



## REPORT

**DATE ISSUED:** August 14, 2015

**REPORT NO:** HCR 15-075

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of September 11, 2015

**SUBJECT:** Island Village – Proposed Sale and Loan Payoff

**COUNCIL DISTRICT:** 3

### **REQUESTED ACTION**

Approve a proposed sale, with San Diego Housing Commission existing loan payoff, of the Island Village Apartments, a 281 unit multifamily development, located at 1245 Market Street, San Diego.

### **STAFF RECOMMENDATIONS**

That the San Diego Housing Commission (Housing Commission) take the following actions, as described in this report:

- 1) Approve a proposed sale of Island Village Apartments (Island Village) from Island Palms Apartments, LP (IPA) to East Village West LP (EVW) or an affiliate.  
The proposed approval of the sale will be contingent upon inclusion of proposed terms as described in Attachment 3, including an option to purchase in favor of the Housing Commission.
- 2) Approve a payoff of the Housing Commission's existing residual receipts loan estimated at \$6,092,528.
- 3) Approve taking necessary steps to pay off the existing tax-exempt multifamily housing revenue bonds which were issued in 2001 for Island Village.
  - a. Approve Stradling Yocca Carlson & Rauth as bond counsel for the bonds pay off.
- 4) Authorize the Housing Commission Executive Vice President & Chief Operating Officer (Vice President & COO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel and/or the bond counsel.

**SUMMARY**

A development summary is at Attachment 1. A site map is at Attachment 2.

**Table 1 – Development Details**

Address	1245 Market Street, San Diego
Council District	3
Development Type	Acquisition
Construction Type	Type V
Parking Type	81 spaces in a one-level-subterranean parking structure
Housing Type	Multifamily single room occupancy studios
Lot Size	43,482 square feet
Affordable Units	280
Density	281 dwelling units per acre
Unit Mix	196 studios at 60 percent of Area Median Income (AMI) 84 studios at 50 percent of AMI + 1 manager’s unrestricted studio unit 281 total units
Gross Building Area	Estimated 77,450 square feet

**Developer’s Request**

IPA (seller) and EVW (proposed buyer) are requesting Housing Commission approval of a proposed sale of Island Village and to approve pay off of the existing tax-exempt multifamily mortgage revenue bonds. The proposed transaction includes payoff of the Housing Commission’s existing loan. In addition, IPA will be required to make a lump sum payment in an amount equal to the present value of the annual bond fee for the remaining term of the bond regulatory agreement. The proposed terms for approval of the sale and loan payoff are included as Attachment 3.

**Project History**

Island Village is a four-story 281-unit rental housing facility that was intended to house low-income residents working in Downtown San Diego. In 2001, the Housing Commission approved a \$3,600,000 loan and the Housing Authority of the City of San Diego (Housing Authority) issued \$11,000,000 of tax-exempt multifamily housing revenue refunding bonds (HCR 01-014 and HCR 04-126). IPA’s original ownership structure consisted of Barone Galasso & Associates (BGA) as general partner, Housing Development Partners of San Diego (HDP) as nonprofit managing co-general partner, Alliant Tax Credit Fund XV, LTD as investor limited partner, Alliant Tax Credit Fund XV, INC as administrative limited partner and Palm Village LLC as Class B limited partner. In 2005, the Housing Commission’s residual receipts loan was increased to \$4,400,000 (HCR05-035).

In 2007 the Housing Commission approved the transfer of BGA’s partnership interest in IPA to Alliant Holdings of Island Village, LLC (Alliant Holdings). HDP remained as nonprofit managing co-general partner. Transfer of BGA's interest in IPA to Alliant was part of a November 15, 2006, judicial settlement agreement, related to a third-party development, wherein BGA and Alliant agreed to a transfer of BGA’s interest in IPA to Alliant Holdings. Over the years, maintaining high occupancy at Island Village has been challenging. However, recently occupancy levels have improved. The project was 92 percent occupied as stated in a May 15, 2015, appraisal.

