROSS INCOME	**1,177,852**	**1,207,298**	**1,237,481**	**1,268,418**	**1,300,128**	**1,332,631**	**1,365,947**	**1,400,096**	**1,435,098**	**1,470,976**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	58,893	60,365	61,874	63,421	65,006	66,632	68,297	70,005	71,755	73,549
EFFECTIVE GROSS INCOME	**1,118,959**	**1,146,933**	**1,175,607**	**1,204,997**	**1,235,122**	**1,266,000**	**1,297,650**	**1,330,091**	**1,363,343**	**1,397,427**
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	514,237	534,806	556,199	578,447	601,584	625,648	650,674	676,701	703,769	731,919
Replacement Reserve	33,869	33,869	33,869	33,869	33,869	35,562	35,562	35,562	35,562	35,562
Annual 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
Ground Lease Payment	12,190	12,434	12,682	12,936	13,195	13,459	13,728	14,002	14,282	14,568
TOTAL EXPENSES	**560,296**	**581,109**	**602,750**	**625,251**	**648,648**	**674,669**	**699,964**	**726,265**	**753,613**	**782,050**
NET OPERATING INCOME	**558,664**	**565,824**	**572,857**	**579,745**	**586,474**	**591,331**	**597,686**	**603,826**	**609,730**	**615,377**
DEBT SERVICE										
CalHFA - 1st Mortgage	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094
CalHFA - Bridge Loan										
CASH FLOW after debt service	**107,570**	**114,731**	**121,763**	**128,652**	**135,380**	**140,237**	**146,592**	**152,732**	**158,636**	**164,283**
DEBT COVERAGE RATIO	**1.24**	**1.25**	**1.27**	**1.29**	**1.30**	**1.31**	**1.32**	**1.34**	**1.35**	**1.36**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,492,648	1,529,965	1,568,214	1,607,419	1,647,605	1,688,795	1,731,015	1,774,290	1,818,647	1,864,113
TOTAL RENTAL INCOME	**1,492,648**	**1,529,965**	**1,568,214**	**1,607,419**	**1,647,605**	**1,688,795**	**1,731,015**	**1,774,290**	**1,818,647**	**1,864,113**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	15,101	15,479	15,866	16,263	16,669	17,086	17,513	17,951	18,400	18,860
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**15,101**	**15,479**	**15,866**	**16,263**	**16,669**	**17,086**	**17,513**	**17,951**	**18,400**	**18,860**
GROSS INCOME	**1,507,750**	**1,545,444**	**1,584,080**	**1,623,682**	**1,664,274**	**1,705,881**	**1,748,528**	**1,792,241**	**1,837,047**	**1,882,973**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	75,387	77,272	79,204	81,184	83,214	85,294	87,426	89,612	91,852	94,149
EFFECTIVE GROSS INCOME	**1,432,362**	**1,468,172**	**1,504,876**	**1,542,498**	**1,581,060**	**1,620,587**	**1,661,101**	**1,702,629**	**1,745,195**	**1,788,824**
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	761,196	791,644	823,310	856,242	890,492	926,112	963,156	1,001,682	1,041,750	1,083,420
Replacement Reserve	37,340	37,340	37,340	37,340	37,340	39,207	39,207	39,207	39,207	39,207
Annual 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
Ground Lease Payment	14,859	15,157	15,460	15,769	16,084	16,406	16,734	17,069	17,410	17,758
TOTAL EXPENSES	**813,396**	**844,141**	**876,110**	**909,352**	**943,917**	**981,725**	**1,019,098**	**1,057,958**	**1,098,367**	**1,140,385**
NET OPERATING INCOME	**618,966**	**624,030**	**628,766**	**633,146**	**637,144**	**638,862**	**642,004**	**644,670**	**646,827**	**648,439**
DEBT SERVICE										
CalHFA - 1st Mortgage	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094	451,094
CalHFA - Bridge Loan										
CASH FLOW after debt service	**167,873**	**172,937**	**177,672**	**182,053**	**186,050**	**187,768**	**190,910**	**193,577**	**195,734**	**197,345**
DEBT COVERAGE RATIO	**1.37**	**1.38**	**1.39**	**1.40**	**1.41**	**1.42**	**1.42**	**1.43**	**1.43**	**1.44**

Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Market Rent Increase	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,910,716	1,958,484	2,007,446	2,057,632	2,109,073
TOTAL RENTAL INCOME	**1,910,716**	**1,958,484**	**2,007,446**	**2,057,632**	**2,109,073**
OTHER INCOME					
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	19,331	19,814	20,310	20,818	21,338
Other Income	0	0	0	0	0
TOTAL OTHER INCOME	**19,331**	**19,814**	**20,310**	**20,818**	**21,338**
GROSS INCOME	**1,930,047**	**1,978,299**	**2,027,756**	**2,078,450**	**2,130,411**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	96,502	98,915	101,388	103,922	106,521
EFFECTIVE GROSS INCOME	**1,833,545**	**1,879,384**	**1,926,368**	**1,974,527**	**2,023,891**
OPERATING EXPENSES					
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	1,126,756	1,171,827	1,218,700	1,267,448	1,318,145
Replacement Reserve	41,168	41,168	41,168	41,168	41,168
Annual Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	0	0	0	0	0
Ground Lease Payment	18,114	18,476	18,845	19,222	19,607
TOTAL EXPENSES	**1,186,038**	**1,231,470**	**1,278,713**	**1,327,838**	**1,378,920**
NET OPERATING INCOME	**647,507**	**647,914**	**647,656**	**646,690**	**644,971**
DEBT SERVICE					
CalHFA - 1st Mortgage	451,094	451,094	451,094	451,094	451,094
CalHFA - Bridge Loan					
CASH FLOW after debt service	**196,414**	**196,820**	**196,562**	**195,596**	**193,877**
DEBT COVERAGE RATIO	**1.44**	**1.44**	**1.44**	**1.43**	**1.43**

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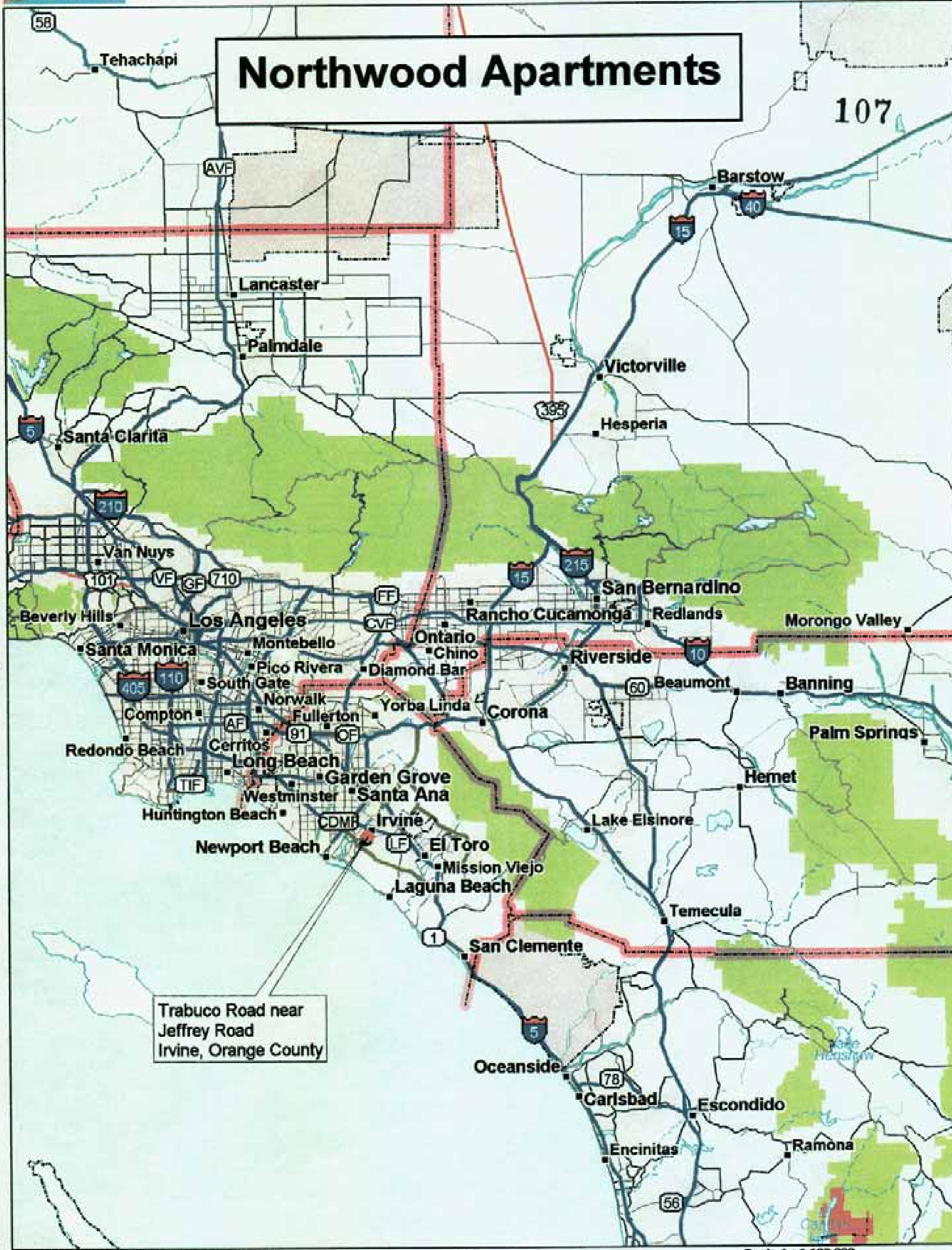
Northwood Apartments

107



Scale 1 : 1,100,000

1" = 17.4 mi

TN
MN (13.4°E)

Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-35

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Northwood Housing Associates, a California limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 96-unit multifamily housing development located in the City of Irvine to be known as Northwood Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 29, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 9, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-047-S	Northwood Apartments Irvine/Orange	96 Permanent First Mortgage: Permanent Second Mortgage:	 $7,000,000 $1,000,000

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV. 3-95)
OSP 98 10924

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-35 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Villa Amador
Brentwood, Contra Costa County, CA
CalHFA # 03-038-L/N

SUMMARY

This is a final commitment request for tax-exempt permanent loan financing in the amount of Five Million Two Hundred Eighty Thousand Dollars ($5,280,000), and Loan to Lender financing in the amount of Thirteen Million Dollars ($13,000,000). The property will be owned by Mercy Housing California XII, a California Limited Partnership, whose general partner is Mercy Housing West, a California Nonprofit Public Benefit Corporation.

Villa Amador is a 96-unit, new construction family apartment project located at the northeast corner of Sand Creek Road and Highland Way in Brentwood, Contra Costa County.

LOAN TERMS

Loan to Lender

Loan Amount	$13,000,000
Interest Rate	3.00%, fixed
Term	24 Months, interest only
Financing	Tax-exempt

Permanent

First Mortgage	$5,280,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt

LOCALITY INVOLVEMENT

Contra Costa County will provide the project a $1,000,000 residual receipt, HOME loan for 40 years at 3% interest.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
7	1	1	780
21	2	1	888
56	3	2.5	1294
12	4	2.5	1450

Twenty-five of the units will be set-aside as farmworker housing in accord with the financing terms of the HCD Joe Serna, Jr. Farmworker Housing Grant. (Three 1-bedroom, Four 2-bedroom, Fourteen 3-bedroom, and Four 4-bedroom units.)

Off-site Improvements

There are $995,000 of off-site improvements which include the following: a water/sewer line extension, street improvements, an intersection signal light, and a bus stop.

MARKET

Market Overview

The Market Study, prepared by Laurin and Associates, has defined the Primary Market Area (PMA) as the eastern Contra Costa County cities of Brentwood and Oakley. The PMA also includes the small communities of Knightsen and Byron, and extends south to Marsh Creek and Camino Diablo Roads, west to Deer Valley Road and Route 4, and north to the San Joaquin River.

As of 2003, the PMA had approximately 83,755 residents (26,560 households). The PMA population is projected to increase by approximately 7,157 residents (2,119 households) between 2003 and 2005, representing an 8.5% increase. The estimated 2003 population of Contra Costa County was 974,670 residents (352,185 households), and is projected to increase by 26,742 residents (8,127 households) or 2.7% by 2005.

As of December 2002, the unemployment rate for Contra Costa County (County) was 4.9%, an increase from 3.3% in 2001. On average in 2002, there were 520,700 people employed in the County labor force of which 2.9% were in Brentwood and Oakley. According to the 2000 Census, only 30.7% of the Brentwood labor force works within a 20 minute commute from their homes, while 52.9% commute 40 minutes or more.

Contra Costa County is comprised of 470,000 acres of which 147,859 acres are allocated as farmland. The County ranks 37th among California's counties in gross value of agricultural products. The predominate land use in Brentwood is agricultural.

Housing Demand and Supply

The median value of single family housing in Brentwood is approximately $318,490. According to the 2000 Census 33.4% of the renter households in Brentwood and 59.6% Oakley were paying over 30% of the household gross income for shelter. Single family housing represents

OTHER FINANCING

The California Department of Housing and Community Development is providing the project a $5,509,905 residual receipt MHP loan for 55 years at 3% interest, and a $2,000,000 residual receipt Joe Serna Jr. Farmworker Housing Grant for 40 years at 3% interest.

The project has received an AHP grant (via Bank of America) for $507,600 for 30 years at 0% interest.

PROJECT DESCRIPTION

Project Location

The project is located at the northeast corner of Sand Creek Road and Highland Way in Brentwood, Contra Costa County (approximately one-half mile east of the Highway 4 bypass). The City of Brentwood is located 24 miles west of Stockton, 26 miles southeast of Concord, and 54 miles east of San Francisco in the northeastern portion of Contra Costa County. State Highway 4 runs through the city.

The project is bounded by a construction site for single family homes to the north, to the east is vacant land (which will be a public park), to the south across Sand Creek Road are single family homes, to the southwest is a commercial center (which includes a grocery store), and to the west is vacant land (and one-half mile beyond State Highway 4 bypass).

Site

The project site is 8 acres and is zoned PD-6 (Planned Development) which is sufficient to construct the 96-unit family apartments. The zoning allows for a maximum density of 20 units per acre. The site is level and vacant. Street frontage is along Sand Creek Road.

Improvements

The project will consist of 96 units in 14 two-story buildings (garden and town home style), a 3,100 square foot community building and a small maintenance building. The buildings will be on slab on grade, with wood frame construction, Hardi-plank siding, and fiber reinforced cement tile roofs.

The project will have 205 parking spaces (96 covered and 109 uncovered), laundry rooms, a tot lot, and a basketball court. The project will be gated with secure access. The community building will house a manager's office and a neighborhood daycare center that will be available to tenants and area residents.

Unit amenities include central heat and air conditioning, refrigerator, range, dishwasher, and patio. The units will be individually metered for electricity and gas. The three and four bedroom units will also have washer/dryer hook-ups.

88.3% and 86.9% of all housing stock in the PMA and in Brentwood respectively. Multifamily units represent 4.2% of the housing stock in the PMA and 8.6% in Brentwood.

In the last ten years there have been 357 multifamily units built (5 projects); only one project was market rate (43 units). There are four LIHTC projects in the PMA with a total of 314 units. In the PMA there are also two public housing complexes operated by the County Housing Authority located in Brentwood (44 units) and Oakley (31 units). The 2000 Census states the overall vacancy rate for rental housing as 3.1%, but the market study survey by the found the vacancy rate for multifamily housing at 0.9% in the PMA.

The project targets households that have annual incomes between 35% SMI and 50% AMI and farmworker households with incomes at 35% of SMI. In the PMA 24.7% of the family households are income eligible and 51.5% of the farmworker households are income eligible for the project.

As of February 2003, the Contra Costa County Housing Authority had waiting lists for Section 8 and Public Housing as follows:

Section 8 – Number of Households: 3577

Public Housing: 1-bedroom: 2472; 2-bedroom: 1424; 3-bedroom: 561; 4-bedroom: 99

There are no other affordable multifamily projects pending in Brentwood or Oakley, but there is one 178-unit market rate project proposed in Brentwood.

PROJECT FEASIBILITY

Market rate rents for comparable properties average $945 for a one-bedroom unit; $1082 for a two-bedroom unit; $1239 for a three-bedroom unit, and $1667 for a four-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$945**		
35%	$ 356		$589	37%
50%	$ 711		$234	75%
Two Bedroom		**$1082**		
35%	$ 423		$659	39%
50%	$ 849		$233	78%
Three Bedroom		**$1239**		
35%	$484		$755	39%
50%	$976		$263	79%
Four Bedroom		**$1667**		
35%	$ 539		$1128	32%
50%	$ 1088		$579	65%

Estimated Lease-up Period

The market study assumes 95% occupancy within 180 days of certificate of completion, but the project developer expects to be 100% pre-leased and has already developed a waiting list. The market study capture rate for the general occupancy units is 8.6% and for the farmworker designated units is 8.3% of the eligible market.

OCCUPANCY RESTRICTIONS

CalHFA: 20% of the units (19) will be restricted at 50% or less of median income. The CalHFA Regulatory Agreement will be for a term of 30 years.

TCAC: 100% of the units (94) will be restricted to 60% or less of median income.

HOME: 17% of the units (16) will be restricted to 35% or less of median income. 8% of the units (8) will be restricted to 40% or less of median income.

MHP: 49% of the units (46) will be restricted to 50% or less of median income.

Farmworker: 27% of the units (25) will be restricted to 35% or less of median income.

AHP: 100% of the units (94) will be restricted to 55% or less of median income.

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on December 9, 1999, by Envirometrix Environmental Consultants. The report concluded that there are no adverse environmental conditions that warrant further investigation or remedial action. Due to the age of the Phase I report, an updated report will be required prior to construction loan closing. The final commitment will include the condition that the report and its findings be acceptable to the Agency.

A seismic report has been ordered, but has not yet been received. The project is requesting a waiver of the earthquake insurance requirement. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease due to the impact of the earthquake insurance premium on the operating budget.

ARTICLE XXXIV

An opinion letter has been submitted by the law office of Gubb & Barshay, LLP dated March 4, 2003. The opinion letter is subject to CalHFA's review and approval. Satisfactory evidence of Article XXXIV compliance will be a condition of the final commitment.

DEVELOPMENT TEAM

Borrower

Mercy Housing California XII

The project will be owned by Mercy Housing California XII, a California Limited Partnership whose general partner is Mercy Housing West, a California Nonprofit Public Benefit Corporation. Mercy Housing has developed and rehabilitated 77 projects in California with over 4,000 units during the past 34 years. Five of the projects with a total of 364 units were financed by CalHFA.

Management Agent

Mercy Services

Mercy Services Corporation, a nonprofit affiliate of Mercy Housing California, founded in 1992, manages all of the multifamily projects owned by Mercy Housing California and its affiliates. It currently manages over 139 properties with 7,955 units nationwide, including 79 sites with over 4,000 units in California.

Architect

Harrison Benson, Associated Architects

Patricia Harrison and Richard A. Benson have an associated architectural practice that is devoted exclusively to affordable housing and related facilities for nonprofit developers. Over the past ten years they have collaborated on over sixteen projects.

Project Summary

Final
Date: 25-Aug-03

Project Profile:

Project :	Villa Amador			
Location:	NE of Sandcreek Rd & Highland Way			
	Brentwood 94513	*Cap Rate:*	8.00%	
County:	Contra Costa	*Market:*	-	
Borrower:	Mercy Housing CA XII, LP	*Income:*	$9,896,562	
GP:	Mercy Housing West	*Final Value:*	$9,896,562	Estimated
LP:	TBD			
		LTC/LTV:	Construction	Permanent
Program:	Tax-Exempt	*Loan/Cost*	N/A	22.7%
CalHFA # :	03-038-N\L	*Loan/Value*	N/A	53.4%

Project Description:

Units	96
Handicap Units	5
Bldge Type	New Const.
Buildings	14
Stories	2
Gross Sq Ft	115,322
Land Sq Ft	348,480
Units/Acre	12
Total Parking	205
Covered Parking	96

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$5,280,000	$55,000	5.50%	30
CalHFA HAT	$0	$0	0.00%	-
CalHFA	$0	$0	0.00%	-
HCD MHP	$5,509,905	$57,395	3.00%	55
Contra Costa HOME	$1,000,000	$10,417	3.00%	40
HCD Joe Serna, Jr. Farmworker Funds	$2,000,000	$20,833	3.00%	40
AHP	$507,600	$5,288	0.00%	30
Contributions From Operations	$0	$0		-
G.P. Equity Contribution	$0	$0		-
Deferred Developer Equity	$812,917	$8,468		-
Tax Credit Equity	$8,124,269	$84,628		
CalHFA Loan to Lender	$13,000,000	$135,417	3.00%	2
CalHFA Bridge	$0	$0	0.00%	-

Unit Mix:

Type	Manager		35% SMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent	number	rent	number	rent	number	rent	
1 bedroom			3	356	4	711	0	0	0	0	7
2 bedroom	2	849	6	423	13	849	0	0	0	0	21
3 bedroom			20	484	36	976	0	0	0	0	56
4 bedroom			4	539	8	1088	0	0	0	0	12
subtotal	2		33		61		0		0		
											96

Fees, Escrows, and Reserves:

Fees	**Basis of Requirements**	**Amount**	**Security**
Loan Fees	1.00% of L to L Amount	$130,000	Cash
	0.50% of First Mortgage	$26,400	Cash
Escrows			
Bond Origination Guarantee	1.00% of L to L Amount	$130,000	Letter of Credit
Inspection Fee	$1,500 x months of construction	$19,500	Cash
Construction Defect	2.50% of Hard Costs	$308,924	Letter of Credit
Reserves			
Marketing	10.00% of Gross Income	$90,121	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	$90,121	Cash
Annual Replacement Reserve Deposit	$485 per unit	$46,560	Operations

Sources and Uses

Villa Amador

SOURCES:

Name of Lender / Source	Amount	$ Per Unit	% of Total
CalHFA First Mortgage	5,280,000	55,000	22.7%
HCD MHP	5,509,905	57,395	23.7%
HCD Joe Serna, Jr. Farmworker Fund	2,000,000	20,833	8.6%
Contra Costa HOME	1,000,000	10,417	4.3%
AHP	507,600	5,288	2.2%
Total Institutional Financing	**14,297,505**	**148,932**	**61.5%**
Equity Financing			
Tax Credits	8,124,269	84,628	35.0%
G.P. Equity Contribution	0	0	0.0%
Deferred Developer Equity	812,917	8,468	3.5%
Total Equity Financing	**8,937,186**	**93,096**	**38.5%**
TOTAL SOURCES	**23,234,691**	**242,028**	**100.0%**

USES:

Acquisition	2,180,100	22,709	9.4%
Rehabilitation	0	0	0.0%
New Construction	12,532,730	130,549	53.9%
Architectual Fees	431,718	4,497	1.9%
Survey and Engineering	213,660	2,226	0.9%
Const. Loan Interest & Fees	972,171	10,127	4.2%
Permanent Financing	176,900	1,843	0.8%
Legal Fees	41,000	427	0.2%
Reserves	155,000	1,615	0.7%
Contract Costs	11,500	120	0.0%
Construction Contingency	1,349,773	14,060	5.8%
Local Permit Fees	46,877	488	0.2%
TCAC Fees/Costs	50,725	528	0.2%
Impact Fees	3,290,855	34,280	14.2%
Seismic/Soils/Marketing/Inspection	63,500		
PROJECT COSTS	**21,516,509**	**224,130**	**92.6%**
Developer Overhead/Profit	1,718,182	17,898	7.4%
Consultant/Processing Agent	0	0	0.0%
TOTAL USES	**23,234,691**	**242,028**	**100.0%**

Annual Operating Budget

Villa Amador

		$ Per Unit
INCOME:		
Total Rental Income	898,332	9,358
Laundry	2,880	30
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**901,212**	**9,388**
Less:		
Vacancy Loss	45,061	469
Total Net Revenue	**856,151**	**8,918**
EXPENSES:		
Payroll	171,356	1,785
Administrative	83,676	872
Utilities	73,775	768
Operating and Maintenance	50,596	527
Insurance and Business Taxes	8,800	92
Taxes and Assessments	2,000	21
Reserve for Replacement Deposits	46,560	485
Subtotal Operating Expenses	**436,763**	**4,550**
Financial Expenses		
Mortgage Payments (1st loan)	359,751	3,747
MHP Administration Fee	23,142	241
Total Financial	**382,893**	**3,988**
Total Project Expenses	**819,656**	**8,538**

Cash Flow — Villa Amador — CalHFA Development Number: 03-038-NL

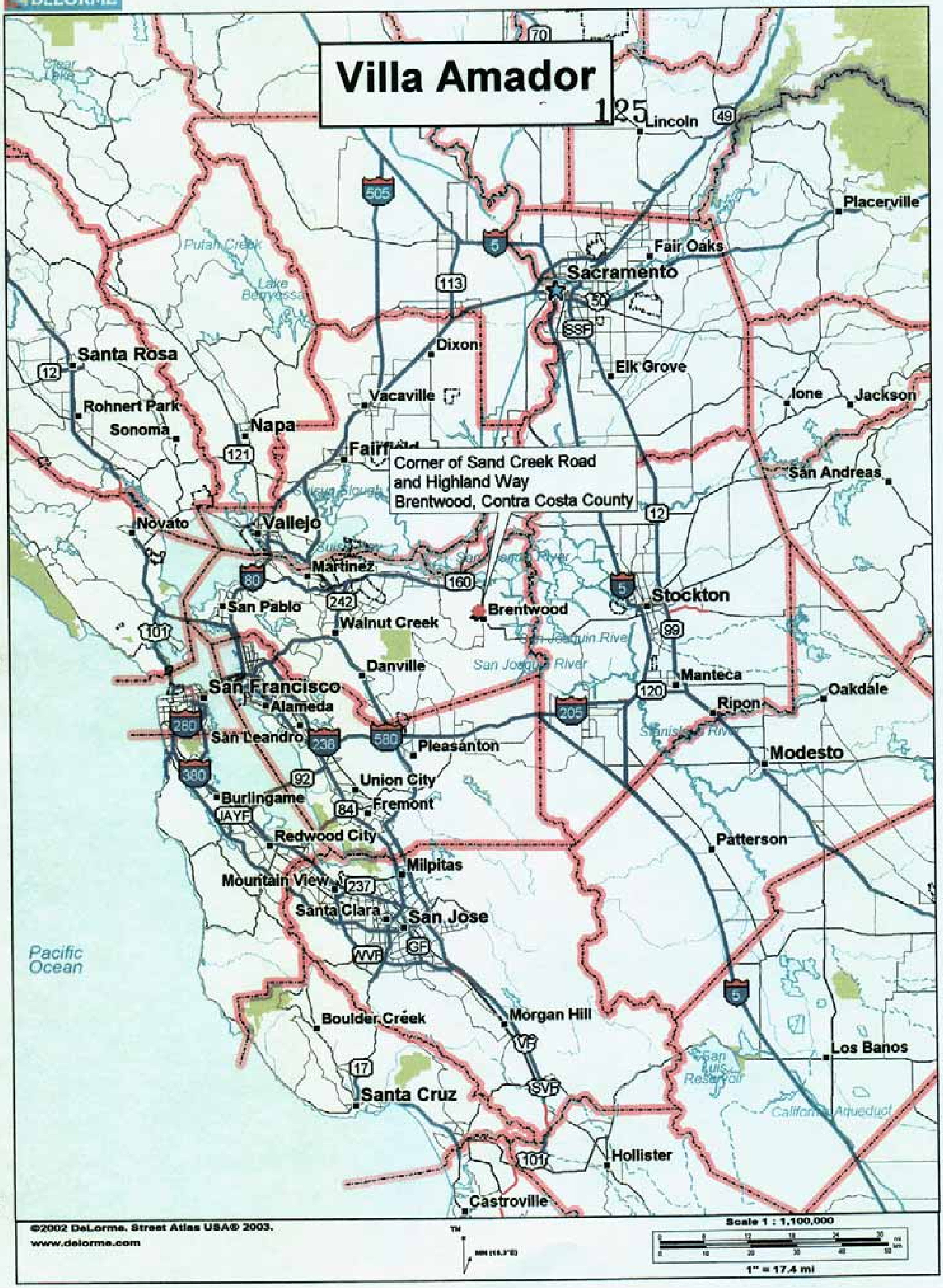
RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	898,332	920,790	943,810	967,405	991,590	1,016,380	1,041,790	1,067,834	1,094,530	1,121,894
TOTAL RENTAL INCOME	**898,332**	**920,790**	**943,810**	**967,405**	**991,590**	**1,016,380**	**1,041,790**	**1,067,834**	**1,094,530**	**1,121,894**
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	2,880	2,952	3,026	3,101	3,179	3,258	3,340	3,423	3,509	3,597
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**2,880**	**2,952**	**3,026**	**3,101**	**3,179**	**3,258**	**3,340**	**3,423**	**3,509**	**3,597**
GROSS INCOME	**901,212**	**923,742**	**946,836**	**970,507**	**994,769**	**1,019,639**	**1,045,130**	**1,071,258**	**1,098,039**	**1,125,490**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	45,061	46,187	47,342	48,525	49,738	50,982	52,256	53,563	54,902	56,275
EFFECTIVE GROSS INCOME	**856,151**	**877,555**	**899,494**	**921,981**	**945,031**	**968,657**	**992,873**	**1,017,695**	**1,043,137**	**1,069,216**
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	388,203	403,731	419,880	436,676	454,143	472,308	491,201	510,849	531,283	552,534
Replacement Reserve	46,560	46,560	46,560	46,560	46,560	48,888	48,888	48,888	48,888	48,888
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390
TOTAL EXPENSES	**436,763**	**452,331**	**468,521**	**485,358**	**502,867**	**523,404**	**542,341**	**562,034**	**582,514**	**603,812**
NET OPERATING INCOME	**419,388**	**425,224**	**430,973**	**436,623**	**442,163**	**445,252**	**450,532**	**455,661**	**460,623**	**465,404**
DEBT SERVICE										
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan	0	0	0	0	0					
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142
CASH FLOW after debt service	**36,495**	**42,331**	**48,080**	**53,730**	**59,270**	**62,359**	**67,639**	**72,768**	**77,730**	**82,511**
DEBT COVERAGE RATIO	**1.10**	**1.11**	**1.13**	**1.14**	**1.15**	**1.16**	**1.18**	**1.19**	**1.20**	**1.22**

Cash Flow

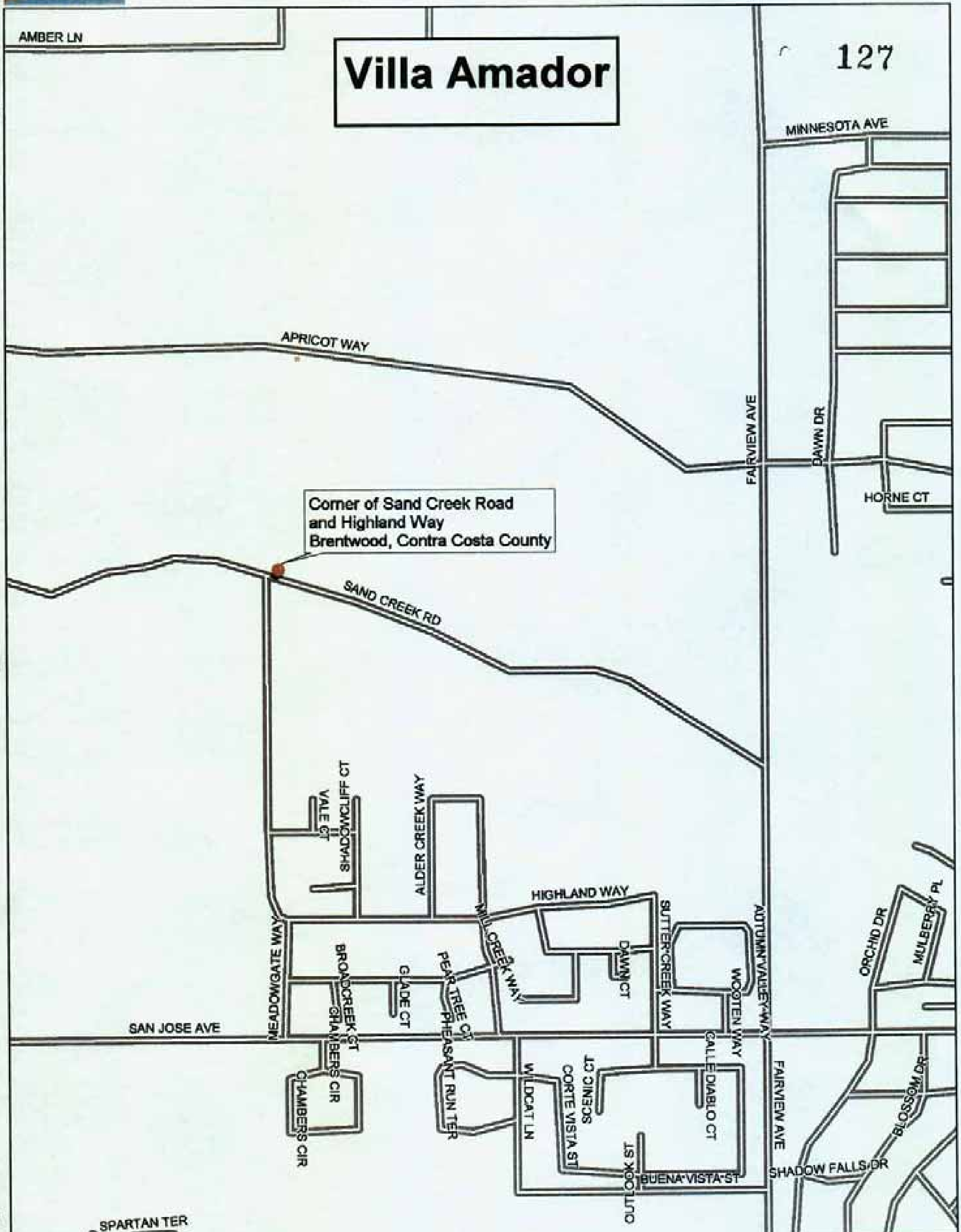
RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Market Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	1,149,941	1,178,689	1,208,157	1,238,361	1,269,320	1,301,053	1,333,579	1,366,918	1,401,091	1,436,119
TOTAL RENTAL INCOME	**1,149,941**	**1,178,689**	**1,208,157**	**1,238,361**	**1,269,320**	**1,301,053**	**1,333,579**	**1,366,918**	**1,401,091**	**1,436,119**
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	3,687	3,779	3,873	3,970	4,069	4,171	4,275	4,382	4,492	4,604
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**3,687**	**3,779**	**3,873**	**3,970**	**4,069**	**4,171**	**4,275**	**4,382**	**4,492**	**4,604**
GROSS INCOME	**1,153,628**	**1,182,468**	**1,212,030**	**1,242,331**	**1,273,389**	**1,305,224**	**1,337,854**	**1,371,301**	**1,405,583**	**1,440,723**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	57,681	59,123	60,601	62,117	63,669	65,261	66,893	68,565	70,279	72,036
EFFECTIVE GROSS INCOME	**1,095,946**	**1,123,345**	**1,151,428**	**1,180,214**	**1,209,720**	**1,239,963**	**1,270,962**	**1,302,736**	**1,335,304**	**1,368,687**
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	574,635	597,621	621,526	646,387	672,242	699,132	727,097	756,181	786,428	817,885
Replacement Reserve	51,332	51,332	51,332	51,332	51,332	53,899	53,899	53,899	53,899	53,899
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	2,438	2,487	2,536	2,587	2,639	2,692	2,746	2,800	2,856	2,914
TOTAL EXPENSES	**628,406**	**651,440**	**675,394**	**700,306**	**726,213**	**755,722**	**783,742**	**812,880**	**843,184**	**874,698**
NET OPERATING INCOME	**467,541**	**471,905**	**476,034**	**479,908**	**483,506**	**484,240**	**487,220**	**489,855**	**492,120**	**493,989**
DEBT SERVICE										
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan										
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142
CASH FLOW after debt service	**84,647**	**112,154**	**116,283**	**120,157**	**123,755**	**124,489**	**127,469**	**130,104**	**132,369**	**134,238**
DEBT COVERAGE RATIO	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**	**1.26**	**1.27**	**1.28**	**1.29**	**1.29**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,472,022	1,508,822	1,546,543	1,585,206	1,624,836	1,665,457	1,707,094	1,749,771	1,793,515	1,838,353
TOTAL RENTAL INCOME	**1,472,022**	**1,508,822**	**1,546,543**	**1,585,206**	**1,624,836**	**1,665,457**	**1,707,094**	**1,749,771**	**1,793,515**	**1,838,353**
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	4,719	4,837	4,958	5,082	5,209	5,339	5,473	5,610	5,750	5,894
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**4,719**	**4,837**	**4,958**	**5,082**	**5,209**	**5,339**	**5,473**	**5,610**	**5,750**	**5,894**
GROSS INCOME	**1,476,741**	**1,513,659**	**1,551,501**	**1,590,288**	**1,630,046**	**1,670,797**	**1,712,567**	**1,755,381**	**1,799,265**	**1,844,247**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	73,837	75,683	77,575	79,514	81,502	83,540	85,628	87,769	89,963	92,212
EFFECTIVE GROSS INCOME	**1,402,904**	**1,437,976**	**1,473,926**	**1,510,774**	**1,548,543**	**1,587,257**	**1,626,938**	**1,667,612**	**1,709,302**	**1,752,035**
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	850,601	884,625	920,010	956,810	995,082	1,034,886	1,076,281	1,119,332	1,164,106	1,210,670
Replacement Reserve	56,594	56,594	56,594	56,594	56,594	59,424	59,424	59,424	59,424	59,424
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	2,972	3,031	3,092	3,154	3,217	3,281	3,347	3,414	3,482	3,552
TOTAL EXPENSES	**910,166**	**944,250**	**979,696**	**1,016,558**	**1,054,893**	**1,097,591**	**1,139,052**	**1,182,170**	**1,227,011**	**1,273,645**
NET OPERATING INCOME	**492,737**	**493,726**	**494,230**	**494,216**	**493,650**	**489,666**	**487,887**	**485,442**	**482,291**	**478,389**
DEBT SERVICE										
CalHFA - 1st Mortgage	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751	359,751
CalHFA - Bridge Loan										
MHP Administration Fee	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142	23,142
CASH FLOW after debt service	**132,986**	**133,975**	**134,479**	**134,465**	**133,899**	**129,915**	**128,136**	**125,691**	**122,540**	**118,638**
DEBT COVERAGE RATIO	**1.29**	**1.29**	**1.29**	**1.29**	**1.29**	**1.28**	**1.27**	**1.27**	**1.26**	**1.25**


Villa Amador
125
Corner of Sand Creek Road
and Highland Way
Brentwood, Contra Costa County
Lincoln
Placerville
Fair Oaks
Sacramento
Dixon
Elk Grove
Santa Rosa
Rohnert Park
Sonoma
Napa
Vacaville
Fairfield
Ione
Jackson
San Andreas
Novato
Vallejo
Martinez
Brentwood
Stockton
San Pablo
Walnut Creek
Danville
Manteca
San Francisco
Alameda
San Leandro
Pleasanton
Ripon
Oakdale
Modesto
Union City
Fremont
Burlingame
Redwood City
Patterson
Milpitas
Mountain View
Santa Clara
San Jose
Pacific Ocean
Morgan Hill
Boulder Creek
Los Banos
Santa Cruz
Hollister
Castroville
Putah Creek
Lake Berryessa
San Joaquin River
California Aqueduct
San Luis Reservoir
70
49
505
5
113
50
12
121
160
242
80
101
99
120
205
280
238
580
92
380
84
237
17
Scale 1 : 1,100,000
1" = 17.4 mi

Villa Amador



Scale 1 : 8,800
1" = 733 ft

RESOLUTION 03-36

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mercy Housing California XII, a California limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide financing for a 96-unit multifamily housing development located in the City of Brentwood to be known as Villa Amador (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 25, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 9, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-038-L/N	Villa Amador	96	
	Brentwood/Contra Costa	Loan-to-Lender:	$13,000,000
		Permanent First Mortgage:	$ 5,280,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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%) and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds 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 Multifamily 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 03-36 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST:____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Villa Cesar Chavez
Oxnard, Ventura County, CA
CalHFA # 03-025-L/S

SUMMARY

This is a final commitment request for tax-exempt Loan to Lender financing in the amount of Six Million Nine Hundred Eighty Thousand Dollars ($6,980,000.00), a tax-exempt first mortgage in the amount of Two Million Five Hundred Forty Thousand Dollars ($2,540,000.00), and a tax-exempt second mortgage in the amount of Six Hundred Forty-Five Thousand Dollars ($645,000.00). Security for the loans will be a 52-unit townhome development known as Villa Cesar Chavez, in Oxnard (the "Project"). The Project will be developed, constructed, owned, and managed by Cabrillo Economic Development Corporation or their subsidiary ("CEDC").

Villa Cesar Chavez is being developed in conjunction with six single family homes that will be located on the front portion of the site that was purchased by CEDC with financing from the City of Oxnard. The homes will be developed near completion of the rental units and the land and development costs of the single family homes are not part of this Project.

LOAN TERMS

Loan to Lender

Loan Amount	$6,980,000
Interest Rate	3.0%, fixed
Term	24 Months, interest only
Financing	Tax-exempt

Permanent

First Mortgage	$2,540,000
Interest Rate	5.50%, fixed
Term	30 year fixed, fully amortized
Financing	Tax-exempt
Second Mortgage	$645,000
Interest Rate	5.50%, fixed
Term	10 year fixed, fully amortized
Financing	Tax-exempt

PROJECT DESCRIPTION

Project Location

Villa Cesar Chavez is located in south Oxnard, on the north side of Hueneme Road, adjacent to the railroad tracks west of Cypress Road. North of the site are older single family homes, and new single family homes are to the west. The south side of Hueneme Road is mostly vacant land, and east of the subject property are railway tracks, a flood canal and a few industrial buildings. The Ventura 101 Freeway is about four miles north of the Project, and downtown Oxnard is about 3 miles northwest of the site.

Site

The site has five existing single family homes that will be demolished. CEDC will handle the relocation of the families and the City will certify compliance with State relocation laws. The site will be accessible from both Hueneme road and the neighboring single family development west of the site. A tentative subdivision map was approved in July 2002 for the lot split and creation of the six single family home parcels. The roads on the site will be owned by the Project and the homeowners will be assessed an annual maintenance fee for their share of the road maintenance costs and upkeep to the frontage area along Hueneme Road. There will be reciprocal access, drainage and utility easements between the Project and homeowners. CC & R's will be established to set minimum standards for design, development and upkeep of the single family properties.

Improvements

Villa Cesar Chavez will have 52 townhome units in 11 residential buildings. Construction is wood frame covered with stucco and prefabricated trusses with gable roofs covered with concrete tiles. There will be a central tot lot and a 740 square foot community building with a large community room, two bathrooms, a rental office and a kitchen.