The Development

Island Village is a mixed use apartment development with ground floor retail. It is located at 1245 Market Street between Park Boulevard and 13<sup>th</sup> Street, adjacent to the Park and Market Trolley Station. The property is four stories. It includes 81 parking spaces in a one-level gated subterranean garage. Ground floor retail space includes: 7-11 convenience store, Park Blvd Express restaurant, Azteca restaurant, a soon-to-open carpet store, and a soon-to-open donut shop. The 280 rental units were built as single room occupancy studios averaging an estimated 275 square feet per unit. Unit amenities include: a twin bed, a built-in dresser/storage cabinet, a full bathroom, a kitchenette, a microwave, a small refrigerator, garbage disposal, built-in PC desk, vinyl flooring, window blinds, air conditioning, and units are wired for cable television. Site amenities include: laundry room, computer area, a community room with kitchen and television, elevators, an outdoor courtyard, controlled security access, an on-site management office, and free parking.

Development Team

**Table 2 Development Team Summary**

ROLE	FIRM/CONTACT
Proposed Buyer	East Village West LP Limited Partners: Roper Family Trust, Kuykendall Family Trust, Stapleton Trust Managing General Partner: Housing Development Partners of San Diego Co-General Partner: East Village West LLC
Property Management	Royal Management Group
Real Estate Broker	Marcus & Millichap
Proposed Lender	Federal Home Loan Mortgage Corporation (Freddie Mac)

The Proposed Buyers

Attachment 4 includes the proposed buyers’ organization chart and ownership team overview. The ownership team includes: Jonathan Roper (General Partner and Limited Partner) is the owner of 100 units including single room occupancy units and tax credit financed properties; Hal Kuykendall (Limited Partner) has 40 years of affordable housing experience and is the former Managing Director and Co-Head of Citi Community Capital and is the previous President of Capmark Securities Inc.; David Stapleton (Limited Partner) is a real estate investor and real estate management and workout-expert consultant for all asset classes including multifamily affordable housing; and Housing Development Partners (Managing General Partner) is an affiliate of the Housing Commission. The property is currently managed by Royal Property Management.

**FINANCING STRUCTURE**

Appraisal

As of May 15, 2015, Abergel & Associates Inc. (Michael Abergel MAI) appraised the property “as is” at \$22,500,000.

Existing Bonds

Bond counsel, Stradling Yocca Carlson & Rauth, is advising on the actions necessary to redeem the existing bonds.

Housing Commission Existing Loan Payoff

The proposal includes payoff of the Housing Commission’s existing residual receipts loan estimated at \$6,092,161 (\$4,400,000 principal plus \$1,692,161 accrued interest to closing).

Financing Cost

The buyer’s proforma is at Attachment 5. Table 3 shows estimated sources for the proposed purchase.

**Table 3 – Island Village Estimated Sources for Purchase**

<b>Purchase Financing Sources</b>	<b>Amounts</b>	<b>Per Unit</b>
Purchaser Equity	\$ 4,140,000	\$14,733
Private Loan Amount	16,560,000	58,932
<b>Estimated Purchase Financing</b>	<b>\$20,700,000</b>	<b>\$73,665</b>

Development Schedule

The buyer and seller have requested an escrow closing on or before September 30, 2015.

**AFFORDABLE HOUSING IMPACT**

This report’s proposed actions have no impact to Island Village’s affordability requirements. Multiple documents restrict the project’s affordability, including the following:

- 1) Under the Housing Commission’s 2001 “*Declaration of Covenants, Conditions and Restrictions*” and 2005 “*Amendment to Declaration of Covenants, Conditions and Restrictions*”, the 280 rental units will be restricted (for 55 years) until December 21, 2060, as follows: 84 units are restricted for occupancy by very low income one-person households earning up to 50 percent (\$28,350/year) of the San Diego area median income (AMI), and the remaining 196 units are restricted for occupancy by low income one-person households earning up to 60 percent (\$34,020/year) AMI.
- 2) Under the multifamily housing revenue bonds “*Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants*” (Regulatory Agreement at page 8 Section 4):
  - a) “...not less than 10 percent of the units in the project shall be designated as Very Low Income Units...” for occupancy by tenants with rents restricted at 50 percent of AMI adjusted for household size.
  - b) “...not less than another 30 percent of the units in the project shall be designated as Low Income Units...” for occupancy by tenants with rents restricted at 60 percent of AMI adjusted for household size.
  - c) these restrictions continue for the “Qualified Project Period” which began when 10 percent of the units were occupied and will end 55 years after the later of either:
    - i) after the date when 50 percent of the units are occupied, or
    - ii) the first day on which no tax-exempt bonds are outstanding.

**Table 4 – Island Village Affordability Required by Housing Commission CC&Rs \***

Affordability Mix	Studio Units		Term of Affordability	Percent of the Affordable Units
	Units	Maximum Rent	Affordability End Date	
HOME Program: 50% AMI *	5		December 21, 2060	30 percent
HTF: 50% AMI Tax Credit	79		December 21, 2060	
Subtotal: 50% AMI Units	84	\$708		
HOME Program: 60% AMI *	6		June 10, 2024 (IDIS)	70 percent
HTF: 60% AMI Tax Credit	190		December 21, 2060	
Subtotal: 60% AMI Units	196	\$851	December 21, 2060	
Manager’s Unrestricted Unit	1	--	--	--
<b>Combined Total Units</b>	<b>281</b>			<b>100 percent</b>

\* The 11 HOME Investment Partnerships program (HOME) units are restricted for 20 years under the HOME program. From 20<sup>th</sup> year through the year 2060 the previously restricted HOME units will be restricted as Housing Trust Fund (HTF) units.

**Table 5 – Island Village Affordability Required by the Bonds Regulatory Agreement**

Affordability Mix	Studio Units		Estimated Term of Affordability	Affordable Units Percent
	Units	Maximum Rent	Affordability End Date *	
50% AMI Tax Credit	28	\$708	2058	10 percent
60% AMI Tax Credit	84	\$867	2058	30 percent
<b>Combined Total Units</b>	<b>112</b>			<b>40 percent</b>

\* based on 55 years from the “Qualified Project Period” estimated from 2003 occupancy..

**FISCAL CONSIDERATIONS**

The funding sources and uses proposed for approval are not currently included in the Fiscal Year 2016 Budget. Approving these proposed actions will not change the FY 2016 total budget.

Funding sources approved by this action will be as follows:

Estimated loan payoff amount - \$6,092,528 (\$4,400,000 principal plus \$1,692,528 accrued interest to estimated September 30, 2015, closing).

No new Housing Commission loan funds are proposed with this report’s actions.

**PREVIOUS COUNCIL and/or COMMITTEE ACTION**

- On February 20, 2001, the City of San Diego’s former Redevelopment Agency approved a Disposition Development Agreement (DDA) for the Island Village project.  
 On June 22, 2001, the Housing Commission approved (HCR01-077) a 3 percent residual receipts loan of \$2,300,000, a \$1.1 million Housing Commission loan application for HELP Program funds, and authorized final steps to issue up to \$11,000,000 of tax-exempt and \$1,350,000 of taxable multifamily housing bonds.
- The Housing Commission’s June 22, 2001, actions were approved by the Housing Authority on July 31, 2001 (Resolution HA-1116).
- On November 9, 2001, the Housing Commission approved (HCR01-126) approved a residual receipts loan increase from \$2,300,000 to \$3,600,000.

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- On May 6, 2005, the Housing Commission approved (HCR05-35) a proposal to increase its three percent residual receipts second-position loan by \$800,000 from \$3,600,000 to \$4,400,000.
- On July 13, 2007, the Housing Commission approved (HCR07-29) a transfer of partnership interest of BGA to Alliant Holdings.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

There has not been a community group review of the proposal. Housing Commission policies do not require a community review for a proposed sale or loan payoff.

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

Stakeholders include Island Palms Apartments LP, East Village West LP, the Housing Commission as a lender, and the Housing Authority of the City of San Diego as bond issuer, Housing Development Partners as the nonprofit managing co-general partner, and the residents of the East Village neighborhood. The proposal is expected to have a positive impact on the community because it will preserve affordable rental units, serving low- and very low- income families.