Amenities in each unit include a refrigerator, garbage disposal, gas range/oven, dishwasher, stainless steel sink, gas forced heating, individual hot water heater and water meter, washer and dryer, and automatic fire sprinklers. All units have attached two-car garages with automatic roll-up garage doors and there will be an additional 42 open parking spaces.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
3	2	1	815
32	3	2	1232
17	4	2	1499

MARKET

Market Overview

The primary market area ("PMA") is defined as a three mile radius around the Property with a current estimated population of 104,000, of which 11% are employed in the farming, fishing or

LOCALITY INVOLVEMENT

The City of Oxnard (the "City") is providing a thirty-three year, $860,000.00 residual receipt loan (the "City Loan") for the development of the Project. A Grant Agreement between the Borrower and the City restricts occupancy to very-low income families earning less than fifty percent of median income. The authorizing planning resolution includes special conditions that restrict all of the units to families earning 50% or less of AMI. In addition, the zoning resolution requires all of the units to be rented to farmworker families. The City loan and all occupancy restrictions are required to be subordinate to the CalHFA financing and regulatory agreement.

STATE INVOLVEMENT

The Department of Housing and Community Development ("HCD") has committed a $2,736,128 loan under the Joe Serna Jr. Farmworker Housing Grant and Loan Program. This 40-year loan is a 3% simple interest deferred loan. The loan will restrict occupancy on 39 of the units to eligible farmworker families earning 60% or less of AMI. The HCD loan and regulatory agreement will be subordinate to the CalHFA financing and regulatory provisions.

FEDERAL INVOLVEMENT

The USDA, Department of Rural Development ("RD") is providing a $1,100,000 section 514 Farm Labor Housing Loan at 1% amortized over 33-years. The section 514 program provides subsidized financing for the development of on, or off-farm rental developments for very-low and low income farmworker families. At least one of the family members must receive a substantial portion of income from farm labor employment. The section 514 loan, deed restrictions and regulatory provisions will be subordinate to the CalHFA financing and regulatory agreement at permanent loan closing.

RD will also provide project-based tenant rent subsidy with section 521 Rental Assistance (RA) for 39 farm worker units for five years, with five year renewals anticipated thereafter. The Borrower shall be required to seek and accept renewals of RD Rental Assistance. Eligible families will pay 30% of their gross income (the "tenant portion"), and Rental Assistance will subsidize the remainder to 60% of area median income. The RD Rental Assistance renewals are not guaranteed so the CalHFA First Mortgage has been underwritten assuming that 11 households could afford rents at 40% of AMI and 41 households could afford rents at 50% of AMI. The projected income derived from Rental Assistance is adequate to debt service the CalHFA second mortgage over ten years.

OTHER INVOLVEMENT

Rural Community Assistance Corporation will provide construction and permanent financing in the amount of $750,000 at 1%. The loan shall mature in 33 years – but is fully amortized and paid off in 2029. A condition of this loan is for the Project to provide tenants with free health screening and related health education classes.

forestry industries. There are approximately 19,834 family households with average incomes of $62,742. Approximately 23% of the households have three or more employed workers, and about 40% of the total households are renters. About fifty percent of the households in the PMA earn less than $50,000 a year.

Market rate construction of high-end, single-family homes continues to occur at a rapid pace in Oxnard. In 2002, the median home price in Oxnard was $269,508. New homes next door to the Project start in the low $400,000 price range.

Housing Supply and Demand

Realfacts indicates an overall vacancy rate of 4.6% for the City of Oxnard in the first quarter of 2003. Project rents are below the City average, and a market study prepared by Kioren Moss in May 2003 ("the Study") concludes that the vacancy rate for the subject property is estimated to be 2% or less. Three and four bedroom rentals are scarce, and most affordable rental units are rented prior to the move-out by tenants giving notice.

The closest farmworker family rental project is twelve miles northeast of the Project and has 160 units with 74 targeted to low and moderate-income families. The Project maintains a waiting list and has minimal turnover. The Borrower is currently planning the development of a 54-unit affordable rental project called Villa Victoria in north Oxnard. Twenty-seven of the units will be restricted to farmworker families. These units will be available for rent at the same time as Villa Cesar Chavez in 2005. This project is not expected to impact the demand for Villa Cesar Chavez given the level of need for affordable housing in Oxnard.

One luxury apartment development is in the planning stages in the northern part of Oxnard near the 101 Freeway, and three other affordable housing projects with a total of 214 units are in the planning stages. Two of the projects have 94 family units, and the third project is a 120-unit senior project.

PROJECT FEASIBILITY

The two-bedroom units are generally smaller than comparable units in Oxnard, while the three and four bedroom units are larger. The Project includes washer/dryers and garages similar to the newer market rate rentals in north Oxnard. Half of the market rate apartment complexes in Oxnard include air conditioning; however, air conditioning is not considered a necessity as the Project is less than a mile from the ocean.

Market rate rents for comparable properties in south Oxnard average $1,100 for a two-bedroom unit; $1,400 for a three-bedroom unit; and $1,530 for a four-bedroom unit. The following chart depicts the maximum allowable rents for the project:

Rent Differentials (Market versus Underwriting)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
Two Bedroom		**$ 1,100**		
40%	$ 607		$ 493	55%
50%	$ 776		$ 324	70%
Three Bedroom		**$ 1,400**		
40%	$693		$ 707	50%
50%	$887		$ 513	63%
Four Bedroom		**$ 1,530**		
50%	$ 980		$ 550	64%

Estimated Lease-up Period

The Borrower intends to advertise and pre-qualify eligible farmworker households several months prior to completion of the Project. Based on the projected capture rates and desirable location of the Project, the units are expected to rent quickly. The appraiser estimates full occupancy within three months of completion.

OCCUPANCY RESTRICTIONS

CalHFA 20% (11) of the units will be restricted at 50% or less of AMI. The CalHFA Regulatory Agreement will be for a term of 32 years and recorded at construction loan close.

RD 100% (51) of the units will be restricted to farmworker households earning 60% or less of AMI. Rental Assistance will be provided to 39 of the households.

TCAC 100% (51) of the units will be restricted at 60% or less of AMI.

CITY 100% (51) of the units will be restricted at 60% or less of AMI and farmworker families shall be given first priority.

HCD 100% (51) of the units will be restricted to farmworker households at 60% or less of AMI.

RCAC 100% (51) of the units will be restricted at 50% or less of AMI.

ENVIRONMENTAL

A Phase I Environmental Assessment report (the "Report") was completed by Glenfos, Inc., on March 6, 2002. The Report concludes that there are no adverse environmental site conditions that warrant further investigation of the soils or ground water, and that no remedial action is required. An updated report will be required prior to construction loan closing. The five buildings on the property were built in 1935 and most likely have asbestos-containing building materials and lead-based paint. The developer shall comply with all laws related to the proper removal and disposal of asbestos and lead-based paint materials.

The GeoTechnical Engineering Investigation dated May 7, 2003 by Gold Coast Geoservices, Inc. recommends removal of the top layer of loose artificial fill soils, replaced by three to four feet of engineered 90% compacted fill to bring the slab foundations above the 100-year flood level. Although there were no findings of soils contaminates, the soils compaction and foundation recommendations reflected in this report shall be incorporated in the final approved Plans and Specifications.

A "Final Environmental Noise Assessment" (the "Assessment") prepared by Advanced Engineering Acoustics in May 2002 indicates that future ground transportation noise could exceed City of Oxnard noise limits and suggests mitigation measures. The Assessment findings suggest perimeter sound wall heights of 7 to 8.5 feet with sound-rated construction methods and window glazing on the units closest to the railway line. The Assessment findings shall be incorporated in the final approved plans and specifications. An updated report will be required prior to construction loan closing.

The Borrower has requested an earthquake insurance waiver and a seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to construction loan funding.

DEVELOPMENT TEAM

Borrower and Contractor

Cabrillo Economic Development Corporation

Cabrillo Economic Development Corporation (CEDC) is a private, nonprofit community economic development corporation that's been in existence for 22 years. CEDC has developed 16 projects and 823 units in southern California and they currently own and manage 275 of these units. CEDC intends to be the developer, general partner and contractor for Villa Cesar Chavez. CalHFA has previously approved one project for financing with CEDC: Plaza Del Sol, a 70-unit project in Simi Valley.

Management Agent

Cabrillo Economic Development Corporation

CEDC has been managing affordable housing projects that they've developed since 1992. They currently own and manage 275 affordable rental units in Ventura and Santa Barbara Counties. CEDC plans to manage Villa Cesar Chavez upon completion.

Architect

Faulconer & Carawan, LLP

Faulconer & Carawan, have over forty-five years of combined experience in residential and commercial buildings designs. In 1996 they received the AIAVC Merit Award for the design of the 32-unit affordable Villa Solimar development in Oxnard. Some of their other designs include the 120-unit affordable Camino Del Sol senior development in Oxnard, the 38-unit affordable Oxnard Hotel for senior residents, the 24-unit Meta St. Farmworker Housing project in Oxnard, and the 104 market-rate, for-sale, senior housing development in Ventura. Mr. Faulconer has contracted to oversee the development of Villa Cesar Chavez through completion of construction.

PROJECT SUMMARY
Villa Cesar Chavez

137 29-Aug-03

Project Profile:

Project:	Villa Cesar Chavez		
Location:	381 E. Hueneme Road		
	Oxnard 93033	*Cap Rate:*	7.50%
County:	Ventura	*Market:*	$7,200,000
Borrower:	Yet to be formed L.P.	*Income:*	$7,025,000
GP:	Cabrillo Economic Devlpmt Coı	*Final Value:*	$7,200,000
LP:	TBD		

LTC/LTV:	*Construction*	*Permanent*
Loan/Cost	N/A	19.5%
Loan/Value	N/A	35.3%

Program: Tax-Exempt Bond
CalHFA #: 03-025-L & S

Project Description:

Units	52
Handicap Units	2
Bldge Type	New Construction
Buildings	11
Stories	1 & 2
Gross Sq Ft	68,902
Land Sq Ft	158,123
Units/Acre	14
Total Parking	146
Enclosed Parking Spaces	104

Financing Summary:	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$2,540,000	$48,846	5.50%	30
CalHFA Second Mortgage	$645,000	$12,404	5.50%	10
Rural Development Section 514	$1,100,000	$21,154	1.00%	33
RCAC AWHHP	$750,000	$14,423	1.00%	33
Joe Serna Jr. Farmworker Loan	$2,736,128	$52,618	3.00%	40
City of Oxnard HOME & Redv. Funds	$860,000	$16,538	4.00%	33
AHP	$260,000	$5,000	0.00%	33
Deferred Developer Fee	$761,202	$14,639		-
Tax Credit Equity	$3,352,900	$64,479		
CalHFA Loan to Lender	$6,980,000	$134,231	3.00%	2

Unit Mix:

Type	Manager		40% AMI		50% AMI		60% AMI		Market Rents		Total
	number	rent	number	rent*	number	rent*	number	rent	number	rent	
1 bedroom			0	$0	0	$0	0	$0	0	0	0
2 bedroom			1	$607	2	$776	0	$0	0	0	3
3 bedroom	1	0	10	$693	21	$887	0	$0	0	0	32
4 bedroom			0	$0	17	$980	0	$0	0	0	17
subtotal	1		11		40		0		0		52

*Underwriting assumptions for first mortgage

Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Commitment Fee	1.00% of Loan to Lender Loan	$69,800	Cash
Loan Fee	0.50% of Perm. Loans	$15,925	Cash
Escrows			
Bond Origination Guarantee	1.00% of Tax Exempt Loans	$69,800	Cash or LOC
Inspection fee	$1,500 x months of construction	$21,000	Cash at Construction Loan Close
Construction Defect Reserve	2.50% of Hard Costs for 12 mths	$156,859	Letter of Credit at Perm.
Reserves			
Operating Expense Reserve	10.00% of Gross Income	$61,677	Letter of Credit
Annual Replacement Reserve	$500 per unit per year	$26,000	From Operations

Permanent Sources and Uses — Villa Cesar Chavez

SOURCES:

Name of Lender / Source	Amount	$ per unit	% of Total
CalHFA First Mortgage	2,540,000	48,846	20%
CalHFA Second Mortgage	645,000	12,404	5%
Rural Development Section 514	1,100,000	21,154	8%
Joe Serna Jr. Farmworker Loan	2,736,128	52,618	21%
City of Oxnard HOME & Redv. Funds	860,000	16,538	7%
AHP	260,000	5,000	2%
RCAC AWHHP	750,000	14,423	6%
Total Institutional Financing	**8,891,128**	**170,983**	68%
Equity Financing			
Tax Credits	3,352,900	64,479	26%
Deferred Developer Equity	761,202	14,639	6%
Total Equity Financing	**4,114,102**	**79,117**	32%
TOTAL SOURCES	**13,005,230**	**250,101**	100%

USES:

Acquisition	718,200	13,812	6%
Rehabilitation	0	0	0%
New Construction	7,588,250	145,928	58%
Architectual Fees	421,800	8,112	3%
Survey and Engineering	30,000	577	0%
Const. Loan Interest & Fees	472,000	9,077	4%
Permanent Financing	101,225	1,947	1%
Legal Fees	62,500	1,202	0%
Reserves	150,200	2,888	1%
Contract Costs	10,000	192	0%
Construction Contingency	655,000	12,596	5%
Local Fees	1,100,000	21,154	8%
TCAC Costs	26,855	516	0%
Other Costs	120,000	2,308	1%
PROJECT COSTS	**11,456,030**	**220,308**	88%
Developer Overhead/Profit	1,509,200	29,023	12%
Consultant/Processing Agent	40,000	769	0%
TOTAL USES	**13,005,230**	**250,101**	100%

Annual Operating Budget — Villa Cesar Chavez

INCOME:	Total	$ per unit
Total Rental Income	$532,592	$10,242
Laundry	$0	$0
Rental Subsidy Income	$84,180	$1,619
Gross Potential Income (GPI)	**$616,772**	**$11,861**
Less:		
Vacancy Loss	$30,839	$593
Total Net Revenue	**$585,933**	**$11,268**

EXPENSES:		
Payroll	$62,000	$1,192
Administrative	$21,500	$413
Management fee	$21,840	$420
Utilities	$24,500	$471
Operating and Maintenance	$54,400	$1,046
Insurance and Business Taxes	$8,000	$154
Taxes and Assessments	$5,000	$96
Reserve for Replacement Deposits	$26,000	$500
Subtotal Operating Expenses	**$223,240**	**$4,293**
Financial Expenses		
Mortgage Payments (1st loan)	$173,062	$3,328
CalHFA 2nd Mortgage	$83,999	$1,615
Rural Development Section 514	$39,100	$752
RCAC AWHHP	$34,900	$671
Total Financial	**$331,061**	**$6,367**
Total Project Expenses	**$554,301**	**$10,660**

Cash Flow — Villa Cesar Chavez — CalHFA Development Number: 03-025-L & S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Subsidy Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	84,180	86,285	88,442	90,653	92,919	95,242	97,623	100,064	102,565	105,129
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	532,592	545,906	559,554	573,543	587,881	602,578	617,643	633,084	648,911	665,134
TOTAL RENTAL INCOME	**616,772**	**632,191**	**647,996**	**664,195**	**680,800**	**697,820**	**715,266**	**733,147**	**751,476**	**770,263**
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 (provided in each unit)	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**616,772**	**632,191**	**647,996**	**664,195**	**680,800**	**697,820**	**715,266**	**733,147**	**751,476**	**770,263**
Vacancy Rate : Rental Subsidy	*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	30,839	31,610	32,400	33,210	34,040	34,891	35,763	36,657	37,574	38,513
EFFECTIVE GROSS INCOME	**585,933**	**600,581**	**615,596**	**630,986**	**646,760**	**662,929**	**679,503**	**696,490**	**713,902**	**731,750**
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	192,240	199,930	207,927	216,244	224,894	233,889	243,245	252,975	263,094	273,617
Replacement Reserve	26,000	26,000	26,000	26,000	26,000	27,300	27,300	27,300	27,300	27,300
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975
TOTAL EXPENSES	**223,240**	**231,030**	**239,129**	**247,550**	**256,306**	**266,710**	**276,176**	**286,018**	**296,252**	**306,893**
NET OPERATING INCOME	**362,693**	**369,552**	**376,467**	**383,436**	**390,455**	**396,220**	**403,327**	**410,472**	**417,650**	**424,857**
DEBT SERVICE										
CalHFA - 1st Mortgage	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062
CalHFA - 2nd Mortgage	83,999	83,999	83,999	83,999	83,999	83,999	83,999	83,999	83,999	83,999
RD Section 514 Loan - 3rd Mortgage	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100
RCAC AWHHP - 4th Mortgage	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900
TOTAL DEBT SERVICE	331,061	331,061	331,061	331,061	331,061	331,061	331,061	331,061	331,061	331,061
CASH FLOW after debt service	**31,631**	**38,490**	**45,406**	**52,374**	**59,393**	**65,158**	**72,265**	**79,411**	**86,589**	**93,796**
DEBT COVERAGE RATIO	**1.10**	**1.12**	**1.14**	**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**

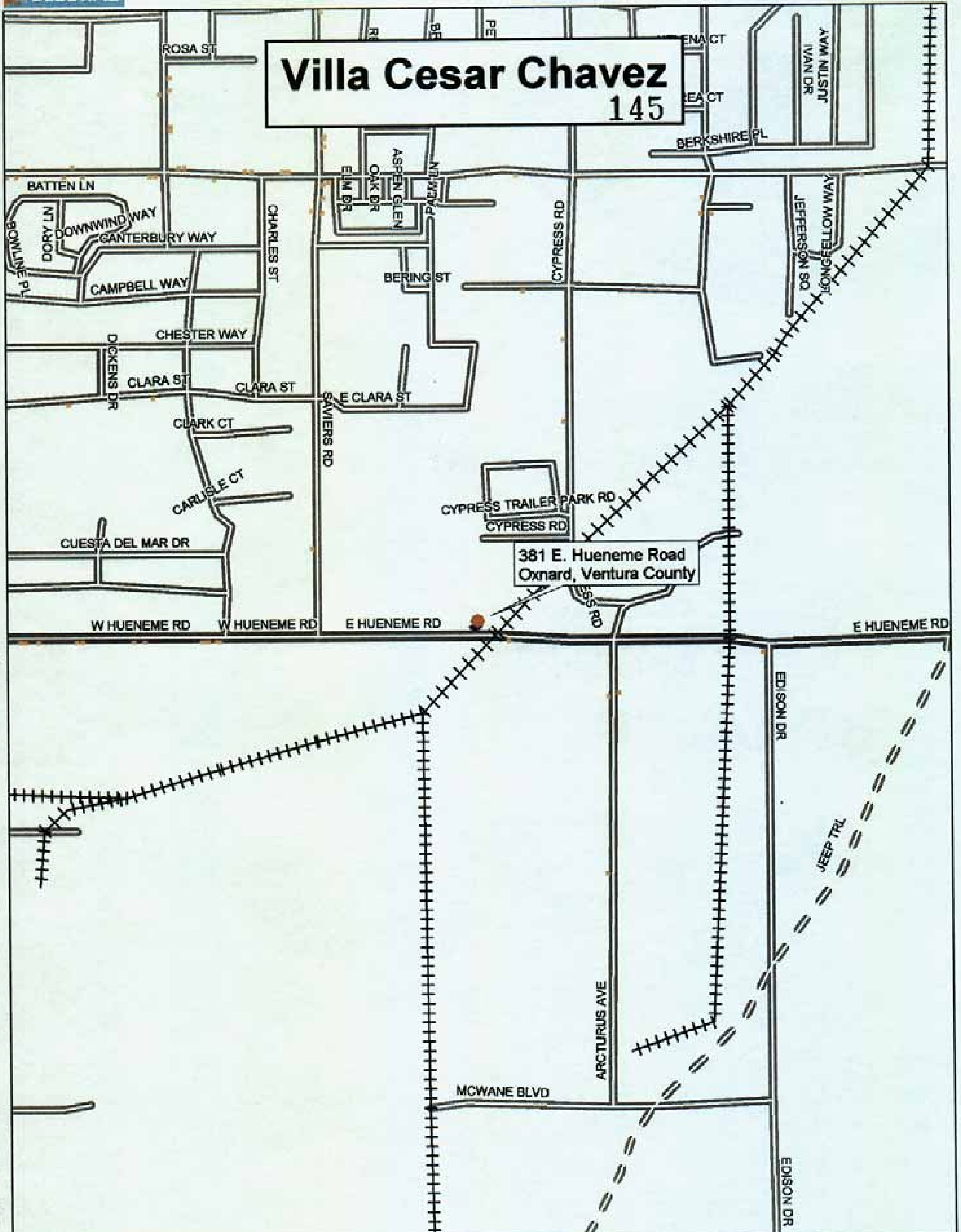
Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Rental Subsidy Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	0	0	0	0	0	0	0	0	0	0
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	681,762	698,806	716,276	734,183	752,538	771,351	790,635	810,401	830,661	851,428
TOTAL RENTAL INCOME	**681,762**	**698,806**	**716,276**	**734,183**	**752,538**	**771,351**	**790,635**	**810,401**	**830,661**	**851,428**
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 (provided in each unit)	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**681,762**	**698,806**	**716,276**	**734,183**	**752,538**	**771,351**	**790,635**	**810,401**	**830,661**	**851,428**
Vacancy Rate : Rental Subsidy	*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	34,088	34,940	35,814	36,709	37,627	38,568	39,532	40,520	41,533	42,571
EFFECTIVE GROSS INCOME	**647,674**	**663,866**	**680,463**	**697,474**	**714,911**	**732,784**	**751,103**	**769,881**	**789,128**	**808,856**
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	284,562	295,945	307,782	320,094	332,897	346,213	360,062	374,464	389,443	405,021
Replacement Reserve	28,665	28,665	28,665	28,665	28,665	30,098	30,098	30,098	30,098	30,098
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	6,095	6,217	6,341	6,468	6,597	6,729	6,864	7,001	7,141	7,284
TOTAL EXPENSES	**319,322**	**330,827**	**342,789**	**355,227**	**368,160**	**383,041**	**397,024**	**411,564**	**426,682**	**442,403**
NET OPERATING INCOME	**328,352**	**333,039**	**337,674**	**342,247**	**346,751**	**349,743**	**354,079**	**358,317**	**362,445**	**366,453**
DEBT SERVICE										
CalHFA - 1st Mortgage	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062
CalHFA - 2nd Mortgage	0	0	0	0	0	0				
RD Section 514 Loan - 3rd Mortgage	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100
RCAC AWHHP - 4th Mortgage	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900
TOTAL DEBT SERVICE	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062
CASH FLOW after debt service	**81,290**	**85,977**	**90,612**	**95,185**	**99,689**	**102,681**	**107,017**	**111,255**	**115,383**	**119,391**
DEBT COVERAGE RATIO	**1.33**	**1.35**	**1.37**	**1.39**	**1.40**	**1.42**	**1.43**	**1.45**	**1.47**	**1.48**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Rental Subsidy Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	0	0	0	0	0	0	0	0	0	0
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	872,713	894,531	916,894	939,817	963,312	987,395	1,012,080	1,037,382	1,063,316	1,089,899
TOTAL RENTAL INCOME	**872,713**	**894,531**	**916,894**	**939,817**	**963,312**	**987,395**	**1,012,080**	**1,037,382**	**1,063,316**	**1,089,899**
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 (provided in each unit)	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**872,713**	**894,531**	**916,894**	**939,817**	**963,312**	**987,395**	**1,012,080**	**1,037,382**	**1,063,316**	**1,089,899**
Vacancy Rate : Rental Subsidy	*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	43,636	44,727	45,845	46,991	48,166	49,370	50,604	51,869	53,166	54,495
EFFECTIVE GROSS INCOME	**829,078**	**849,804**	**871,050**	**892,826**	**915,146**	**938,025**	**961,476**	**985,513**	**1,010,150**	**1,035,404**
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	421,222	438,070	455,593	473,817	492,770	512,480	532,980	554,299	576,471	599,530
Replacement Reserve	31,603	31,603	31,603	31,603	31,603	33,183	33,183	33,183	33,183	33,183
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	7,430	7,578	7,730	7,884	8,042	8,203	8,367	8,534	8,705	8,879
TOTAL EXPENSES	**460,254**	**477,252**	**494,926**	**513,305**	**532,415**	**553,867**	**574,530**	**596,017**	**618,359**	**641,592**
NET OPERATING INCOME	**368,823**	**372,553**	**376,123**	**379,521**	**382,732**	**384,158**	**386,946**	**389,496**	**391,791**	**393,812**
DEBT SERVICE										
CalHFA - 1st Mortgage	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062	173,062
CalHFA - 2nd Mortgage										
RD Section 514 Loan - 3rd Mortgage	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100
RCAC AWHHP - 4th Mortgage	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900	34,900
TOTAL DEBT SERVICE	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062	247,062
CASH FLOW after debt service	**121,761**	**125,491**	**129,061**	**132,459**	**135,669**	**137,096**	**139,884**	**142,434**	**144,729**	**146,750**
DEBT COVERAGE RATIO	**1.49**	**1.51**	**1.52**	**1.54**	**1.55**	**1.55**	**1.57**	**1.58**	**1.59**	**1.59**


Villa Cesar Chavez
143
Bakersfield
99
5
Tehachapi
399
AVF
138
101
217
Santa Barbara
Santa Paula
VF
OF
Ventura
Oxnard
Camarillo
118
Simi Valley
210
Van Nuys
Port Hueneme
1
101
VF
GF
710
Beverly Hills
Los Angeles
Culver City
Montebello
Pacific Ocean
405
110
Pico Rivera
Lynwood
Compton
Norwalk
AF
Redondo Beach
Torrance
Cerritos
Anaheim
Long Beach
47
Garden Grove
Huntington Beach
Costa Mesa
381 E. Hueneme Road
Oxnard, Ventura County
Scale 1 : 1,100,000
1" = 17.4 mi



Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-37

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Cabrillo Economic Development Corporation (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide financing for a 52-unit multifamily housing development located in the City of Oxnard to be known as Villa Cesar Chavez (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 29, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 14, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-025-L/S	Villa Cesar Chavez Oxnard/Ventura	52 Loan-to-Lender: Permanent First Mortgage: Permanent Second Mortgage:	 $6,980,000 $2,540,000 $ 645,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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%) and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds 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 Multifamily 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 03-37 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST:____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Villa Victoria
Oxnard, Ventura County, CA
CalHFA # 03-045-L/S

SUMMARY

This is a final commitment request for tax-exempt Loan to Lender financing in the amount of Seven Million One Hundred Thousand Dollars ($7,100,000.00), a tax-exempt first mortgage in the amount of Three Million Five Hundred Twenty-Five Thousand Dollars ($3,525,000.00), and a tax-exempt second mortgage in the amount of Four Hundred Thousand Dollars ($400,000.00). Security for the loans will be a 54-unit townhome development known as Villa Victoria, in Oxnard (the "Project"). The Project will be developed, constructed, owned, and managed by Cabrillo Economic Development Corporation or their subsidiary ("CEDC").

LOAN TERMS

Loan to Lender

Loan Amount	$7,100,000
Interest Rate	3.0%, fixed
Term	24 Months, interest only
Financing	Tax-exempt

Permanent

First Mortgage	$3,525,000
Interest Rate	5.50%, fixed
Term	30 year fixed, fully amortized
Financing	Tax-exempt
Second Mortgage	$400,000
Interest Rate	5.50%, fixed
Term	10 year fixed, fully amortized
Financing	Tax-exempt

LOCALITY INVOLVEMENT

The City of Oxnard (the "City") is providing a thirty-three year, $865,150, residual receipt loan (the "City Loan") for the development of the Project. An Affordable Housing and Loan Agreement between the Borrower and the City restricts occupancy of all tenants to low-income families earning less than sixty percent of median income and further restricts 27 of the units to farmworker families. All planning, zoning or City-mandated occupancy restrictions running with the land or tied to the Project will be subordinate to the CalHFA loan and regulatory agreement.

Villa Victoria is part of the Northwest Golf Course Community Specific Plan and is being developed as part of a court settlement dated November 14, 2000 involving the seller, the City of Oxnard, and the Guitierrez family as plaintiffs. Twenty-seven of the units will be restricted to eligible farmworker familes. The settlement requires the development of affordable housing on this, and other sites in Oxnard, with rental preference given to the Guitierrez family for two of the affordable farmworker units.

STATE INVOLVEMENT

The Department of Housing and Community Development ("HCD") has committed a $2,977,367 loan under the Joe Serna Jr. Farmworker Grant and Loan Program. This 40-year loan is at 3% simple interest with residual receipt repayment provisions. A 40-year Regulatory Agreement will restrict occupancy on 27 of the units to eligible farmworker families. Both the HCD loan and regulatory agreement will be subordinate to the CalHFA financing and regulatory provisions.

FEDERAL INVOLVEMENT

The USDA Department of Rural Development ("RD") is providing a $1,100,000 section 514 Farm Labor Housing Loan at 1%, amortized over 33-years at start of construction. Deed restrictions will require that 27 of the units be rented to low-income farmworker families. The section 514 program provides subsidized financing for the development of on or off-farm rental developments for very-low and low income farmworker families. At least one of the family members must receive a substantial portion of income from farm labor employment. The section 514 loan, deed restrictions and regulatory provisions will be subordinate to the CalHFA financing and regulatory agreement at permanent loan closing.

RD will provide project based rental subsidy with section 521 Rental Assistance (RA) for 27 farmworker restricted units for five years, with five year renewals anticipated thereafter. The Borrower is required to seek and accept renewals of RD Rental Assistance. Eligible families will pay 30% of their gross income (the "tenant portion") and Rental Assistance will subsidize the remainder to 50% of area median income. The CalHFA First Mortgage has been underwritten assuming that the 27 farmworker households can afford rents at 40% of area median income.

PROJECT DESCRIPTION

Project Location

Villa Victoria is situated in an area of Oxnard that was previously undeveloped farmland until the ground breaking in 2002 of the Northwest Golf Course Community, otherwise known as Victoria Estates. The River Ridge Golf course expansion abuts the east and south perimeters of the Project. Across the new golf fairway are 418 new single family residences with sales prices starting at $500,000. A women's shelter is on an adjoining site north of the Project. South of the Project, along Gonzales Road, is a new High School, elementary school, two new churches and a community park. A large regional shopping center with supermarkets, fast food, department stores and restaurants is two miles west of the Project. The Ventura 101 Freeway is about three miles north of the Project and downtown Oxnard is about 5 miles southeast of the site.

Site

Villa Victoria is a level 3.09-acre triangular-shaped parcel located approximately 2 blocks north of Gonzales Road on the east side of Victoria Avenue. The site has a flood channel running along Victoria Avenue on the west side of the site, and the golf course has been graded so that hills separate the golf course fairways from the Property. The women's shelter has an access easement and shares the driveway off Victoria Avenue that crosses an open flood channel and runs between a row of 100-year old eucalyptus trees that border the west side of the Project site. Victoria Avenue is a major arterial road with two lanes of traffic in either direction. The site is zoned R-3 and allows for 17.5 units per acre. The Project will be bounded on the south, east and west by an eight to ten foot high perimeter wall and dense landscaping to minimize the likelihood of golf ball damage to the units and noise from vehicles traveling along Victoria Avenue.

Improvements

Villa Victoria will have 54 units in ten residential buildings. Construction is wood frame covered with stucco and prefabricated trusses with gable roofs covered with concrete tiles. There will be a central tot lot and a 740 square foot community building with a large community room, kitchen facilities, two bathrooms, and a rental office.

There are a total of three single story units consisting of 1 one-bedroom/one bath unit and 2 two-bedroom/one bath units. The remaining units are two-story town home units consisting of 33 three-bedroom/two bath units and 18 four-bedroom/two bath units. Each unit includes a refrigerator, garbage disposal, gas range/oven, dishwasher, stainless steel sink, gas forced heating, individual hot water heater and water meter, washer and dryer, and automatic fire sprinklers. All units have two-car garages with automatic roll-up garage doors, and there will be an additional twenty open parking spaces.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
1	1	1	622
2	2	1	849
33	3	2	1297
18	4	2	1501

MARKET

Market Overview

The primary market area ("PMA") is defined as a seven-mile radius from the Property and includes by the boundaries of the City of Oxnard which has a population of approximately 160,000 residents. The median income for the 46,054 households in Oxnard is estimated to be

$60,657. Recent demographic data indicates that 97,014 households live within seven miles of the Project, and an approximately 7,000 of these households have family members employed in the farming industry. Approximately 43% of the total households are renters and 25% of these are income eligible for the Project. This indicates a potential demand of 10,429 households and capture rate of 1%. Although there is no available data for estimating the number of income eligible households that are employed by the farming industry, an appraisal dated May 30, 2003 by Pacific Real Estate Appraisal estimates that the restricted farmworker rental units will require a 2.5% capture rate.

Market rate construction of high-end, single-family homes continues to occur at a rapid pace in Oxnard. In 2002, the median home price in Oxnard was $269,508. New homes within one-half mile of the Project start at $400,000.

Housing Supply and Demand

Realfacts indicates an overall vacancy rate of 4.6% for the City of Oxnard in the first quarter of 2003. Project rents are below the City average and a market study prepared by Kioren Moss in May 2003 ("the Study") concludes that the vacancy rate for the subject property is 1% or less. Three and four bedroom rentals are scarce, and most affordable rental units are rented prior to the move-out by tenants giving notice.

The closest farmworker family rental project is eight miles northeast of the Project and has 160 units with 74 targeted to low and moderate-income families. The Project maintains a waiting list and has minimal turnover. The Borrower is currently planning the development of a 52-unit affordable farmworker rental project called Villa Cesar Chavez in south Oxnard. These units will be available for rent at the same time as Villa Victoria in 2005. This project will not impact the demand for Villa Victoria given the level of need for affordable housing in Oxnard.

One luxury apartment development is in the planning stages in the northern part of Oxnard near the 101 Freeway, and three other affordable housing projects with a total of 214 units are in the planning stages. Two of the projects have 94 family units and the third project is a 120-unit senior project.

PROJECT FEASIBILITY

The unit sizes are considered average comparable to market, and the Project includes washer/dryers and garages similar to the newer high end rentals in close proximity to the subject. About half of the market rate apartment complexes in Oxnard include air conditioning; however, air conditioning is not considered a necessity as the Project is one mile from the ocean.

Market rate rents for comparable properties average $950 for a one-bedroom unit: $1197 for a two-bedroom unit; $1449 for a three-bedroom unit, and $1554 for a four-bedroom unit. The following chart depicts the maximum allowable rents for the project:

Rent Differentials (Market versus Underwriting)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$ 950**		
40%	$ 508		$ 442	53%
Two Bedroom		**$ 1,197**		
40%	$ 608		$ 589	51%
Three Bedroom		**$ 1,449**		
40%	$693		$ 756	48%
50%	$850		$ 599	59%
60%	$1,082		$ 367	75%
Four Bedroom		**$ 1,554**		
40%	$764		$790	49%
50%	$ 906		$ 648	58%
60%	$1,197		$ 357	77%

Estimated Lease-up Period

The Borrower intends to pre-qualify eligible households several months prior to completion of the Project. Based on the projected capture rates and desirable location of the Project, the units are expected to rent quickly. The appraiser estimates full occupancy within three months of completion.

OCCUPANCY RESTRICTIONS

CalHFA 20% (11) of the units will be restricted at 50% or less of AMI. The CalHFA Regulatory Agreement will be for a term of 32 years and recorded at construction loan close.

RD 50% (27) of the units will be restricted to farmworker households earning 50% or less of AMI. Rental Assistance will be provided to these households.

TCAC 100% (53) of the units will be restricted at 60% or less of AMI.

CITY 100% (53) of the units will be restricted at 60% or less of AMI for 55 years and 27 units are restricted to farmworker households earning 50% or less of AMI.

HCD 50% (27) of the units will be restricted to farmworker households earning 50% or less of AMI.

ENVIRONMENTAL

A Phase I Environmental Assessment report completed by Glenfos, Inc., on March 27, 2003 concludes that there are no adverse environmental conditions that warrant further investigation or remedial action.

The GeoTechnical Engineering Investigation Report dated July 7, 2003 by Gold Coast Geoservices, Inc., recommends removal of the top layer of loose artificial fill soils, replaced by three to four feet of engineered 90% compacted fill to bring the slab foundations above the 100-year flood level. Although there were no findings of soils contaminates, the soils compaction and foundation recommendations reflected in this report shall be incorporated in the final approval Plans and Specifications.

The City staff are analyzing the potential for golf ball damage to the Project and will include any additional mitigation measures in their final approved plans and specifications. Due to the Project's proximity to Victoria Avenue, an acoustical analysis has been ordered and any findings shall be incorporated in the final approved plans and specifications.

The Borrower has requested an earthquake insurance waiver, and a seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to construction loan funding.

DEVELOPMENT TEAM

Borrower and Contractor

Cabrillo Economic Development Corporation

Cabrillo Economic Development Corporation (CEDC) is a private, nonprofit community economic development corporation that's been in existence for 22 years. CEDC has developed 16 projects and 823 units in southern California, and they currently own and manage 275 of these units. CEDC intends to be the developer, general partner and contractor for Villa Victoria. CalHFA has approved one project for financing with CEDC: Plaza Del Sol, a 70-unit project in Simi Valley.

Management Agent

Cabrillo Economic Development Corporation

CEDC has been managing affordable housing projects that they've developed since 1992. They currently own and manage 275 affordable rental units in Ventura and Santa Barbara Counties. CEDC plans to manage Villa Victoria upon completion.

Architect

Faulconer & Carawan, LLP

Faulconer & Carawan, have over forty-five years of combined experience in residential and commercial buildings designs. In 1996 they received the AIAVC Merit Award for the design of the 32-unit affordable Villa Solimar development in Oxnard. Some of their other designs include the 120-unit affordable Camino Del Sol senior development in Oxnard, the 38-unit affordable Oxnard Hotel for senior residents, the 24-unit Meta St. Farmworker Housing project in Oxnard, and the 104 market-rate, for-sale, senior housing development in Ventura. Mr. Faulconer has contracted to oversee the development of Villa Victoria through completion of construction.

Project Summary

Villa Victoria

156

29-Aug-03

Project Profile:

Project:	Villa Victoria		
Location:	Just north of Victoria & Gonzalez Intersection		
City	Oxnard 93033	*Cap Rate:*	7.50%
County:	Ventura	*Market:*	$7,850,000
Borrower:	A yet to be formed L.P.	*Income:*	$7,650,000
GP:	Cabrillo Economic Devlpmt Co	*Final Value:*	$7,750,000
LP:	TBD		

LTC/LTV:	*Construction*	*Permanent*
Loan/Cost	N/A	30.23%
Loan/Value	N/A	50.65%

Program: Tax-Exempt Bond

CalHFA #: 03-045-L & S

Project Description:

Units	54
Handicap Units	2
Bldge Type	New Construction
Buildings	11
Stories	1 & 2
Gross Sq Ft	72,879
Land Sq Ft	134,600
Units/Acre	17
Total Parking	108
Enclosed Parking Spaces	87

Financing Summary:

Financing Summary:	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$3,525,000	$65,278	5.50%	30
CalHFA 2nd Mortgage	$400,000	$7,407	5.50%	10
Rural Development Section 514	$1,100,000	$20,370	1.00%	33
Joe Serna Jr. Farmworker Loan	$2,977,367	$55,136	3.00%	40
City of Oxnard	$865,150	$16,021	4.00%	33
Deferred Developer Equity	$495,395	$9,174		-
Tax Credit Equity	$3,620,400	$67,044		
CalHFA Loan to Lender	$7,100,000	$131,481	3.00%	2

Unit Mix

Type	Manager		40% AMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
1 bedroom			1	$508	0	$0	0	$0	0	0	1
2 bedroom	1	0	1	$608	0	$0	0	$0	0	0	2
3 bedroom			17	$693	3	$850	13	$1,082	0	0	33
4 bedroom			8	$764	2	$906	8	$1,197	0	0	18
subtotal	1		27		5		21		0		
											54

*Underwriting assumptions for first mortgage.

Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Commitment Fee	1.00% of Loan to Lender Loan	$71,000	Prior to Board Approval
Loan Fee	0.50% of Perm. Loan	$19,625	Cash
Escrows			
Bond Origination Guarantee	1.00% of Tax Exempt Loans	$71,000	Letter of Credit
Inspection fee	$1,500 x months of construction	$21,000	Cash at Construction Loan Close
Construction Defect Reserve	2.50% of Hard Costs for 12 mths	$133,603	Letter of Credit at Perm.
Reserves			
Operating Expense Reserve	10.00% of Gross Income	$62,811	Letter of Credit at Perm.
Annual Replacement Reserve	$500 per unit per year	$27,000	From Operations

Permanent Sources and Uses — Villa Victoria

SOURCES:

Name of Lender / Source	Amount	$ per unit	% of Total
CalHFA First Mortgage	3,525,000	65,278	27%
CalHFA 2nd Mortgage	400,000	7,407	3%
Rural Development Section 514	1,100,000	20,370	8%
Joe Serna Jr. Farmworker Loan	2,977,367	55,136	23%
City of Oxnard	865,150	16,021	7%
Total Institutional Financing	**8,867,517**	**164,213**	68%
Equity Financing			
Tax Credits	3,620,400	67,044	28%
Deferred Developer Equity	495,395	9,174	4%
Total Equity Financing	**4,115,795**	**76,218**	32%
TOTAL SOURCES	**12,983,312**	**240,432**	100%

USES:

Acquisition	0	0	0%
Rehabilitation	0	0	0%
New Construction	8,076,460	149,564	62%
Architectual Fees	300,000	5,556	2%
Survey and Engineering	40,000	741	0%
Const. Loan Interest & Fees	450,990	8,352	3%
Permanent Financing	96,125	1,780	1%
Legal Fees	63,000	1,167	0%
Reserves	358,300	6,635	3%
Contract Costs	11,000	204	0%
Construction Contingency	727,599	13,474	6%
Local Fees	1,100,000	20,370	8%
TCAC Costs	28,038	519	0%
Other Costs	62,500	1,157	0%
PROJECT COSTS	**11,314,012**	**209,519**	87%
Developer Overhead/Profit	1,629,300	30,172	13%
Consultant/Processing Agent	40,000	741	0%
TOTAL USES	**12,983,312**	**240,432**	100%

Annual Operating Budget

Villa Victoria

INCOME:	Total	$ per unit
Total Rental Income	563,988	$10,444
Laundry	0	$0
Rental Subsid Income	64,121	$1,187
Gross Potential Income (GPI)	**628,109**	**$11,632**
Less:		
Vacancy Loss	31,405	$582
Total Net Revenue	**596,704**	**$11,050**
EXPENSES:		
Payroll	65,000	$1,204
Administrative	22,000	$407
Management fee	22,680	$420
Utilities	26,000	$481
Operating and Maintenance	54,000	$1,000
Insurance and Business Taxes	11,000	$204
Taxes and Assessments	5,000	$93
Reserve for Replacement Deposits	27,000	$500
Subtotal Operating Expenses	**232,680**	**$4,309**
Financial Expenses		
CalHFA 1st Mortgage	240,175	$4,448
CalHFA 2nd Mortgage	52,093	$965
RD Section 514 Loan	39,700	$735
Total Financial	**331,967**	**$6,148**
Total Project Expenses	**564,647**	**$10,456**

Cash Flow Villa Victoria CalHFA Development Number: 03-045-L & S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RD Rental Assistance Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	64,121	65,724	67,367	69,052	70,778	72,547	74,361	76,220	78,126	80,079
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	563,988	578,088	592,540	607,353	622,537	638,101	654,053	670,405	687,165	704,344
TOTAL RENTAL INCOME	**628,109**	**643,812**	**659,907**	**676,405**	**693,315**	**710,648**	**728,414**	**746,625**	**765,290**	**784,422**
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 (Washers/Dryers in Units)	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**628,109**	**643,812**	**659,907**	**676,405**	**693,315**	**710,648**	**728,414**	**746,625**	**765,290**	**784,422**
Vacancy Rate : Rental Assistance	*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	31,405	32,191	32,995	33,820	34,666	35,532	36,421	37,331	38,265	39,221
EFFECTIVE GROSS INCOME	**596,704**	**611,621**	**626,912**	**642,585**	**658,649**	**675,116**	**691,993**	**709,293**	**727,026**	**745,201**
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	200,680	208,707	217,055	225,738	234,767	244,158	253,924	264,081	274,644	285,630
Replacement Reserve	27,000	27,000	27,000	27,000	27,000	28,350	28,350	28,350	28,350	28,350
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975
TOTAL EXPENSES	**232,680**	**240,807**	**249,257**	**258,044**	**267,179**	**278,028**	**287,905**	**298,175**	**308,853**	**319,956**
NET OPERATING INCOME	**364,024**	**370,814**	**377,654**	**384,541**	**391,470**	**397,087**	**404,088**	**411,119**	**418,173**	**425,246**
DEBT SERVICE										
CalHFA - 1st Mortgage	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175
CalHFA - 2nd Mortgage	52,093	52,093	52,093	52,093	52,093	52,093	52,093	52,093	52,093	52,093
RD Section 514 Loan	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700
Total Required Debt Service	**331,967**	**331,968**	**331,968**	**331,968**	**331,968**	**331,968**	**331,968**	**331,968**	**331,968**	**331,968**
CASH FLOW after debt service	**32,056**	**90,939**	**137,480**	**144,366**	**151,295**	**156,913**	**163,914**	**170,944**	**177,998**	**185,071**
DEBT COVERAGE RATIO	**1.10**	**1.12**	**1.14**	**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**

Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RD Rental Assistance Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	0	0	0	0	0	0	0	0	0	0
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	721,952	740,001	758,501	777,464	796,900	816,823	837,243	858,174	879,629	901,620
TOTAL RENTAL INCOME	**721,952**	**740,001**	**758,501**	**777,464**	**796,900**	**816,823**	**837,243**	**858,174**	**879,629**	**901,620**
OTHER INCOME										
Other Income Increase	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Laundry (Washers/Dryers in Units)	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**721,952**	**740,001**	**758,501**	**777,464**	**796,900**	**816,823**	**837,243**	**858,174**	**879,629**	**901,620**
Vacancy Rate : Rental Assistance	*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	36,098	37,000	37,925	38,873	39,845	40,841	41,862	42,909	43,981	45,081
EFFECTIVE GROSS INCOME	**685,855**	**703,001**	**720,576**	**738,591**	**757,055**	**775,982**	**795,381**	**815,266**	**835,647**	**856,539**
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	297,055	308,938	321,295	334,147	347,513	361,413	375,870	390,905	406,541	422,802
Replacement Reserve	29,768	29,768	29,768	29,768	29,768	31,256	31,256	31,256	31,256	31,256
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	6,095	6,217	6,341	6,468	6,597	6,729	6,864	7,001	7,141	7,284
TOTAL EXPENSES	**332,918**	**344,922**	**357,404**	**370,382**	**383,878**	**399,399**	**413,990**	**429,162**	**444,938**	**461,342**
NET OPERATING INCOME	**352,937**	**358,079**	**363,172**	**368,208**	**373,178**	**376,583**	**381,392**	**386,104**	**390,709**	**395,196**
DEBT SERVICE										
CalHFA - 1st Mortgage	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175
CalHFA - 2nd Mortgage										
RD Section 514 Loan	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700
Total Required Debt Service	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**
CASH FLOW after debt service	**112,762**	**117,904**	**122,997**	**128,033**	**133,003**	**136,408**	**141,217**	**145,929**	**150,535**	**155,021**
DEBT COVERAGE RATIO	**1.26**	**1.28**	**1.30**	**1.32**	**1.33**	**1.35**	**1.36**	**1.38**	**1.40**	**1.41**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RD Rental Assistance Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
RD Rental Subsidy Income	0	0	0	0	0	0	0	0	0	0
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	924,160	947,264	970,946	995,219	1,020,100	1,045,602	1,071,742	1,098,536	1,125,999	1,154,149
TOTAL RENTAL INCOME	**924,160**	**947,264**	**970,946**	**995,219**	**1,020,100**	**1,045,602**	**1,071,742**	**1,098,536**	**1,125,999**	**1,154,149**
OTHER INCOME										
Other Income Increase	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Laundry (Washers/Dryers in Units)	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**924,160**	**947,264**	**970,946**	**995,219**	**1,020,100**	**1,045,602**	**1,071,742**	**1,098,536**	**1,125,999**	**1,154,149**
Vacancy Rate : Rental Assistance	*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	46,208	47,363	48,547	49,761	51,005	52,280	53,587	54,927	56,300	57,707
EFFECTIVE GROSS INCOME	**877,952**	**899,901**	**922,398**	**945,458**	**969,095**	**993,322**	**1,018,155**	**1,043,609**	**1,069,699**	**1,096,442**
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	439,715	457,303	475,595	494,619	514,404	534,980	556,379	578,634	601,780	625,851
Replacement Reserve	32,819	32,819	32,819	32,819	32,819	34,460	34,460	34,460	34,460	34,460
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	7,430	7,578	7,730	7,884	8,042	8,203	8,367	8,534	8,705	8,879
TOTAL EXPENSES	**479,963**	**497,700**	**516,144**	**535,322**	**555,265**	**577,643**	**599,206**	**621,628**	**644,945**	**669,190**
NET OPERATING INCOME	**397,989**	**402,201**	**406,254**	**410,136**	**413,830**	**415,679**	**418,949**	**421,981**	**424,755**	**427,252**
DEBT SERVICE										
CalHFA - 1st Mortgage	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175	240,175
CalHFA - 2nd Mortgage										
RD Section 514 Loan	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700	39,700
Total Required Debt Service	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**	**279,875**
CASH FLOW after debt service	**157,814**	**162,026**	**166,080**	**169,961**	**173,655**	**175,505**	**178,774**	**181,806**	**184,580**	**187,077**
DEBT COVERAGE RATIO	**1.42**	**1.44**	**1.45**	**1.47**	**1.48**	**1.49**	**1.50**	**1.51**	**1.52**	**1.53**

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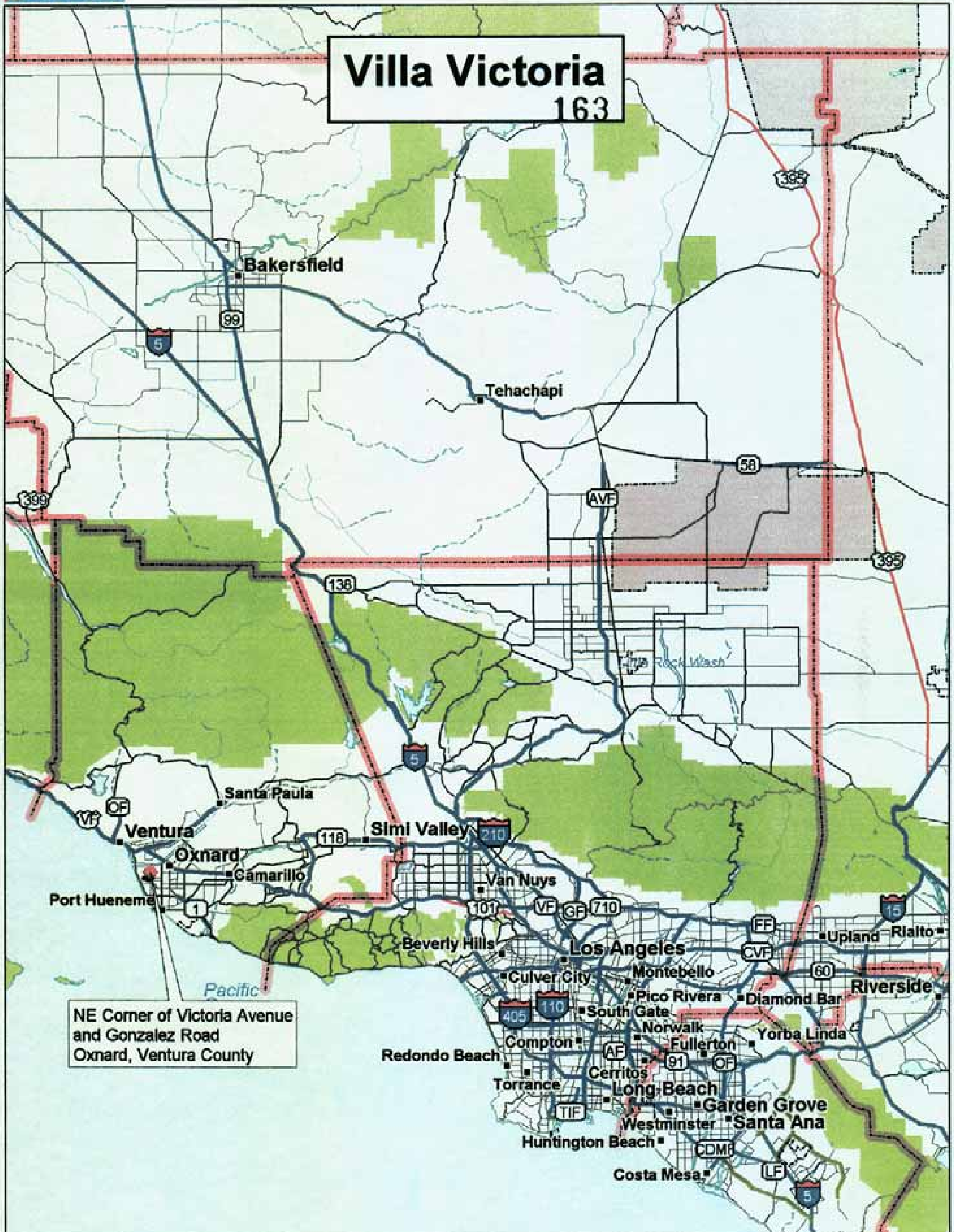
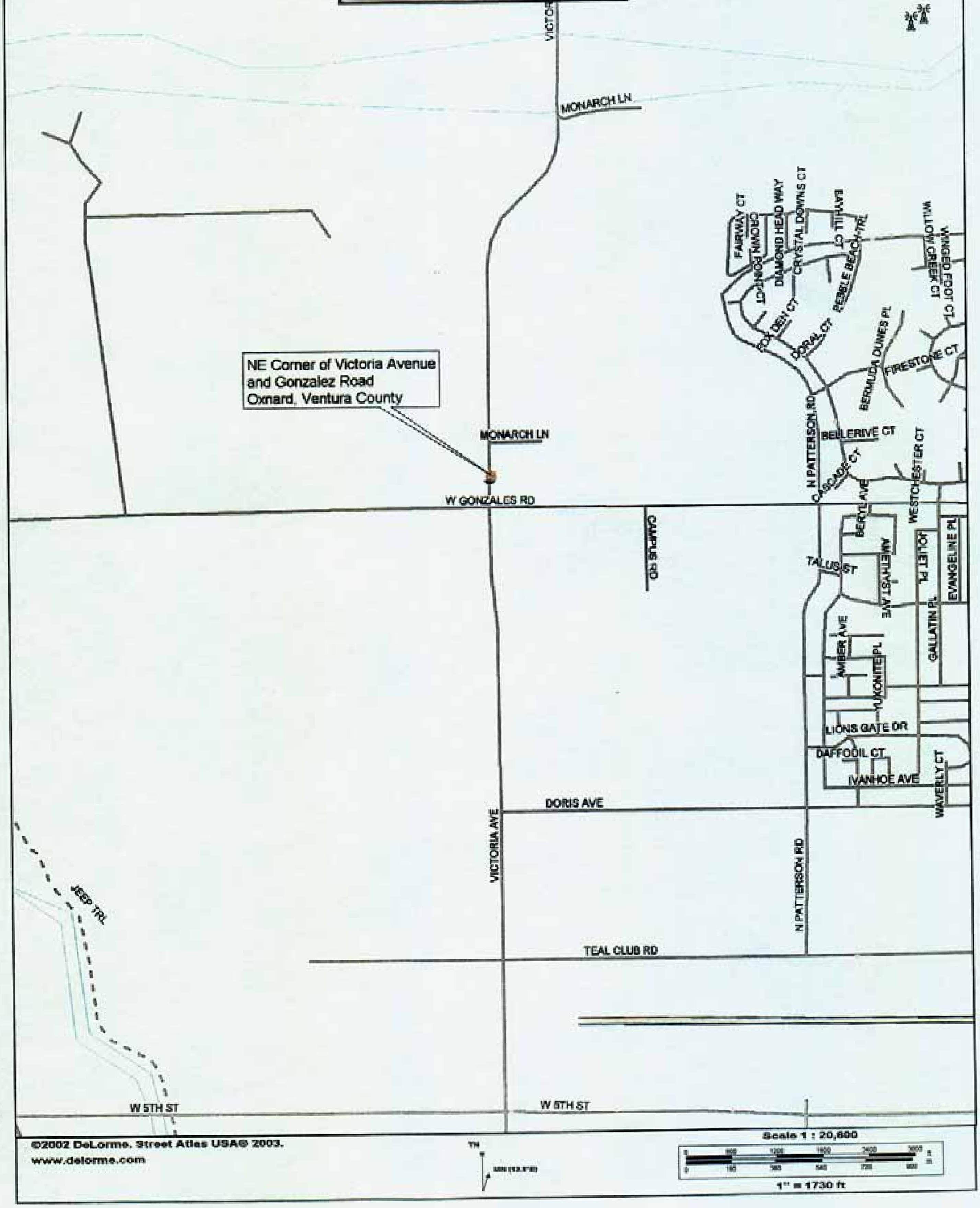


Scale 1 : 1,100,000

1" = 17.4 mi

Villa Victoria



RESOLUTION 03-38

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Cabrillo Economic Development Corporation (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide financing for a 54-unit multifamily housing development located in the City of Oxnard to be known as Villa Victoria (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 29, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 9, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-045-L/S	Villa Victoria	54	
	Oxnard/Ventura	Loan-to-Lender:	$7,100,000
		Permanent First Mortgage:	$3,525,000
		Permanent Second Mortgage:	$ 400,000

Resolution 03-38
Page 2

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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%) and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds 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 Multifamily 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 03-38 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST:____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Moulton Plaza Apartments
Sunnyvale, Santa Clara County, CA
CalHFA # 03-048-N

SUMMARY

This is a final commitment request for tax-exempt permanent loan financing in the amount of Five Million Eight Hundred Ten Thousand Dollars ($5,810,000) and bridge loan financing in the amount of Three Million Fifty-Five Thousand Dollars ($3,055,000). Security for the loans will be Moulton Plaza Apartments, a 66-unit family apartment complex owned by New Homestead Associates, a limited partnership, whose general partner is Mid-Peninsula Coastside, Inc. Moulton Plaza Apartments is a new construction project located at 1601 Tenaka Place in Sunnyvale.

LOAN TERMS

Permanent

First Mortgage	$5,810,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt

Bridge Loan	$3,055,000
Interest Rate	4.00%
Term	1 year, interest only
Financing	Tax-Exempt

LOCALITY INVOLVEMENT

The City of Sunnyvale (City) has approved funding for HOME funds in the amount of $800,000 and Housing Mitigation funds in the amount of $992,000. The $800,000 loan is at 3% simple interest based on a forty (40) year term with repayment of the loan beginning in Year 16. The $992,000 loan is also at 3% simple interest based on a (35) year term with repayment of the loan beginning in Year 11. The City agreed to a provision in the note that loan payment will be deferred should the debt service coverage (DSC) not exceed 1.08 at the end of the tenth year. Repayment, if further delayed, will commence when DSC exceeds 1.08 DSC.

Promissory Notes for City of Sunnyvale CDBG loans of $1,715,500, to be reconveyed from Homestead Park and assigned to Moulton Plaza. Notes are due and payable in full fifty-five (55) years from March 15, 2001 at 3% simple interest, repayment from residual receipts.

There is a loan commitment from the Housing Trust of Santa Clara dated May 19, 2003 for $500,000, simple interest rate of 2% per year based on a forty (40) year term. Repayment of this loan will be from residual receipts.

OTHER FINANCING

An application for an AHP loan of $390,000 has been submitted by Mid-Peninsula Housing Coalition, and the developer anticipates approval by October 2003. The loan term will be coterminous with CalHFA first mortgage.

All junior financing will be subordinated to the Agency's Regulatory Agreement and Deeds of Trust.

PROJECT DESCRIPTION

Project Location

Moulton Plaza is located at 1601 Tenaka Place in Sunnyvale, Santa Clara County. The local area is defined as the southwestern area of Sunnyvale. Generally, the boundaries of the subject's immediate area include West El Camino Real to the north, Homestead Road to the south, Sunnyvale-Saratoga Road to the east, and Highway 85 to the west.

The subject's local area is composed of a mixture of residential, commercial, and public uses. Adjoining land uses are all multi-family residential, both for-rent and condominium projects. There are pockets of commercial development located along Saratoga-Sunnyvale Road and Homestead Road. Most existing development to the west of the subject's immediate area is single-family residential.

Site

The subject site is rectangular, level at street grade, containing approximately 71,874 gross square feet or 1.65 acres. The site has adequate frontage and visibility along Tenaka Place. Primary access to the site is from a driveway fronting on Tenaka Place. This street is bi-directional, thus access is considered good.

Improvements

The subject site currently contains a single-story community building and 2 two-story apartment buildings containing 11 units (currently all vacant) which are part of the Homestead Park Apartments. The owner intends to demolish these improvements and build a two- and three-story, 4 building apartment complex containing 66 units. The three-story building will have two elevators. The complex will contain three basic unit types including one-, and two-bedroom flats and three-bedroom townhouse units. Project amenities include 4,500 square feet of common area containing the leasing and management offices, a community room, a crafts room, and a laundry room. 118 parking spaces will be provided in a subterranean parking garage below the improvements. On a separate parcel, the owner plans to construct a 1,400 square foot maintenance building. The common areas in this building and the maintenance building will be shared by the Moulton tenants and tenants in the Homestead Park complex.

Interiors of the units will feature good-quality cabinetry, laminated counters, gas ranges, exhaust hoods, refrigerators, dishwashers, and garbage disposals. Heat to the one-bedroom units will be supplied by a through-wall heat pump system. The two- and three-bedroom units will have air handling units with hot water coils for a combined hydronic system. The one-bedroom units will have air-conditioning and the two- and three-bedrooms will have ceiling fans. Each unit has a private patio or deck.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
30	1	1	675
26	2	1	783
10	3	2	1228

Relocation

Existing units to be demolished are vacant; therefore, no relocation is required.

MARKET

Market Overview

The City of Sunnyvale, with a present population estimated at 134,175, is situated in western Santa Clara County, approximately 30 miles southeast of San Francisco. The City's land area is 21.8 square miles. The community has benefited from long-term planning, including award-winning parks, one of the lowest crime rates in the nation for cities with populations over 100,000, excellent local schools, and well-maintained urban infrastructure. The median income is $72,243, a 12.4 percent increase from 1990.

The Primary Market Area (PMA) is a polygon shape of Sunnyvale and can be generally defined by the surrounding street system. The PMA is bordered by Lawrence Expressway to the west, Junipero Serra Freeway to the south, State Highway 85 to the east and Old San Francisco Road/Reed Avenue to the North.

Since 1997, the apartment sales market in the San Francisco Bay Area region boomed. As vacancy levels plummeted, and demand for rental rates climbed by 15 to 20 percent per year in many submarkets. Due to these conditions, investor interest in the Bay Area market peaked drawing both investors and developers to the area. During the latter part of 1999, the market cooled slightly due to a slowdown in employment growth. However, during 2000 market conditions heated up and returned to the double-digit growth experienced in 1995 and 1996. Since the end of 2000, the market has declined sharply, with average rents now at late 1999 levels. Occupancy levels have also declined, with most properties reporting occupancies between 90 and 95 percent, primarily for market rate projects.

Housing Demand and Supply

The majority of the existing housing stock within the city is single-family detached housing. The larger apartment complexes in the community are scattered throughout the city. The majority of the existing apartment stock ranges from approximately 20 years old to over 40 years old.

According to the California State Department of Finance figures, there were a total of 54,151 housing units in Sunnyvale as of January 1, 2003. Of that total, 20,108 units are in buildings with five or more units. Thus, approximately 37 percent of the housing units in the community are multiple dwellings.

Between 1990 and 2000, Sunnyvale's housing stock increased by approximately 2,964 units, of which over 60 percent were in projects containing five or more units. These included both for-sale and rental units. Multi-family housing production has continued over the past two years, with another 288 multi-family units produced between 2000 and the beginning of 2003.

There is very little land available for new construction of residential projects within Sunnyvale. Most available parcels are in-fill parcels scattered throughout the community. According to the May 2003 Development Update complied by the City of Sunnyvale's Community Development Department, there is only one other major market rate apartment complex in process at this time. Sobrato Development has received approvals for construction of a 272-unit apartment complex to be located at 1150-1152 Morse Avenue in northern Sunnyvale. Construction has not started as of this date.

There is currently an estimated demand for 4,356 family rental units targeting households in the Sunnyvale Market Area at 30 to 50 percent of AMI with incomes from $20,365 to $61,200. Demand was established using an analysis of the total number of households in the Sunnyvale Market Area, the percentage of renter households, the percentage of income eligible households, and the number of competitive units. Existing demand for each unit type is broken down as follows: one bedroom – 1,432; two bedroom – 2,268; and three bedroom – 656.

PROJECT FEASIBILITY

Market rate rents for comparable properties average $1,300 for a one-bedroom unit: $1,600 for a two-bedroom unit; and $2,000 for a three-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$1,300**		
30%	$ 557		$ 743	43%
40%	$ 755		$ 545	58%
50%	$ 953		$ 347	73%
Two Bedroom		**$ 1,600**		
30%	$ 659		$ 941	41%
40%	$ 897		$ 703	56%
50%	$1,134		$ 466	71%
Three Bedroom		**$ 2,000**		
30%	$ 758		$ 1,242	38%
40%	$1,033		$ 967	52%
50%	$1,307		$ 693	65%

Estimated Lease-up Period

It is estimated that the complex can reach full or 95 percent occupancy in approximately six months. The project has deep affordability, and demand for units in the Sunnyvale Market Area is high.

OCCUPANCY RESTRICTIONS

CalHFA	20% of the units (13) will be restricted at 50% or less of AMI The CalHFA Regulatory Agreement will be for a term of 30 years.
City of Sunnyvale	12% of the units (8) will be restricted at 30% of AMI; 34% of the units (22) at 40% of AMI; and 54% of the units (35) at 50% AMI.
TCAC	100% of the units (65) will be restricted at 50% or less of AMI

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on July 18, 2003. The report concludes that there are no adverse environmental conditions that warrant further investigation or remedial action. Any asbestos-containing materials associated with the two apartment buildings and community building will be removed during the demolition process.

A seismic evaluation was completed on April 30, 2003. The development meets the minimum standard; however, the shoring of the basement excavation will need to be carefully designed and constructed to minimize vertical and lateral movements of the ground and any adjacent structures.

The borrower has requested an earthquake insurance waiver, and the seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget and cash flow projections for the Project.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to construction loan funding.

DEVELOPMENT TEAM

Borrower

New Homestead Associates

The property will be owned by New Homestead Associates, a limited partnership, whose general partner is Mid-Peninsula Coastside, Inc., a wholly-owned, non-profit affiliate of Mid-Peninsula Housing Coalition ("MPHC"). MPHC was founded in 1970 as a private non-profit developer of low income rental housing on the San Francisco Bay Area Peninsula, an area that includes some of the country's highest median home prices and apartment rents. MHPC has developed over 80 affordable family and senior projects, and has never had a project in default.

CalHFA has financed twelve MPHC developments totaling 1,133 units beginning in 1982. These projects include acquisition/rehabilitation, preservation and new construction developments. Projects financed over the past few years include Homestead Park, Runnymeade Gardens, Gateway Apartments, Riverwood Grove Apartments, and Country Hills.

Mid-Peninsula has provided supportive services to its residents throughout its history as part of its overall mission. In 1993, MPHC established its own Services Department, and in 2000 it created its second major affiliated partner, the Mid-Peninsula Housing Services Corporation ("MPHSC"). The goal of MPHSC is to help individuals and families meet their own needs that extend beyond that of basic shelter by assisting them in achieving self-sufficiency and a higher quality of life.

MPHSC has established a number of on-site programs to achieve this goal including in-home health care information and referral; nutrition and health education; addiction referral and support; community development activities; access to benefits; vocational, and employment agencies that provide specialized services to residents who may need them. After-school programs, summer enrichment programs and a computer-based educational program are available for children and adults.

Management Agent

Mid-Peninsula Housing Management Corporation

MPHC's non-profit affiliate, Mid-Peninsula Housing Management Corporation ("MPHMC") will manage Moulton Plaza. Established in 1981, MPHMC currently manages nearly 70 affordable housing developments in Northern California with well over 5,000 units.

Architect

James Guthrie and Associates

James Guthrie has devoted his professional career to the design of residential housing. James Guthrie Associates has successfully completed 150 major residential developments throughout the western United States. The 25,000 units of apartments, condominiums, townhomes and single family homes, reflect the firm's innovative design and vision on construction methods and materials.

Contractor

J. H. Fitzmaurice, Inc.

For over eighty years, J. H. Fitzmaurice, Inc. has been providing quality and cost-competitive construction services to a wide variety of clients for commercial, industrial, multi-residential, and civic projects. The firm has recently completed the Gateway Housing project, which consists of seventeen units of affordable for-sale housing on San Pablo Avenue in Oakland, and forty units of senior housing for the Evergreen Terrace project.

Project Summary

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Date: 29-Aug-03

Project Profile:

Project:	Moulton Plaza		
Location:	1601 Tenaka Place		
	Sunnyvale 94088	*Cap Rate:*	6.50%
County:	Santa Clara	*Market:*	$12,200,000
Borrower:	New Homestead Associates	*Income:*	$12,200,000
GP:	Mid-Peninsula Coastside, Inc.	*Final Value:*	$12,200,000
LP:	Mid-Peninsula Housing Coalition		
Program:	Tax-Exempt		
CalHFA #:	03-048-N		

LTC/LTV:	Const.	Perm
Loan/Cost	N/A	34.6%
Loan/Value	N/A	47.6%

Project Description:

Units	66
Handicap Units	3
Bldge Type	New Const.
Buildings	5
Stories	2 & 3
Gross Sq Ft	94,900
Land Sq Ft	71,874
Units/Acre	40
Total Parking	123
Covered Parking	118

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$5,810,000	$88,030	5.50%	30
City of Sunnyvale Housing Fund	$992,000	$15,030	3.00%	35
City of Sunnyvale Land Acq. Loan	$1,715,500	$25,992	3.00%	55
City of Sunnyvale HOME	$800,000	$12,121	3.00%	40
Santa Clara Cty. Housing Trust	$500,000	$7,576	2.00%	40
AHP	$390,000	$5,909	0.00%	-
Deferred Developer Fee	$1,008,259	$15,277		-
Tax Credit Equity	$5,585,187	$84,624		
Bridge Loan	$3,055,000	$46,288	4.00%	1

Unit Mix:

Type	Manager		30% AMI		40% AMI		50% AMI		Market		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
1 bedroom			4	557	13	755	13	953			30
2 bedroom	1	305	3	659	7	897	15	1134			26
3 bedroom			1	758	2	1033	7	1307			10
4 bedroom											0
subtotal	1		8		22		35		0		
											66

* net rent

Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Commitment Fee	1.00% of Total Loans	$88,650	Cash
Finance Fee	0.50% of Permanent Loan	$29,050	Cash
Escrows			
Bond Origination Guarantee	1.00% of T/E Loans; or L to L if applicabl	$88,650	Cash
Inspection fee	$1,500 x 18 months of construction	$27,000	Cash
Construction Defect	2.50% of Hard Costs	$219,393	Letter of Credit
Reserves			
Operating Expense Reserve	10.00% of Gross Income	$74,731	cash
Initial Deposit to Replacement Reserve	0.00% of Gross Income	$0	Cash
Annual Replacement Reserve Deposit - Ne	$350 per unit	$23,100	Operations

Sources and Uses — Moulton Plaza Apartments

SOURCES:

Name of Lender / Source	Amount	% of total	$ per unit
CalHFA First Mortgage	5,810,000	34.6%	88,030
AHP	390,000	2.3%	5,909
Bridge Loan	0	0.0%	0
City of Sunnyvale Housing Fund	992,000	5.9%	15,030
City of Sunnyvale HOME	800,000	4.8%	12,121
Santa Clara Cty. Housing Trust	500,000	3.0%	7,576
City of Sunnyvale Land Acq. Loan	1,715,500	10.2%	25,992
Total Institutional Financing	**10,207,500**	**60.8%**	**154,659**
Equity Financing			
Tax Credits	5,585,187	33.2%	84,624
Deferred Developer Equity	1,008,259	6.0%	15,277
Total Equity Financing	**6,593,446**	**39.2%**	**99,901**
TOTAL SOURCES	**16,800,946**	**100.0%**	**254,560**

USES:

	Amount	% of total	$ per unit
Acquisition	1,975,500	11.8%	29,932
Rehabilitation	0	0.0%	0
New Construction	9,717,605	57.8%	147,236
Architectual Fees	390,109	2.3%	5,911
Survey and Engineering	55,500	0.3%	841
Const. Loan Interest & Fees	790,766	4.7%	11,981
Permanent Financing	260,400	1.5%	3,945
Legal Fees	48,500	0.3%	735
Reserves	166,672	1.0%	2,525
Contract Costs	16,500	0.1%	250
Construction Contingency	571,763	3.4%	8,663
Local Fees	330,225	2.0%	5,003
TCAC	35,190		
Other Costs	583,808	3.5%	8,846
PROJECT COSTS	**14,942,538**	88.9%	**226,402**
Developer Overhead/Profit	1,858,408	11.1%	28,158
Consultant/Processing Agent	0	0.0%	0
TOTAL USES	**16,800,946**	100.0%	**254,560**

Annual Operating Budget — Moulton Plaza Apartments

		$ per unit
INCOME:		
Total Rental Income	743,712	11,268
Laundry	3,600	55
Other Income	0	-
Gross Potential Income (GPI)	**747,312**	**11,323**
Less:		
Vacancy Loss	37,366	566
Total Net Revenue	**709,946**	**10,757**
EXPENSES:		
Payroll	88,969	1,348
Administrative	51,784	785
Utilities	36,947	560
Operating and Maintenance	50,721	769
Insurance and Business Taxes	14,693	223
Taxes and Assessments	14,445	219
Reserve for Replacement Deposits	23,100	350
Subtotal Operating Expenses	**280,659**	**4,252**
Financial Expenses		
Mortgage Payments (1st loan)	395,862	5,998
Total Financial	**395,862**	**5,998**
Total Project Expenses	**676,521**	**10,250**

Cash Flow — Moulton Plaza Apartments — CalHFA Development Number: 03-048-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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	743,712	762,305	781,362	800,896	820,919	841,442	862,478	884,040	906,141	928,794
TOTAL RENTAL INCOME	**743,712**	**762,305**	**781,362**	**800,896**	**820,919**	**841,442**	**862,478**	**884,040**	**906,141**	**928,794**
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	3,600	3,690	3,782	3,877	3,974	4,073	4,175	4,279	4,386	4,496
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**3,600**	**3,690**	**3,782**	**3,877**	**3,974**	**4,073**	**4,175**	**4,279**	**4,386**	**4,496**
GROSS INCOME	**747,312**	**765,995**	**785,145**	**804,773**	**824,893**	**845,515**	**866,653**	**888,319**	**910,527**	**933,290**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	37,366	38,300	39,257	40,239	41,245	42,276	43,333	44,416	45,526	46,665
EFFECTIVE GROSS INCOME	**709,946**	**727,695**	**745,887**	**764,535**	**783,648**	**803,239**	**823,320**	**843,903**	**865,001**	**886,626**
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	243,114	252,839	262,952	273,470	284,409	295,785	307,617	319,921	332,718	346,027
Replacement Reserve	23,100	23,100	23,100	23,100	23,100	24,255	24,255	24,255	24,255	24,255
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	14,445	14,734	15,029	15,329	15,636	15,948	16,267	16,593	16,925	17,263
TOTAL EXPENSES	**280,659**	**290,672**	**301,081**	**311,899**	**323,145**	**335,989**	**348,139**	**360,769**	**373,898**	**387,545**
NET OPERATING INCOME	**429,287**	**437,023**	**444,807**	**452,635**	**460,503**	**467,250**	**475,181**	**483,134**	**491,103**	**499,081**
DEBT SERVICE										
CalHFA - 1st Mortgage	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862
City of Sunnyvale-HOME Loan	0	0	0	0	0	0	0	0	0	0
City of Sunnyvale-Housing Fund Loan	0	0	0	0	0	0	0	0	0	0
	33,425	**41,160**	**48,944**	**56,773**	**64,641**	**71,388**	**79,318**	**87,271**	**95,240**	**103,218**
DEBT COVERAGE RATIO	**1.08**	**1.10**	**1.12**	**1.14**	**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	952,014	975,815	1,000,210	1,025,215	1,050,846	1,077,117	1,104,045	1,131,646	1,159,937	1,188,935
TOTAL RENTAL INCOME	**952,014**	**975,815**	**1,000,210**	**1,025,215**	**1,050,846**	**1,077,117**	**1,104,045**	**1,131,646**	**1,159,937**	**1,188,935**
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	4,608	4,724	4,842	4,963	5,087	5,214	5,344	5,478	5,615	5,755
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**4,608**	**4,724**	**4,842**	**4,963**	**5,087**	**5,214**	**5,344**	**5,478**	**5,615**	**5,755**
GROSS INCOME	**956,623**	**980,538**	**1,005,052**	**1,030,178**	**1,055,932**	**1,082,331**	**1,109,389**	**1,137,124**	**1,165,552**	**1,194,690**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	47,831	49,027	50,253	51,509	52,797	54,117	55,469	56,856	58,278	59,735
EFFECTIVE GROSS INCOME	**908,791**	**931,511**	**954,799**	**978,669**	**1,003,136**	**1,028,214**	**1,053,919**	**1,080,267**	**1,107,274**	**1,134,956**
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	359,868	374,263	389,233	404,803	420,995	437,835	455,348	473,562	492,504	512,205
Replacement Reserve	25,468	25,468	25,468	25,468	25,468	26,741	26,741	26,741	26,741	26,741
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	17,608	17,961	18,320	18,686	19,060	19,441	19,830	20,226	20,631	21,044
TOTAL EXPENSES	**402,944**	**417,691**	**433,021**	**448,957**	**465,522**	**484,017**	**501,919**	**520,530**	**539,877**	**559,989**
NET OPERATING INCOME	**505,847**	**513,820**	**521,778**	**529,712**	**537,613**	**544,197**	**552,000**	**559,738**	**567,398**	**574,967**
DEBT SERVICE										
CalHFA - 1st Mortgage	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862
City of Sunnyvale-HOME Loan	0	0	0	0	0	53,227	57,178	61,047	64,877	68,661
City of Sunnyvale-Housing Fund Loan	72,176	72,176	72,176	72,176	72,176	53,088	57,040	60,909	64,739	68,524
	37,809	**45,782**	**53,740**	**61,674**	**69,575**	**42,020**	**41,920**	**41,919**	**41,919**	**41,919**
DEBT COVERAGE RATIO	**1.08**	**1.10**	**1.11**	**1.13**	**1.15**	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,218,659	1,249,125	1,280,353	1,312,362	1,345,171	1,378,800	1,413,270	1,448,602	1,484,817	1,521,938
TOTAL RENTAL INCOME	**1,218,659**	**1,249,125**	**1,280,353**	**1,312,362**	**1,345,171**	**1,378,800**	**1,413,270**	**1,448,602**	**1,484,817**	**1,521,938**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	5,899	6,046	6,198	6,353	6,511	6,674	6,841	7,012	7,187	7,367
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**5,899**	**6,046**	**6,198**	**6,353**	**6,511**	**6,674**	**6,841**	**7,012**	**7,187**	**7,367**
GROSS INCOME	**1,224,558**	**1,255,172**	**1,286,551**	**1,318,715**	**1,351,683**	**1,385,475**	**1,420,112**	**1,455,614**	**1,492,005**	**1,529,305**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	61,228	62,759	64,328	65,936	67,584	69,274	71,006	72,781	74,600	76,465
EFFECTIVE GROSS INCOME	**1,163,330**	**1,192,413**	**1,222,223**	**1,252,779**	**1,284,098**	**1,316,201**	**1,349,106**	**1,382,834**	**1,417,404**	**1,452,840**
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	532,693	554,000	576,160	599,207	623,175	648,102	674,026	700,987	729,027	758,188
Replacement Reserve	28,078	28,078	28,078	28,078	28,078	29,482	29,482	29,482	29,482	29,482
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	21,465	21,894	22,332	22,778	23,234	23,699	24,173	24,656	25,149	25,652
TOTAL EXPENSES	**582,235**	**603,972**	**626,570**	**650,063**	**674,487**	**701,283**	**727,681**	**755,125**	**783,658**	**813,322**
NET OPERATING INCOME	**581,094**	**588,441**	**595,653**	**602,716**	**609,611**	**614,918**	**621,425**	**627,708**	**633,746**	**639,518**
DEBT SERVICE										
CalHFA - 1st Mortgage	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862	395,862
City of Sunnyvale-HOME Loan	72,454	72,454	72,454	72,454	72,454	72,454	72,454	72,454	72,454	72,454
City of Sunnyvale-Housing Fund Loan	72,176	72,176	72,176	72,176	72,176	72,176	72,176	72,176	72,176	72,176
	40,602	**47,948**	**55,161**	**62,223**	**69,119**	**74,426**	**80,933**	**87,216**	**93,254**	**99,025**
DEBT COVERAGE RATIO	**1.08**	**1.09**	**1.10**	**1.12**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**

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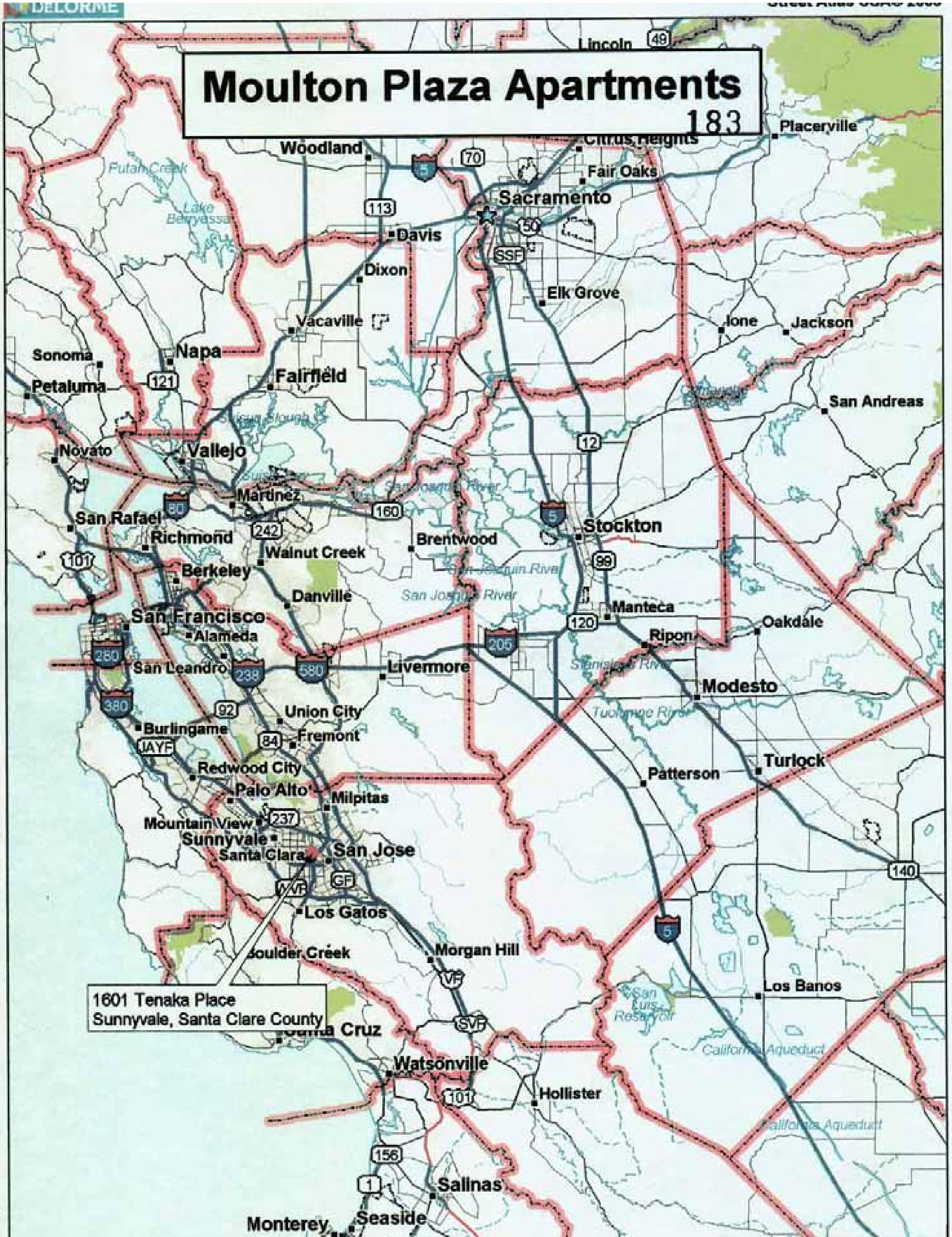
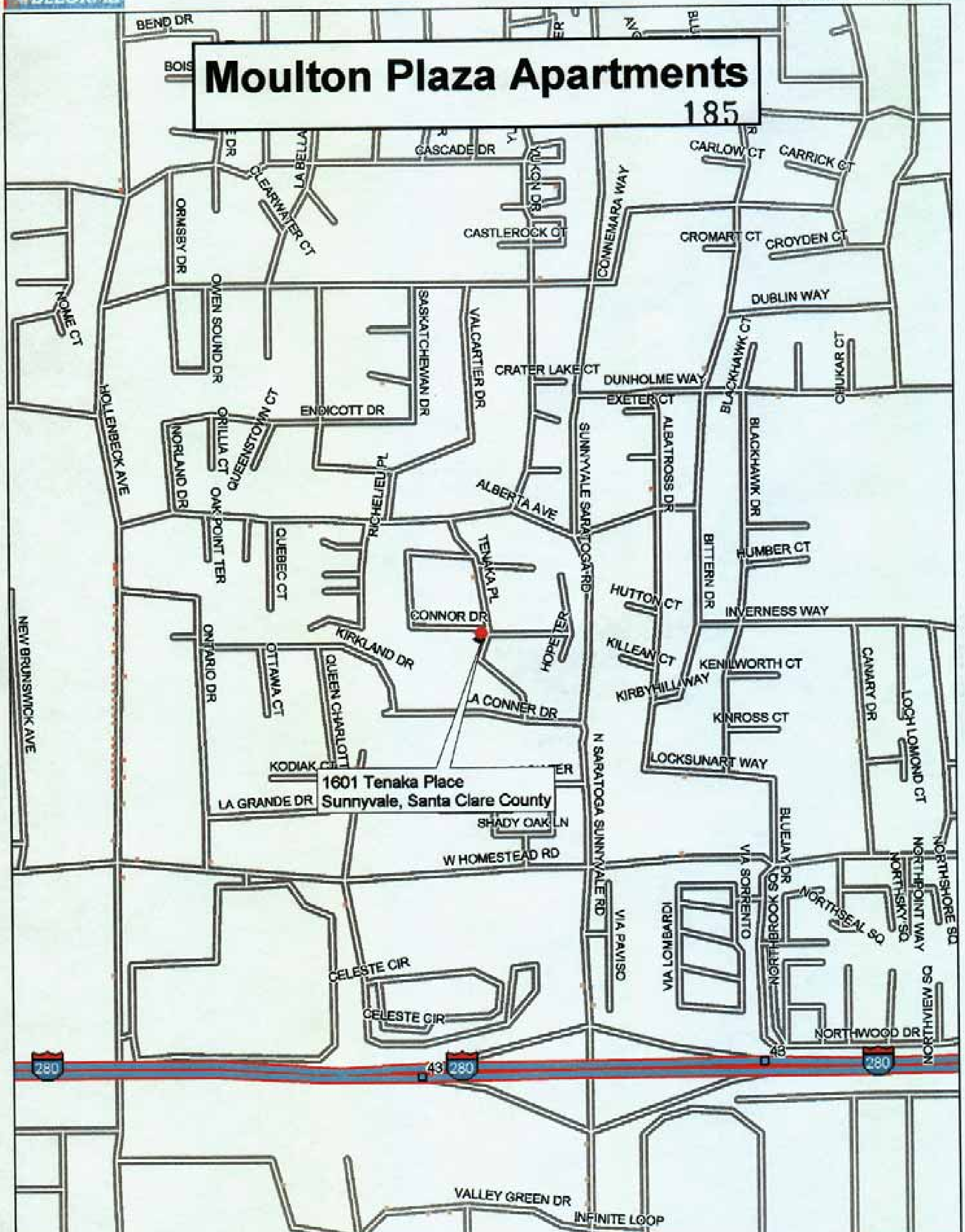


Scale 1 : 1,100,000

1" = 17.4 mi



Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-39

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of New Homestead Associates, a limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 66-unit multifamily housing development located in the City of Sunnyvale to be known as Moulton Plaza Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 29, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 11, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-048-N	Moulton Plaza Apartments	66	
	Sunnyvale/Santa Clara	Permanent First Mortgage:	$5,810,000
		Permanent Bridge Loan:	$3,055,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-39 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Oak Village
Oakland, Alameda County, CA
CalHFA # 02-026-N

SUMMARY

This is a final commitment request for tax-exempt permanent loan financing in the amount of Six Million Eight Hundred Forty Thousand Dollars ($6,840,000) and IRP loan financing in the amount of Four Hundred Eighty Seven Thousand Two Hundred Dollars ($487,200). Security for the loans will be the existing 117-unit family apartment complex owned by Oak Village Preservation, L.P., a to-be-formed partnership. The property will be developed by The Related Companies of California, LLC, a Limited Liability Company whose general partner is Las Palmas Foundation, A Nonprofit Housing Corporation.