### **ENVIRONMENTAL REVIEW**

Approval of the proposed property sale including the payoff of any outstanding loans and/or bonds is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4) and Section 15378(b)(5), as these actions are fiscal and administrative activities of government which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

### **STATEMENT for PUBLIC DISCLOSURE**

For the proposed buyer's ownership team, Statements for Public Disclosure are on file with the Housing Commission.

#### **Conflict Disclosure Statement**

Commissioners Gary Gramling, Roberta Spoon, and CEO of the Housing Commission, Richard Gentry, are each directors and officers of Housing Development Partners, a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c) (3) corporation. Commissioner Gramling, Commissioner Spoon, and CEO Gentry receive no compensation for their service on the Housing Development Partners Board of Directors. Pursuant to the provisions of Government Code Sections 1091.5(a) (7) and 1091.5(a) (8), Commissioner Gramling, Commissioner Spoon, and CEO Gentry each have a "non-interest" as described in Government Code Section 1091.5. Furthermore, none of HDP's board members has a financial interest in this development that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100, et.seq. [because a 501(c) (3) non-profit corporation is not a business entity for the purposes of state law and because HDP has been determined to be a public agency by the Ethics Commission for local conflict law purposes] and/or the Housing Commission's Conflict of Interest Code. As members of the Board of Commissioners of the Housing Commission, Ms. Spoon is legally entitled to vote and be counted for quorum purposes. However, Mr. Gramling has an interest in real estate in the proximity of the project in question and pursuant to the provisions of Government Code Section 87103 and 2 CCR 18702.2 will be

recusing himself from voting on this matter. This disclosure shall be and is hereby documented in the official records of the Housing Commission

Respectfully submitted,

*J. P. Correia*

J.P. Correia  
Real Estate Manager  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Division

Attachments: 1) Development Summary  
2) Site Map  
3) Proposed Terms for Approval of Sale and Loan Payoff  
4) Organization Chart and Ownership Team Overview  
5) Proposed Buyer's Proforma

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

**ATTACHMENT 1  
DEVELOPMENT SUMMARY**

**Table 1 - Development Details**

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**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer/Proposed Buyer	East Village West LP.
Managing General Partner	Housing Development Partners of San Diego.
Property Management	Royal Management Group
Real Estate Broker	Marcus & Millichap
Proposed Lender	Federal Home Loan Mortgage Corporation (Freddie Mac)