The project is located at 780 and 828 13th Street in Oakland. The project was built in 1973 under the existing Housing and Urban Development (HUD) 236 mortgage insurance program. The project does not have any HAP Section 8 project-based rents.

LOAN TERMS

Permanent

First Mortgage	$6,840,000
Interest Rate	5.50%
Term	32 years
	2 years variable interest rate
	30 years fixed, fully amortized
Financing	$5,700,000- tax-exempt
	$1,140,000- taxable
IRP Mortgage	$487,200
Interest Rate	5.50%
Term	8 year fixed, fully amortized
Financing	Tax-exempt

LOCALITY INVOLVEMENT

No locality financing is contemplated.

IRP DECOUPLING/SECTION 8 VOUCHERS

The HUD 236 Decoupling Notice H-008 states that "The Use Agreement shall require the project to accept project-based Section 8 rental assistance (or any successor program) for as long as HUD offers such assistance during the term of the Use Agreement." The IRP Use Agreement states that "...to the extent that appropriated funds are available, the Secretary agrees to provide Section 8 assistance under Section 8, or any successor program with respect to the 117 units in the project." The cash flow does not reflect the Section 8 Voucher subsidy since it is tenant-oriented rather than project-based. If the tenant moves, the Section 8 Voucher goes with the tenant.

The Interest Reduction Payments (IRP) Loan is based on the remaining IRP loan term. The loan amount is determined by the net present value based on a projected beginning date of January 1, 2004 and ending date of August 1, 2012 at a five and one-half percent interest rate.

A new Use Agreement through HUD's 236 Decoupling Notice between HUD and Oak Village Preservation, L.P. will need to be executed. The Use Agreement will extend 5 years beyond the term of the new CalHFA IRP loan.

PROJECT DESCRIPTION

Project Location

Oak Village is located at 780 and 828 13th Street in Oakland, Alameda County. The subject is located on the city block bounded by Market Street, 14th Street, Brush Street and 13th Street. Brush Street is the western frontage road from the 980 Freeway west and south of Emeryville. Immediately surrounding the subject is a mix of single family homes and small, multi-family projects with a scattering of larger affordable housing projects, similar to the subject.

The primary means of transportation for most residents in this neighborhood is bus or automobile. BART is located approximately five minutes by car and a fifteen minute walk. Bus service is readily available to the subject site with an adjacent bus stop.

Lowell Middle School is located across Market Street from the subject; Lafayette Elementary is located 3 blocks away at 1700 Market Street, and McClymonds High School is approximately .75 miles away.

Most services such as groceries, gas, dry cleaners, etc. are located within walking or driving distance. The Gateway Shopping Center is located at Brush and 7th Streets. It contains a full-service grocery store, a credit union branch, a cleaners and a number of national fast food outlets. Medical Services are located at 29th and Summit Streets and Kaiser Permanente Hospital is located at MacArthur and Broadway, accessible by car or bus, approximately 1.5 to 2 miles north. The Central Business District (CBD) is a short walk down 14th Street which bridges I-980.

Parks, movie theatres and other recreational activities are located nearby. There is a park one block west, a multi-plex theatre is located at 3rd and Washington, approximately one-half mile south in the Jack London Square Entertainment District.

Site

The site is approximately 117,600 square feet, or 2.7 acres, and is nearly rectangular in shape. The subject site has good direct exposure and visibility to 13th, 14th, Market and Brush Streets. The subject is zoned for R-70, High Density Residential, and is on a corner lot. The R-70 zoning allows 96 units per acre plus a 10% bonus for corner lots. The general plan for this subject location is Urban Residential.

Improvements

The subject consists of 2 three-story elevator buildings containing 117-units. There are 105 open parking spaces, a lobby, manager's office, and a laundry room.

Each kitchen will be equipped with an electric stove/oven, refrigerator, disposal and non-vented fan. The kitchen cabinets will be plywood. The lighting fixtures will be florescent. New carpeting and vinyl flooring will be installed as needed. The bathrooms will contain an enamel tub with fiberglass shower surround, a toilet and vanity cabinet. Heating is provided through gas wall units. Air conditioning is not provided in the units.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
33	0	1	427
39	1	1	603
15	2	1	782
30	2	1	824

Relocation

Rehabilitation work at the project will take place over a 24 month period. The rehabilitation will commence immediately upon acquisition and residential improvements will be phased on a building-by-building basis. The developer has anticipated the need to temporarily relocate tenants during this rehabilitation period.

Households that no longer income qualify in accordance with CalHFA and Tax Credit regulations, will be permanently relocated. Funds to address this expense are included in the development budget. The borrower has hired a professional relocation consultant to ensure procedures are adhered to under the Uniform Relocation Act.

MARKET

Market Overview

The Primary Market Area (PMA) is Oakland, particularly east of Lake Merritt to the city limits. The population of Oakland as of 2003 is 412,019. The annual projected rate of growth between 2003 and 2008 is 1.22%. 56.1% of the housing in the PMA is renter occupied. The average owner costs for units with a mortgage in Oakland is $1,504 and the average rental cost, including utilities, is reported as $745 per month. Limited availability of developable land, high costs of fees and entitlement processing combined with an increased population base have led to very high housing costs in the area. This trend is expected to continue.

Housing Demand and Supply

The City of Oakland Housing Authority (OHA) reports that there are 10,368 Section 8 vouchers with a waiting list of 1,163 households. 13,057 pre-applications have been submitted for the waiting list and 5,000 have been drawn for certification when the list re-opened in 2003.

Occupancies and rental rates began a decline in late 2001. The East Bay tends to follow the West Bay, so that occupancies and rents increased more slowly in this period and the decline is also less severe than in San Francisco and Santa Clara Counties. Supply is relatively limited in the market area. Average rents, overall, as of the first quarter 2003 are $1,332 down from the high of $1,430 in the second quarter 2001. Occupancies have fallen from 99.1% in the first quarter 2001 to 95% in the first quarter 2003 and a low of 91.6% in the fourth quarter of 2002.

Oakland has approved a 770-unit apartment development, plus 350 units of student housing for the Forest City Development approximately one mile north of the subject in the Telegraph/Broadway area between 17th and 21st Streets. A transit village at BART's Fruitvale Station in East Oakland recently broke ground, and another one with 187 residential units is proposed for the West Oakland Station approximately six blocks south of the subject. The residential units will be a combination of for-rent and for-sale, with the emphasis on for-sale attached units.

The Oakland PMA population is relatively stable, growing at lower rates than the city or the county. While Oakland encourages job diversification, its employment is primarily services, government and retail trade. Many residents are commuters to employment centers throughout the Bay Area. The lack of land availability coupled with a time-consuming and expensive entitlement process should maintain property values well above those most major cities.

Rapid increase in rental rates and building activity in the Class-A sector drove investment in Class-B and Class-C properties in 1999-2001 throughout the Bay Area. The imbalance between the substantial demand and limited supply of housing is expected to continue, although there has been some slow down in demand for higher end units in response to the current economic climate.

PROJECT FEASIBILITY

Market rate rents for comparable properties average $800 for a studio unit: $950 for a one-bedroom unit, and $1,100 for a two-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
Studio		**$ 800**		
50%	$ 647		$ 153	81%
50% TCAC	$ 678		$ 122	85%
One Bedroom		**$ 950**		
50% TCAC	$ 723		$ 227	76%
Two Bedroom		**$ 1,100**		
50%	$ 828		$ 272	75%
50% TCAC	$ 867		$ 233	79%

Estimated Lease-up Period

Approximately 20% of the total 117 units need to be turned over due to tenants being over qualified. Due to demand and existing waiting lists, the units should be leased immediately.

OCCUPANCY RESTRICTIONS

CalHFA 20% of the units (23) will be restricted at 50% or less of AMI.

The CalHFA Regulatory Agreement will be for a term of 30 years.

TCAC 100% of the units (116) will be restricted at 50% or less of AMI.

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on August 15, 2003 by Barr and Clark Environmental. The report concludes that there are no adverse environmental conditions that warrant further investigation or remedial action.

An Asbestos Inspection report was completed on August 15, 2003 by Barr and Clark Environmental. The report noted that the fire door in Building A is damaged and contains asbestos insulation. This door is slated to be replaced during rehabilitation and will be removed in accordance with the Division of Occupational Safety and Health requirements for asbestos containing construction materials.

A Lead-Based Paint Inspection report was completed on August 15, 2003 by Barr and Clark Environmental. Some of the tiled surfaces in the bathroom tested positive for lead. These surfaces were not painted and the lead is most likely in the glazing or the matrix of the tile itself. The metal lamp posts on the south side of Building A and the metal lamp posts on the south and west sides of Building B tested positive. All bathroom surrounds and vanities will be replaced during the rehabilitation stage. Lead painted components that have not been targeted for replacement will be included in an Operations and Management (O & M) Plan that will help minimize exposure to lead hazards.

During the course of due diligence by the prospective buyer and CalHFA, suspect mold growth has been noted in some apartment units. The seller, John Stewart Company, has hired PSI to provide industrial hygiene consultation services to assess the reported mold concerns within the complex. In addition, Related Capital Company (Investor) has engaged ATC Associates and The Related Companies of California, LLC (buyer) has engaged Environ to do an independent assessment. The seller has agreed to pay any remediation costs (including lead-based paint) as well as relocation costs of tenants associated with required mitigation. Attorneys for the seller and buyer are both on working on an Indemnification Agreement to protect the buyer and CalHFA. The Indemnification Agreement will be subject to CalHFA review and approval prior to acquisition of the property.

A seismic evaluation was completed on August 18, 2003 by URS. The development meets the minimum standard.

PHYSICAL NEEDS ASSESSMENT / SCOPE OF WORK

The project started construction in 1971 and was completed in 1973. Overall, many of the original construction components are still in place. Overall, the property can be categorized as in fair to average condition as some updating has taken place throughout the years.

The developer plans on performing major rehabilitation. A partial list is as follows: Exterior: new roofs, exterior paint and siding, landscaping, sprinklers, perimeter fencing with automatic gates and pedestrian entry gates, new community building and recreations area. Interior: elevator modification, fire alarms, and interior hallways. Units will have new cabinetry, carpeting, vinyl sheet flooring in the bathrooms and kitchens, appliances, bathroom fixtures, lighting, entry doors, and any lead based paint remediation. The breakdown of development cost includes: Site Improvements-$251,368, Landscaping/Commons Area-$74,569, New community building-$300,000, and Residential Structure-$3,001,850. The total budget for rehabilitation is $4,228,091, or $36,138 per unit.

A pest inspection report including fungus/dryrot was completed on August 5, 2003 by Garden Plus Pest Control. An estimated $98,290 in work is required. The seller is paying for this work to be completed as part of the sale.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to acquisition/bridge/permanent loan funding.

DEVELOPMENT TEAM

Borrower

Oak Village Preservation, L.P., a to-be-formed partnership

The Oak Village preservation project is to be undertaken jointly by The Related Companies of California ("Related"), as the administrative general partner, and Las Palmas Foundation, a non-profit public benefit corporation as the managing general partner. Related has fourteen years of multi-family experience in California, and they have currently over 3,000 units of affordable housing under development in California. Las Palmas Foundation was originally formed as Inland and West Affordable Housing Alliance II in 1992. In July 1995, the corporation changed its name to Las Palmas Foundation. Las Palmas' portfolio includes the Parwood Apartments and Noble Towers in Oakland, both financed by CalHFA. Las Palmas Foundation's portfolio includes new construction, rehabilitation, and repositioning of existing apartment complexes as well as the preservation of HUD project based Section 8 project.

Management Agent

Related Management Company

Related Management Company, L.P. ("RMC") will manage the project in conjunction with Las Palmas Foundation. RMC currently manages 125 apartment complexes consisting of approximately 20,000+ units of housing. Developments are located in the states of New York, New Jersey, Connecticut, Pennsylvania, Illinois, Rhode Island, Georgia, Alabama, Florida, and California.

Architect

Wraight Architects

The architect is Steve Wraight of Wraight Architects in Irvine, California. Wraight Architects is working with The Related Companies of California and CalHFA on several preservation projects currently under development. Wraight Architects specialize in urban housing and their designs have been acknowledged through local and national awards for site planning sensitivity and contextural architecture.

Contractor

The borrower will solicit bids for the proposed rehabilitation based on the final scope of work. Preliminary rehab costs were derived from Larry Cochran, Advantage Construction Services, L.P., and Harvey Mendoza, The Related Companies of California, based upon the scope of work identified by the Property Needs Assessment evaluation by Waarvik Innovations dated August 1, 2003.

Project Summary

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Date: 2-Sep-03

Project Profile:

Project:	Oak Village
Location:	780 13th Street
	Oakland 94612
County:	Alameda
Borrower:	Oak Village Pres., a LP
GP:	Las Palmas Hsg. Foundation
LP:	Related Capital Co.
Program:	Tax Exempt
CalHFA #	02-026-N

Cap Rate:	7.00%
Market:	$10,530,000
Income:	$9,900,000
Final Value:	$10,100,000
LTC/LTV:	Const./Perm
Loan/Cost	56.1%
Loan/Value 1st	67.7%

Project Description:

Units	117
Handicap Units	6
Bldge Type	ACQ/REHAB
Buildings	2
Stories	3
Gross Sq Ft	88,385
Land Sq Ft	117,600
Units/Acre	43
Total Parking	105
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage 1)	$6,840,000	$58,462	5.50%	32
CalHFA IRP Loan 2)	$487,200	$4,164	5.50%	8
Tax Credits	$3,440,815	$29,409	0.00%	-
Deferred Developer	$1,200,000	$10,256		
NOI	$221,343	$1,892		-

1) $5,700,000 tax-exempt; $1,140,000 taxable 2) IRP tax-exempt

Unit Mix:

Type	50% AMI		60% AMI		50% TCAC		Manager		Total
	number	rent	number	rent	number	rent	number	rent	
1 bedroom	0	0	0	0	39	723	0	0	39
2 bedroom	9	828	0	0	35	867	1	0	45
Studio	7	647	0	0	26	678	0	0	33
4 bedroom	0	0	0	0	0	0	0	0	0
subtotal	16		0		100		1		117

Fees, Escrows, and Reserves:

Fees	**Basis of Requirements**		**Amount**	**Security**
Loan fees	1.50%	of Loan Amount	$109,908	Cash
Escrows				
Inspection fee	$1,500	x months of construction	$36,000	Cash
Construction Defect	2.50%	of Hard Costs	$90,695	Letter of Credit
Reserves				
Operating Expense Reserve	10.00%	of Gross Income	$245,000	Capitalized Reserves
Replacement Reserve (Req. by PNA)	$1,000	Per unit	$117,000	Capitalized Reserves
Annual Replacement Reserve Deposit	$300	per unit	$35,100	Operations

Sources and Uses

Oak Village

SOURCES:

Name of Lender / Source	Amount	$ Per Unit	% of Total
CalHFA First Mortgage	6,840,000	58,462	56.1%
CalHFA S8 Increment	0	0	0.0%
CalHFA IRP Loan	487,200	4,164	4.0%
Total Institutional Financing	**7,327,200**	**62,626**	**60.1%**
Equity Financing			
Tax Credits	3,440,815	29,409	28.2%
Deferred Developer Equity	1,200,000	10,256	9.8%
NOI	221,343	1,892	1.8%
Total Equity Financing	**4,862,158**	**41,557**	**39.9%**
TOTAL SOURCES	**12,189,358**	**104,183**	**100.0%**

USES:

Acquisition Cost	4,830,000	41,282	39.6%
Rehabilitation	4,228,091	36,138	34.7%
New Construction	0	0	0.0%
Architectual Fees	65,000	556	0.5%
Survey and Engineering	25,000	214	0.2%
Const. Loan Interest & Fees	515,400	4,405	4.2%
Permanent Financing	146,408	1,251	1.2%
Legal Fees	116,000	991	1.0%
Reserves	232,781	1,990	1.9%
Contract Costs	21,800	186	0.2%
Construction Contingency	456,349	3,900	3.7%
Local Fees	0	0	0.0%
TCAC	54,129	463	0.4%
Other Costs	298,400	2,550	2.4%
PROJECT COSTS	**10,989,358**	**93,926**	**90.2%**
Developer Overhead/Profit	1,200,000	10,256	9.8%
Audit and Tax Returns	0	0	0.0%
TOTAL USES	**12,189,358**	**104,183**	**100.0%**

Annual Operating Budget

Oak Village

		$ per unit
INCOME:		
Total Rental Income	1,057,812	9,041
Laundry	10,179	87
Commercial/Retail	0	-
Gross Potential Income (GPI)	**1,067,991**	**9,128**
Less:		
Vacancy Loss	53,400	456
Total Net Revenue	**1,014,591**	**8,672**
EXPENSES:		
Payroll	130,784	1,118
Administrative	85,696	732
Utilities	98,938	846
Operating and Maintenance	88,267	754
Insurance and Business Taxes	49,496	423
Taxes and Assessments	13,334	114
Reserve for Replacement Deposits	35,100	300
Subtotal Operating Expenses	**501,615**	**4,287**
Financial Expenses		
Mortgage Payments (1st loan)	466,041	3,983
Total Financial	**466,041**	**3,983**
Total Project Expenses	**967,656**	**8,271**

Cash Flow — Oak Village — CalHFA # 02-026-N

RENTAL INCOME	Const. Yr 1	Const Yr 2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Section 8 Increment Increase			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 Rents	0	0	0	0	0	0	0	0	0	0	0	0
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	1,057,812	1,057,812	1,057,812	1,084,257	1,111,364	1,139,148	1,167,627	1,196,817	1,226,738	1,257,406	1,288,841	1,321,062
TOTAL RENTAL INCOME	1,057,812	1,057,812	1,057,812	1,084,257	1,111,364	1,139,148	1,167,627	1,196,817	1,226,738	1,257,406	1,288,841	1,321,062
OTHER INCOME												
Other Income Increase			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	10,179	10,179	10,179	10,433	10,694	10,962	11,236	11,517	11,805	12,100	12,402	12,712
Commercial Income			0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	10,179	10,179	10,179	10,433	10,694	10,962	11,236	11,517	11,805	12,100	12,402	12,712
GROSS INCOME	1,067,991	1,067,991	1,067,991	1,094,691	1,122,058	1,150,109	1,178,862	1,208,334	1,238,542	1,269,506	1,301,243	1,333,774
Vacancy Rate : Section 8			3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Vacancy Rate : Affordable	Rehab 10%	Rehab 10%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	5.00%	5.00%	53,400	54,735	56,103	57,505	58,943	60,417	61,927	63,475	65,062	66,689
EFFECTIVE GROSS INCOME	907,792	907,792	1,014,591	1,039,956	1,065,955	1,092,604	1,119,919	1,147,917	1,176,615	1,206,030	1,236,181	1,267,086
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	440,051	450,081	453,181	471,308	490,160	509,767	530,157	551,364	573,418	596,355	620,209	645,018
Replacement Reserve	0	0	35,100	35,100	35,100	35,100	35,100	36,855	36,855	36,855	36,855	36,855
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	13,334	13,334	13,334	13,601	13,873	14,150	14,433	14,722	15,016	15,317	15,623	15,935
TOTAL EXPENSES	453,385	463,415	501,615	520,009	539,133	559,017	579,691	602,941	625,290	648,527	672,687	697,808
NET OPERATING INCOME	454,407	444,377	512,977	519,948	526,822	533,587	540,229	544,977	551,325	557,504	563,494	569,278
DEBT SERVICE												
CalHFA - 1st Mortgage			466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041
CalHFA - Bridge												
CalHFA interest only	205,200	205,200										
CASH FLOW after debt service	249,207	239,177	46,935	53,906	60,781	67,546	74,187	78,935	85,284	91,463	97,453	103,236
DEBT COVERAGE RATIO - 1st			1.10	1.12	1.13	1.14	1.16	1.17	1.18	1.20	1.21	1.22

Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Section 8 Increment Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Rents	0	0	0	0	0	0	0	0	0	0
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	1,354,089	1,387,941	1,422,640	1,458,206	1,494,661	1,532,027	1,570,328	1,609,586	1,649,826	1,691,071
TOTAL RENTAL INCOME	**1,354,089**	**1,387,941**	**1,422,640**	**1,458,206**	**1,494,661**	**1,532,027**	**1,570,328**	**1,609,586**	**1,649,826**	**1,691,071**
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	13,030	13,356	13,690	14,032	14,383	14,742	15,111	15,489	15,876	16,273
Commercial Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**13,030**	**13,356**	**13,690**	**14,032**	**14,383**	**14,742**	**15,111**	**15,489**	**15,876**	**16,273**
GROSS INCOME	**1,367,119**	**1,401,297**	**1,436,329**	**1,472,237**	**1,509,043**	**1,546,769**	**1,585,439**	**1,625,075**	**1,665,701**	**1,707,344**
Vacancy Rate : Section 8	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
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	68,356	70,065	71,816	73,612	75,452	77,338	79,272	81,254	83,285	85,367
EFFECTIVE GROSS INCOME	**1,298,763**	**1,331,232**	**1,364,513**	**1,398,626**	**1,433,591**	**1,469,431**	**1,506,167**	**1,543,821**	**1,582,416**	**1,621,977**
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	670,818	697,651	725,557	754,579	784,763	816,153	848,799	882,751	918,061	954,784
Replacement Reserve	38,698	38,698	38,698	38,698	38,698	40,633	40,633	40,633	40,633	40,633
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	16,254	16,579	16,911	17,249	17,594	17,946	18,305	18,671	19,044	19,425
TOTAL EXPENSES	**725,770**	**752,928**	**781,166**	**810,526**	**841,054**	**874,732**	**907,737**	**942,055**	**977,738**	**1,014,841**
NET OPERATING INCOME	**572,993**	**578,304**	**583,347**	**588,099**	**592,537**	**594,699**	**598,430**	**601,766**	**604,678**	**607,135**
DEBT SERVICE										
CalHFA - 1st Mortgage	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041
CalHFA - Bridge										
CalHFA interest only										
CASH FLOW after debt service	**106,951**	**112,263**	**117,306**	**122,058**	**126,496**	**128,658**	**132,389**	**135,725**	**138,637**	**141,094**
DEBT COVERAGE RATIO - 1st	**1.23**	**1.24**	**1.25**	**1.26**	**1.27**	**1.28**	**1.28**	**1.29**	**1.30**	**1.30**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Section 8 Increment Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 Rents	0	0	0	0	0	0	0	0	0	0
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	1,733,348	1,776,682	1,821,099	1,866,626	1,913,292	1,961,124	2,010,152	2,060,406	2,111,916	2,164,714
TOTAL RENTAL INCOME	**1,733,348**	**1,776,682**	**1,821,099**	**1,866,626**	**1,913,292**	**1,961,124**	**2,010,152**	**2,060,406**	**2,111,916**	**2,164,714**
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	16,679	17,096	17,524	17,962	18,411	18,871	19,343	19,827	20,322	20,830
Commercial Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**16,679**	**17,096**	**17,524**	**17,962**	**18,411**	**18,871**	**19,343**	**19,827**	**20,322**	**20,830**
GROSS INCOME	**1,750,028**	**1,793,778**	**1,838,623**	**1,884,588**	**1,931,703**	**1,979,996**	**2,029,496**	**2,080,233**	**2,132,239**	**2,185,545**
Vacancy Rate : Section 8	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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	87,501	89,689	91,931	94,229	96,585	99,000	101,475	104,012	106,612	109,277
EFFECTIVE GROSS INCOME	**1,662,526**	**1,704,089**	**1,746,692**	**1,790,359**	**1,835,118**	**1,880,996**	**1,928,021**	**1,976,221**	**2,025,627**	**2,076,267**
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	992,975	1,032,694	1,074,002	1,116,962	1,161,640	1,208,106	1,256,430	1,306,687	1,358,955	1,413,313
Replacement Reserve	42,664	42,664	42,664	42,664	42,664	44,797	44,797	44,797	44,797	44,797
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	19,814	20,210	20,614	21,026	21,447	21,876	22,313	22,760	23,215	23,679
TOTAL EXPENSES	**1,055,453**	**1,095,568**	**1,137,280**	**1,180,652**	**1,225,751**	**1,274,779**	**1,323,541**	**1,374,244**	**1,426,967**	**1,481,790**
NET OPERATING INCOME	**607,073**	**608,521**	**609,412**	**609,706**	**609,366**	**606,217**	**604,480**	**601,977**	**598,660**	**594,478**
DEBT SERVICE										
CalHFA - 1st Mortgage	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041	466,041
CalHFA - Bridge										
CalHFA interest only										
CASH FLOW after debt service	**141,032**	**142,480**	**143,370**	**143,665**	**143,325**	**140,175**	**138,439**	**135,936**	**132,618**	**128,437**
DEBT COVERAGE RATIO - 1st	**1.30**	**1.31**	**1.31**	**1.31**	**1.31**	**1.30**	**1.30**	**1.29**	**1.28**	**1.28**

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Oak Village Apartments

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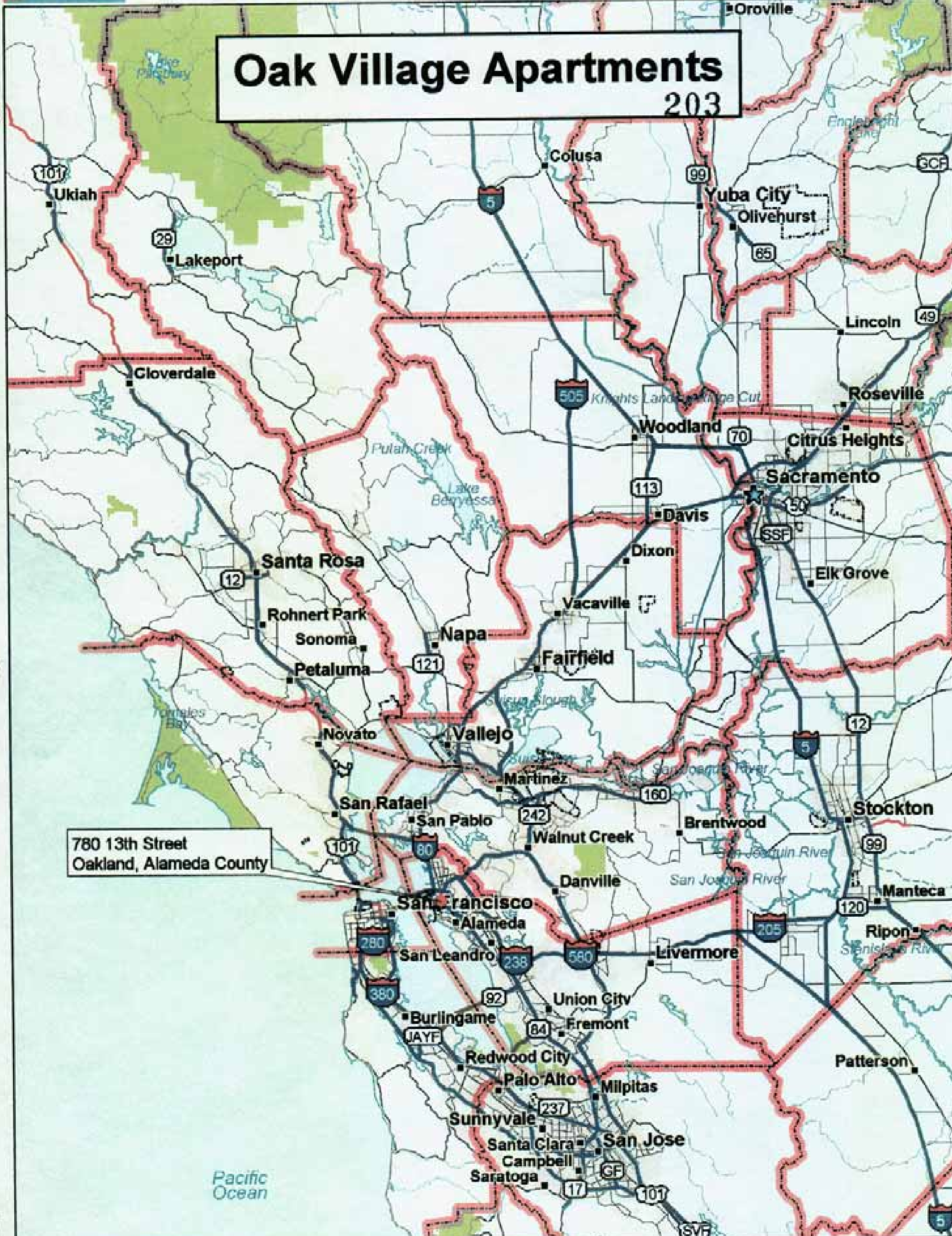

Oak Village Apartments

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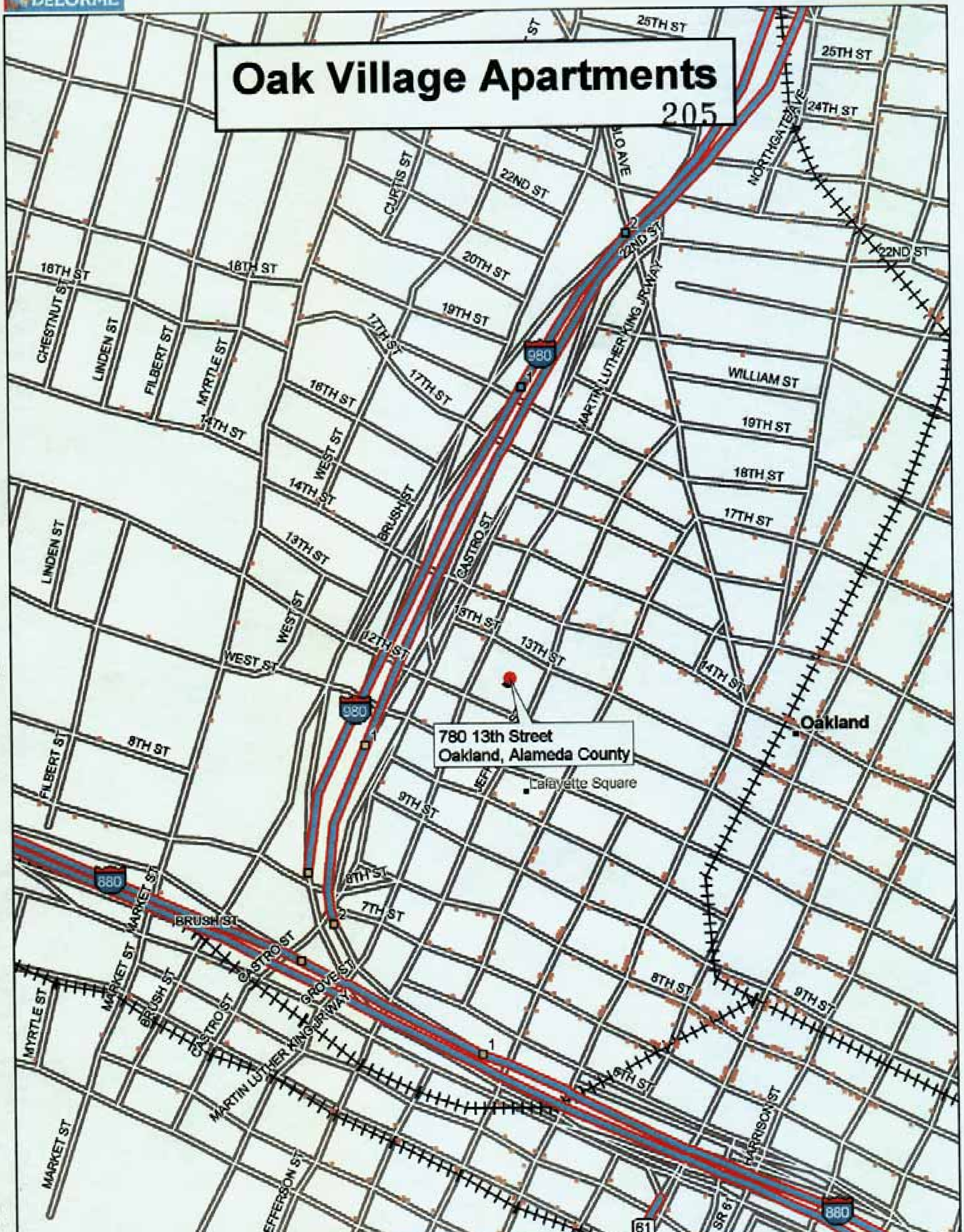


Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-41

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Oak Village Preservation, L.P., a limited partnership ("Borrower"), seeking a loan commitment under the Agency's Tax-Exempt and Taxable Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 117-unit multifamily housing development located in the City of Oakland to be known as Oak Village (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated September 2, 2003 (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 July 14, 2003, 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 Multifamily 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 CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
02-026-N	Oak Village Oakland/Alameda	117	
		Permanent First Mortgage:	$6,840,000
		IRP Mortgage:	$ 487,200

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 03-41 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST:____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Ocean View Garden Apartments
Berkeley, Alameda County, CA
CalHFA # 03-037-N

SUMMARY

This is a final commitment request for a permanent tax-exempt leasehold mortgage loan in the amount of Three Million One Hundred Sixty Thousand Dollars ($3,160,000); and a permanent taxable leasehold mortgage secondary loan in the amount of One Million One Hundred Ninety Five Thousand Dollars ($1,195,000). Security for the loans will be an existing sixty-two (62) unit family apartment community with a ground floor retail/commercial unit. The property will be owned by Ocean View Partners, L.P. ("Borrower"), a for-profit California Limited Partnership. The managing general partner will be A. F. Evans Company, Inc., a California Corporation.

Ocean View Garden Apartments, an acquisition/rehabilitation project, was constructed in 1982 in Berkeley. There is an existing Housing Assistance Payment ("HAP") contract covering all of the residential units that expires in October 2013.

LOAN TERMS

First Mortgage	$3,160,000
Interest Rate	5.75%
Term	30 year fixed, fully amortized
Financing	Tax-exempt
Second Mortgage	$1,195,000
Interest Rate	6.50%
Term	10 year fixed, fully amortized
Financing	Taxable

LOCALITY INVOLVEMENT

The Redevelopment Agency of the City of Berkeley ("RDA Berkeley") is the fee simple owner of the underlying land and is the lessor of a ground lease that expires in September 2037. Ground lease rental payments are payable from residual cash flow of project operations, pursuant to the terms of a Lease and Disposition Agreement ("Lease"). The Lease will be extended to September 2057 and shall be subordinated to the California Housing Finance Agency ("CalHFA" or "Agency") regulatory agreement and deeds of trust.

HOUSING ASSISTANCE PAYMENT ("HAP") CONTRACT

There is an existing (post 1980) Housing Assistance Payment Contract ("HAP") dated October 21, 1983. The HAP contract had an initial term of twenty (20) years with two (2) five-year renewal options, for an effective term of thirty (30) years, to expire in October 2013. In addition, there is a rent-reduction Financing Adjustment Factor ("FAF").

In October 1983 the Agency made a $3,260,000 leasehold mortgage loan to the property. The loan balance as of July 2003 is approximately $2,161,000 and will mature in February 2014.

Assignment of the HAP contract to the Borrower, any required modification to the HAP contract, utilization of earned surplus for project renovation, and the general plan of financing, are all subject to the approval of the Department of Housing and Urban Development ("HUD"). CalHFA loan terms and conditions may be modified to conform to any modifications imposed by HUD.

The Borrower will be required to seek and accept any renewals of the project-based Section 8 contract.

PROJECT DESCRIPTION

Project Location

Ocean View Garden Apartments are situated in Berkeley, in an area known as West Berkeley, in the western part of Alameda County, approximately 12 miles east of San Francisco and close to the population centers in Contra Costa County and the Silicon Valley. Interstate Highways 80 and 580 are the major highways serving Berkeley. The city encompasses approximately 10.46 square miles and contains a population of approximately 105,107 people. The University of California at Berkeley was founded in 1868 and is the largest area employer and a key driver of the local economy and culture.

The neighborhood falls within a 30-year-old Redevelopment Area intended to maintain the vicinity as a transitional zone supporting industrial use to the west, industrial uses to the north and south, and residential uses to the east. Access to major arterials and highways is good. Access to basic retail, schools and other local amenities is also good.

Fourth Street, one block to the west, is an expanding upscale open-mall shopping district. Historically the area around Fourth Street was almost entirely industrial, with some maritime businesses, and some serving the building trades. At first the area's low rents attracted artists, artisans and fledgling businesses. During the late 70's and early 80's several destination restaurants opened, followed by retail, boutique and specialty shopping. The overflow from Fourth Street has spread onto neighboring streets and is further expanding with light-industrial buildings and empty spaces being beautified and converted to high-end retail shops.

Site

Ocean View Garden Apartments are situated on two non-contiguous, irregularly-shaped parcels. The two parcels are generally level and include 2.70 acres or 117,250 square feet. The larger parcel is bound by Delaware Street to the south, and by 5th and 6th Street to the west and east. Vehicular access is from 5th and 6th Streets. The smaller parcel is located at the northeast corner of Hearst Avenue and 6th Street. Vehicular ingress and egress are from 6th Street and

Hearst Avenue. The site is located approximately 0.4 miles east of interstate 80 and 0.2 miles from University Avenue in a West Berkeley neighborhood that is a mixture of residential (single family and small multifamily), retail and light industrial buildings.

Improvements

The project consists of 13, two-story buildings with wood siding and asphalt shingle roofs. It includes one- and two-bedroom flats and three-bedroom townhouse units. Each unit has an electric range and oven, garbage disposal, refrigerator, central heating, individual gas hot water heaters and either a patio or balcony. All units contain separate living and dining areas, a kitchen, and a master bedroom. The project includes an 833 square foot retail store (809 Delaware Street) that is currently leased by a skin care business under an annually renewable lease through 2007.

Project amenities include a management office, two laundry rooms, picnic area, community room, and off-street parking for 62 vehicles. Landscaping is mature and well maintained. Surrounding streets and sidewalks are in good condition.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
18	1	1	565
32	2	1	835
12	3	1.5	1,190

Relocation

No relocation is expected to occur and the project is expected to remain at full occupancy.

MARKET

Market Overview

The Primary Market Area ("PMA") is defined as the City of Berkeley. Berkeley is located in the western part of Alameda County, approximately 12 miles east of San Francisco. The city encompasses approximately 10.46 square miles and contains a population of approximately 105,107 people.

Market rents in Berkeley are subject to rent control, which is regulated by the City of Berkeley Rent Stabilization Board under the Costa-Hawkins Rental Housing Act of 1995. Labor market conditions in Berkeley have softened in recent years, with unemployment rates rising from 4.2% in 2000 to 6.2% in 2002. The decline reflects the general economic slow down of the Bay area driven in large part by the technology bust and ensuing layoffs that began in the year 2000. The University of California at Berkeley adds to stability of the local economy. Government, medical and service sectors also play a key role in the Berkeley economy.

The 2003 median household income for Berkeley is $51,585. This represents a 15.7% increase since 2000 ($44,580). Median household income is projected to increase to $65,586 (27.1%) by the year 2008.

Housing Supply / Demand

The housing inventory in Berkeley is approximately 46% single family and 54% multifamily. Multifamily complexes with 20 or more units comprise only 13% of the total multifamily inventory. As such, Berkeley's multifamily market consists primarily of smaller, individually-owned complexes. Single family housing inventory also tends to be older, with a median age of 50 years. Median home prices in the PMA have increased approximately 33% from $367,311 in 2000 to $488,910 in 2003.