**Table 3 – Island Village Estimated Sources for Purchase**

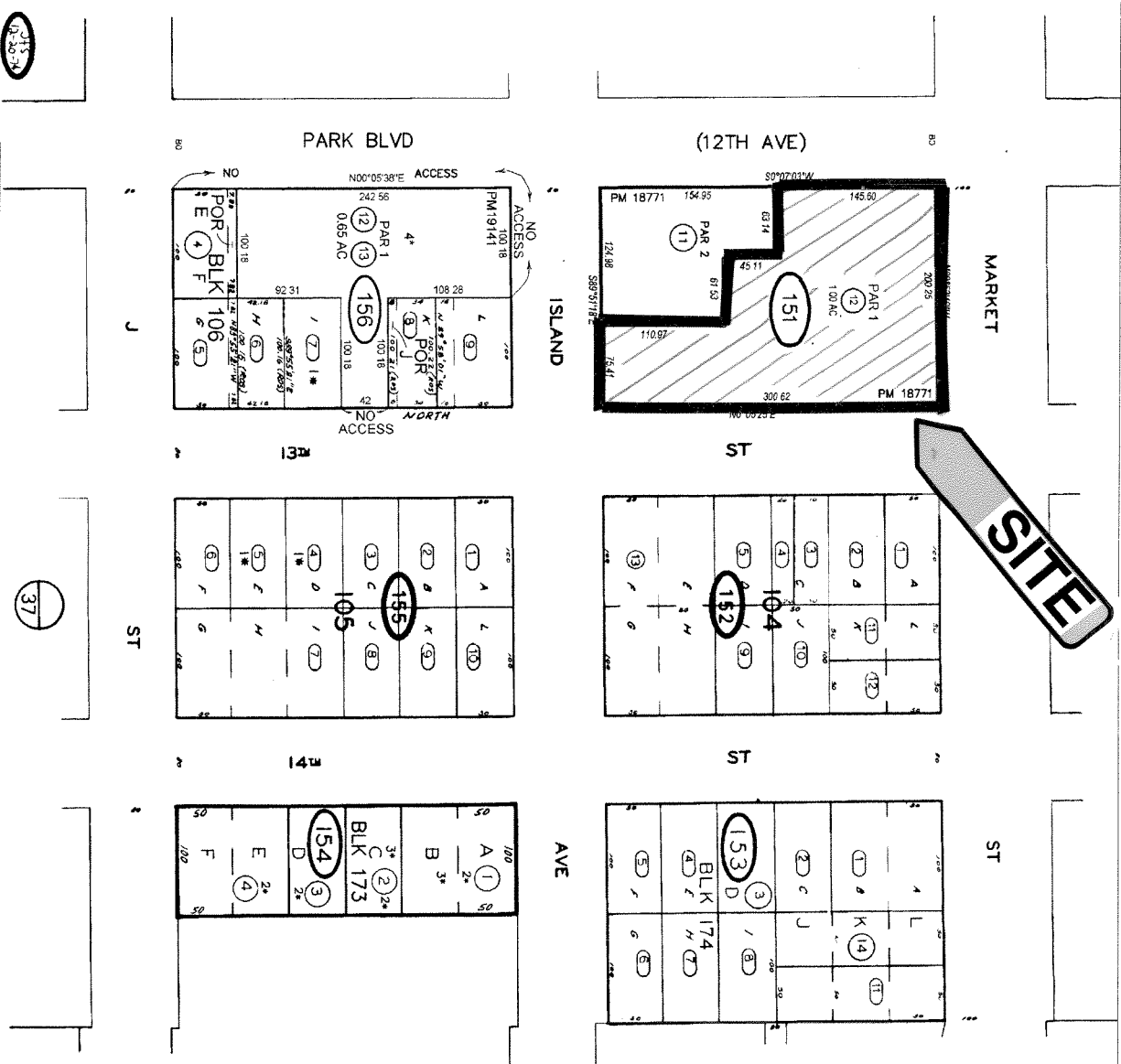
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# ATTACHMENT 2 - SITE MAP

SAN DIEGO COUNTY  
ASSESSOR'S MAP  
BOOK 535 PAGE 15

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.



535-15  
SHT 1 OF 2  
1"=100'  
N

06/29/05 JAM

CHANGES	
BLK/OLD	NEW/CUT
156	1/12 1/0 641 3687
152	6-8 1/3 67 5209
154	5 2/1 37 2104
153	1/0 12/13 48 158
153	2/2/13 1/4 91 1784
151	10/8/11 02 1470
156	3/4/10 5/1 031 5540
151	8/8/10 12 03 1892
156	3/8/10 11 04 1030
156	11 1/2 13 06 546

1\* 760-214-23  
2\* 760-214-64  
3\* 760-214-72  
4\* CONDO  
PARK BOULEVARD EAST  
DOC05-459523  
(SEE SHT 2)

DB 13 PG 522 - HORTONS ADD LOCKLING  
ROS 11147, 12796

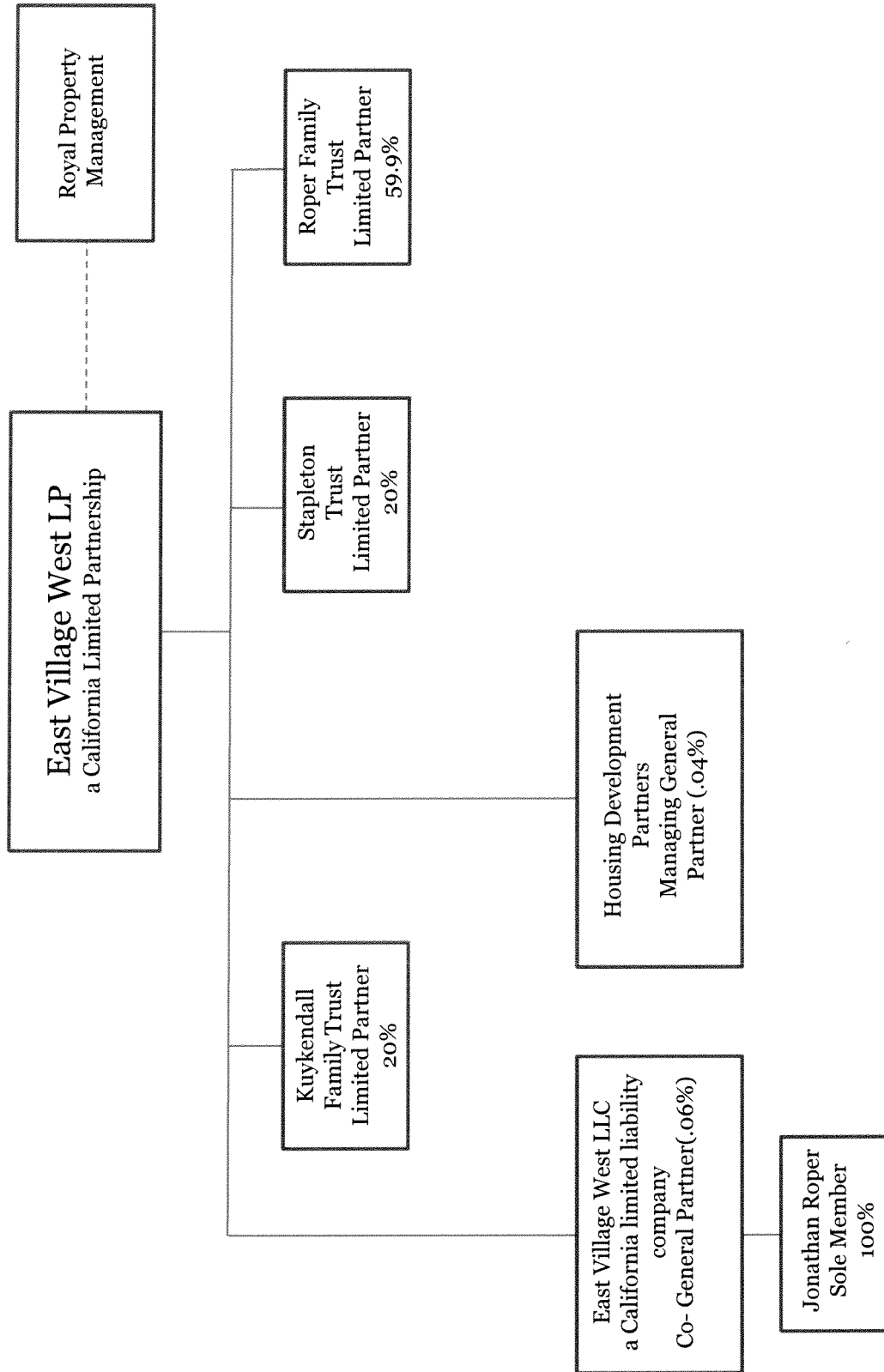
**ATTACHMENT 3**  
**PROPOSED TERMS FOR APPROVAL OF SALE AND LOAN PAYOFF**

The Housing Commission has the right under Section 1.3 of the Acquisition, Construction and Permanent Financing Loan Agreement to grant or withhold its consent to any further encumbrance of Island Village in its sole discretion. In the event, the Housing Commission provides consent in this case, its Declaration of Covenants, Conditions and Restrictions will be subordinate to the new financing. The Housing Commission is concerned with the proposed purchaser's lack of experience operating affordable housing projects and the resultant uncertainty with respect to the continued affordability of Island Village. As rents continue to increase citywide and more and more low income persons are being priced out of downtown in particular, the continued affordability of the 280 affordable units at Island Village is of particular concern. As the steward of affordable housing in San Diego, the Housing Commission is willing to grant its consent to the new owner and new financing, provided the new owner agrees to the following conditions which will help to ensure the continued viability, maintenance and affordability of the project:

- 1) All principal and interest on the Housing Commission loan will be paid in full. However, the Housing Commission Declaration of Covenants, Restrictions and Conditions will remain in place and its performance will continue to be secured by a performance deed of trust, which shall be junior to new financing, as approved by the Commission.
- 2) Housing Development Partners of San Diego (HDP) will be the managing general partner of the new limited partnership. The specific terms of HDP's participation will need to be negotiated separately and approved by the HDP Board of Directors.
- 3) The Housing Commission will have an option to purchase Island Village for 10 years (from the date of acquisition), which will include a right to acquire either the property or the partnership, as needed, to maintain the 10-year hold rule.
- 4) The Housing Commission Declaration of Covenants, Conditions and Restrictions will be amended to: (i) ensure that in addition to all other rights and remedies available to the Housing Commission, the Housing Commission shall have the right to foreclose on Island Village in the event the owner fails to maintain the property as provided therein; and (ii) give the Housing Commission the right to require the selection of a new property manager and the termination of any then existing property management contract, in the event of deficiencies in the operation or maintenance of Island Village.
- 5) Prepayment in a lump sum at acquisition of the otherwise annual bond fee covering the remaining term of the Bond Regulatory Agreement and payment of all Housing Commission, Housing Authority and City of San Diego out-of-pocket costs (including attorneys' fees, trustee fees, escrow and title costs, etc.) incurred with respect to payoff of the loan and bonds and assumption of the various documents.
- 6) The transfer and approval of the same is contingent upon obtaining all necessary HDP, Housing Commission, Housing Authority, City of San Diego and TCAC approvals prior to closing.

ATTACHMENT 4 - BUYER'S ORGANIZATION CHART  
AND OWNERSHIP TEAM OVERVIEW

# Organizational Structure



## Ownership Team Overview

**Jonathan Roper –**

**General Partner & Limited Partner**

- Owner of 100 units, including Tax Credit properties and SRO units
- TCAC accredited and approved owner
- Previously has self-managed portfolio including SRO units

**Housing Development Partners -  
Managing General Partner**

- Created in 1990, is a nonprofit affiliate of the San Diego Housing Commission
- Develops and preserves San Diego affordable housing through rehabilitation and new construction
- Since inception, has developed 945 apartments, townhomes and SRO units, including 302 wholly owned units
- Currently owns 1049 Units including 678 SRO units
- Financing experience as a principal
- <http://hdpartners.org>

**Hal Kuykendall –  
Limited Partner**

- Former Managing Director and Co-Head of Citi Community Capital
- Led Citibank Community Capital to its status as #1 affordable housing lender
- Expert in all aspects of affordable and conventional real estate finance, including tax exempt bonds and tax credits
- 40 Years of Affordable Housing Real Estate experience
- Was previously President of Capmark Securities Inc., the nation's leading underwriter of multifamily tax exempt bonds and new market tax credits

**Stapleton Group/David Stapleton –  
Limited Partner**

- President, Stapleton Group
- Real estate investor, receiver and workout expert
- Has provided turnaround management, repositioning services, receivership and consulting services to over 100 real estate assets and companies, including multifamily and affordable housing with values in excess of \$1 Billion.

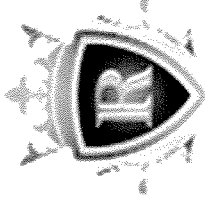
## Property Manager: Royal Property Management

### Portfolio

- 22 Affordable properties in San Diego
- 3467 Affordable units in San Diego
- 4 SRO properties in San Diego
- 807 Affordable SRO units in San Diego

### Honors and Awards

- Secretary Cuomo's Top 50 in the Nation Award 2000
- Beautification Award from the Chula Vista Chamber of Commerce
- Finalist Award from the San Diego Apartment Association - 1997 Mark of Excellence Award