The one-, two- and three-bedroom rental housing stock in the PMA is comprised primarily of older market rate and subsidized apartments in average condition. The average occupancy rate is 95%. According to the City of Berkeley Housing Department, there are a total of 68 complexes in Berkeley that offer 1,614 subsidized housing rental units under various federal, state and local programs. Of these, there are five complexes and 166 units that are Low Income Housing Tax Credit ("LIHTC") properties. There are three major in-fill developers in Berkeley consisting of 495 multifamily units that are currently under construction. Of these, approximately 20% (99 units) are designated as affordable. New residential construction in Berkeley is limited due to lack of vacant developable land. The demand for affordable housing units in Berkeley is strong, and the supply will remain well below market demand even with the addition of these new units.

PROJECT FEASIBILITY

There is a strong and demonstrated need for quality affordable housing in the PMA. Apartment occupancies average 95%, and the City of Berkeley has a 5,000 person waiting list for affordable units. The Ocean View Garden Apartments is one of a limited number of higher quality, affordable properties in the area. The property location provides good access to local retail, public transportation, schools, transportation corridors, employers, and healthcare facilities. The above factors, along with the project's favorable rental structure, should position the project favorably with respect to retaining existing tenants and attracting new tenants in the future.

Market rate rents for comparable properties average $1,267 for a one-bedroom unit: $1,552 for a two-bedroom unit, and $1,961 for a three-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% of Market	HUD Rent	% of Market
One Bedroom		**$ 1,267**			**$1,077**	
50%	$ 689		$ 578	54%		64%
60%	$ 839		$ 428	66%		78%
Two Bedroom		**$ 1,552**			**$1,183**	
50%	$ 782		$ 770	50%		66%
60%	$ 1,001		$ 551	64%		85%
Three Bedroom		**$ 1,961**			**$1,295**	
50%	$ 861		$ 1,100	44%		66%
60%	$ 1,152		$ 809	59%		89%

OCCUPANCY RESTRICTIONS

CalHFA 20% of the units (13) will be restricted at 50% or less of AMI

The CalHFA Regulatory Agreement will be for a term of 30 years.

RDA Berkeley 100% of the units (62) will be restricted at 80% or less of the median income of the San Francisco/Oakland Standard Metropolitan Statistical Area

TCAC 100% of the units (62) will be restricted at 60% or less of AMI

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on August 5, 2003. The report concludes that there are no adverse environmental conditions that warrant further investigation or remedial action. A seismic evaluation has been completed. No additional evaluation or seismic retrofitting is needed.

PHYSICAL NEEDS ASSESSMENT / SCOPE OF WORK

The improvements were constructed in 1982 and are considered to be in good condition. Repairs and upgrades to the parking, landscape and hardscape areas will be completed. A percentage of the roofs are original and will be replaced. Siding repairs due to dry rot have been completed in many areas. A portion of the project's windows and sliding glass doors need to be replaced. Deferred maintenance items such as interior paint, carpeting, sheet vinyl, kitchen and bathroom cabinets, countertops and fixtures, and kitchen appliances will need to be addressed. Smoke detectors and individual water heaters need to be installed/replaced in a majority of the units.

Improvements to the site will include repairs to the parking area asphalt and upgrades to landscaping and site lighting. All buildings shall be repainted, with areas of dry rot to be repaired. Seven buildings will be re-roofed. Windows and sliding glass doors will be replaced as needed. Carpeting, resilient kitchen and bathroom floor covering, kitchen cabinets, countertops fixtures and appliances, and bathroom cabinetry and fixtures, and installation of smoke detectors and individual water heaters shall be replaced/installed pursuant to an established scope of work. Common area accessibility corrections will be made, and the community building will be reconfigured to facilitate the installation of computers. The cost of project renovation is estimated to cost $1,023,000 or $16,500 per unit. An expanded scope of work will be implemented should funds from the project's earned surplus account become available for project renovation.

ARTICLE XXXIV

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

DEVELOPMENT TEAM

Borrower

Ocean View Partners, L.P., a California Limited Partnership

Managing General Partner – A. F. Evans Company, Inc., a California Corporation

A. F. Evans Company, Inc., ("Evans") a real estate and property management company, has developed residential properties throughout California, Washington and Nevada since 1977. Through its development subsidiary, A. F. Evans Development, Inc., it has completed over 7,585 units of housing with an additional 2,000 in planning or under construction. Currently Evans has ten projects with the Agency containing a total of 927 units.

General Partner – G. A. Hyson & Associates, LLC, a Delaware Limited Liability Company

Gregory A. Hyson is the sole member of G. A. Hyson and Associates, LLC. His professional expertise reflects a wide range of executive level, administrative, organizational management, and program leadership skills obtained from over twenty-five years of work in multifamily housing finance, real estate development and property management.

Management Agent

Evans Property Management, Inc.

Evans Property Management, Inc. ("EPMI"), was formed in 1984 to manage the growing number of residential projects developed by its parent company, A.F.Evans Company, Inc. Currently EPMI manages 47 apartment projects containing over 6,800 units, of which ten projects containing a total of 927 units are contained in the CalHFA loan portfolio. EPMI also manages some projects for third party owners.

Project Summary

Date: 25-Aug-03

Project Profile:

Project : Ocean View Garden Apartments
Location: 813 Delaware Street
Berkeley 94712
County: Alameda County
Borrower: Ocean View Partners, L.P.
MGP: A F Evans Company, Inc.
GP: G A Hyson & Associates, LLC
LP:
Program: Preservation - Portfolio Refi
CalHFA # : 03-037-N

Cap Rate:	7.00%
Market:	$9,000,000
Income:	$9,000,000
Final Value:	$9,000,000

LTC/LTV:	**Const**	**Perm**
Loan/Cost	N/a	52.2%
A Loan/Value		35.1%
A & B Loans/Value	N/a	35.1%

Project Description:

Units	62
Handicap Units	6
Bldge Type	Rehabilitation
Buildings	15
Stories	2
Gross Sq Ft	53,503
Land Sq Ft	117,520
Units/Acre	23
Total Parking	62
Covered Parking	62

Financing Summary:

Permanent	Amount	Per Unit	Rate	Term
CalHFA - 1st Mortgage (tax-exempt)	$3,160,000	$50,968	5.75%	30
CalHFA - 2nd Mortgage (taxable)	$1,195,000	$19,274	6.50%	10
Operating Income	$0	$0		-
Seller Reserves	$147,625	$2,381		
Deferred Developer Equity	$33,823	$546		-
Tax Credit Equity	$1,514,173	$24,422		

Type	[illegible]		[illegible]		50% AMI		60% AMI		HUD Rents		Total
	number	rent	number	rent*	number	rent	number	rent	number	rent	
1 bedroom	0		0	0	4	$689	14	$839	18	$1,077	18
2 bedroom	0				6	$782	23	$1,001	29	$1,163	29
2 bedroom	0		0	0	1	$782	2	$1,001	3	$1,203	3
3 bedroom	0		0	0	2	$861	10	$1,152	12	$1,295	12
subtotal	0		0		13		49		62		
CalHFA is underwriting the 1st loan to the project rents, and the 2nd loan to the Section 8 Increment.											62

Fees, Escrows, and Reserves:

Fees	**Basis of Requirements**	**Amount**	**Security**
Loan fees	1.50% of Loan Amounts	$65,325	Cash
Escrows			
Bond Origination Guarantee	1.00% of Loan Amount	$31,600	Letter of Credit
Inspection fee	$1,500 x months of construction	$18,000	Cash
Construction Defect	2.50% of Hard Costs	$27,900	Letter of Credit
Reserves			
Initial Deposit to Replacement Reserve	$3,500 Per Unit	$217,000	Cash
Replacement Reserve Deposit	$350 Per Unit	$21,700	Operations
All Purpose Reserve		$201,299	Cash

Sources and Uses

SOURCES:

Name of Lender / Source	Total	% of Total	$ per unit
CalHFA - 1st Mortgage	3,160,000	52.2%	50,968
CalHFA Bridge	0		0
CalHFA - 2nd Mortgage	1,195,000	19.8%	19,274
Total Institutional Financing	**4,355,000**	**72.0%**	**70,242**
Equity Financing			
Operating Income	0	0.0%	0
Seller Reserves	147,625	2.4%	2,381
Tax Credits	1,514,173	25.0%	24,422
Deferred Developer Equity	33,823	0.6%	546
Total Equity Financing	**1,695,621**	28.0%	**27,349**
TOTAL SOURCES	**6,050,621**	**100.0%**	**97,591**

USES:

	Amount	% of Total	$ per unit
Acquisition - Residential	3,760,027	62.1%	60,646
Acquisition - Commercial			
Rehabilitation	1,023,000	16.9%	16,500
New Construction	0	0.0%	0
Architectual Fees	0	0.0%	0
Survey and Engineering	37,200	0.6%	600
Const. Loan Interest & Fees	0	0.0%	0
Permanent Financing	93,825	1.6%	1,513
Legal Fees	50,000	0.8%	806
Reserves	418,299	6.9%	6,747
Contract Costs	22,500	0.4%	363
Construction Contingency	108,000	1.8%	1,742
Local Fees	5,000	0.1%	81
TCAC/Other Costs	107,770	1.8%	1,738
PROJECT COSTS	**5,625,621**	**93.0%**	**90,736**
Developer Overhead/Profit	425,000	7.0%	6,855
Consultant/Processing Agent	0		0
TOTAL USES	**6,050,621**	**100.0%**	**97,591**

Annual Operating Budget

Ocean View Garden Apartments

		$ per unit
INCOME:		**Permanent**
Total Rental Income	698,916	11,273
Laundry	6,464	104
Section 8 Increment	168,228	2,713
Commercial/Retail	13,620	220
Gross Potential Income (GPI)	**887,228**	**14,310**
Less:		
Vacancy Loss	44,402	716
Total Net Revenue	**842,826**	13,594
EXPENSES:		
Payroll	114,669	1,850
Administrative	66,868	1,079
Utilities	42,743	689
Operating and Maintenance	50,192	810
Insurance and Business Taxes	55,800	900
Taxes and Assessments	63,240	1,020
Reserve for Replacement Deposits	21,700	350
Subtotal Operating Expenses	**415,212**	**6,697**
Financial Expenses		
CalHFA - 1st Mortgage	221,291	3,569
CalHFA - 2nd Mortgage	162,828	2,626
Total Financial	**384,119**	**6,195**
Total Project Expenses	**799,331**	**12,892**

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Section 8 Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment	168,228	171,593	175,024	178,525	182,095	185,737	189,452	193,241	197,106	201,048
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	698,916	716,389	734,299	752,656	771,472	790,759	810,528	830,791	851,561	872,850
TOTAL RENTAL INCOME	**867,144**	**887,981**	**909,323**	**931,181**	**953,568**	**976,497**	**999,980**	**1,024,033**	**1,048,667**	**1,073,898**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	6,464	6,593	6,725	6,860	6,997	7,137	7,280	7,425	7,574	7,725
Commercial Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Commercial	13,620	13,756	13,894	14,033	14,173	14,315	14,458	14,602	14,749	14,896
TOTAL OTHER INCOME	**20,084**	**20,349**	**20,619**	**20,892**	**21,170**	**21,452**	**21,737**	**22,028**	**22,322**	**22,621**
GROSS INCOME	**887,228**	**908,331**	**929,942**	**952,073**	**974,738**	**997,948**	**1,021,718**	**1,046,060**	**1,070,989**	**1,096,519**
Vacancy Rate: Section 8 Increment	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Commercial Vacancy	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*
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	44,402	45,424	46,470	47,541	48,638	49,761	50,911	52,089	53,294	54,529
EFFECTIVE GROSS INCOME	**842,826**	**862,907**	**883,472**	**904,532**	**926,100**	**948,187**	**970,806**	**993,971**	**1,017,695**	**1,041,990**
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	330,272	343,483	357,222	371,511	386,372	401,826	417,899	434,615	452,000	470,080
Replacement Reserve	21,700	21,700	21,700	21,700	22,785	22,785	22,785	22,785	23,924	23,924
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	63,240	64,505	65,795	67,111	68,453	69,822	71,219	72,643	74,096	75,578
TOTAL EXPENSES	**415,212**	**429,688**	**444,717**	**460,322**	**477,610**	**494,433**	**511,903**	**530,043**	**550,020**	**569,582**
NET OPERATING INCOME	**427,614**	**433,220**	**438,755**	**444,210**	**448,490**	**453,753**	**458,903**	**463,928**	**467,675**	**472,408**
DEBT SERVICE										
CalHFA - 1st Mortgage	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291
CalHFA - 2nd Mortgage	162,828	162,828	162,828	162,828	162,828	162,828	162,828	162,828	162,828	162,828
	0	0	0	0	0	0	0	0	0	0
Total Debt Service	384,119	384,119	384,119	384,119	384,119	384,119	384,119	384,119	384,119	384,119
Cash flow after CalHFA loans	**43,496**	**49,101**	**54,636**	**60,091**	**64,371**	**69,635**	**74,785**	**79,809**	**83,556**	**88,290**
DCR CalHFA 1st & 2nd	**1.11**	**1.13**	**1.14**	**1.16**	**1.17**	**1.18**	**1.19**	**1.21**	**1.22**	**1.23**

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Section 8 Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment		0	0	0	0	0	0	0	0	0
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	894,672	917,038	939,964	963,463	987,550	1,012,239	1,037,545	1,063,483	1,090,070	1,117,322
TOTAL RENTAL INCOME	**894,672**	**917,038**	**939,964**	**963,463**	**987,550**	**1,012,239**	**1,037,545**	**1,063,483**	**1,090,070**	**1,117,322**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	7,880	8,037	8,198	8,362	8,529	8,700	8,874	9,051	9,232	9,417
Commercial Increase	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
Commercial	15,045	15,195	15,347	15,501	15,656	15,812	15,971	16,130	16,292	16,454
TOTAL OTHER INCOME	**22,925**	**23,233**	**23,545**	**23,863**	**24,185**	**24,512**	**24,844**	**25,181**	**25,524**	**25,871**
GROSS INCOME	**917,596**	**940,271**	**963,510**	**987,326**	**1,011,735**	**1,036,751**	**1,062,389**	**1,088,665**	**1,115,594**	**1,143,193**
Vacancy Rate: Section 8 Increment	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Commercial Vacancy	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*
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	49,641	50,812	52,012	53,242	54,501	55,791	57,112	58,466	59,853	61,273
EFFECTIVE GROSS INCOME	**867,955**	**889,459**	**911,497**	**934,085**	**957,234**	**980,960**	**1,005,277**	**1,030,199**	**1,055,742**	**1,081,920**
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	488,883	508,439	528,776	549,927	571,924	594,801	618,593	643,337	669,070	695,833
Replacement Reserve	23,924	23,924	25,120	25,120	25,120	25,120	26,376	26,376	26,376	26,376
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	77,089	78,631	80,204	81,808	83,444	85,113	86,815	88,551	90,322	92,129
TOTAL EXPENSES	**589,897**	**610,994**	**634,100**	**656,855**	**680,489**	**705,034**	**731,785**	**758,265**	**785,769**	**814,339**
NET OPERATING INCOME	**278,058**	**278,465**	**277,397**	**277,229**	**276,746**	**275,926**	**273,492**	**271,934**	**269,972**	**267,582**
DEBT SERVICE										
CalHFA - 1st Mortgage	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total Debt Service	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291
Cash flow after CalHFA loans	**56,768**	**57,174**	**56,106**	**55,938**	**55,455**	**54,635**	**52,201**	**50,643**	**48,681**	**46,291**
DCR CalHFA 1st & 2nd	**1.26**	**1.26**	**1.25**	**1.25**	**1.25**	**1.25**	**1.24**	**1.23**	**1.22**	**1.21**

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Section 8 Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment	0	0	0	0	0	0	0	0	0	0
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	1,145,255	1,173,887	1,203,234	1,233,315	1,264,148	1,295,751	1,328,145	1,361,349	1,395,382	1,430,267
TOTAL RENTAL INCOME	**1,145,255**	**1,173,887**	**1,203,234**	**1,233,315**	**1,264,148**	**1,295,751**	**1,328,145**	**1,361,349**	**1,395,382**	**1,430,267**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	9,605	9,797	9,993	10,193	10,397	10,605	10,817	11,033	11,254	11,479
Commercial Increase	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
Commercial	16,619	16,785	16,953	17,123	17,294	17,467	17,641	17,818	17,996	18,176
TOTAL OTHER INCOME	**26,224**	**26,582**	**26,946**	**27,316**	**27,691**	**28,072**	**28,458**	**28,851**	**29,250**	**29,655**
GROSS INCOME	**1,171,479**	**1,200,469**	**1,230,180**	**1,260,630**	**1,291,838**	**1,323,823**	**1,356,603**	**1,390,200**	**1,424,632**	**1,459,922**
Vacancy Rate: Section 8 Increment	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Commercial Vacancy	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*
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	62,729	64,220	65,747	67,312	68,915	70,558	72,241	73,964	75,731	77,540
EFFECTIVE GROSS INCOME	**1,108,751**	**1,136,249**	**1,164,433**	**1,193,318**	**1,222,923**	**1,253,265**	**1,284,363**	**1,316,235**	**1,348,902**	**1,382,382**
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	723,667	752,613	782,718	814,027	846,588	880,451	915,669	952,296	990,388	1,030,003
Replacement Reserve	27,695	27,695	27,695	27,695	29,080	29,080	29,080	29,080	30,534	30,534
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	93,971	95,851	97,768	99,723	101,718	103,752	105,827	107,944	110,102	112,304
TOTAL EXPENSES	**845,333**	**876,159**	**908,181**	**941,445**	**977,385**	**1,013,283**	**1,050,576**	**1,089,319**	**1,131,024**	**1,172,842**
NET OPERATING INCOME	**263,417**	**260,090**	**256,252**	**251,873**	**245,538**	**239,982**	**233,787**	**226,916**	**217,877**	**209,540**
DEBT SERVICE										
CalHFA - 1st Mortgage	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total Debt Service	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291	221,291
Cash flow after CalHFA loans	**42,127**	**38,799**	**34,961**	**30,582**	**24,247**	**18,691**	**12,496**	**5,625**	**(3,413)**	**(11,751)**
DCR CalHFA 1st & 2nd	**1.19**	**1.18**	**1.16**	**1.14**	**1.11**	**1.08**	**1.06**	**1.03**	**0.98**	**0.95**

DeLORME

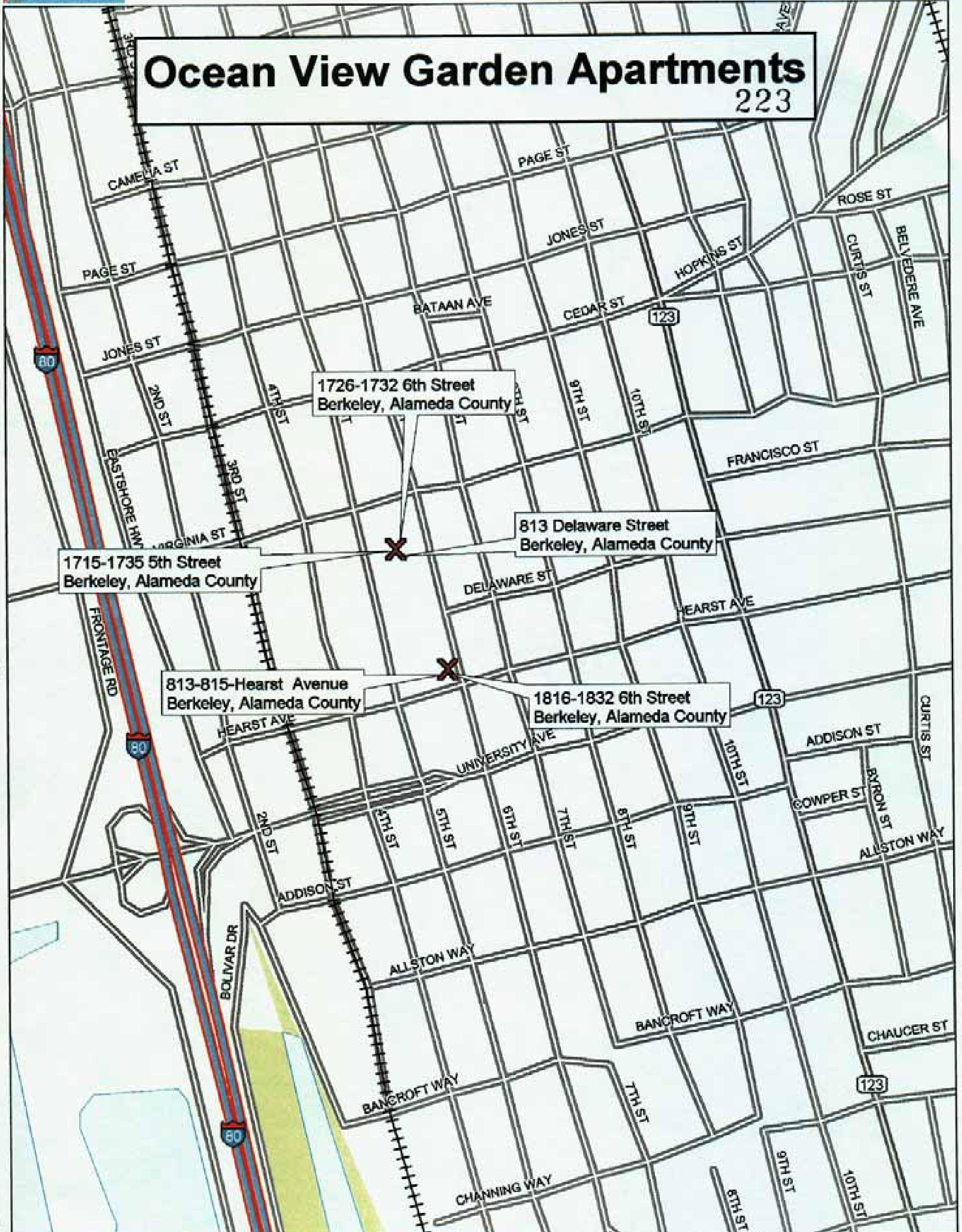
Street Atlas USA® 2003

Ocean View Garden Apartments

221

Scale 1 : 1,100,000

1" = 17.4 mi



Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-42

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Ocean View Partners, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Taxable and Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 62-unit multifamily housing development located in the City of Berkeley to be known as Ocean View Garden Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 25, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 14, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-037-N	Ocean View Garden Apartments Berkeley/Alameda	62	
		Permanent First Mortgage:	$3,160,000
		Permanent Second Mortgage:	$1,195,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-42 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ____________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Coyote Run Apartments, Phase II
Palm Springs, Riverside County, CA
CalHFA # 03-023-C/S

SUMMARY

This is a final commitment request for tax-exempt permanent loan financing in the amount of One Million Six Hundred Thousand Dollars, ($1,600,000), and construction loan financing in the amount of Six Million Four Hundred Fifty Thousand Dollars, ($6,450,000). Security for the loans will be a newly-constructed family apartment project consisting of 66 units. The property will be owned by Hacienda Sunset Affordable Housing Associates, a not-for-profit, limited partnership, whose general partner is Coachella Valley Housing Coalition.

The Coyote Run Apartments, Phase Two, (Phase II), development will provide 66 units of newly constructed affordable housing in Riverside. Phase II is the second phase of a pre-existing project by the same name with 140 units in Palm Springs.

LOAN TERMS

Construction

First Mortgage	$6,450,000
Interest Rate	3.00%, variable
Term	18 Months, interest only
Financing	Tax-exempt

CalHFA construction financing is subject to the assignment by the borrower of tax credit equity and all rights under non-CalHFA financing commitments.

Permanent

First Mortgage	$1,600,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt,
Insurance	Not Applicable

LOCALITY INVOLVEMENT

According to the Disposition and Development Agreement dated July 15, 2002, the Community Redevelopment Agency of the City of Palm Springs (Redevelopment Agency) will be making a land donation to the partnership which has been valued at $700,000.

The Redevelopment Agency will also be making a permanent loan to the project in the amount of $1,000,000. The note will be for a term of 55 years, at 3% simple interest with deferred interest and principal for the term of the loan.

OTHER FINANCING

Coachella Valley Housing Coalition (CVHC) has received loan approval from the State of California Department of Housing and Community Development's Multi-Family Housing Program (MHP) in the amount of $2,428,834. The expected loan term for the MHP funds is 55 years with a 3% interest rate. There will be a required 0.42% payment, which is shown in the project cashflow.

CVHC has also received loan approval from the State of California Department of Housing and Community Development's HOME Program in the amount of $2,115,601. The loan term for the HOME funds is 55 years, with a 3% interest rate, and no required payments.

Additionally, CVHC will be applying for a loan in the amount of $350,000 from the Federal Home Loan Bank's Affordable Housing Program (AHP). These funds are expected to be awarded in November 2003. The expected loan term for the AHP funds is 32 years with a 0% interest rate, and no required payments.

The Redevelopment Agency, MHP, HOME and AHP financing will all be subordinate to the CalHFA regulatory agreement, deeds of trust and first liens during the construction and permanent phases.

PROJECT DESCRIPTION

Project Location

Coyote Run Apartments, Phase II will be a newly-constructed project adjacent to and connected with the existing award-winning Coyote Run Apartments, Phase I, developed by the Coachella Valley Housing Coalition in 1993. The proposed 66-unit addition will be located at the northwest corner of North Sunrise Way and San Rafael Road in the northwestern section of the City of Palm Springs. The site is located south of Interstate 10 and the Indio Hills, north of Highway 111 and the San Jacinto Mountains, and about two miles northwest of the Palm Springs Airport.

The uses surrounding Phase II are: Coyote Run Apartments, Phase I to the north, an established single family neighborhood to the south, vacant land and a mobile home park to the west, and vacant land across Sunrise Way to the east. The project will be contiguous to a new city park, scheduled for construction concurrently with this project.

Bus stops are located to the north and south of the site, both within 500 feet of the project. Grocery stores, a pharmacy, a medical clinic, restaurants, shopping, and employment opportunities are located within one mile of the site. In addition to the Headstart and pre-school on site, there is an elementary and middle school within two miles and a high school within three miles. The Palm Springs Public Library, City Youth Center, Palm Springs Community Center, and the Boys and Girls Club are all also within three miles of the site.

Site

The site is a vacant, undeveloped land totaling 6.78 acres. The L-shaped site is relatively flat, open desert adjacent to Coyote Run, Phase I along Sunrise Way. The project will have two driveway entrances from Sunrise Way. One will be an open, non-gated entrance and exit, and the other will be a locked, gated, emergency-only access. Another emergency vehicle entrance will be located at the south of the development along with a pedestrian path and open gate area.

Improvements

The design and character of the new 66-unit project will be similar to the existing 140-unit project. Each unit will have Energy Star-rated appliances including dishwashers, garbage disposals, gas ranges, refrigerators, and water heaters. Units will have forced air gas heat and electric air conditioning.

The development will contain 17 residential buildings and one community building. The building style will be a combination of garden and townhouse design with all units designed to front or open to landscaped common areas. Buildings will be either one- or two-story wood frame construction with slab on grade foundations. Exteriors will be stucco painted in desert colors with various complimentary accent colors. The roof will be a gable design covered with concrete tiles. The development will utilize drought-tolerant landscaping to minimize water usage and provide a desert-appropriate, attractive environment. Landscaped areas will contain community barbeque areas, scattered benches, shade trees, a children's play area, and a swimming pool. Ample open space with free flowing paths will provide opportunities for informal social interactions. There will be 75 carports and 68 open spaces on site. The 2,300 square foot community building will house the management office, laundry room, public restrooms, a kitchen and a meeting room for community events.

The Palm Springs Unified School District operates a Head Start and State Pre-school program out of the Early Childhood Development Center on site at the existing Coyote Run Apartments. All services will be available to residents of both phases of the project.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
8	1	1	650
20	2	1	950
30	3	2	1,228
8	4	2	1,376

Off-site improvements

Off-site improvements of $132,367 consist mainly of street re-alignment and construction of traffic "knuckles" on Garnet Road southwest of the site at the adjoining single family neighborhood. Also included in off-site improvements will be about 600 feet of sidewalk in the same area. In addition, some demolition and replacement of the sidewalk to accommodate ingress and egress at the entrance on Sunrise is required.

MARKET

Market Overview

The project is located in the City of Palm Springs, which is south of Interstate 10, between the San Bernardino National Forest and the Whitewater River. The current population of Palm Springs is estimated at 43,451, including the Agua Caliente Indian Reservation.

In the market study completed by Laurin Associates dated July 2003, the project's Market Area was defined as the City of Palm Springs and a portion of the surrounding unincorporated area of the City of Palm Springs. The estimated population of the market area is 80,260.

In the City of Palm Springs households grew by 4.4% between 1990 and 2000, and are expected to grow another 1.5% by 2005. In the Market Area households grew by 13.3% between 1990 and 2000, and are expected to grow another 5.3% by 2005. As of 2003 median income in Palm Springs was $45,387, whereas median income in Market Area was $47,331.

The California Employment Development Department estimates that there were 745,400 employed persons in Riverside County in 2002. Unemployment in Riverside County averaged 6.1% in 2002, up from 5.2% in 2001. As of 2003, services accounted for the largest employment sector in the Market Area with 41.9% of the employed population. Trade is the second largest industry with 17.6 of employed persons, and mining and construction is the third largest employment sector with 11.7% of the Market Area's population. The largest employers in the City of Palm Springs are La Quinta Hotel, the Palm Springs Unified School District, and the Desert Regional Medical Center.

Housing Demand and Supply

In the Market Area 62.7% of the households own their homes and 37.3% of the population rent. According the 2000 Census, 52.8% of the housing units in Palm Springs were single family and 40% (or 12,392 units) were multifamily. The majority of the housing stock in the Market Area is less than 30 years old with 13.3% of the housing built between 1990 and 2002; 30.6% built between 1980 and 1990, and another 24.6% built between 1970 and 1979. According to the project appraisal, overall vacancy rates in the Palm Springs area increased to 5.2% in 2003, from 4.1% in 2002.

According to the City of Palm Springs Planning Department, there are no pending or proposed affordable multi-family housing developments in the Market Area. The five tax-credit projects in the area, totaling 583 units, are competitive projects. These restricted projects have a vacancy rate of less than 1% with over one year long waiting lists. The wait list for Coyote Run Apartments, Phase I includes 215 names as of July 2003.

According the market study, there is currently a total estimated demand for 1,359 family rental units targeting households in the Market Area with incomes at 30% of State Median Income (SMI), and for 2,385 rental units targeting household with incomes between 50% and 60% of the Area Median Income, (AMI). Given this demand, the project would need to capture 1.8% of the 30% SMI population, and 1.7% of the 50 to 60% AMI population.

PROJECT FEASIBILITY

For the purposes of this analysis, the appraisal rents were chosen because the rent analysis in the appraisal is more in-depth than in the market study. The rents in the table below are from the appraisal completed in July 2003 by Pacific Real Estate Appraisal.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$ 750**		
30%	$ 271		$ 479	36%
50%	$ 410		$340	55%
60%	$ 505		$ 245	67%
Two Bedroom		**$ 900**		
30%	$ 318		$ 582	35%
50%	$ 484		$ 416	54%
60%	$ 599		$ 301	67%
Three Bedroom		**$ 1,100**		
30%	$ 361		$ 739	33%
50%	$ 554		$ 546	50%
60%	$ 686		$ 414	62%
Four Bedroom		**$ 1,250**		
30%	$ 386		$ 864	31%
50%	$ 601		$ 649	48%
60%	$ 749		$ 501	60%

Estimated Lease-up Period

The Market Study estimates that the project's units will be absorbed within three months of construction completion. There is a provision for a three month rent-up reserve in construction loan, however, the adjacent Coyote Run Phase I project has a waiting list of 215 qualified applicants, so it is not expected to take three months to fill Phase II once it is completed.

OCCUPANCY RESTRICTIONS

CalHFA	20% of the units (13) will be restricted at 50% or less of AMI The CalHFA Regulatory Agreement will be for a term of 32 years.
Redevelop. Agency	25% of the units (16) will be restricted at 50% or less of AMI 25% of the units (16) will be restricted at 60% or less of AMI
HCD – MHP	37% of the units (24) will be restricted at 30% or less of SMI 12% of the units (8) will be restricted at 60% or less of AMI
HCD - HOME	5% of the units (3) will be restricted at 50% or less of AMI 17% of the units (11) will be restricted at 60% or less of AMI
AHP	60% of the units (39) will be restricted at 50% or less of AMI
TCAC	100% of the units (65) will be restricted at 60% or less AMI

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on March 11, 2003 by R.M. Environmental. The site consists of open undeveloped land located northwest of the intersection of San Raphael Drive and Sunrise Way. No existing or former structures were identified on the site. The surrounding properties are Sunrise Way and undeveloped land across Sunrise Way to the east, residential properties to the north, undeveloped land, residential properties and a mobile home park to the west, and residential properties to the south. Municipal water wells are present to the southeast and northeast corners of the site. The report concludes that the likelihood of hazardous materials and/or petroleum contamination existing on or migrating into the site from off-site sources is low. No additional environmental investigation is recommended for the project site.

A geotechnical investigation by Southland Geotechnical dated April 2003, reports that undocumented fill was found on the south and north sides of the site. Southland recommends removal of all undocumented fill during rough grading operations. CalHFA may require additional testing of this fill. Southland concluded that they did not encounter soil conditions that would preclude development of the site for its intended use provided the recommendations contained in their report are implemented in the design and construction of the project.

As a condition of closing the construction loan, an update to the Phase I report is required. If additional remedial action is recommended, the work will be required to be completed during the course of construction.

The Borrower has requested an earthquake insurance waiver, and a seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget and cash flow projections for the Project.

ARTICLE XXXIV

An opinion letter from the law offices of Gubb & Barshay LLP has been received. The opinion letter is subject to review and approval by CalHFA's legal department.

DEVELOPMENT TEAM

Borrower

<u>Hacienda Sunset Affordable Housing Associates, L.P.</u>

The property will be owned by Hacienda Sunset Affordable Housing Associates, a not-for-profit, limited partnership, whose general partner is Coachella Valley Housing Coalition (CVHC). The limited partner of the partnership is currently unidentified.

CVHC was incorporated in 1982 and currently consists of a team of 40 experienced staff members, with a Board of thirteen Directors. CVHC has developed nearly 2300 units in Riverside County, including 900 homes through their Mutual Self-Help Program and approximately 1400 apartment units for families, farmworkers and those with special needs. CVHC has also implemented six child care centers with three partners including the Palm Springs Unified School District. In addition, CVHC has created and operated several after-school tutoring and computer learning centers in Indio and Palm Springs, and offers educational programs for adults including English as a Second Language and Citizenship classes. CVHC has recently received the "Non-Profit Developer of the Year" award from SCANPH in 2001, the "Best in America Living" award from the National Association of Home Builder in 2000, in addition to HUD's "Award of Excellence", also in 2000.

CVHC has developed one multi-family project in 1993 that was financed with CalHFA funds, Las Casas, Phase III, which consists of 78 units in Coachella. CVHC has also developed several single family self help projects that were financed with CalHFA funds.

Construction Security required from the borrower is shown as a letter of credit. Subject to review and approval of the financial information provided by the borrower and compliance with the Agency's underwriting standards, staff may approve a corporate completion and repayment guarantee from the general partner's parent corporation in lieu of a letter of credit.

Management Agent

<u>Hyder & Company (H&C)</u>

H&C, founded in 1963, is a professional property management firm with 40 years of experience managing projects in New Mexico, Texas, Colorado, Arizona and California. H&C specializes in the management and operation of affordable housing apartments, and manages 34 projects in California with over 2000 units.

H&C has been managing CVHC properties since March 1992, and currently manages eighteen projects for CVHC with 1276 units, including Phase I of Coyote Run. H&C also manages two CalHFA-financed projects including: Montecito Village in Ramona (a non CVHC project), and Las Casas III in Coachella (a CVHC project).

Architect

Interactive Design Corporation (IDC)

The architectural firm of Interactive Design Corporation was incorporated in 1981. The Principal Architect, Reuel Yong, has been an architect in Palm Springs for 21 years. IDC has relationships of over ten years with the Cities of Desert Hot Springs, Palm Springs, Cathedral City and Palm Desert, with Marriott Corporation, and with Coachella Valley Housing Coalition.

Since 1993, IDC has designed twelve projects in Riverside County, totaling 694 units, including eight affordable housing developments, three single family homes and an interim recovery housing project. Over the past ten year period IDC has designed eight projects for CVHC, totaling 466 units, including Coyote Run, Phase I.

Contractor

Wm. C. Buster, Inc. (WCB)

WCB was incorporated in 1959 and presently specializes in affordable residential construction, including HUD, HCD, and Farmers Home Administration projects. William C. Buster is the founder and president and is still active in current operations. His sons, William R. Buster, Secretary and Treasurer, and Mark W. Buster, Vice-President, have been active in the company for over twenty years.

WCB currently has four projects under construction totaling 154 units, two of which are owned by CVHC. WCB has worked with CVHC since 1992, and has completed 17 affordable housing projects and two day care centers for CVHC, totaling nearly 1000 units. Included in this total is the 140 unit Phase I of Coyote Run Apartments. In addition, WCB completed two CalHFA-financed projects in the early 1980's, Rancho Apartments and Silsby Garden Apartments, totaling 106 units.

WCB is posting a 100% performance and payment bond for this project, at approximately 1% of the contract price. WCB has the ability to bond up to twenty million per job and approximately 80% of their work is bonded.