ROYAL  
PROPERTY MANAGEMENT GROUP

# ATTACHMENT 5 - PROPOSED BUYER'S PROFORMA

## ISLAND VILLAGE 10 YEAR PROFORMA - BASELINE

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>OPERATING INCOME:</b>										
LTL %	3.00%	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Vacancy %	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Rental Inflation %	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Expense Inflation %	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Gross Potential Rental Income	2,761,242	2,802,660	2,844,700	2,887,371	2,930,681	2,974,641	3,019,261	3,064,550	3,110,518	3,157,176
Less: LTL	(82,837)	(42,040)	0	0	0	0	0	0	0	0
Less: Free Rent (MGR)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)	(10,404)
Less: Vacancy	(179,481)	(182,173)	(184,906)	(187,679)	(190,494)	(193,352)	(196,252)	(199,196)	(202,184)	(205,216)
Total Rental Income	2,488,520	2,568,043	2,649,391	2,689,287	2,729,783	2,770,886	2,812,605	2,854,950	2,897,930	2,941,555
Commercial Income	220,000	223,300	226,650	230,049	233,500	237,002	240,558	244,166	247,828	251,546
Other Operating Income	47,969	48,689	49,419	50,161	50,913	51,677	52,452	53,239	54,037	54,848
Total Operating Income	2,756,489	2,840,032	2,925,459	2,969,497	3,014,196	3,059,565	3,105,614	3,152,355	3,199,796	3,247,949
<b>OPERATING EXPENSES:</b>										
Management Fee:	110,260	113,601	117,018	118,780	120,568	122,383	124,225	126,094	127,992	129,918
Personnel Costs:	380,000	389,500	399,238	409,218	419,449	429,935	440,683	451,701	462,993	474,568
Administrative:	100,000	102,500	105,063	107,689	110,381	113,141	115,969	118,869	121,840	124,886
Repairs & Maintenance:	175,000	179,375	183,859	188,456	193,167	197,996	202,946	208,020	213,221	218,551
Building Services:	140,000	143,500	147,088	150,765	154,534	158,397	162,357	166,416	170,576	174,841
Utilities:	327,333	335,517	343,904	352,502	361,315	370,347	379,606	389,096	398,824	408,794
Solar Reduction:										
Real Estate Taxes:	29,732	30,475	31,237	32,018	32,818	33,639	34,480	35,342	36,225	37,131
Insurance:	68,326	70,034	71,785	73,580	75,419	77,305	79,237	81,218	83,249	85,330
Capital Reserves:	84,300	86,408	88,568	90,782	93,051	95,378	97,762	100,206	102,711	105,279
Total Operating Expenses	1,414,950	1,450,909	1,487,759	1,523,789	1,560,702	1,598,521	1,637,266	1,676,962	1,717,631	1,759,298
<b>NET OPERATING INCOME</b>	1,341,539	1,389,123	1,437,700	1,445,708	1,453,493	1,461,044	1,468,348	1,475,393	1,482,165	1,488,651
Loan Interest	(703,800)	(691,766)	(679,221)	(666,143)	(652,509)	(638,295)	(623,477)	(608,030)	(591,926)	(575,137)
Loan Amortization	(283,147)	(295,181)	(307,726)	(320,804)	(334,438)	(348,652)	(363,470)	(378,917)	(395,021)	(411,810)
Cash Flow	354,592	402,176	450,753	458,761	466,546	474,097	481,401	488,446	495,218	501,704
Non Profit Fee (HDP)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Net Cash Flow	324,592	372,176	420,753	428,761	436,546	444,097	451,401	458,446	465,218	471,704
DCR	1.36	1.41	1.46	1.46	1.47	1.48	1.49	1.49	1.50	1.51
Purchase Price/Value	20,700,000									
Loan Amount	16,560,000	16,276,853	15,981,672	15,673,946	15,353,142	15,018,704	14,670,052	14,306,582	13,927,665	13,532,644
Debt Yield	8.1%	8.5%	9.0%	9.2%	9.5%	9.7%	10.0%	10.3%	10.6%	11.0%
Cap Rate	6.5%	6.7%	6.9%	7.0%	7.0%	7.1%	7.1%	7.1%	7.2%	7.2%