Project Summary

235 Date: 25-Aug-03

Project Profile:

Project :	Coyote Run II			
Location:	San Rafael and N. Sunrise Way	**Appraisal:**		
	Palm Springs	Cap Rate:	7.50%	
County:	Riverside	Final Value:	$4,675,000	
Borrower:	Hacienda Sunset Afford. Hsg. Assc.	Construction:	$10,400,000	
GP:	CVHC			
GP:				
LP:	not yet determined	**LTC/LTV:**	**Construction**	**Permanent**
Program:	Tax-Exempt	Loan/Cost	59%	13%
CalHFA # :	03-023-C/S	Loan/Value	62%	34%

Project Description:

Units	66
Handicap Units	4
Bldge Type	New Const.
Buildings	17
Stories	1 and 2
Gross Sq Ft	0
Land Sq Ft	337,590
Units/Acre	9
Total Parking	143
Covered Parking	75

Financing Summary:	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$1,600,000	$24,242	5.50%	30
HCD - MHP	$2,428,834	$36,801	3.00%	55
HOME funds	$2,115,601	$32,055	3.00%	55
City of Palm Springs	$1,000,000	$15,152	3.00%	55
City of Palm Springs Land Donation	$700,000	$10,606	0.00%	-
FHLB-AHP	$350,000	$5,303	0.00%	32
Borrower Contribution	$13,816	$209		-
Deferred Developer Equity	$665,699	$10,086		-
Tax Credit Equity	$3,046,365	$46,157		
CalHFA Bridge	$0	$0	0.00%	-
CalHFA Construction Loan	$6,450,000	$97,727	3.00%	18 months
CalHFA HAT	$0	$0	0.00%	-

Unit Mix:

Type	Manager		30% SMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent	number	rent	number	rent	number	rent*	
1 bedroom			2	271	2	410	4	505	0	0	8
2 bedroom			8	318	5	484	7	599	0	0	20
3 bedroom	1	0	12	361	7	554	10	686	0	0	30
4 bedroom			2	386	2	601	4	749	0	0	8
subtotal	1		24		16		25		0		
											66

Fees, Escrows, and Reserves:

Permanent		Basis of Requirements		Amount	Security
Fees	CalHFA Permanent Loan	0.50%	Total Loans	$8,000	Cash
Escrows	Construction Defect	2.50%	of Hard Costs	$157,583	Letter of Credit
Reserves	Operating Expense Reserve	10.00%	of Gross Income	$39,491	Letter of Credit
	Initial Deposit to Replacement Reserve	0.00%	of Gross Income	$0	Cash
	Annual Replacement Reserve Deposit	$350	per unit	$23,100	Operations

Construction		Basis of Requirements		Amount	Security
Fees	CalHFA Construction Loan	1.00%	of Total Loans	$64,500	Cash
	Inspection fee	$1,500	x months of construction	$21,000	Cash
Guarantees	Bond Origination Guaranty	1.00%		$64,500	Letter of Credit
	Completion Guaranty--Borrower	5.00%		$322,500	Letter of Credit or Cash Escrow
	Performance Bond--Contractor	100.00%		$6,450,000	Bond
	Payment Bond--Contractor	100.00%		$6,450,000	Bond
Reserves	Rent-up Reserve	0.25	Year Operating Expense	$29,189	Cash

Sources and Uses

Coyote Run II

SOURCES:

Name of Lender / Source	Amount	$ per unit	% of Sources
CalHFA First Mortgage	1,600,000	24,242	13%
HCD - MHP	2,428,834	36,801	20%
HOME funds	2,115,601	32,055	18%
City of Palm Springs	1,000,000	15,152	8%
FHLB-AHP	350,000	5,303	3%
Total Institutional Financing	**7,494,435**	**113,552**	**63%**
Equity Financing			
Tax Credits	3,046,365	46,157	26%
Deferred Developer Equity	679,515	10,296	6%
City of Palm Springs Land Donation	700,000	10,606	6%
Total Equity Financing	**4,425,880**	**67,059**	**37%**
TOTAL SOURCES	**11,920,315**	**180,611**	**100%**

USES:

	Amount	$ per unit	% of Uses
Acquisition	1,092,367	16,551	9%
Rehabilitation	0	0	0%
New Construction	7,075,472	107,204	59%
Architectual Fees	383,851	5,816	3%
Survey and Engineering	15,000	227	0%
Const. Loan Interest & Fees	459,820	6,967	4%
Permanent Financing	18,500	280	0%
Legal Fees	15,000	227	0%
Reserves	69,041	1,046	1%
Contract Costs	37,100	562	0%
Construction Contingency	736,791	11,164	6%
Impact and Permit Processing Fees	553,896	8,392	5%
TCAC Fees	32,778	497	0%
Other Costs	45,000	682	0%
PROJECT COSTS	**10,534,616**	**159,615**	**88%**
Developer Overhead/Profit	1,385,699	20,995	12%
Consultant/Processing Agent	0	0	0%
TOTAL USES	**11,920,315**	**180,611**	**100%**

CONST. SOURCES AND USES	Coyote Run II		
SOURCES:			
Name of Lender / Source	**Amount**	**$ per unit**	**% of Sources**
CalHFA	6,450,000	97,727	59%
Palm Springs	1,000,000	15,152	9%
HOME funds	2,115,601	32,055	19%
FHLB-AHP	350,000	5,303	3%
Total Institutional Financing	**9,915,601**	**150,236**	91%
Equity Financing			
Tax Credit Equity	304,714	4,617	3%
Land Donation	700,000	10,606	6%
Total Equity Financing	**1,004,714**	**15,223**	9%
TOTAL SOURCES	**10,920,315**	**165,459**	100%
USES:			
	Amount	**$ per unit**	**% of Uses**
Acquisition	1,092,367	16,551	10%
Rehabilitation	0	0	0%
New Construction	7,075,472	107,204	65%
Architectual Fees	383,851	5,816	4%
Survey and Engineering	15,000	227	0%
Const. Loan Interest & Fees	459,820	6,967	4%
Permanent Financing	18,500	280	0%
Legal Fees	15,000	227	0%
Reserves	69,041	1,046	1%
Contract Costs	37,100	562	0%
Construction Contingency	736,791	11,164	7%
Local Fees	110,000	1,667	1%
TCAC/Other Costs	521,674	7,904	5%
PROJECT COSTS	10,534,616	159,615	96%
Developer Overhead/Profit	385,699	5,844	4%
Consultant/Processing Agent	0	0	0%
TOTAL USES	**10,920,315**	**165,459**	100%

Annual Operating Budget — Coyote Run II

		$ per unit
INCOME:		
Total Rental Income	390,948	5,923
Laundry	3,960	60
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**394,908**	**5,983**
Less:		
Vacancy Loss	19,745	299
Total Net Revenue	**375,163**	**5,684**
EXPENSES:		
Payroll	52,180	791
Administrative	41,900	635
Utilities	35,604	539
Operating and Maintenance	60,100	911
Insurance and Business Taxes	13,790	209
Taxes and Assessments	4,504	68
Reserve for Replacement Deposits	30,440	461
Subtotal Operating Expenses	**238,518**	**3,614**
Financial Expenses		
Mortgage Payments (1st loan)	109,015	1,652
Total Financial	**109,015**	**1,652**
Total Project Expenses	**347,534**	**5,266**

Cash Flow — Coyote Run II — CalHFA Development Number: 03-023-C/S

RENTAL INCOME		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents		0	0	0	0	0	0	0	0	0	0
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		390,948	400,722	410,740	421,008	431,533	442,322	453,380	464,714	476,332	488,240
TOTAL RENTAL INCOME		**390,948**	**400,722**	**410,740**	**421,008**	**431,533**	**442,322**	**453,380**	**464,714**	**476,332**	**488,240**
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		3,960	4,059	4,160	4,264	4,371	4,480	4,592	4,707	4,825	4,945
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**3,960**	**4,059**	**4,160**	**4,264**	**4,371**	**4,480**	**4,592**	**4,707**	**4,825**	**4,945**
GROSS INCOME		**394,908**	**404,781**	**414,900**	**425,273**	**435,905**	**446,802**	**457,972**	**469,422**	**481,157**	**493,186**
Vacancy Rate : Market		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		19,745	20,239	20,745	21,264	21,795	22,340	22,899	23,471	24,058	24,659
EFFECTIVE GROSS INCOME		**375,163**	**384,542**	**394,155**	**404,009**	**414,109**	**424,462**	**435,074**	**445,950**	**457,099**	**468,527**
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		198,817	206,769	215,040	223,642	232,587	241,891	251,567	261,629	272,094	282,978
Replacement Reserve		27,694	27,694	27,694	27,694	27,694	29,079	29,079	29,079	29,079	29,079
Operating Reserve - 2% of EGI		7,503	7,691	7,883	8,080	8,282	8,489	8,701	8,919	9,142	9,371
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		4,504	4,594	4,686	4,780	4,875	4,973	5,072	5,174	5,277	5,383
TOTAL EXPENSES		**238,518**	**246,749**	**255,303**	**264,196**	**273,439**	**284,432**	**294,419**	**304,801**	**315,593**	**326,810**
NET OPERATING INCOME		**136,644**	**137,793**	**138,852**	**139,813**	**140,670**	**140,030**	**140,654**	**141,150**	**141,507**	**141,716**
DEBT SERVICE											
CalHFA - 1st Mortgage		109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015
CASH FLOW after debt service		**27,629**	**28,778**	**29,836**	**30,798**	**31,655**	**31,015**	**31,639**	**32,134**	**32,491**	**32,701**
DEBT COVERAGE RATIO		**1.25**	**1.26**	**1.27**	**1.28**	**1.29**	**1.28**	**1.29**	**1.29**	**1.30**	**1.30**
MHP Payment	**2,428,834**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**
DEBT COVERAGE RATIO WITH MHP		**1.15**	**1.16**	**1.16**	**1.17**	**1.18**	**1.17**	**1.18**	**1.18**	**1.19**	**1.19**

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		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents		0	0	0	0	0	0	0	0	0	0
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		500,446	512,958	525,782	538,926	552,399	566,209	580,365	594,874	609,745	624,989
TOTAL RENTAL INCOME		**500,446**	**512,958**	**525,782**	**538,926**	**552,399**	**566,209**	**580,365**	**594,874**	**609,745**	**624,989**
OTHER INCOME											
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		5,069	5,196	5,326	5,459	5,595	5,735	5,879	6,026	6,176	6,331
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**5,069**	**5,196**	**5,326**	**5,459**	**5,595**	**5,735**	**5,879**	**6,026**	**6,176**	**6,331**
GROSS INCOME		**505,516**	**518,154**	**531,107**	**544,385**	**557,995**	**571,945**	**586,243**	**600,899**	**615,922**	**631,320**
Vacancy Rate : Market		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		25,276	25,908	26,555	27,219	27,900	28,597	29,312	30,045	30,796	31,566
EFFECTIVE GROSS INCOME		**480,240**	**492,246**	**504,552**	**517,166**	**530,095**	**543,347**	**556,931**	**570,854**	**585,126**	**599,754**
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		294,297	306,069	318,312	331,044	344,286	358,058	372,380	387,275	402,766	418,877
Replacement Reserve		30,533	30,533	30,533	30,533	30,533	32,060	32,060	32,060	32,060	32,060
Operating Reserve - 2% of EGI		9,605	9,845	10,091	10,343	10,602	10,867	11,139	11,417	11,703	11,995
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		5,490	5,600	5,712	5,826	5,943	6,062	6,183	6,307	6,433	6,561
TOTAL EXPENSES		**339,925**	**352,047**	**364,648**	**377,747**	**391,364**	**407,046**	**421,761**	**437,059**	**452,961**	**469,493**
NET OPERATING INCOME		**140,314**	**140,199**	**139,904**	**139,419**	**138,731**	**136,301**	**135,170**	**133,796**	**132,165**	**130,261**
DEBT SERVICE											
CalHFA - 1st Mortgage		109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015
CASH FLOW after debt service		**31,299**	**31,183**	**30,888**	**30,403**	**29,715**	**27,286**	**26,154**	**24,780**	**23,149**	**21,245**
DEBT COVERAGE RATIO		**1.29**	**1.29**	**1.28**	**1.28**	**1.27**	**1.25**	**1.24**	**1.23**	**1.21**	**1.19**
MHP Payment	**2,428,834**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**
DEBT COVERAGE RATIO WITH MHP		**1.18**	**1.18**	**1.17**	**1.17**	**1.16**	**1.14**	**1.13**	**1.12**	**1.11**	**1.09**

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		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents		0	0	0	0	0	0	0	0	0	0
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		640,614	656,629	673,045	689,871	707,118	724,796	742,916	761,489	780,526	800,039
TOTAL RENTAL INCOME		**640,614**	**656,629**	**673,045**	**689,871**	**707,118**	**724,796**	**742,916**	**761,489**	**780,526**	**800,039**
OTHER INCOME											
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		6,489	6,651	6,817	6,988	7,163	7,342	7,525	7,713	7,906	8,104
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**6,489**	**6,651**	**6,817**	**6,988**	**7,163**	**7,342**	**7,525**	**7,713**	**7,906**	**8,104**
GROSS INCOME		**647,103**	**663,280**	**679,862**	**696,859**	**714,280**	**732,137**	**750,441**	**769,202**	**788,432**	**808,143**
Vacancy Rate : Market		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		32,355	33,164	33,993	34,843	35,714	36,607	37,522	38,460	39,422	40,407
EFFECTIVE GROSS INCOME		**614,748**	**630,116**	**645,869**	**662,016**	**678,566**	**695,530**	**712,919**	**730,742**	**749,010**	**767,736**
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		435,632	453,057	471,180	490,027	509,628	530,013	551,213	573,262	596,192	620,040
Replacement Reserve		33,663	33,663	33,663	33,663	33,663	35,346	35,346	35,346	35,346	35,346
Operating Reserve - 2% of EGI		12,295	12,602	12,917	13,240	13,571	13,911	14,258	14,615	14,980	15,355
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		6,693	6,827	6,963	7,102	7,244	7,389	7,537	7,688	7,842	7,998
TOTAL EXPENSES		**488,282**	**506,149**	**524,723**	**544,032**	**564,106**	**586,658**	**608,355**	**630,910**	**654,360**	**678,739**
NET OPERATING INCOME		**126,465**	**123,968**	**121,147**	**117,984**	**114,460**	**108,872**	**104,564**	**99,831**	**94,650**	**88,997**
DEBT SERVICE											
CalHFA - 1st Mortgage		109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015	109,015
CASH FLOW after debt service		**17,450**	**14,952**	**12,131**	**8,969**	**5,445**	**(143)**	**(4,451)**	**(9,184)**	**(14,365)**	**(20,019)**
DEBT COVERAGE RATIO		**1.16**	**1.14**	**1.11**	**1.08**	**1.05**	**1.00**	**0.96**	**0.92**	**0.87**	**0.82**
MHP Payment	**2,428,834**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**	**10,201**
DEBT COVERAGE RATIO WITH MHP		**1.06**	**1.04**	**1.02**	**0.99**	**0.96**	**0.91**	**0.88**	**0.84**	**0.79**	**0.75**

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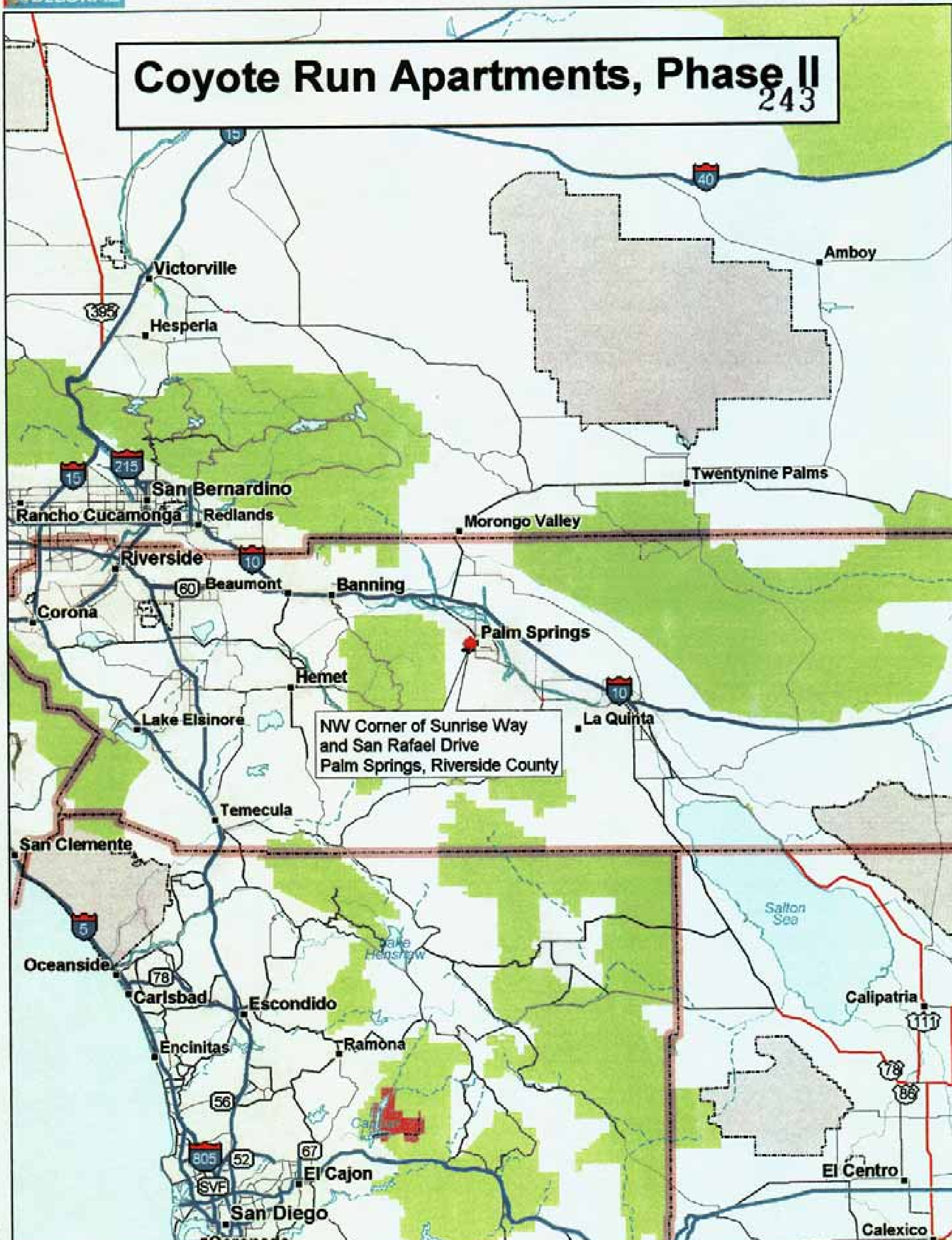
Street Atlas USA® 2003

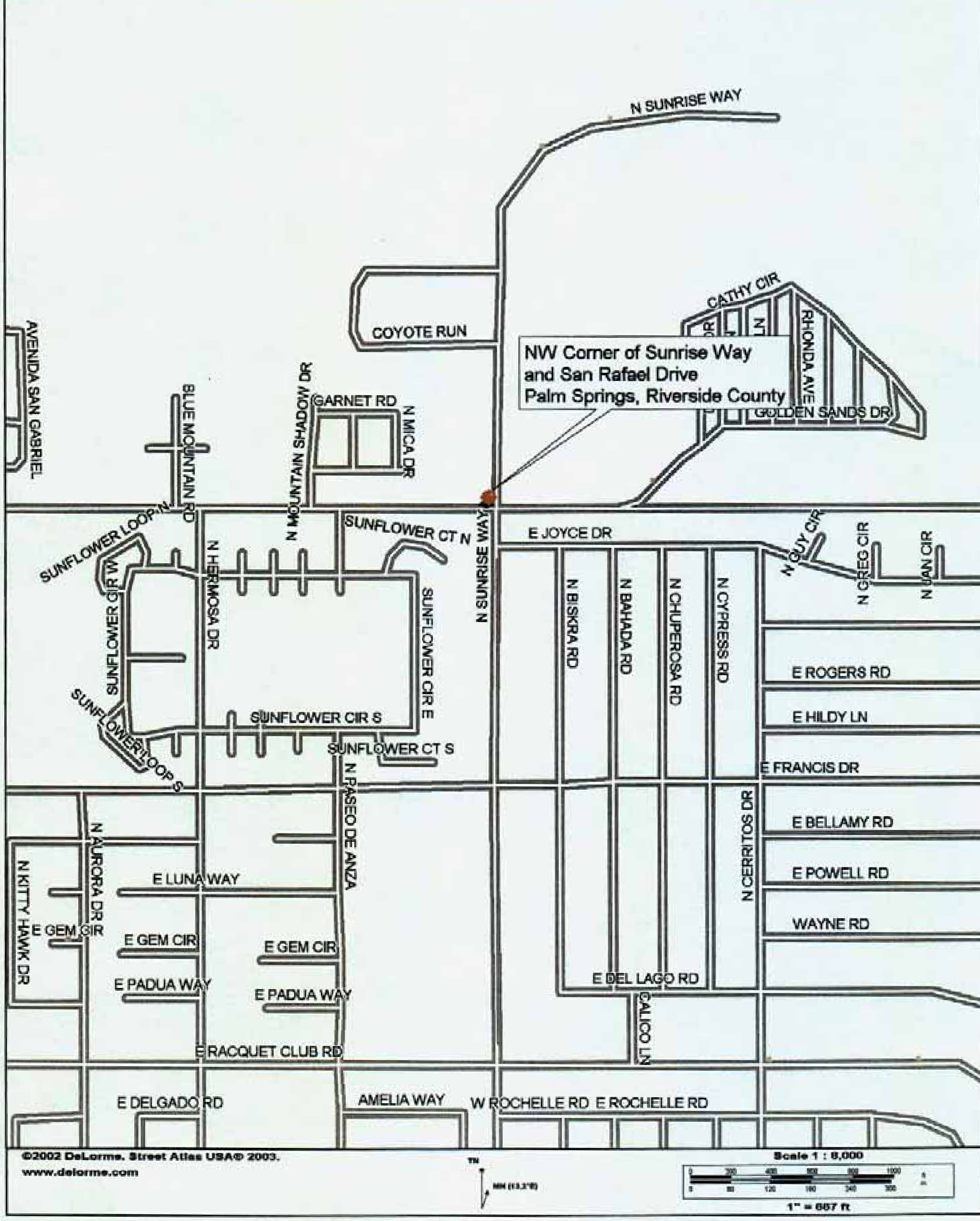


Scale 1 : 1,100,000

1" = 17.4 mi

Coyote Run Apartments, Phase II

245



Scale 1 : 8,000

1" = 667 ft

RESOLUTION 03-43

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Hacienda Sunset Affordable Housing Associates, L.P., a not-for-profit, limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide construction and permanent mortgage loans on a 66-unit multifamily housing development located in the City of Palm Springs to be known as Coyote Run Apartments, Phase II (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 25, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 11, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-023-C/S	Coyote Run Apartments, Phase II	66	
	Palms Springs/Riverside	Construction First Mortgage:	$6,450,000
		Permanent First Mortgage:	$1,600,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-43 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ______________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Bayport Apartments
2391 Fifth Street, Alameda
Alameda County, CA
CalHFA # 03-036-C/N

SUMMARY

This is a final commitment request for a tax-exempt permanent loan in the amount of One Million Five Hundred Thousand Dollars ($1,500,000), a Section 8 loan in the amount of One Million Four Hundred Fifty Thousand Dollars ($1,450,000), and a construction loan in the amount of Nine Million Three Hundred Thirty-five Thousand Dollars ($9,335,000). Security for the loans will be a newly-constructed 52-unit family apartment project. The property is located in Alameda County, and will be owned by Bayport Apartments, L.P., a limited partnership, whose general partner is Resources for Community Development.

LOAN TERMS

Construction

First Mortgage	$9,335,000
Interest Rate	3.00%, variable
Term	18 Months, interest only
Financing	
	$6,700,000 Tax-exempt
	$2,635,000 Taxable

CalHFA construction financing is subject to the assignment by the borrower of tax credit equity and all rights under non-CalHFA financing commitments.

Permanent

First Mortgage	$1,500,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt
Second Mortgage	$1,450,000
Interest Rate	5.50%
Term	10 year fixed, fully amortized
Financing	Tax-Exempt

LOCALITY INVOLVEMENT

Funds in an amount not to exceed $2,015,000 were approved for the development of the Bayport project. City of Alameda funds are to be reduced by any additional funding received from the HOME or AHP programs, or any supportable Section 8 mortgage. Current estimates indicate the need for a permanent loan to the project in the amount of $630,729. The note will be for a term of 55 years at 3.00% interest with deferred principal for the term of the loan. If AHP funding is not received, or if the CalHFA permanent financing is reduced, the City loan will increase to cover the gap.

In 1972 the voters of the City of Alameda passed Measure A, which restricts residential development to structures of no more than two units. The Alameda Housing Authority is specifically exempted from the limits imposed under Measure A, such that projects in which the Housing Authority has an interest, even if that interest is limited or indirect, can include structures with more than two units. In order for the Bayport Apartments project to benefit from this exemption, the Alameda Housing Authority is maintaining a fee interest in the project site, and Resources for Community Development (RCD) has entered into a Ground Lease for 75 years at $1 per year. Upon formation of the Limited Partnership, the Ground Lease will be assigned to that new entity.

HOUSING ASSISTANCE PAYMENT ("HAP") CONTRACT

The Housing Authority of the City of Alameda is applying to the Department of Housing and Urban Development ("HUD") for thirteen project-based Section 8 certificates and expects to receive the award this October. The HAP contract will be for a total of ten years.

Assignment of the HAP contract to the Borrower, any required modification to the HAP contract, or to the general plan of financing, are all subject to the approval of HUD. CalHFA loan terms and conditions may be modified in the event that said approvals impact the transaction. The borrower will be required to seek and accept any renewals of the project based Section 8 contract.

OTHER FINANCING

Resources for Community Development (RCD) has received approval of funding from the State of California Department of Housing and Community Development's Multi-Family Housing Program (MHP), in the amount of $3,093,103. The loan term for the MHP funds is 55 years with a 3% interest rate. There will be a required 0.42% payment, which is shown in the project cashflow.

RCD has also received approval of funding from the Department of Housing and Community Development's HOME Program through Alameda County in the amount of $385,792. The loan term for the HOME funds is 55 years with a 3% interest rate, and no required payments.

Additionally, RCD will be applying for funds in the amount of $306,000 from the Federal Home Loan Bank's Affordable Housing Program (AHP). These funds are expected to be awarded in November 2003. The expected loan term for the AHP funds is 32 years, with a 0% interest rate, and no required payments.

The City, MHP, HOME and AHP financing will all be subordinated to the CalHFA liens during the construction and permanent phases.

PROJECT DESCRIPTION

Project Location

Bayport Apartments will be located at 2391 Fifth Street in Alameda. The project site is located within Catellus' larger 72 acre Bayport Homes redevelopment project, which at completion will include 485 market rate single family homes, 10 affordable for sale townhomes (which will also be developed by RCD), a four-acre park, and an elementary school. The military housing and warehouses that were located on the site of the former Alameda Naval Air Station have been demolished, and the land is now vacant. In addition to the new single family homes, the City of Alameda is planning a new Business Park of 77 acres north of the site, which will house up to 1.3 million square feet of flex-tech office, research and development space, retail, and related uses. In addition, there is a waterfront promenade, a central plaza and commons encompassing twelve acres along the Oakland Inner Harbor in the planning stages.

The land use plan for the area is organized around the central spines of Fifth Street, a north-south street connecting Atlantic Avenue with Mitchell-Mosley Street, and Tinker Avenue (to the north of the site) connecting Main Street to Fifth Street. The site is easily accessed from Oakland via the Webster Tube which is just to the east.

The project will be bordered on the north, west and south sides by the Catellus single family home project. Just to the east of the site, the City will be constructing Fifth Street, a major new north-south arterial. On the other side of Fifth Street is the College of Alameda, which will serve as both an educational and recreational resource for the future tenants of the Bayport Apartments. Tennis courts, a track and a baseball diamond are all located on the grounds of the college.

While Bayport Apartments project is part of a new subdivision, there are many existing residential units in close proximity to the redevelopment area. Just to the south of Atlantic Avenue from the project site there is an established residential neighborhood, which includes both apartment complexes and single family homes. To the north of the redevelopment area is the Coast Guard Housing development, which includes more than 100 units of converted military housing.

There are also many businesses and other amenities in close proximity to the Redevelopment Area. These businesses previously served primarily military personnel and now cater to the current residents in the surrounding area. The Marina Village Center, which is located within one-half mile of the site, includes a Walgreen's pharmacy, a Starbucks, a Togos sandwich shop and a Kinkos copy center. In addition to the elementary school and the park that will be built as part of the Catellus project, there are a number of existing schools and parks within a short walk from the project site.

With respect to transportation, the site is well served by AC Transit, which provides bus service across the island, as well as to San Francisco, Oakland, and the Fruitvale and MacArthur BART stations. Additional bus service is scheduled to be added as the redevelopment of former Alameda Naval Air Station progresses.

Site

The affordable housing site, including the for-sale townhomes, is a total of 3 acres, with 2.58 acres set aside for multifamily development. The site is rectangular with approximately 440 feet of frontage along Fifth Street. The project will be accessed via two driveways on side streets.

Improvements

Bayport Apartments will consist of 34 two-bedroom flats and 18 three-bedroom townhouses. In keeping with the scale and single-family home aesthetic of the area, the project has been designed as eleven separate two-story residential buildings, each comprised of between two and eight units with private outdoor space for each unit. The buildings will be wood-framed with stucco siding, and the roofs will be pitched with composition shingles. The units will have central gas heat. In addition, washer/dryer hookups will be provided in each unit. Each kitchen will be equipped with a refrigerator, a dishwasher, a disposal and a range. To address the special needs of individuals with physical disabilities, 3 two-bedroom units and 1 three-bedroom unit will be fully accessible.

The type of construction is slab on grade with wood framing. RCD and the City of Alameda have both expressed a commitment to incorporating "green" design concepts and materials into the project. In fact, the project was selected by the Alameda County Waste Management Authority in a competitive process to participate in its Affordable Housing Green Building Design Assistance Program.

The project plans reflect a variety of different building facades and orientations that will create a true sense of community within the project and also complement the Catellus single family homes that will surround the project on three sides. Sixty-seven parking spaces will be provided on-site with additional spaces on the surrounding streets available. The project will also include a laundry room and a community building with a computer center, and adequate space to accommodate an after-school program. Adjacent to the community building there will be an on-site outdoor recreational area, which will include a basketball court and a tot lot.

The Bayport Apartments project will provide after-school computer programs for the children of tenants. The community building has been specifically designed to accommodate this use, with a large community room and a computer center with high-speed internet access. Adult computer classes will also be offered on-site. In addition, RCD hopes to establish a partnership with the College of Alameda to allow tenants to attend classes at a reduced rate. Within close proximity to the site are a number of social service facilities, including the Esperanza Community Center (which offers Head Start classes), the Alameda Even Start-Family Literacy program, the Woodstock Child Development Center and the Woodchip Family Resource Center. The Bayport Apartments management team and RCD's services staff will work to match tenants up with these service providers, as appropriate.

<u>Unit Mix</u>:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
34	2	1	867
18	3	2.5	1,199

Off-site improvements

The off-site estimate is $119,200 and includes utility tie-ins, sidewalks, handicapped ramps, driveways, plants and irrigation.

MARKET

Market Overview

The project is located in the City of Alameda, which is an island east of San Francisco and west of Oakland in Alameda County, one of the nine counties in the Bay Area. The current population of the City of Alameda is estimated at 71,685 people with 29,333 households.

In the market study completed by Laurin Associates dated July 2003, the project's Primary Market Area was defined as the City of Alameda, with the Secondary Market Area including the City of San Leandro and a portion of the City of Oakland. The current estimated population of the Secondary Market Area is 348,729.

In the City of Alameda, households grew by 5.6% between 1990 and 2000, and are expected to decline by 0.6% by 2005. In the Secondary Market Area, households grew by 4% between 1990 and 2000, and are expected to grow another 1.4% by 2005. As of 2003, median income in Alameda was $58,596, whereas median income in Secondary Market Area was $54,534.

The California Employment Development Department estimates that there were 797,900 employed persons in Alameda County in 2002. Unemployment in Alameda County averaged 6.8% in 2002, up from 4.6% in 2001. The largest employers in Alameda County are the University of California Berkeley, the County of Alameda, Oakland Unified School District, Lawrence Livermore National Lab, the US Post Office, and Kaiser Permanente Medical Group.

Housing Demand and Supply

As of 2003, 48.5% of the households in Alameda owned their homes, whereas 51.5% of the population rented. In the Secondary Market Area 39.8% of the households owned their homes, whereas 60.2% of the population rented

According the 2000 Census, 52.8% of the housing units in Alameda were single family and 46.3% (or 14,625 units) were multifamily. The majority of the housing stock in the Market Area is more than 50 years old with 43.8% of the housing built prior to 1949. In addition, 27.8% of the housing stock was built between 1950 and 1969; 23.6% was built between 1970 and 1990, and only 4.7% was built since 1990. According to the project appraisal, overall vacancy rates in Alameda County dropped from 5.5% in December 2001 to 4.7% in December 2002. In the City of Alameda vacancy rates decreased from 4.5% in June 2002 to 4.2% in December 2002.

According to the Alameda Housing Authority, there are 448 low-income housing units in the City of Alameda within eleven projects, all of which have waiting lists over three years long. Development of multi-family apartments is limited due to Measure A, which restricts residential development to structures of no more than two units.

According the market study, there is currently a total estimated demand for 380 family rental units targeting households in Alameda with incomes at 35% of State Median Income (SMI), and for 1,999 rental units targeting household with incomes between 50% and 60% of the Area Median Income (AMI). Given this demand, the project would need to capture 4.7% of the 35% SMI population, and 1.7% of the 50 to 60% AMI population.

PROJECT FEASIBILITY

Market rate rents for comparable properties range from $1,180 to $1,500 for a two-bedroom unit, and $1,465 to $1,855 for a three-bedroom unit. According to the market study, achievable rents for the proposed project are $1,261 for a two-bedroom unit and $1,597 for a three-bedroom unit.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
Two Bedroom		**$ 1,261**		
35%	$ 414		$ 847	33%
50%	$ 840		$ 421	67%
60%	$ 1,020		$ 241	81%
Section 8	$1,374		($ 113)	109%
Three Bedroom		**$ 1,597**		
35%	$ 475		$ 1,122	30%
50%	$ 967		$ 630	61%
60%	$ 1,175		$ 422	74%
Section 8	$ 1,883		($ 286)	118%

Estimated Lease-up Period

The Market Study estimates that the project's units will be absorbed within three months of construction completion. There is a provision for a three month rent-up reserve in construction loan.

OCCUPANCY RESTRICTIONS

CalHFA	20% of the units (11) will be restricted at 50% or less of AMI The CalHFA Regulatory Agreement will be for a term of 32 years.
City of Alameda	52% of the units (27) will be restricted at 50% or less of AMI 48% of the units (25) will be restricted at 60% or less of AMI
HCD – MHP	35% of the units (18) will be restricted at 35% or less of SMI 15% of the units (8) will be restricted at 50% or less of AMI 48% of the units (25) will be restricted at 60% or less of AMI
HCD - HOME	8% of the units (4) will be restricted at 60% or less of AMI
AHP	60% of the units (31) will be restricted at 50% or less of AMI
TCAC	100% of the units (51) will be restricted at 60% or less AMI

ENVIRONMENTAL

The Bayport parcel is part of a larger 215 acre site which is being redeveloped by Catellus and the Housing Authority of the Alameda County. In connection with the conversion of the Alameda Naval Air Station (NAS), and the Fleet Industrial Supply Center (FISC) sites to civilian use, a significant amount of environmental mitigation over the course of several years has taken place. Asbestos containing materials, lead-based paint, thermostats and fluorescent lamps were identified in the residential structures. In addition, organochlorine pesticides (OCP), used to prevent termite intrusion, had accumulated in the soil beneath and around the structures.

Demolition and OCP removal activities were performed pursuant to site-specific health and safety plans. Under the supervision of Environmental Resources Management (ERM), all asbestos, lead, thermostats and fluorescent lamps were abated and properly disposed of off-site. In addition, approximately 29,270 tons of pesticide-impacted soil have been removed from the NAS and FISC sites and properly disposed of off-site. Multiple rounds of excavation were performed until post-excavation sampling indicated that all OCP's had been removed to below the residential risk-based screening levels as established by the San Francisco Bay Regional Water Quality Control Board.

The Department of Toxic Substances Control reviewed ERM's Demolition and Organochlorine Pesticide Removal Completion Report dated April 2003, and have issued a letter of concurrence that the removal activities were conducted in accordance with the Demolition and Organochlorine Pesticide Removal Workplan. ERM states that based on the attainment of residential standards in the site soil, reuse as residential property is appropriate and no further action is required prior to development.

CalHFA is requesting a review of the above environmental reports by URS, its environmental consultant, and is requesting recommendations concerning any additional testing or remediation that should be completed. As a condition of closing the construction loan, a Phase I update to the environmental reports is required. A condition of the final commitment will be satisfactory review of all of these documents and any additional reports or tests required as a result of the URS review and recommendations. If additional remedial action is recommended, the work will be required to be completed during the course of construction. Should any additional toxics be found on the project site, the Ground Lease provides that the Alameda Housing Authority is responsible for any removal or remediation efforts.

The Borrower has requested an earthquake insurance waiver, and a seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget.

ARTICLE XXXIV

An opinion letter from the City of Alameda has been received. The opinion letter is subject to review and approval by CalHFA's legal department.

DEVELOPMENT TEAM

Borrower

Bayport Apartments, L.P

The property will be owned by Bayport Apartments, L.P., a not-for-profit, limited partnership, whose general partner is Resources for Community Development. The partnership is not yet formed and the limited partner of the partnership is currently unidentified.

Resources for Community Development (RCD) is a non-profit housing development corporation with the mission of creating and preserving affordable housing for people with the fewest options in the East Bay. Founded by Berkeley community members in 1984, RCD currently has a portfolio of over 900 affordable housing units and emergency shelter beds in 30 projects it has developed or owns in the cities of Albany, Berkeley, Oakland, Emeryville, Alameda, Hayward, Concord, Antioch, Pacheco and Bay Point.

By the end of 2002, RCD had completed the development of almost 900 affordable units in the East Bay, almost tripling the number of units completed by the organization prior to 1998. RCD has continued its geographic expansion, including working to develop our first projects in Solano County. As its portfolio of completed developments has grown, RCD has also expanded its asset management and supportive services efforts to continue to ensure the long-term success of its housing and tenants. Finally, RCD has added community development programs for its tenants, including arts, tenant organizing and empowerment programs, and job creation efforts.

RCD has developed four of its projects with CalHFA financing. These include the following: University Avenue Cooperative Homes, 47 units in Berkeley, built in 1982; Mariposa Apartments, 20 units in Alameda, built in 2000; Creekside Apartments, 16 units in Alameda, built in 2001; and Stanley Avenue Apartments, 24 units in Oakland, built in 2002. A fifth project that is not yet under construction, the Laurel Gardens Apartments 30 units in Fairfield, has received a commitment from CalHFA.

Management Agent

The John Stewart Company

The John Stewart Company (JSC) was established in 1978 with a small staff and a commitment to providing high-quality management for affordable housing in the Bay Area. Today, JSC is a leading, full-service housing management, development and consulting organization employing nearly 850 people statewide. JSC services a diverse portfolio of approximately 200 housing developments with over 20,000 units. Properties managed by JSC consist of a combination of affordable projects with a growing number of mixed-use and market rate properties, including those serving large families, seniors, and special needs.

Architect

JSW/D Architects

JSW/D was established in 1974 by Max Jacobsen and Murray Silverstein who had been colleagues at the Center for Environmental Structure in Berkeley and were among the authors of *A Pattern Language*. Barbara Winslow joined the partnership in 1981. Over the years, the firm has completed over 400 projects. These projects have been published in several books and such magazines as *Progressive Architecture*, *Fine Homebuilding*, *Sunset*, *Restaurant Design*, *Custom Home* and the *Architectural Review*. JSW/D has a continuing interest in the creation of affordable housing and has been involved in a wide variety of projects ranging from extensive remodeling to new construction. Recent projects include San Pablo Apartments, a 26-unit low-income apartment complex; Erna Harris Court, a 35-unit Single Room Occupancy Residence for low-income tenants in Berkeley; and a 20-unit housing complex for Eden Housing in Hayward.

Contractor

Segue Construction Inc.

Segue, founded in 1992, is a service-oriented general contractor with an emphasis on construction of affordable multi-family apartment dwellings for Bay Area non-profit housing developers. Segue's cofounders, Paul Broeker and Kirk Wallis have 26 and 27 years of experience, respectively, in the industry working as engineers, general contractors and developers.

Segue is posting a 100% performance and payment bond for this project, at 1% of the contract price. Segue has the ability to bond up to forty million per job with an aggregate up to one hundred million; approximately 70% of their work is bonded. Other CalHFA projects constructed by Segue include Capital Avenue Apartments for JSM Enterprises, and Monte Vista Apartments and Grayson Creek Apartments for BRIDGE Housing.

Segue will be the contractor for CalHFA's Oak Court project to be built in Palo Alto.

Project Summary

Date: 29-Aug-03

Project Profile:

Project :	Bayport Family Housing			
Location:	2391 Fifth Street			
	Alameda	*Cap Rate:*	7.25%	
County:	Alameda	*Decontrol:*	$6,425,000	
Borrower:	Bayport Apartments, LP	*Construction*	$12,175,000	
GP:	RCD			
LP:	Not yet determined			
Program:	Tax-Exempt	***LTC/LTV:***	**Constructior**	**Permanent**
CalHFA # :	03-036-N	*Loan/Cost*	83%	24%
		Loan/Value	77%	46%

Project Description:

Units	52
Handicap Units	4
Bldge Type	New Const.
Buildings	11
Stories	2
Gross Sq Ft	0
Land Sq Ft	112,385
Units/Acre	20
Total Parking	67
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$1,500,000	$28,846	5.50%	30
CalHFA Section 8 Loan	$1,450,000	$27,885	5.50%	10
City of Alameda	$630,729	$12,129	3.00%	55
AHP	$306,000	$5,885	3.00%	55
County HOME	$385,792	$7,419	3.00%	32
MHP	$3,093,103	$59,483	3.00%	55
Deferred Developer Equity	$585,003	$11,250	0.00%	-
Tax Credit Equity	$4,360,421	$83,854	0.00%	
CalHFA Construction Loan	$9,335,000	$179,519	3.00%	1.5
Tax-Exempt Portion	$6,700,000			
Taxable Portion	$2,635,000			

Unit Mix:

Type	Manager		35% SMI		50% AMI		60% AMI		Section 8 Increment		Total
	number	rent	number	rent	number	rent	number	rent	number*	rent	
1 bedroom			0	0	0	0	0	0	*0*	*0*	0
2 bedroom	1	0	12	414	14	840	7	1020	*8*	*899*	34
3 bedroom			6	475	8	967	4	1175	*5*	*1334*	18
4 bedroom			0	0	0	0	0	0	*0*	*0*	0
subtotal	1		18		22		11		*13*		
									* not included in unit totals		52

Fees, Escrows, and Reserves:

Permanent Fees	**Basis of Requirements**		**Amount**	**Security**
CalHFA Permanent Loan Fee	0.50%	Total Permanent Loans	$14,750	Cash
Escrows				
Construction Defect	2.50%	of Hard Costs	$166,221	Letter of Credit
Reserves				
Operating Expense Reserve	10.00%	of Gross Income	$63,931	Letter of Credit
Annual Replacement Reserve Deposit - I	$350	per unit	$18,200	Operations

Construction Fees	**Basis of Requirements**		**Amount**	**Security**
CalHFA Construction Loan Fee	1.00%	Construction Loan	$93,350	Cash
Inspection Fee	$1,500	*x months of construction*	$22,500	Cash
Guarantees				
Bond Origination Guarantee	1.00%	of T/E Construction Loan	$67,000	Letter of Credit
Completion Guaranty- Borrower	5.00%	of Construction Loan	$466,750	Letter of Credit
Performance Bond- Contractor	100.00%		$9,335,000	Bond
Payment Bond- Contractor	100.00%		$9,335,000	Bond
Reserves				
Rent Up Reserve	*0.25*	*Year Operating Expense*	51,487	Cash

SOURCES AND USES - CONSTRUCTION — Bayport Family Housing

SOURCES:

Name of Lender / Source	Amount	% of total	$ per unit
CalHFA Construction Loan	9,335,003	83%	179,519
City of Alameda	630,729	6%	12,129
AHP	385,792	3%	7,419
County HOME	306,000	3%	5,885
Total Institutional Financing	**10,657,524**	94%	**204,952**
Equity Financing			
Equity	653,524	6%	12,568
Total Equity Financing	**653,524**	6%	**12,568**
TOTAL SOURCES	**11,311,048**	100%	**217,520**

USES:

Acquisition	119,200	1%	2,292
Rehabilitation	0	0%	0
New Construction	7,634,298	67%	146,813
Architectual Fees	628,097	6%	12,079
Survey and Engineering	20,000	0%	385
Const. Loan Interest & Fees	560,850	5%	10,786
Permanent Financing	35,250	0%	678
Legal Fees	15,000	0%	288
Reserves	176,459	2%	3,393
Contract Costs	34,400	0%	662
Total Contingency	861,330	8%	16,564
Local Fees	800,000	7%	15,385
TCAC App/Alloc/Monitor Fees	28,664	0%	
Other Costs	197,500	2%	3,798
PROJECT COSTS	11,111,048	98%	213,674
Developer Overhead/Profit	200,000	2%	3,846
Consultant/Processing Agent	0	0%	0
TOTAL USES	**11,311,048**	100%	**217,520**

Sources and Uses

Bayport Family Housing

SOURCES:

Name of Lender / Source	Amount	$ per unit	% of total
CalHFA First Mortgage	1,500,000	28,846	12%
CalHFA Section 8 Loan	1,450,000	27,885	12%
MHP	3,093,103	59,483	25%
City of Alameda	630,729	12,129	5%
Other Loans	691,792	13,304	6%
Total Institutional Financing	**7,365,624**	**141,647**	60%
Equity Financing			
Tax Credits	4,360,421	83,854	35%
Deferred Developer Equity	585,003	11,250	5%
Total Equity Financing	**4,945,424**	**95,104**	40%
TOTAL SOURCES	**12,311,048**	**236,751**	100%

USES:

Acquisition	119,200	2,292	1%
Rehabilitation	0	0	0%
New Construction	7,634,298	146,813	62%
Architectual Fees	628,097	12,079	5%
Survey and Engineering	20,000	385	0%
Const. Loan Interest & Fees	560,850	10,786	5%
Permanent Financing	35,250	678	0%
Legal Fees	15,000	288	0%
Reserves	176,459	3,393	1%
Contract Costs	34,400	662	0%
Contingency	861,330	16,564	7%
Local Fees	800,000	15,385	6%
TCAC App/Alloc/Monitor Fees	28,664	551	0%
Other Costs	197,500	3,798	2%
PROJECT COSTS	**11,111,048**	**213,674**	90%
Developer Overhead/Profit	1,200,000	23,077	10%
Consultant/Processing Agent	0	0	0%
TOTAL USES	**12,311,048**	**236,751**	100%

Annual Operating Budget

Bayport Family Housing

		$ per unit
INCOME:		
Total Rental Income	636,192	12,234
Laundry	3,120	60
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**639,312**	**12,294**
Less:		
Vacancy Loss	29,470	567
Total Net Revenue	**609,842**	**11,728**
EXPENSES:		
Payroll	81,608	1,569
Administrative	50,150	964
Utilities	22,480	432
Operating and Maintenance	62,689	1,206
Insurance and Business Taxes	32,466	624
Taxes and Assessments	11,155	215
Reserve for Replacement Deposits	18,200	350
Subtotal Operating Expenses	**278,748**	**5,361**
Financial Expenses		
Mortgage Payments (1st loan)	102,202	1,965
Total Financial	**102,202**	**1,965**
Total Project Expenses	**380,950**	**7,326**

Cash Flow — Bayport Family Housing — CalHFA Development Number: 03-036-N

RENTAL INCOME		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment		166,344	169,671	173,064	176,526	180,056	183,657	187,330	191,077	194,899	198,796
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		469,848	481,594	493,634	505,975	518,624	531,590	544,880	558,502	572,464	586,776
TOTAL RENTAL INCOME		**636,192**	**651,265**	**666,698**	**682,500**	**698,680**	**715,247**	**732,210**	**749,579**	**767,363**	**785,572**
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		3,120	3,198	3,278	3,360	3,444	3,530	3,618	3,709	3,801	3,896
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**3,120**	**3,198**	**3,278**	**3,360**	**3,444**	**3,530**	**3,618**	**3,709**	**3,801**	**3,896**
GROSS INCOME		**639,312**	**654,463**	**669,976**	**685,860**	**702,124**	**718,777**	**735,828**	**753,287**	**771,164**	**789,469**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
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		29,470	30,178	30,903	31,645	32,405	33,184	33,981	34,798	35,635	36,491
EFFECTIVE GROSS INCOME		**609,842**	**624,285**	**639,073**	**654,215**	**669,719**	**685,593**	**701,847**	**718,489**	**735,529**	**752,977**
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		249,393	259,368	269,743	280,533	291,754	303,424	315,561	328,184	341,311	354,964
Replacement Reserve		18,200	18,200	18,200	18,200	18,200	19,110	19,110	19,110	19,110	19,110
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		11,155	11,378	11,606	11,838	12,075	12,316	12,562	12,814	13,070	13,331
TOTAL EXPENSES		**278,748**	**288,947**	**299,549**	**310,571**	**322,029**	**334,850**	**347,234**	**360,107**	**373,491**	**387,405**
NET OPERATING INCOME		**331,094**	**335,338**	**339,525**	**343,645**	**347,690**	**350,743**	**354,613**	**358,382**	**362,038**	**365,572**
DEBT SERVICE											
CalHFA - 1st Mortgage		102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202
CalHFA - Section 8		188,836	188,836	188,836	188,836	188,836	188,836	188,836	188,836	188,836	188,836
MHP	3,093,103	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991
CASH FLOW after debt service		**27,065**	**31,310**	**35,496**	**39,616**	**43,661**	**46,714**	**50,584**	**54,353**	**58,009**	**61,543**
DEBT COVERAGE RATIO - 1st mortgage only		**3.24**	**3.28**	**3.32**	**3.36**	**3.40**	**3.43**	**3.47**	**3.51**	**3.54**	**3.58**
DEBT COVERAGE RATIO - 1st, 2nd & MHP		**1.09**	**1.10**	**1.12**	**1.13**	**1.14**	**1.15**	**1.17**	**1.18**	**1.19**	**1.20**

Cash Flow

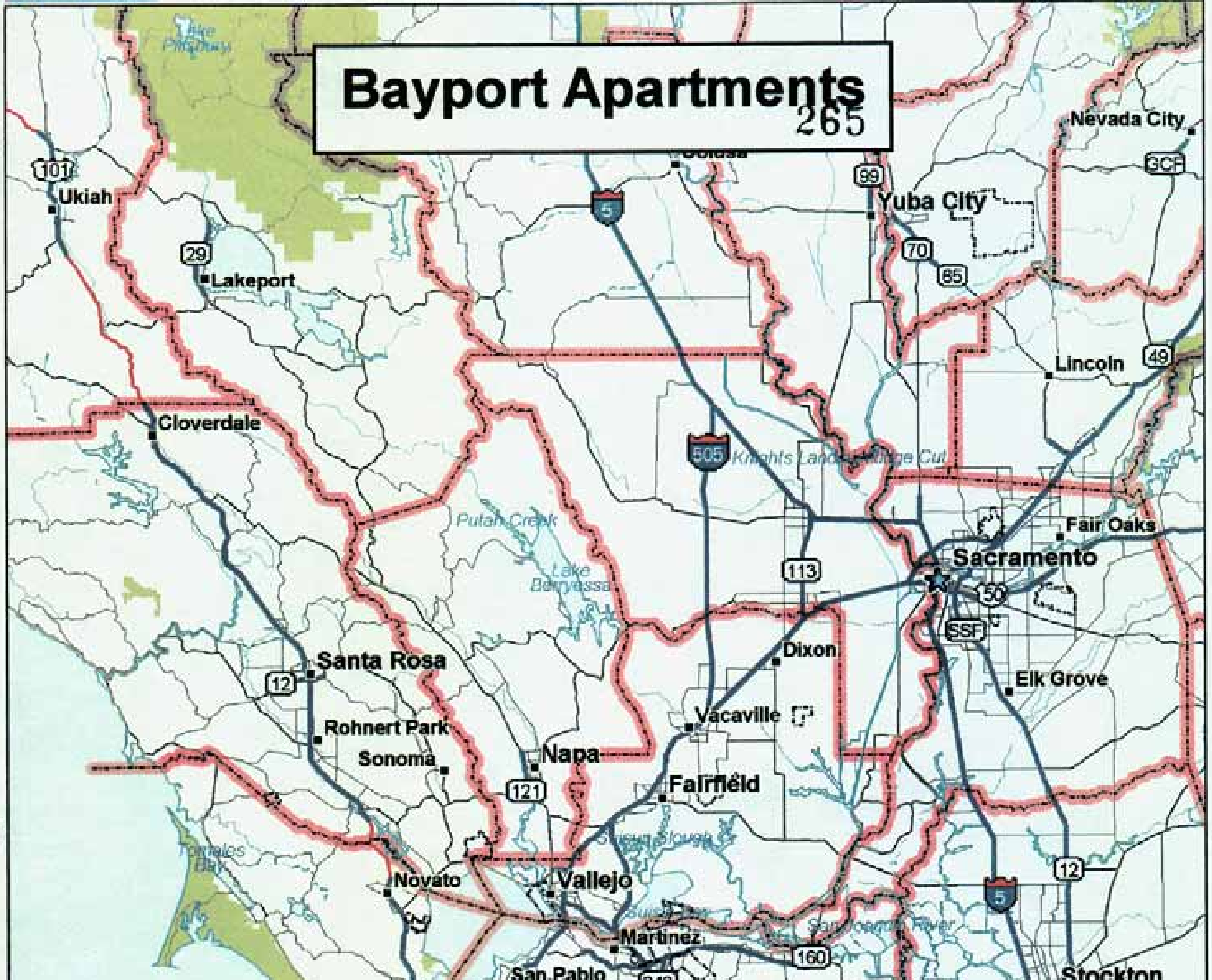
RENTAL INCOME		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment											
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		601,445	616,481	631,893	647,691	663,883	680,480	697,492	714,929	732,803	751,123
TOTAL RENTAL INCOME		**601,445**	**616,481**	**631,893**	**647,691**	**663,883**	**680,480**	**697,492**	**714,929**	**732,803**	**751,123**
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		3,994	4,094	4,196	4,301	4,408	4,519	4,632	4,747	4,866	4,988
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**3,994**	**4,094**	**4,196**	**4,301**	**4,408**	**4,519**	**4,632**	**4,747**	**4,866**	**4,988**
GROSS INCOME		**605,439**	**620,575**	**636,089**	**651,992**	**668,291**	**684,999**	**702,124**	**719,677**	**737,669**	**756,110**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
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		30,272	31,029	31,804	32,600	33,415	34,250	35,106	35,984	36,883	37,806
EFFECTIVE GROSS INCOME		**575,167**	**589,546**	**604,285**	**619,392**	**634,877**	**650,749**	**667,017**	**683,693**	**700,785**	**718,305**
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		369,162	383,929	399,286	415,257	431,868	449,142	467,108	485,792	505,224	525,433
Replacement Reserve		20,066	20,066	20,066	20,066	20,066	21,069	21,069	21,069	21,069	21,069
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		13,598	13,870	14,147	14,430	14,719	15,013	15,313	15,620	15,932	16,251
TOTAL EXPENSES		**402,826**	**417,864**	**433,499**	**449,753**	**466,652**	**485,224**	**503,490**	**522,481**	**542,225**	**562,752**
NET OPERATING INCOME		**172,341**	**171,682**	**170,786**	**169,639**	**168,225**	**165,524**	**163,527**	**161,212**	**158,560**	**155,552**
DEBT SERVICE											
CalHFA - 1st Mortgage		102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202
CalHFA - Section 8											
MHP	3,093,103	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991
CASH FLOW after debt service		**57,148**	**56,489**	**55,593**	**54,446**	**53,032**	**50,331**	**48,334**	**46,019**	**43,367**	**40,359**
DEBT COVERAGE RATIO - 1st mortgage only		**1.69**	**1.68**	**1.67**	**1.66**	**1.65**	**1.62**	**1.60**	**1.58**	**1.55**	**1.52**
DEBT COVERAGE RATIO - 1st, 2nd & MHP		**1.50**	**1.49**	**1.48**	**1.47**	**1.46**	**1.44**	**1.42**	**1.40**	**1.38**	**1.35**

Cash Flow

RENTAL INCOME		Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment											
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		769,901	789,148	808,877	829,099	849,826	871,072	892,849	915,170	938,049	961,500
TOTAL RENTAL INCOME		**769,901**	**789,148**	**808,877**	**829,099**	**849,826**	**871,072**	**892,849**	**915,170**	**938,049**	**961,500**
OTHER INCOME											
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		5,112	5,240	5,371	5,506	5,643	5,784	5,929	6,077	6,229	6,385
Other Income		0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME		**5,112**	**5,240**	**5,371**	**5,506**	**5,643**	**5,784**	**5,929**	**6,077**	**6,229**	**6,385**
GROSS INCOME		**775,013**	**794,388**	**814,248**	**834,604**	**855,469**	**876,856**	**898,778**	**921,247**	**944,278**	**967,885**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
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		38,751	39,719	40,712	41,730	42,773	43,843	44,939	46,062	47,214	48,394
EFFECTIVE GROSS INCOME		**736,262**	**754,669**	**773,536**	**792,874**	**812,696**	**833,013**	**853,839**	**875,185**	**897,064**	**919,491**
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		546,450	568,308	591,041	614,682	639,270	664,840	691,434	719,091	747,855	777,769
Replacement Reserve		22,122	22,122	22,122	22,122	22,122	23,228	23,228	23,228	23,228	23,228
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		16,576	16,907	17,245	17,590	17,942	18,301	18,667	19,040	19,421	19,810
TOTAL EXPENSES		**585,148**	**607,338**	**630,408**	**654,395**	**679,334**	**706,370**	**733,329**	**761,360**	**790,504**	**820,807**
NET OPERATING INCOME		**151,114**	**147,331**	**143,128**	**138,479**	**133,362**	**126,644**	**120,509**	**113,825**	**106,560**	**98,684**
DEBT SERVICE											
CalHFA - 1st Mortgage		102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202	102,202
CalHFA - Section 8											
MHP	3,093,103	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991	12,991
CASH FLOW after debt service		**35,921**	**32,138**	**27,934**	**23,286**	**18,169**	**11,451**	**5,316**	**(1,368)**	**(8,633)**	**(16,509)**
DEBT COVERAGE RATIO - 1st mortgage only		**1.48**	**1.44**	**1.40**	**1.35**	**1.30**	**1.24**	**1.18**	**1.11**	**1.04**	**0.97**
DEBT COVERAGE RATIO - 1st, 2nd & MHP		**1.31**	**1.28**	**1.24**	**1.20**	**1.16**	**1.10**	**1.05**	**0.99**	**0.93**	**0.86**

Bayport Apartments

265

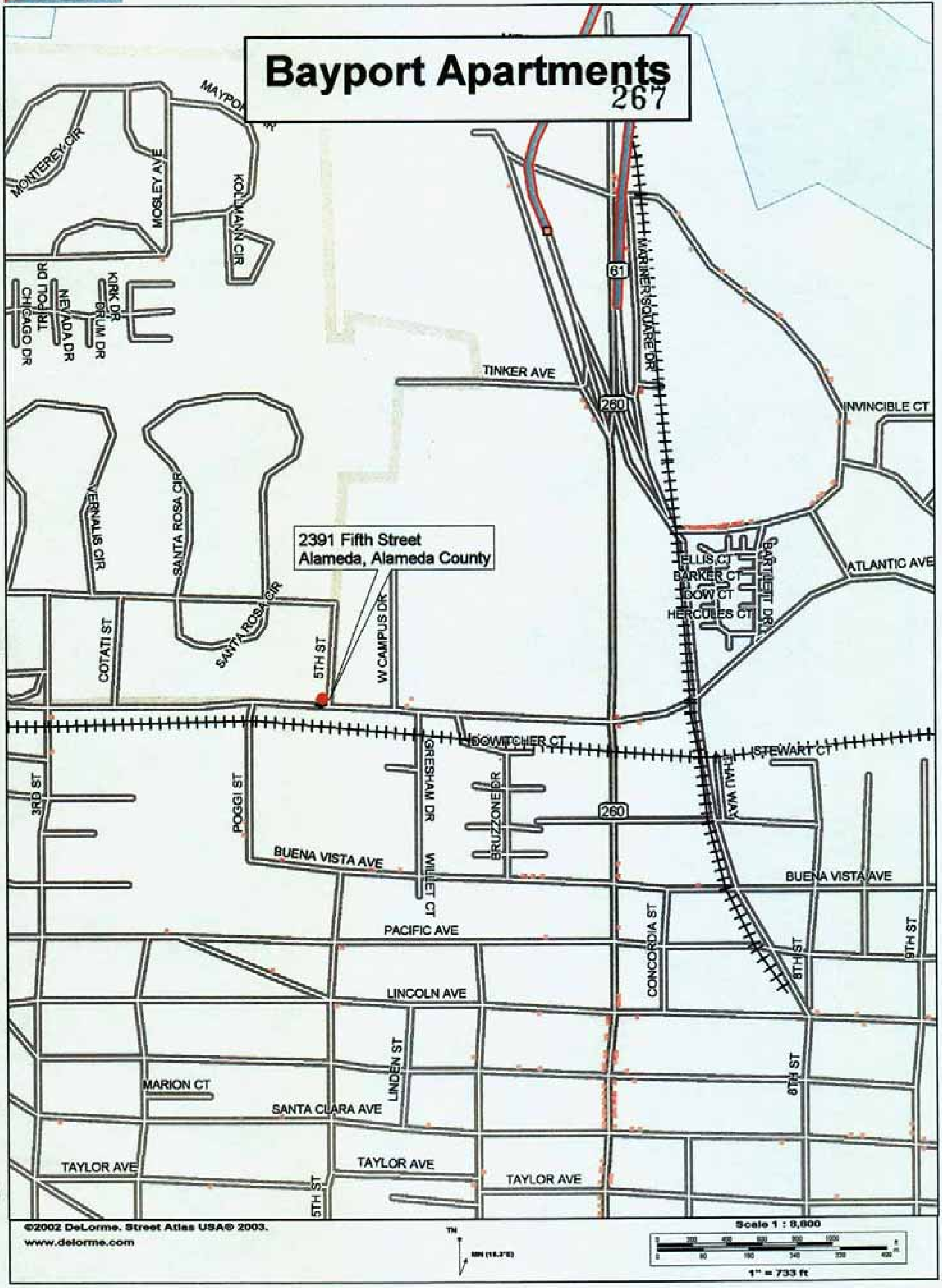


Scale 1 : 1,100,000

1" = 17.4 mi

Bayport Apartments

267



RESOLUTION 03-44

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Bayport Apartments, L.P., a limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt and Taxable Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide construction and permanent mortgage loans on a 52-unit multifamily housing development located in the City of Alameda to be known as Bayport Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 29, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 11, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-036-C/N	Bayport Apartments Alameda/Alameda	52	

Construction First Mortgage: $9,335,000
Permanent First Mortgage: $1,500,000
Permanent Second Mortgage: $1,450,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-44 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ______________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Copper Creek Apartments
San Marcos, San Diego County, CA
CalHFA # 03-034 C/S

SUMMARY

This is a final commitment request for construction financing in the amount of $19,210,000, bridge loan financing in the amount of $6,955,000, and permanent loan financing in the amount of $4,410,000. Copper Creek Apartments is a 156-unit inclusionary zoning family apartment project in San Marcos. The property will be owned by Copper Creek Housing Associates, LP, a Limited Partnership whose general partner is Bridge Housing Corporation-Southern California.

LOAN TERMS

Construction

First Mortgage	$19,210,000
Interest Rate	3.00%, variable
Term	24 Months, interest only
Financing	$14,125,000-Tax-exempt
	$5,085,000-Taxable

CalHFA construction financing is subject to the assignment by the borrower of tax credit equity and all rights under non-CalHFA financing commitments.

Permanent

First Mortgage	$4,410,000
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	Tax-exempt

Bridge

Second Mortgage	$6,955,000
Interest Rate	4.00%
Term	3 year fixed, interest only
Financing	Tax-exempt

LOCALITY INVOLVEMENT

The Redevelopment Agency of the City of San Marcos (RDA) has committed a loan in the principal amount of $3,500,000 for a term of 55 years, at 3% simple interest. During construction, interest of $73,010 accrues to the principal balance. At conversion to a permanent loan, the RDA loan will be paid down by an estimated amount of $750,796 from tax credit equity and the balance of principal plus all accrued interest will be repaid through residual receipts. Repayment of the RDA loan will be subject to the CalHFA debt reduction to the permanent loan amount at permanent loan closing. The RDA loan will subordinate to a CalHFA first deed of trust.

OTHER FINANCING

- MHP has approved a loan of $7,000,000 at 3% interest for a term of 55 years. All loans will subordinate to the CalHFA Regulatory Agreement and Deeds of Trust.
- AHP has approved a loan of $764,706 at 0% interest for a term of 30 years.
- The seller and initial limited partner, San Elijo Hills L.P. has donated the land valued at $5,601,471.
- A seller loan in the amount of $382,353 will subordinate to the CalHFA Regulatory Agreement and first Deed of Trust during construction. The loan is expected to be paid off via tax credit equity at permanent loan closing. Repayment will be subject to the CalHFA debt reduction to the permanent loan amount at permanent loan closing.
- Tax Credit Equity in the amount of $11,830,098. The borrower has executed a letter of intent with Union Bank, who will be admitted as a limited partner at the construction loan closing. At that time, the current limited partner, San Elijo Hills L.P. will exit from the partnership. Review and acceptance of the final limited partnership agreement is a condition of closing the construction loan.

PROJECT DESCRIPTION

Project Location

- The subject property is located in the City of San Marcos, in Northern San Diego County, adjacent to the cities of Vista, Carlsbad and Escondido. San Marcos is 38 miles north of downtown San Diego and 88 miles south of Los Angeles.
- The site is located on Elfin Forest Road near San Elijo Road and Rancho Santa Fe Roads. The property is located in the southwestern portion of San Marcos and is bordered by the Cities of Carlsbad, Escondido and Vista.
- The site is in a new master planned community called San Elijo Hills, a 1,920 acre community which will ultimately include over 3,400 homes, a retail/commercial town center, schools and parks. A full range of services will be within 1 to 2 blocks from the subject and include the following: 1) San Elijo Hills retail center, which will include a full-service grocery/pharmacy, a hardware store, restaurants and retail stores. Construction of the first phase, consisting of 40,000 square feet, will start in early 2004. 2) The San Elijo Hills Town Center, which includes a library, post office, a public recreation center, a 19-acre community park, a public transit center and an 18-mile trail system. The trail and park have been completed and the remaining facilities are either under construction or will begin construction in 2004. 3) An elementary and middle school, which are under construction and scheduled to be completed by mid 2004.
- In addition to the amenities within the San Elijo Hills community, there is a full range of services in San Marcos. The services include two full service grocery stores 6 miles away, all levels of lower-division public schools are 6 miles away, the Cal State

University San Marcos is 9 miles away, a city park is 3.5 miles away, the library and post office are 9 miles away and Interstate I-15 and State Highway 78 are both 8 miles away.

Site

- The project is Phase I of a two-phase residential site of 12 acres totaling 204 affordable family units, which is being developed by BRIDGE. Phase I is a 156-unit family project on 9.1 acres (76.47% of the site). Phase 2 is a 2.8-acre, 48-unit family project being financed with 9% tax credits (23.53% of the site). Prior to close of the construction loan, a map separating the two phases will be recorded.
- Access is via Elfin Forest Road, off of San Elijo Road. San Elijo Road is a main thoroughfare within the San Elijo Hills development. A driveway entrance from Elfin Forest Road serves both phases of the property, necessitating an access agreement between the two phases. Prior to closing the construction loan, the access agreement is to be reviewed and approved by CalHFA.
- The site is currently vacant and is zoned C-3 of the San Elijo Hills Specific Plan and has planning approval for a 204 unit affordable housing project.

Improvements

The project consists of 11 residential buildings, a community building, a pool and cabana. The garden-style residential buildings are 3 stories, with 2 story building ends.

The units will contain a dishwasher, refrigerator, garbage disposal, gas range/oven, plastic laminate countertops, forced air heating, and air conditioning and hot water is provided by a central gas-fired boiler in each building. The buildings will be wood frame construction on reinforced concrete slab foundations, with concrete tile roofs, and stucco exterior with wood trim.

The community building is 3,603 square feet and contains two offices, a learning center, full kitchen, large recreation/meeting room, two bathrooms and a maintenance room. The pool cabana contains two bathrooms, two showers, a large laundry room and a storage room. The pool and a tot lot are located next to the community building, and another tot lot and second laundry room are located on another section of the site. Three BBQ/picnic areas are located throughout the complex.

The community building, one tot lot, the pool, and 20 parking spaces for the community room are located on the land within the second phase. The initial construction costs and the on-going maintenance costs will be shared on a pro-rata basis by the two phases. A recorded access agreement, an operating expense reimbursement agreement, a joint use agreement and cross easements are subject to review and approved by CalHFA prior to recordation of the construction loan.

Parking for the subject phase will total 328 spaces, 156 of which are covered. The parking ratio is 2.10 spaces per unit.

Grading of the entire 11.92-acre site is scheduled to begin in September 2003. Construction of Phase I is scheduled to begin in December 2003. Phase II will start in October 2003 in order to comply with the deadlines for construction commencement imposed by the 9% tax credit program. CalHFA is in the process of reviewing a request for a permanent for Phase II.

Unit Mix:

No. of Units	No. of Bedrooms	No. of Bathrooms	Unit Square Footage
32	1	1	642
62	2	1	839
62	3	2	1,023
156			

Off-site improvements
All off-site improvements have been completed as part of the master development improvements.

MARKET

Market Overview

- The City of San Marcos is located near the junction of San Marcos and Carlsbad to the north and west. The market study defines the Primary Market Area (PMA) as portions of the Cities of San Marcos and Carlsbad and includes a geographic radius of nine miles from the subject site.
- The population growth between 1990 and 2000 was 41% in San Marcos and 20% in Carlsbad, making San Marcos one of the fastest growing cities in the County of San Diego.
- In 2003, the population within a nine-mile radius of the subject site is estimated to be 508,008 and the number of households in the PMA is 178,023.
- The median income within a nine-mile radius of the subject is $59,938 and the median income for San Diego County is $60,100.
- In the PMA, employment is as follows: 20% in Management, Business and Financial Operations; 23% are in Professional; 12% service, 28% in sales and office; 3.6% unemployed; 8% in construction, and the balance is in agriculture.
- 72% of the residential units within a 9-mile radius are owner-occupied and 56% of the owner-occupied units are detached. The majority of the housing was built from 1980 to the current year.

Housing Demand and Supply

The subject is located in San Diego County, an area that has some of the highest cost housing in the nation. The affordable housing market is severely under-served throughout San Diego County, and especially in the cities of San Marcos and Carlsbad. In the year 1990, there was a need for 73,200 affordable housing units in San Diego County. By 2000, the demand rose to 237,000. There are extremely low vacancy rates for market-rate units and 100% occupancy with long waiting lists for affordable units. The need is especially strong in the PMA, where most of the housing is new and very little affordable housing has been built in the last 10 years.

This site is the only affordable housing project planned for development in the San Elijo Hills community. Any potentially competitive rental projects are located from three to eight miles away. However, due to the high demand for affordable apartments, potentially competitive projects were not viewed as having an impact on the absorption of the subject property.

In the cities of San Marcos and Carlsbad, five market-rate projects were surveyed, totaling 571 units. One of the projects was recently completed and is in the leasing stages, with 78 of the 128 completed units leased. Of the remaining four market rate projects surveyed totaling 437 units, there were only 10 vacancies, which is a vacancy rate of .2%.

Rents for the market rate projects surveyed ranged from $795 to $1,095 for a one-bedroom unit, $1,215 to $2,000 for a two-bedroom unit and $1,400 to $1,500 for a three-bedroom unit. Common area amenities in the market rate project amenities were similar to the subject's, with covered parking, a pool and a community room. Unit amenities were similar to the subject's as well, with air conditioning, dishwashers, storage and patios.

There were 13 affordable rental properties totaling 1,515 units within the PMA, all of which have been built since 1995. Five of the projects totaling 718 units are located in Carlsbad and eight projects totaling 797 units are located in San Marcos. The affordable properties leased up as rapidly as they were completed and most have extensive waiting lists. The vacancy rate is from 1% to 2% and vacancy is merely a factor of turnover.

There are presently seven affordable housing projects in the planning stages totaling 758 units (two in San Marcos and five in Carlsbad). The market study states that even if all 758 affordable units were to enter the market place in the next 12 to 24 months, the need for affordable housing is so great that these units would lease-up immediately and have little impact on the subject's ability to lease-up.

PROJECT FEASIBILITY

Market rents are estimated to be $895 for one-bedroom units, $1,301 for two-bedroom units and $1,411 for three-bedroom units.

Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		**$895**		
25%	$268		$627	30%
40%	$425		$470	47%
50%	$567		$328	63%
Two Bedroom		**$1,301**		
25%	$321		$980	25%
40%	$509		$792	39%
50%	$679		$622	52%
55%	$751		$550	58%
Three Bedroom		**$1,411**		
25%	$367		$1,044	26%
40%	$584		$827	41%
50%	$703		$708	50%
55%	$864		$547	61%

Estimated Lease-up Period

Due to the high demand for affordable apartments in the subject area, the market study and the appraisal estimate that the project will be leased up at a rate of 50 units per month and will be fully leased up within 30 days of completion.

Buildings will be available for occupancy as soon as they are completed. It is anticipated that the first buildings will be completed and available for lease 12 months from commencement of grading. Within 18 months of commencement of construction, all buildings will be completed and leased-up at a rate of 24 units per month.

OCCUPANCY RESTRICTIONS

CalHFA 20% of the units (31) will be restricted to 50% or less of AMI
The CalHFA Regulatory Agreement will be for a term of 30 years.

City of San Marcos 33% of the units (52) will be restricted to 25% or less of AMI
4% of the units (6) will be restricted to 40% or less of AMI
29% of the units (45) will be restricted to 50% or less of AMI
33% of the units (52) will be restricted to 55% or less of AMI

TCAC 100% of the units (152) are restricted to 60% or less of AMI

MHP 35% of the units (52) are restricted to 30% or less of SMI
30% of the units (46) are restricted to 50% or less of AMI
35% of the units (55) are restricted to 60% or less of AMI

As part of the San Elijo Hills master development, the subject site is designated as affordable housing and the rents for the affordable housing project are restricted to 25% to 55% of median income. A Development Agreement between the master developer, San Elijo Ranch, Inc., and the City of San Marcos Redevelopment Agency governs the permitted use, rental restrictions and development of the property, among other things. Prior to close of the construction loan, all documents recorded against the property are to be reviewed and approved by CalHFA.

ENVIRONMENTAL

A Phase I Environmental Assessment report was completed on July 18, 2003. The report indicates that there is a 103-acre landfill located about a mile down gradient from the subject site. The landfill closed in 1997 and the report stated that there site has not been impacted by the landfill. In addition, there are no adverse environmental conditions that warrant further investigation or remedial action.

A geotechnical Investigation dated July 2003 reports that the property is not within the limits of an active fault zone and development of the subject site as planned is feasible.
The borrower has requested an earthquake insurance waiver and a seismic evaluation is in process. If the earthquake waiver is denied, the loan amount may decrease so that the earthquake insurance premium can be paid.

ARTICLE XXXIV

A satisfactory opinion letter will be required prior to construction loan funding.

DEVELOPMENT TEAM

Borrower

Copper Creek Housing Associates

The project is to be owned by Copper Creek Housing Associates, a California limited partnership, with BRIDGE Housing Corporation-Southern California, a California nonprofit public benefit corporation ("BRIDGE Housing") as the general partner. BRIDGE Housing was formed in 1995 as an affiliate of BRIDGE Housing Corporation. It has over 18 years experience in affordable housing and has developed 72 projects with a total of 8,500 units in California.

The borrower has offered a Completion and Repayment guarantee during construction. The guarantee is subject to review and approval by staff of the financial information provided by the borrower and compliance with the Agency's underwriting standards.

Management Agent

BRIDGE Housing Corporation

BRIDGE Property Management Company will provide property management services for the project. It was formed in 1988 as a financially independent, but affiliated non-profit company by

BRIDGE Housing Corporation. BRIDGE Property Management Company manages over 3,500 units for BRIDGE Housing Corporation.

Architect

KTGY Group, Inc.

KTGY Group, Inc. is the project architect. KTGY was founded in 1991 and is a full-service architectural firm based in Irvine, California. It provides planning and architectural design services for residential communities and related specialty projects throughout the Western United States. KTGY Group is also the architect for the Laguna Canyon project, a 120-unit family apartment project located in Irvine, which is being financed by CalHFA.

Contractor

Wermers General Contractors

Wermers General Contractors was formed in 1957. Wermers' strength and knowledge lie in multi-family and the company has built or renovated over one billion dollars in real estate in the western United States with its focus on California, Nevada, and Arizona. Current volume exceeds $120,000,000 per year with projects ranging from schools, police stations, high-density multifamily and mixed use projects. The company is based in San Diego, with regional offices throughout California.

Wermers built Torrey del Mar in San Diego and is the contractor on Dove Canyon in Rancho Bernardo. Both are BRIDGE Housing projects with loans approved by the Agency.

Project Summary

Date: 25-Aug-03

Project Profile:

Project :	Copper Creek			
Location:	Lot C, Elfin Forest Road			
	San Marcos	*Cap Rate:*	7.25%	
County:	San Diego	*Market:*	$17,400,000	
Borrower:	Copper Creek Housing Assoc	Construction		
GP:	BRIDGE Housing Corporation	As Restricted	$21,325,000	
LP:	San Elijo Hills, LLP			
Program:	Tax-Exempt	***LTC/LTV:***	Construction	Permanent
CalHFA # :	03-034-C/S	*Loan/Cost*	57%	13%
		Loan/Value	90%	25%

Project Description:

Units	156
Handicap Units	5
Bldge Type	New Const.
Buildings	12
Stories	3
Gross Sq Ft	146,667
Land Sq Ft	396,396
Units/Acre	17
Total Parking	328
Covered Parking	156

Financing Summary:

	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$4,410,000	$28,269	5.50%	30
City of San Marcos RDA	$3,573,010	$22,904	3.00%	55
MHP	$7,000,000	$44,872	3.00%	55
AHP	$764,706	$4,902	0.00%	30
Land Contribution	$5,601,471	$35,907	0.00%	-
Seller Loan	$0	$0	0.00%	-
Deferred Developer Fee	$267,429	$1,714	0.00%	-
Tax Credit Equity	$11,830,098	$75,834	0.00%	
CalHFA Bridge Loan	$6,955,000	$44,583	4.00%	3 years
CalHFA Construction Loan-tax-exempt	$19,210,000	$123,141	3.00%	24 mos.

Unit Mix:

Type	Manager		25% AMI		40% AMI		50% AMI		55%		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
1 bedroom			10	268	2	425	20	567	0	0	32
2 bedroom			23	321	2	509	11	679	26	751	62
3 bedroom	1		19	367	2	584	14	703	26	864	62
4 bedroom			0	0	0	0	0	0	0	0	0
subtotal	1		52		6		45		52		
											156

* net rent

Fees, Escrows, and Reserves:

PERMANENT LOAN

Fees	Basis of Requirements		Amount	Security
CalHFA Permanent Loan	0.50%	Permanent Loan	$22,050	Cash
CalHFA Bridge Loan	0.50%	Bridge Loan	0	Cash
Escrows				
Construction Defect	2.50%	of Hard Costs	$336,145	Letter of Credit
Reserves				
Operating Expense Reserve	10.00%	of Gross Income	$110,353	Cash
Rent Up Reserve			$150,000	Cash
Annual Replacement Reserve Deposit - New (	$300	per unit	$46,800	Operations

CONSTRUCTION LOAN

Fees				
CalHFA Construction Loan	1.00%	Total Construction Loan	$192,100	Cash
Inspection fee	$1,500	x 18 months of construction	$27,000	Cash
Guarantees				
Bond Origination Guarantee	1.00%	of Total Loans	$192,100	letter of credit
Completion Guarantee-Borrower	5.00%	of Construction Loan	$960,500	letter of credit or guarantee
Performance Bond-contractor	100.00%	of Total Hard Costs	15,218,596	Bond
Payment Bond-contractor	100.00%	of Total Hard Costs	15,218,596	Bond

Sources and Uses-Construction

Copper Creek

SOURCES:

Name of Lender / Source	Construction Amount	Loan per unit	Percentage
CalHFA Permanent Loan	0	0	0.00%
CalHFA Construction Loan	19,210,000	123,141	63.93%
City of San Marcos RDA	3,573,010	22,904	11.89%
MHP	0	0	0.00%
AHP	764,706	4,902	2.54%
Seller Loan	382,353	2,451	1.27%
Total Institutional Financinç	**23,930,069**	**153,398**	**79.64%**
Equity Financing			
Tax Credits	100,000	641	0.33%
Deferred Developer Equity	417,542	2,677	1.39%
Land Contribution	5,601,471	35,907	18.64%
Total Equity Financing	**6,119,013**	**39,224**	**20.36%**
TOTAL SOURCES	**30,049,082**	**192,622**	**100.00%**

USES:

	Construction Amount	Loan per unit	Percentage
Acquisition	8,277,941	53,064	27.55%
Rehabilitation	0	0	0.00%
New Construction	15,218,596	97,555	50.65%
Architectual Fees	417,170	2,674	1.39%
Survey and Engineering	155,668	998	0.52%
Const. Loan Interest & Fees	2,120,360	13,592	7.06%
Permanent Financing	32,550	209	0.11%
Legal Fees	140,500	901	0.47%
Reserves	7,924	51	0.03%
Contract Costs	19,000	122	0.06%
Construction Contingency	959,101	6,148	3.19%
Local Fees	1,795,637	11,510	5.98%
TCAC	12,228	78	0.04%
Other Costs/Debt Reduction	242,525	1,555	0.81%
PROJECT COSTS	**29,399,200**	**188,456**	**97.84%**
Developer Overhead/Profit	617,542	3,959	2.06%
Consultant/Processing Agent	32,340	207	0.11%
TOTAL USES	**30,049,082**	**192,622**	**100.00%**

Sources and Uses-Permanent — Copper Creek

SOURCES:

Name of Lender / Source	Perm Amount	Loan $ per unit	Percentage
CalHFA Permanent Loan	4,410,000	28,269	13.19%
CalHFA Construction Loan	0	0	0.00%
City of San Marcos RDA	3,573,010	22,904	10.68%
MHP	7,000,000	44,872	20.93%
AHP	764,706	4,902	2.29%
Seller Loan	0	0	0.00%
Total Institutional Financing	**15,747,716**	**100,947**	**47.08%**
Equity Financing			
Tax Credits	11,830,098	75,834	35.37%
Deferred Developer Equity	267,429	1,714	0.80%
Land Contribution	5,601,471	35,907	16.75%
Total Equity Financing	**17,698,998**	**113,455**	**52.92%**
TOTAL SOURCES	**33,446,714**	**214,402**	**100.00%**

USES:

	Perm Amount	Loan $ per unit	Percentage
Acquisition	8,277,943	53,064	24.75%
Rehabilitation	0	0	0.00%
New Construction	15,218,596	97,555	45.50%
Architectual Fees	417,170	2,674	1.25%
Survey and Engineering	155,668	998	0.47%
Const. Loan Interest & Fees	2,120,360	13,592	6.34%
Permanent Financing	55,048	353	0.16%
Legal Fees	155,500	997	0.46%
Reserves	268,277	1,720	0.80%
Contract Costs	19,000	122	0.06%
Construction Contingency	959,101	6,148	2.87%
Local Fees	1,795,637	11,510	5.37%
TCAC	75,740	486	0.23%
Other Costs/Debt Reduction	1,393,674	8,934	4.17%
PROJECT COSTS	**30,911,714**	**198,152**	**92.42%**
Developer Overhead/Profit	2,500,000	16,026	7.47%
Consultant/Processing Agent	35,000	224	0.10%
TOTAL USES	**33,446,714**	**214,402**	**100.00%**

Annual Operating Budget

Copper Creek

INCOME:

		$ per unit
Total Rental Income	1,088,556	6,978
Laundry	14,976	96
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**1,103,532**	**7,074**
Less:		
Vacancy Loss	55,177	354
Total Net Revenue	**1,048,355**	**6,720**

EXPENSES:

		$ Per Unit
Payroll	99,393	637
Administrative	168,926	1,083
Utilities	94,792	608
Operating and Maintenance	194,440	1,246
Insurance and Business Taxes	8,880	57
Taxes and Assessments	64,800	415
Reserve for Replacement Deposits	46,800	300
Subtotal Operating Expenses	**678,031**	**4,346**
Financial Expenses		
Mortgage Payments (1st loan)	300,474	1,926
Total Financial	**300,474**	**1,926**
Total Project Expenses	**978,505**	**6,272**

Cash Flow — Copper Creek — CalHFA Development Number: 03-034-C/S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,088,556	1,115,770	1,143,664	1,172,256	1,201,562	1,231,601	1,262,391	1,293,951	1,326,300	1,359,457
TOTAL RENTAL INCOME	**1,088,556**	**1,115,770**	**1,143,664**	**1,172,256**	**1,201,562**	**1,231,601**	**1,262,391**	**1,293,951**	**1,326,300**	**1,359,457**
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	14,976	15,350	15,734	16,128	16,531	16,944	17,368	17,802	18,247	18,703
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**14,976**	**15,350**	**15,734**	**16,128**	**16,531**	**16,944**	**17,368**	**17,802**	**18,247**	**18,703**
GROSS INCOME	**1,103,532**	**1,131,120**	**1,159,398**	**1,188,383**	**1,218,093**	**1,248,545**	**1,279,759**	**1,311,753**	**1,344,547**	**1,378,160**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	55,177	56,556	57,970	59,419	60,905	62,427	63,988	65,588	67,227	68,908
EFFECTIVE GROSS INCOME	**1,048,355**	**1,074,564**	**1,101,428**	**1,128,964**	**1,157,188**	**1,186,118**	**1,215,771**	**1,246,165**	**1,277,319**	**1,309,252**
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	566,431	589,088	612,652	637,158	662,644	689,150	716,716	745,385	775,200	806,208
Replacement Reserve	46,800	46,800	46,800	46,800	46,800	49,140	49,140	49,140	49,140	51,597
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	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800
TOTAL EXPENSES	**678,031**	**700,688**	**724,252**	**748,758**	**774,244**	**803,090**	**830,656**	**859,325**	**889,140**	**922,605**
NET OPERATING INCOME	**370,324**	**373,876**	**377,177**	**380,206**	**382,944**	**383,028**	**385,115**	**386,841**	**388,179**	**386,647**
DEBT SERVICE										
CalHFA - 1st Mortgage	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474
MHP Debt Service Requirement	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
CalHFA - Bridge Loan	2,596,533	2,503,800	2,387,883							
CASH FLOW after 1st Mortgage	**69,850**	**73,402**	**76,703**	**79,732**	**82,470**	**82,554**	**84,641**	**86,367**	**87,705**	**86,173**
DEBT COVERAGE RATIO	**1.23**	**1.24**	**1.26**	**1.27**	**1.27**	**1.27**	**1.28**	**1.29**	**1.29**	**1.29**
CASH FLOW after 1st Mortgage & MHP	**40,450**	**44,002**	**47,303**	**50,332**	**53,070**	**53,154**	**55,241**	**56,967**	**58,305**	**56,773**
DEBT COVERAGE RATIO	**1.12**	**1.13**	**1.14**	**1.15**	**1.16**	**1.16**	**1.17**	**1.17**	**1.18**	**1.17**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,393,444	1,428,280	1,463,987	1,500,586	1,538,101	1,576,554	1,615,968	1,656,367	1,697,776	1,740,220
TOTAL RENTAL INCOME	**1,393,444**	**1,428,280**	**1,463,987**	**1,500,586**	**1,538,101**	**1,576,554**	**1,615,968**	**1,656,367**	**1,697,776**	**1,740,220**
OTHER INCOME										
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	19,171	19,650	20,141	20,645	21,161	21,690	22,232	22,788	23,357	23,941
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**19,171**	**19,650**	**20,141**	**20,645**	**21,161**	**21,690**	**22,232**	**22,788**	**23,357**	**23,941**
GROSS INCOME	**1,412,614**	**1,447,930**	**1,484,128**	**1,521,231**	**1,559,262**	**1,598,243**	**1,638,199**	**1,679,154**	**1,721,133**	**1,764,162**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	70,631	72,396	74,206	76,062	77,963	79,912	81,910	83,958	86,057	88,208
EFFECTIVE GROSS INCOME	**1,341,984**	**1,375,533**	**1,409,921**	**1,445,169**	**1,481,299**	**1,518,331**	**1,556,289**	**1,595,197**	**1,635,077**	**1,675,954**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	838,456	871,995	906,874	943,149	980,875	1,020,110	1,060,915	1,103,351	1,147,485	1,193,385
Replacement Reserve	51,597	51,597	51,597	51,597	54,177	54,177	54,177	54,177	54,177	56,886
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	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800
TOTAL EXPENSES	**954,853**	**988,392**	**1,023,271**	**1,059,546**	**1,099,852**	**1,139,087**	**1,179,891**	**1,222,328**	**1,266,462**	**1,315,070**
NET OPERATING INCOME	**387,130**	**387,142**	**386,650**	**385,623**	**381,447**	**379,244**	**376,398**	**372,869**	**368,615**	**360,883**
DEBT SERVICE										
CalHFA - 1st Mortgage	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474
MHP Debt Service Requirement	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
CalHFA - Bridge Loan										
CASH FLOW after 1st Mortgage	**86,656**	**86,668**	**86,176**	**85,149**	**80,973**	**78,770**	**75,924**	**72,395**	**68,141**	**60,409**
DEBT COVERAGE RATIO	**1.29**	**1.29**	**1.29**	**1.28**	**1.27**	**1.26**	**1.25**	**1.24**	**1.23**	**1.20**
CASH FLOW after 1st Mortgage & MHP	**57,256**	**57,268**	**56,776**	**55,749**	**51,573**	**49,370**	**46,524**	**42,995**	**38,741**	**31,009**
DEBT COVERAGE RATIO	**1.17**	**1.17**	**1.17**	**1.17**	**1.16**	**1.15**	**1.14**	**1.13**	**1.12**	**1.09**

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Market Rents	0	0	0	0	0	0	0	0	0	0
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	1,783,726	1,828,319	1,874,027	1,920,878	1,968,899	2,018,122	2,068,575	2,120,289	2,173,297	2,227,629
TOTAL RENTAL INCOME	**1,783,726**	**1,828,319**	**1,874,027**	**1,920,878**	**1,968,899**	**2,018,122**	**2,068,575**	**2,120,289**	**2,173,297**	**2,227,629**
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	24,540	25,153	25,782	26,427	27,087	27,765	28,459	29,170	29,900	30,647
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**24,540**	**25,153**	**25,782**	**26,427**	**27,087**	**27,765**	**28,459**	**29,170**	**29,900**	**30,647**
GROSS INCOME	**1,808,266**	**1,853,472**	**1,899,809**	**1,947,304**	**1,995,987**	**2,045,887**	**2,097,034**	**2,149,460**	**2,203,196**	**2,258,276**
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	90,413	92,674	94,990	97,365	99,799	102,294	104,852	107,473	110,160	112,914
EFFECTIVE GROSS INCOME	**1,717,852**	**1,760,799**	**1,804,819**	**1,849,939**	**1,896,188**	**1,943,592**	**1,992,182**	**2,041,987**	**2,093,036**	**2,145,362**
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	1,241,120	1,290,765	1,342,395	1,396,091	1,451,935	1,510,012	1,570,413	1,633,229	1,698,559	1,766,501
Replacement Reserve	56,886	56,886	56,886	56,886	59,730	59,730	59,730	59,730	59,730	59,730
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	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800	64,800
TOTAL EXPENSES	**1,362,806**	**1,412,451**	**1,464,081**	**1,517,777**	**1,576,465**	**1,634,542**	**1,694,943**	**1,757,759**	**1,823,088**	**1,891,031**
NET OPERATING INCOME	**355,047**	**348,348**	**340,738**	**332,162**	**319,723**	**309,050**	**297,239**	**284,227**	**269,948**	**254,331**
DEBT SERVICE										
CalHFA - 1st Mortgage	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474	300,474
MHP Debt Service Requirement	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
CalHFA - Bridge Loan										
CASH FLOW after 1st Mortgage	**54,573**	**47,874**	**40,264**	**31,688**	**19,249**	**8,576**	**(3,235)**	**(16,247)**	**(30,526)**	**(46,143)**
DEBT COVERAGE RATIO	**1.18**	**1.16**	**1.13**	**1.11**	**1.06**	**1.03**	**0.99**	**0.95**	**0.90**	**0.85**
CASH FLOW after 1st Mortgage & MHP	**25,173**	**18,474**	**10,864**	**2,288**	**(10,151)**	**(20,824)**	**(32,635)**	**(45,647)**	**(59,926)**	**(75,543)**
DEBT COVERAGE RATIO	**1.08**	**1.06**	**1.03**	**1.01**	**0.97**	**0.94**	**0.90**	**0.86**	**0.82**	**0.77**

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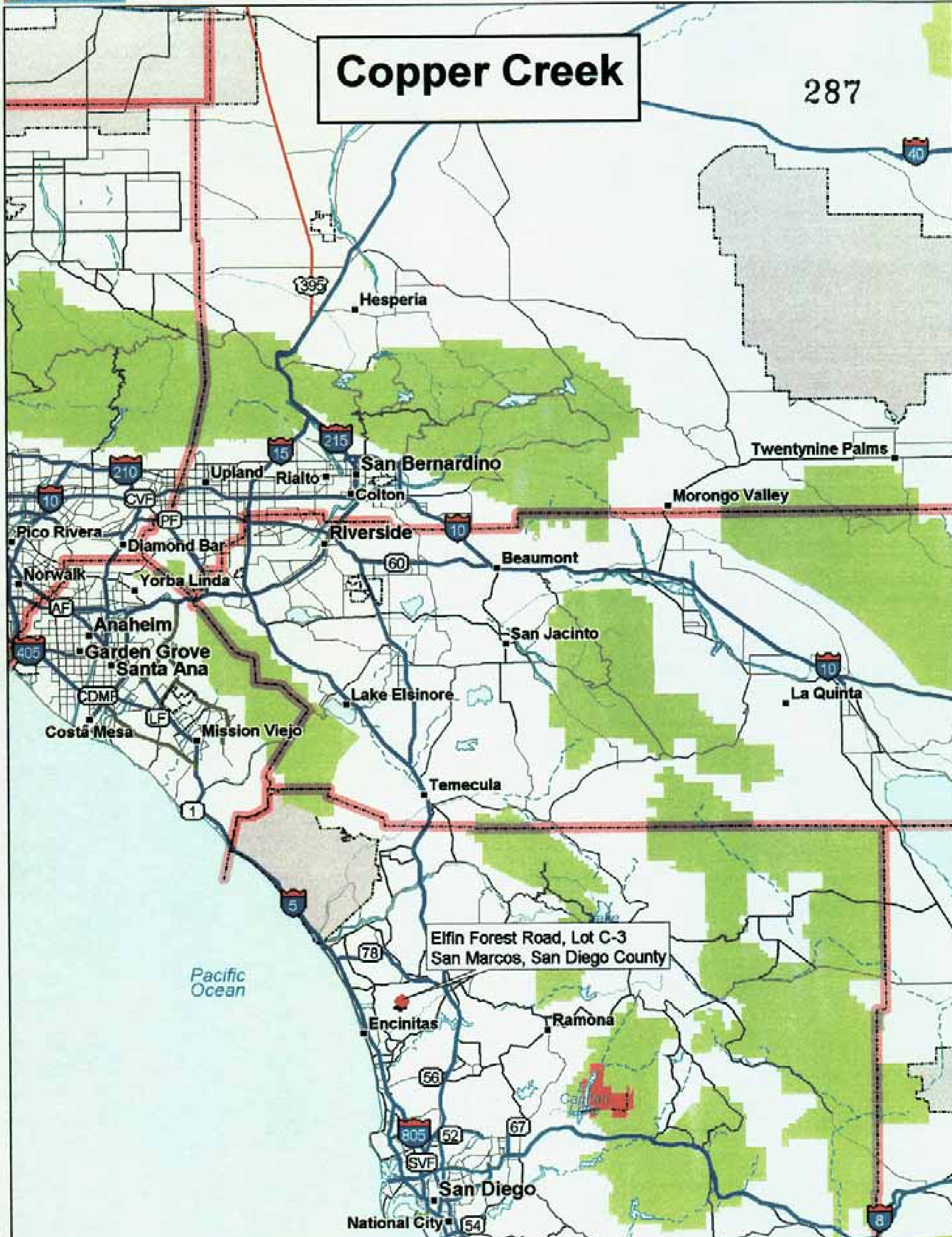
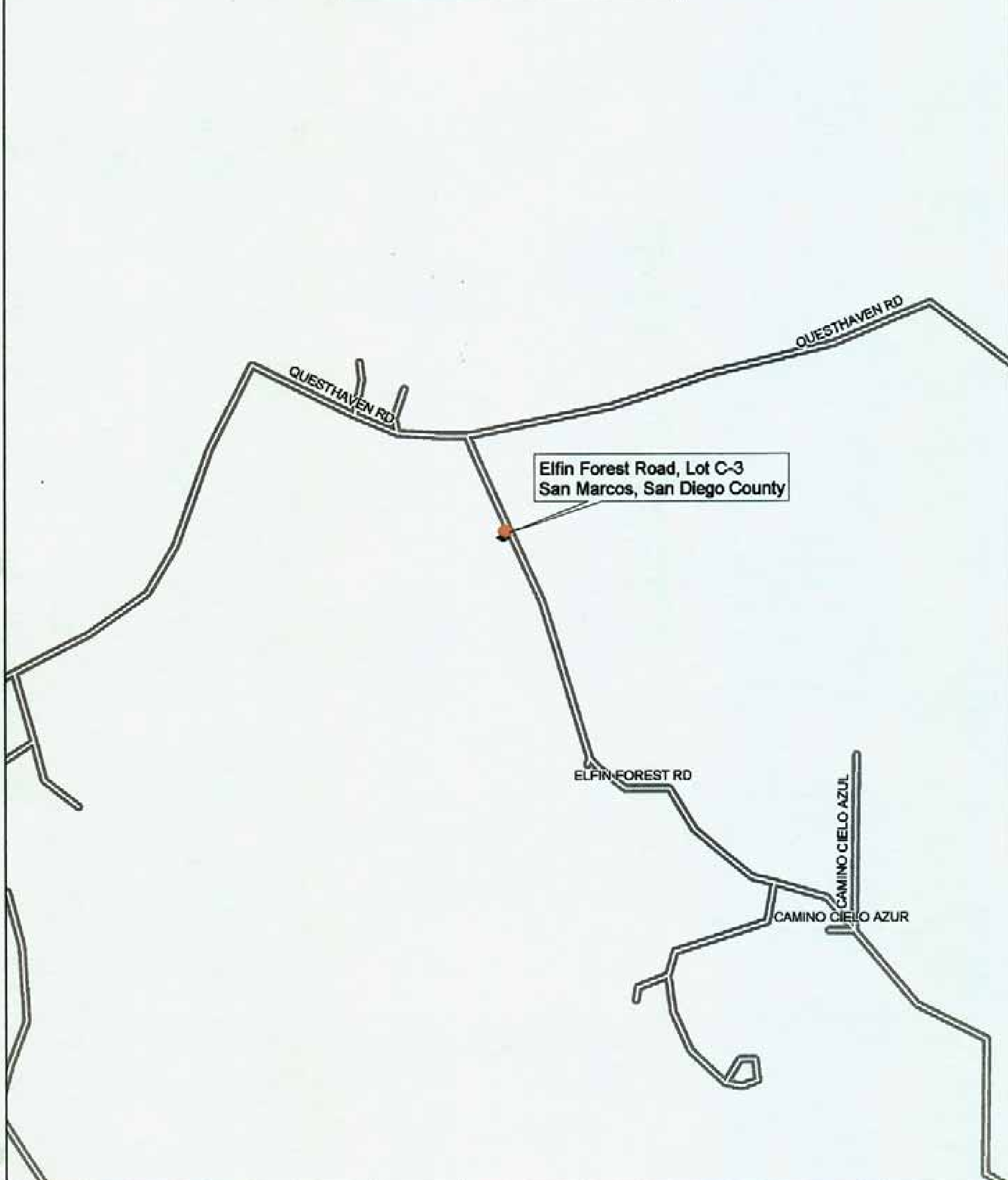


Scale 1 : 1,100,000
1" = 17.4 mi

Copper Creek

289



Scale 1 : 8,800

1" = 733 ft

RESOLUTION 03-45

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Copper Creek Housing Associates, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt and Taxable Loan Programs in the mortgage amounts described herein, the proceeds of which are to be used to provide construction, bridge and permanent mortgage loans on a 156-unit multifamily housing development located in the City of San Marcos to be known as Copper Creek Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated August 25, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on July 9, 2003, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
03-034-C/S	Copper Creek Apartments San Marcos/San Diego	156	
		Construction First Mortgage:	$19,210,000
		Permanent First Mortgage:	$ 4,410,000
		Bridge Mortgage:	$ 6,955,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-45 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ______________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY
Initial Commitment
Mission Creek Senior
201 Berry Street, San Francisco, CA
CalHFA # 02-031-N

SUMMARY

The Mission Creek Senior project, through the San Francisco Redevelopment Agency (SFRDA), has applied to CDLAC for bond allocation in the third round, 2003. This bond application contemplates a public sale of variable rate tax exempt bonds backed by a letter of credit from a commercial bank for both construction and permanent financing but with the long term debt swapped into a fixed rate 20 year mortgage. Given the current conditions for long term interest rates, Mercy Housing (project sponsor) has requested that CalHFA develop an alternative permanent loan structure for the project with an interest rate and loans terms that would prove beneficial for the project's long term viability. The SFRDA will ultimately determine the financing structure that most benefits the project and their financial contribution. At this point, SFRDA and the sponsor are proceeding with the low floater/swapped scenario.

This commitment contemplates two alternative financing scenarios. The first is a bond refunding at permanent loan close where CalHFA would provide a loan in the amount of Ten Million Four Hundred Thousand Dollars, ($10,400,000). The second scenario involves taking an assignment of the pending bond allocation request, issuing bonds in the Agency's pooled transaction for third round and making two loans; a permanent loan in the same amount as in the first scenario and a bridge loan in the amount of Eleven Million Five Hundred Fifty-five Thousand Dollars, ($11,555,000).

Security for the loan(s) will be a newly constructed 140 unit senior apartment project. The property, located in San Francisco, will be owned by Mercy Housing California XX, L.P., a, limited partnership, whose general partner is Mercy Housing West, a California non-profit, and affiliate of Mercy Housing California.

LOAN TERMS

Permanent

First Mortgage	$10,400,000
Interest Rate	5.75%
Term	20 year fixed, fully amortized
Financing	Tax-exempt,

Bridge

Second Mortgage	$11,555,000
Interest Rate	4 %
Term	1 year fixed, interest only
Financing	Tax-Exempt

LOCALITY INVOLVEMENT

The City of San Francisco Redevelopment Agency, (SFRDA) is providing several loans to the partnership. The first is a $10,875,240 mortgage made from Redevelopment Agency funds. The second is a $1,000,000 mortgage made from HOPWA funds. The third is a $360,000 mortgage made from CDBG funds for the Adult Day Health Center. The fourth is a $431,828 hazardous materials mitigation and demolition loan. All the Redevelopment Agency's loans are at 3% simple interest for 55 years, with payments made from residual receipts only.

The complex will be constructed on land that is owned by Catellus and will be conveyed to the Redevelopment Agency on or about November 14, 2003. Subsequent to the transfer of the land, the SFRA will enter into a ground lease with Mercy for a period of up to 99 years. The ground lease is expected to have an initial term of 65 years with an option to renew for another 34 years in order to satisfy the State HCD Multi-family Housing Program requirements.

HOUSING ASSISTANCE PAYMENT ("HAP") CONTRACT

Mercy has applied for and received 88 Project Based Section 8 Vouchers from the SF Housing Authority during the 2002 calendar year. The HAP contract will be for a total of ten years, with an option to renew of another ten years. Mercy is required to extend the contract if appropriated funds are available to fund the Section 8 Program. The Redevelopment Agency is guaranteeing the Section 8 income to the extent required to pay debt service during years 11 – 20.

Assignment of the HAP contract to the Borrower, any required modification to the HAP contract, or to the general plan of financing, are all subject to the approval of HUD. CalHFA loan terms and conditions may be modified in the event that said approvals impact the transaction.

OTHER FINANCING

Mercy Housing California, (Mercy), is applying for funding from the State of California, Department of Housing and Community Development's Multi-Family Housing Program, (MHP), in the amount of $7,000,000. The expected loan term for the MHP funds is 55 years, with a 3% simple interest rate. There will be a required 0.42% payment, which is shown in the project cashflow.

Additionally, Mercy has received an award of $625,500 from the Federal Home Loan Bank's Affordable Housing Program (AHP). The expected loan term for the AHP funds is 32 years, with a 0% interest rate, and no required payments.

The Redevelopment Agency, MHP and AHP financing will all be subordinated to the CalHFA liens during the permanent phase.

PROJECT DESCRIPTION

Project Location

Mission Creek Senior will be located at 201 Berry Street in the City and County of San Francisco

Adjacent Uses. North: Berry Street and, across Berry Street, Avalon Bay Communities (300 market rate housing units, plus 15,000 sq.ft. retail, plus a 16-story tower); South: Mission Creek Park (a pedestrian boardwalk fronting the Channel) and then Mission Creek; East: 4th Street (including the proposed MUNI light rail line) and, across 4th Street, China Basin office building complex; West: mid-block public alley (AKA, a "mews") and, on the west side of the mews, Mission Bay Block N3A, Parcel 2 to be developed as 106 units of for-sale housing.

Neighborhood Amenities. In addition to the general public improvements to be provided by Catellus pursuant to the Owner Participation Agreement (new sidewalks, lighting, street trees and street furnishings), other significant neighborhood amenities include: Mission Creek Park and Mission Creek on the southern edge of the site; light rail, heavy rail and other fixed-route mass transit lines; and, restaurants and cafes. Adjacent to Mission Creek Senior Community is Block N1 (or 250-260 King Street) known as Mission Place, located on the full block bounded by King, Townsend, Third, and Fourth Street. Mission Place is being developed by Catellus and includes 595 rental units (including 27 affordable), 45,000 sq. ft. of neighborhood office space, and 83,000 sq. ft. of retail space including Safeway (Fourth & King St. corner), Borders Books (Third & King corner), Amici Pizza, Wells Fargo, and a mobile phone retail store.

Towards the northeast is the South Beach area, with residences, restaurants, a small boat marina and adjoining park, and the new Giants Ballpark. Further to the northwest are cultural and entertainment facilities in the South of Market area such as the Moscone Convention Center, the eight-acre Yerba Buena Gardens, the Yerba Buena Center for the Arts, the Children's Center, the San Francisco Museum of Modern Art, and the Sony Metreon entertainment complex.

Site

The rectangular shaped site consists of one acre and is approximately 243 long by 181 feet wide. Development of the site is governed by the Redevelopment Agency's Mission Bay North Redevelopment Plan and Mission Bay North Design for Development. In addition the RFQ provided certain design guidelines

Improvements

The proposed project consists of a 7-story, L-shaped, reinforced concrete frame, Type 1 structure enclosing approximately 174,000 square feet. Parking is provided in an on-grade garage with 34 parking spaces. The building will be serviced with two elevators. A large courtyard garden (approx 6,200 sq ft) is provided on the second level podium deck. A smaller garden patio is provided adjacent to the Mission Creek at the south side of the Project. Two roof-top terraces are also provided for private outdoor space. The building also contains property management offices, maintenance spaces on the first[1] floor; a multi-purpose room, exercise, and computer room as well as a community kitchen adjacent to a 4,200 square foot resident dining room on the second floor, and laundry facilities on each residential floor (except the third floor). Other on-site amenity spaces include multi-purpose community rooms on the first and third levels; a lounge and an activity room on floors 6 and 7, respectively, that are adjacent to roof-top terraces on those floors. The 140 units in the project include 139 one-bedroom, one-bath rental units and one two-bedroom, one-bath manager's apartment. Each unit consists of a private bedroom, a bathroom, a full kitchen and a living/dining room. Most of the units will have a private balcony.

The building is designed as two balanced buildings sharing one ground floor. The buildings are supported on an engineered pile structural system due to the poor soil conditions described in the environmental section. In addition to the housing, the senior complex will include three non-residential components: 1) a City branch library; 2) approximately 4,000 sq. ft. in retail/commercial space; and 3) 6,080 sq. ft. for an adult day health center.

- Building 1 (the housing tower) is a seven-story "L" shaped building fronting Berry Street and the mews. This building will house the following uses at the ground floor: residential lobby; management offices; small meeting/conference room; approximately 4,000 sq ft of retail space; and utility rooms. The second floor will contain: 11-residential units; building community and public spaces; and the dining/food-warming space. Floors three through seven contain the remainder of the senior housing units.
- Building 2 is a three-story concrete frame, post-tensioned slab construction structure which will be anchored at the ground floor by the Mission Creek branch library (7,650 sq ft), with the adult day health center (8,100 sq ft) on the second floor, and a larger community serving meeting room and the manager's unit on the third floor. This building element fronts Fourth Street and wraps around the south corner, facing Mission Creek.
- Population to Be Served. Independent and "frail", very-low income elderly persons. The entire project will be fully accessible to accommodate the needs of the frail elderly population. A total of 8 units will be fully accessible, 51 will be adaptable with roll-in showers, and 81 units will have tubs.

Proposed Unit Mix and Affordability Table

Unit Type	Square Feet	Number	Target % AMI	Max % AMI	Rental Subsidy
One-bedroom	550	51	25%	50%	N/A
One-bedroom	550	88	25%	50%	Yes. Project-based Section 8
Two-bedroom	800	1	Manager's Unit		
Total:		140			

Services

Funding permitting, Mercy Services Corporation will provide two full time on-site Community and Resident Initiative Coordinators and 24 hour security desk coverage. The Community and Resident Initiative Coordinators ("CRIC") will be scheduled in such a way as to provide coverage from early morning to late evening and will have the following responsibilities:

- Develop and ensure appropriate linkages to community service providers to meet resident needs,
- Provide information and referral services to non-frail seniors living at Mission Bay Senior Community,
- Develop and implement community activities and events of interest to the residents,
- Provide support to desk staff, especially during evening hours when the adult day health center is closed,
- Oversee coordination of in-home supportive services transportation and meal delivery.

The 24-hour security desk coverage staff will assist in security as well as in responding to resident emergencies. Each resident unit will be equipped with an emergency call system in the bedroom and bathroom. This call system will enable residents to initiate an alarm at the front desk. The desk staff will be instructed on how to respond to these calls by telephone and/or summons of other support staff or emergency services (911). However, providing personal care to residents will not be within the desk staff's job duties; as this could trigger licensing requirements.

The North and South of Market Adult Day Health Center (NSM-ADHC):
NSM-ADHC will be the lead service provider for the frail elderly at Mission Creek Senior Community. Residents from Mission Creek as well as seniors from other housing in the community who need day health services are expected to attend the ADHC a minimum of four hours per day from two to seven days per week. It is anticipated that the on-site ADHC will serve a total of 80 to 100 individuals, with an average daily attendance of up to 50 full time slots. The ADHC services include skilled nursing, occupational and physical therapy, and personal care. Every client will have a personal plan of care developed by a multi-disciplinary team and authorized by a physician. The NSM-ADHC is regulated by the California Department of Health Services and Department of Aging, and MediCal pays much of the cost for eligible participants.

In addition to the adult day health center, NSM-ADHC will lend its expertise to MSC to ensure that those residents who do not fall under the frail elderly criteria are appropriately referred for services consistent with their needs. This team approach will help maintain a continuum of care for all residents of Mission Bay Senior Community. Team meetings will be held on a regular basis to facilitate communication and resident service planning between MSC and NSM-ADHC.

Off-site improvements

All off-site improvements will be completed prior to the start of construction by the master developer, Catellus.

ENVIRONMENTAL

- Soil Type. The site was part of Mission Bay before it was filled in the late 1800s. The site is blanketed by approximately 30 ft of fill. Bay mud lies below the fill in dramatically varying depths from 20 ft to approx 100+ feet. Mercy commissioned a site-specific geotechnical investigation. The results of the study stated subsurface conditions at the site consist of heterogeneous fill, underlain by Bay Mud, sand and clay and Franciscan Complex bedrock. It was recommended that the building be supported on a pile foundation with the piles reaching bedrock in order to gain support from said bedrock.

- <u>Phase I/II Site Assessment Results.</u> A Risk Management Plan ("RMP") has been approved for the Project Area that summarizes the types of contaminants present and the measures that must be taken before, during and after development in the area. Pursuant to the Owner Participation Agreement, Catellus is responsible for all incremental costs of remediation. CalHFA has not yet reviewed this document.
- <u>Recommended Follow-up and Status.</u> In order to ensure compliance with the approved RMP, Mercy has contracted with Environmental Engineering/Remedial Group, Inc. (EERG) to assist Mercy in implementing the Risk Management Plan as it relates to the development of the Site.
- <u>Local/Federal Environmental Review.</u> On February 20, 2002, the Agency was notified that the project received an allocation of $360,000 in "special" CDBG funding for this project as part of Congressional Representative Pelosi's Omnibus Spending Bill. In addition, one million ($1,000,000) dollars in HOPWA funding will be utilized in this development. Ward and Associates completed the final draft Environmental Assessment on August 22, 2003, and notice of funding will be published in September 2003. NEPA clearance will be obtained prior to the utilization of either CDBG and/or HOPWA funds.

CalHFA will request a review of the above environmental reports by URS, its environmental consultant, and will request recommendations concerning any additional testing or remediation that should be completed. As a condition of closing the construction loan, a Phase I update to the environmental reports is required. A condition of the final commitment will be satisfactory review of all of these documents and any additional reports or tests required as a result of the URS review and recommendations. If additional remedial action is recommended, the work will be required to be completed during the course of construction.

The Borrower has requested an earthquake insurance waiver, and a seismic evaluation is underway. Any design modifications required as a condition of the earthquake insurance waiver shall be incorporated in the final plans and specifications approved by CalHFA. If the earthquake waiver is denied, the CalHFA permanent loan amount may decrease so that the earthquake insurance premium can be included in the approved operating budget.

ARTICLE XXXIV

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

DEVELOPMENT TEAM

Borrower

<u>Mercy Housing California XX, L.P</u>

The property will be owned by Mercy Housing California XX, L.P., a not-for-profit, limited partnership, whose general partner is Mercy Housing West, a California non-profit, and affiliate of Mercy Housing California.

Mercy Housing California ("Mercy") is an established and successful developer of affordable housing based in San Francisco and with offices in Sacramento, Santa Cruz and Southern

California. Mercy is affiliated with Mercy Housing, Inc., a national nonprofit housing development, management, advocacy and technical assistance organization based in Denver, Colorado. Mercy, founded in 1968, is a California non-profit public benefit corporation which revitalizes communities through an array of development activities and social services that meet the needs of lower income people. In the past 35 years Mercy has developed over 5,000 residential units in 98 developments, including family, elderly and special needs housing. Several of these projects, including Duchow Way and Padre Apartments, were financed by CalHFA.

Management Agent

Mercy Services Corporation

MSC is the property management affiliate of Mercy and manages all of the properties developed by Mercy, by other developer subsidiaries of Mercy as well as some residential properties for other non-profit agencies. Since its establishment in 1992, MSC has managed Mercy's properties with a commitment to their long-term maintenance. MSC currently manages more than 139 properties with 7,955 units of rental housing nationally for Mercy Housing and third party owners, including 79 sites with over 4,000 units in California. MSC's property management portfolio is exclusively affordable with a growing number of mixed-use properties also. Properties managed include those serving large families, seniors, and special needs.

Architect

Hardison Komatsu Ivelich and Tucker

Hardison Komatsu Ivelich and Tucker, a firm with a long history of successful affordable housing design, was part of the original team Mercy presented during developer interviews. Subsequent to the selection process, Mercy added Adele Santos & Associates to the team. Adele Santos was the designer of the Children's Center in the Yerba Buena Center Project Area.

Contractor

Cahill Contractors, Inc.

Cahill Contractors, Inc. was selected as a result of an extremely competitive and thorough process as the general contractor. Cahill has strong experience in both housing and reinforced concrete mid-rise buildings.

Project Summary

Date: 18-Sep-03

Project Profile:

Project :	Mission Creek Seniors		
Location:	201 Berry St.	***Appraisal***	Not yet completed
	San Francisco	*Cap Rate:*	
County:	San Francisco	*Decontrol:*	
Borrower:	Mercy Housing CA XX, LP	*Construction:*	
GP:	Mercy Housing West		
LP:	not yet determined		
Program:	Tax-Exempt	***LTC/LTV:***	**Permanent**
CalHFA # :	02-031-N	*Loan/Cost*	50%
		Loan/Value	TBD

Project Description:

Units	140
Handicap Units	8
Bldge Type	New Const.
Buildings	2
Stories	7
Gross Sq Ft	174,000
Land Sq Ft	43,560
Units/Acre	140
Total Parking	34
Covered Parking	34

Financing Summary:

Financing Summary:	Amount	Per Unit	Rate	Term
CalHFA First Mortgage	$10,400,000	$74,286	5.75%	20
FHLB - AHP	$625,500	$4,468	0.00%	32
Redevelopment Agency	$10,875,240	$77,680	3.00%	55
Redevelopment Agency	$1,360,000	$9,714	3.00%	55
Redevelopment Agency	$431,828	$3,084	3.00%	55
MHP	$7,000,000	$50,000	3.00%	55
Deferred Developer Equity	$201,057	$1,436	0.00%	-
Tax Credit Equity	$12,619,365	$90,138	0.00%	
CalHFA Bridge Loan	$11,555,000	$82,536	4.00%	1.0

Unit Mix:

Type	Manager		35% SMI		50% AMI		60% AMI		Section 8 Increment **		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
1 bedroom			51	356	88	701			*88*	*799*	139
2 bedroom	1	0									1
3 bedroom											0
4 bedroom											0
subtotal	1		51		88				*88*		
				* net rent					** not included in unit totals		140

Fees, Escrows, and Reserves:

Permanent Fees	**Basis of Requirements**		**Amount**	**Security**
CalHFA Finance Fee	1.00%	Total Tax-Exempt Bonds	$219,550	Cash
CalHFA Perm Loan Fee	0.50%	Total Permanent Loans	$52,000	Cash
Escrows				
Construction Defect	2.50%	of Hard Costs	$831,978	Letter of Credit
Reserves				
Operating Expense Reserve	10.00%	of Gross Income	$192,380	Letter of Credit
Annual Replacement Reserve Deposit - Ne	$300	per unit	$42,000	Operations

Other Fees	**Basis of Requirements**		**Amount**	**Security**
Inspection Fee	$1,500	x months of construction	$27,000	Cash
Guarantees				
Bond Origination Guarantee	0.50%	of T/E Construction Loan	$109,775	Letter of Credit
Reserves				
Rent Up Reserve	0.25	Year Operating Expense	196,805	Letter of Credit

Sources and Uses

Mission Creek Seniors

SOURCES:

Name of Lender / Source	Amount	$ per unit	% of total
CalHFA First Mortgage	10,400,000	74,286	24%
FHLB - AHP	625,500	4,468	1%
HCD - MHP	7,000,000	50,000	16%
Redevelopment Agency	10,875,240	77,680	25%
Other Loans	1,791,828	12,799	4%
Total Institutional Financing	**30,692,568**	**219,233**	71%
Equity Financing			
Tax Credits	12,619,365	90,138	29%
Deferred Developer Equity	201,057	1,436	0%
Total Equity Financing	**12,820,422**	**91,574**	29%
TOTAL SOURCES	**43,512,990**	**310,807**	100%

USES:

Acquisition	436,828	3,120	1%
Rehabilitation	0	0	0%
New Construction	34,147,111	243,908	78%
Architectual Fees	1,743,164	12,451	4%
Survey and Engineering	596,090	4,258	1%
Const. Loan Interest & Fees	1,076,897	7,692	2%
Permanent Financing	761,750	5,441	2%
Legal Fees	62,500	446	0%
Reserves	659,191	4,709	2%
Contract Costs	40,000	286	0%
Construction Contingency	1,940,785	13,863	4%
Local Fees	283,666	2,026	1%
TCAC App/Alloc/Monitor Fees	71,979	514	0%
Other Costs	493,029	3,522	1%
PROJECT COSTS	**42,312,990**	**302,236**	97%
Developer Overhead/Profit	1,200,000	8,571	3%
Consultant/Processing Agent	0	0	0%
TOTAL USES	**43,512,990**	**310,807**	100%

Annual Operating Budget

Mission Creek Seniors

		$ per unit
INCOME:		
Total Rental Income	1,801,872	12,871
Laundry	11,760	84
Other Income		-
Commercial/Retail	110,171	787
Gross Potential Income (GPI)	**1,923,803**	**13,741**
Less:		
Vacancy Loss	83,534	597
Total Net Revenue	**1,840,269**	**13,145**
EXPENSES:		
Payroll	194,981	1,393
Administrative	239,467	1,710
Utilities	103,790	741
Operating and Maintenance	162,926	1,164
Insurance and Business Taxes	54,649	390
Taxes and Assessments	31,405	224
Reserve for Replacement Deposits	42,000	300
Subtotal Operating Expenses	**829,218**	**5,923**
Financial Expenses		
Mortgage Payments (1st loan)	876,200	6,259
Total Financial	**876,200**	**6,259**
Total Project Expenses	**1,705,418**	**12,182**

Cash Flow

Mission Creek Seniors — CalHFA Development Number: 02-031-N

RENTAL INCOME		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment		843,744	860,619	877,831	895,388	913,296	931,562	950,193	969,197
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		958,128	982,081	1,006,633	1,031,799	1,057,594	1,084,034	1,111,135	1,138,913
TOTAL RENTAL INCOME		**1,801,872**	**1,842,700**	**1,884,464**	**1,927,187**	**1,970,890**	**2,015,595**	**2,061,328**	**2,108,110**
OTHER INCOME									
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		11,760	12,054	12,355	12,664	12,981	13,305	13,638	13,979
Retail & ADH Income		110,171	112,925	115,748	118,642	121,608	124,648	127,764	130,958
TOTAL OTHER INCOME		**121,931**	**124,979**	**128,103**	**131,306**	**134,589**	**137,953**	**141,402**	**144,937**
GROSS INCOME		**1,923,803**	**1,967,679**	**2,012,568**	**2,058,493**	**2,105,478**	**2,153,549**	**2,202,730**	**2,253,047**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		83,534	85,475	87,461	89,494	91,574	93,704	95,884	98,114
EFFECTIVE GROSS INCOME		**1,840,269**	**1,882,204**	**1,925,107**	**1,968,999**	**2,013,904**	**2,059,845**	**2,106,846**	**2,154,933**
OPERATING EXPENSES									
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		755,813	786,046	817,487	850,187	884,194	919,562	956,345	994,598
Replacement Reserve		42,000	42,000	42,000	42,000	42,000	44,100	44,100	44,100
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		31,405	32,033	32,674	33,327	33,994	34,674	35,367	36,074
TOTAL EXPENSES		**829,218**	**860,079**	**892,161**	**925,514**	**960,188**	**998,336**	**1,035,812**	**1,074,773**
NET OPERATING INCOME		**1,011,051**	**1,022,126**	**1,032,946**	**1,043,485**	**1,053,716**	**1,061,509**	**1,071,034**	**1,080,160**
DEBT SERVICE									
CalHFA - 1st Mortgage		876,200	876,200	876,200	876,200	876,200	876,200	876,200	876,200
MHP	7,000,000	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
Bridge Loan Repayment		12,017,200							
CASH FLOW after debt service		**105,451**	**116,526**	**127,346**	**137,885**	**148,116**	**155,909**	**165,434**	**174,560**
DEBT COVERAGE RATIO - 1st mortgage onl		**1.15**	**1.17**	**1.18**	**1.19**	**1.20**	**1.21**	**1.22**	**1.23**
DEBT COVERAGE RATIO - 1st & MHP		**1.12**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**

Cash Flow

RENTAL INCOME		Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment		988,581	1,008,352	1,028,519	1,049,090	1,070,071	1,091,473	1,113,302	1,135,568
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		1,167,386	1,196,571	1,226,485	1,257,147	1,288,576	1,320,790	1,353,810	1,387,655
TOTAL RENTAL INCOME		**2,155,967**	**2,204,923**	**2,255,004**	**2,306,237**	**2,358,647**	**2,412,263**	**2,467,112**	**2,523,223**
OTHER INCOME									
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		14,328	14,687	15,054	15,430	15,816	16,211	16,617	17,032
Retail & ADH Income		134,232	137,588	141,028	144,554	148,167	151,872	155,668	159,560
TOTAL OTHER INCOME		**148,561**	**152,275**	**156,082**	**159,984**	**163,983**	**168,083**	**172,285**	**176,592**
GROSS INCOME		**2,304,527**	**2,357,198**	**2,411,086**	**2,466,220**	**2,522,630**	**2,580,346**	**2,639,397**	**2,699,815**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		100,398	102,735	105,126	107,575	110,080	112,645	115,270	117,957
EFFECTIVE GROSS INCOME		**2,204,130**	**2,254,463**	**2,305,959**	**2,358,646**	**2,412,550**	**2,467,701**	**2,524,127**	**2,581,858**
OPERATING EXPENSES									
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		1,034,382	1,075,758	1,118,788	1,163,539	1,210,081	1,258,484	1,308,824	1,361,177
Replacement Reserve		44,100	44,100	46,305	46,305	46,305	46,305	46,305	48,620
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		36,796	37,532	38,283	39,048	39,829	40,626	41,438	42,267
TOTAL EXPENSES		**1,115,278**	**1,157,389**	**1,203,375**	**1,248,893**	**1,296,215**	**1,345,415**	**1,396,567**	**1,452,064**
NET OPERATING INCOME		**1,088,851**	**1,097,073**	**1,102,584**	**1,109,753**	**1,116,335**	**1,122,286**	**1,127,560**	**1,129,794**
DEBT SERVICE									
CalHFA - 1st Mortgage		876,200	876,200	876,200	876,200	876,200	876,200	876,200	876,200
MHP	7,000,000	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
Bridge Loan Repayment									
CASH FLOW after debt service		**183,251**	**191,473**	**196,984**	**204,153**	**210,735**	**216,685**	**221,960**	**224,194**
DEBT COVERAGE RATIO - 1st mortgage onl		**1.24**	**1.25**	**1.26**	**1.27**	**1.27**	**1.28**	**1.29**	**1.29**
DEBT COVERAGE RATIO - 1st & MHP		**1.20**	**1.21**	**1.22**	**1.23**	**1.23**	**1.24**	**1.25**	**1.25**

Cash Flow

RENTAL INCOME		Year 17	Year 18	Year 19	Year 20
Section 8 Rent Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment		1,158,280	1,181,445	1,205,074	1,229,176
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		1,422,346	1,457,905	1,494,353	1,531,712
TOTAL RENTAL INCOME		**2,580,626**	**2,639,350**	**2,699,427**	**2,760,887**
OTHER INCOME					
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		17,458	17,894	18,342	18,800
Retail & ADH Income		163,549	167,638	171,829	176,124
TOTAL OTHER INCOME		**181,007**	**185,532**	**190,170**	**194,925**
GROSS INCOME		**2,761,633**	**2,824,882**	**2,889,597**	**2,955,812**
Vacancy Rate : Section 8 Increment		*3.50%*	*3.50%*	*3.50%*	*3.50%*
Vacancy Rate : Affordable		*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss		120,707	123,522	126,404	129,353
EFFECTIVE GROSS INCOME		**2,640,925**	**2,701,360**	**2,763,193**	**2,826,459**
OPERATING EXPENSES					
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		1,415,624	1,472,249	1,531,138	1,592,384
Replacement Reserve		48,620	48,620	48,620	48,620
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		43,112	43,975	44,854	45,751
TOTAL EXPENSES		**1,507,356**	**1,564,843**	**1,624,613**	**1,686,755**
NET OPERATING INCOME		**1,133,569**	**1,136,517**	**1,138,581**	**1,139,703**
DEBT SERVICE					
CalHFA - 1st Mortgage		876,200	876,200	876,200	876,200
MHP	7,000,000	29,400	29,400	29,400	29,400
Bridge Loan Repayment					
CASH FLOW after debt service		**227,969**	**230,916**	**232,980**	**234,103**
DEBT COVERAGE RATIO - 1st mortgage onl		**1.29**	**1.30**	**1.30**	**1.30**
DEBT COVERAGE RATIO - 1st & MHP		**1.25**	**1.25**	**1.26**	**1.26**

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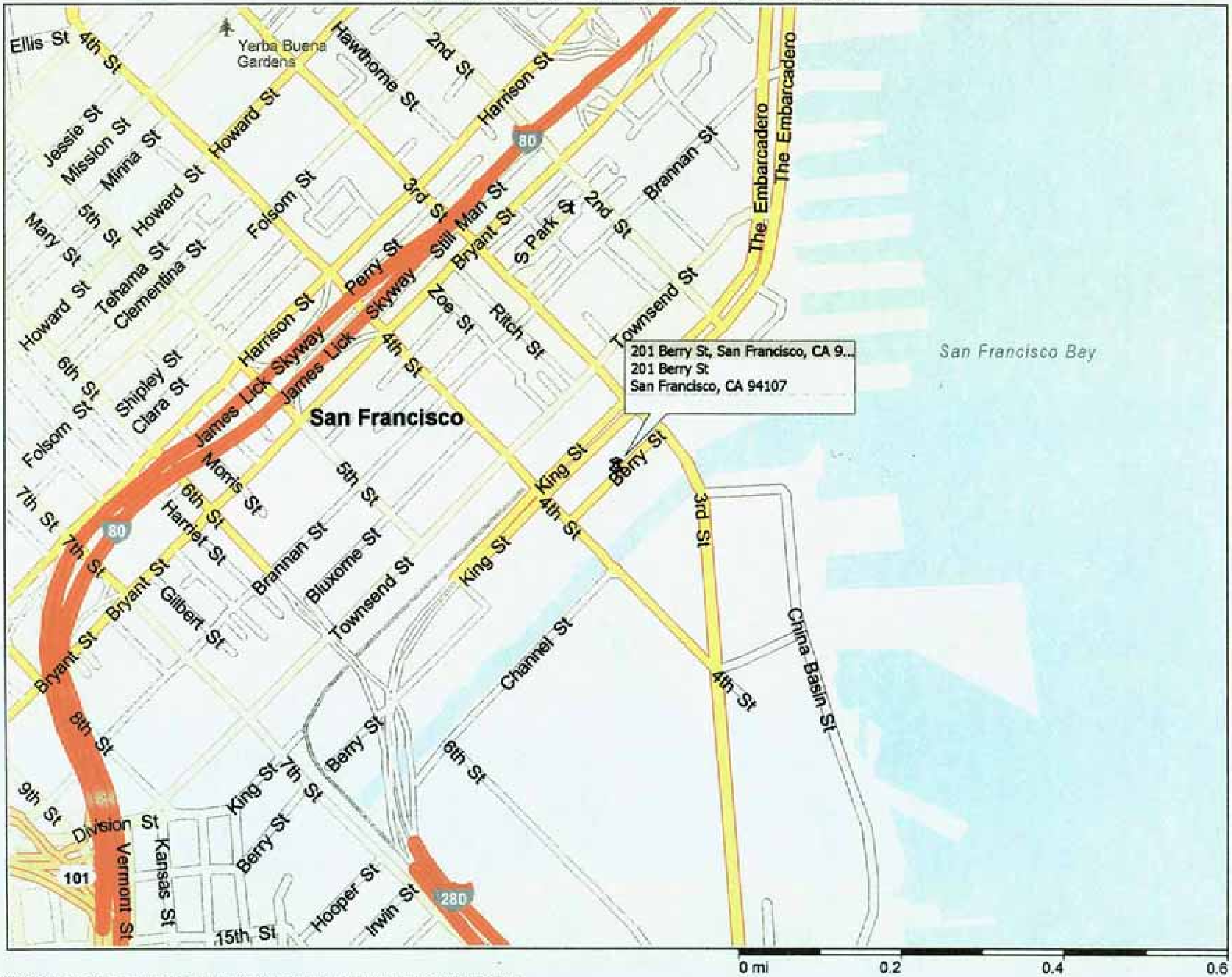
San Francisco area, California, United States

San Francisco, California, United States



RESOLUTION 03-46

RESOLUTION AUTHORIZING AN INITIAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mercy Housing California XX, L.P., a limited partnership (the "Borrower"), seeking an initial loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 140-unit multifamily housing development located in the City of San Francisco to be known as Mission Creek Senior (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated September 2, 2003 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

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

WHEREAS, on September 2, 2003, 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 an initial loan commitment be made for the Development.

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including but not limited to those set forth in the CalHFA Staff Report, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
02-031-N	Mission Creek Senior San Francisco/San Francisco	140	
		Permanent First Mortgage:	$10,400,000
		Bridge Mortgage:	$11,555,000

Resolution 03-46
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2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 03-46 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2003, at Burbank, California.

ATTEST: ____________________
Secretary