ECONOMIC OPPORTUNITY REPORT

California Government Code
Section 52201

PURSUANT TO PROPOSED
GROUND LEASE DISPOSITION AGREEMENT
AND
GROUND LEASE
BETWEEN
THE CITY OF SAN DIEGO,
AND
101 ASH VENTURE LP

City of San Diego, California

July 2025

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I. INTRODUCTION

A. Purpose of Report

This Economic Opportunity Report (Report) was prepared in accordance with Section 52201 of the California Government Code in order to inform the City Council of the City of San Diego (City) and the public of the terms of the City's proposed Ground Lease Disposition Agreement and Ground Lease (collectively, Agreement) for the lease of certain real property to 101 Ash Venture, LP (Developer) for construction of an affordable housing development. This report is based on the KMA review of the draft Agreement as of July 10, 2025, supplemented by discussions with City staff and the City Attorney's office. Should the terms and conditions contained in the final Agreement differ from those considered herein, the KMA conclusions presented herein may no longer be valid.

The property is located at 101 Ash Street in the Civic Center area of Downtown San Diego. The site is occupied by an existing vacant 21-story office building (Property). The proposed development will result in an economic opportunity as defined in Government Code Section 52200.2. This Report describes and specifies information in compliance with Government Code Section 52201(a)(2)(B)(i) through (iv), as follows:

(1) The costs to be incurred by the City under the Agreement;

(2) The estimated value of the interest to be conveyed by the City to the Developer pursuant to the proposed Agreement determined at the highest and best use permitted under the General Plan or zoning;

(3) The estimated value of the interest to be conveyed at the proposed use and with the conditions, covenants, and development costs pursuant to the proposed Agreement;

(4) The compensation to be paid to the City pursuant to the proposed transaction;

(5) An explanation of the difference, if any, between the compensation to be paid to the City under the proposed transaction, and the fair market value at the highest and best use consistent with the Genera Plan; and

(6) An explanation of why the lease of the Property will assist in the creation of economic opportunity.

B. Summary of Findings

Keyser Marston Associates, Inc. (KMA) was engaged by the City to analyze the financial terms contained in the proposed Agreement. KMA reviewed the draft Agreement under discussion between the City and the Developer as of the date of this Report.

The KMA conclusions are summarized as follows:

- The estimated costs of the Agreement to the City total $96,139,000.

- The estimated fair market value of the interest to be conveyed at its highest and best use is $3,940,000.

- The estimated re-use value of the interest to be conveyed is $0.

- The effective compensation to be received by the City over the term of the Ground Lease is $3,565,000. If the value of the Property reversion to the City at the end of the Ground Lease term in Year 60 is included, the adjusted total value to the City is $6,806,000.

C. Description of Property

The Property is located at 101 Ash Street in the Civic Center area of Downtown San Diego. The Property is improved with a 21-story high-rise office building that originally opened in 1968. The City of San Diego entered a lease-to-own agreement for the Property in 2017; however, City staff did not occupy the building until late 2019 as a result of stop-work orders issued by the County. Due to the presence of asbestos containing materials (ACMs) that were disturbed in the building, the building was vacated in 2020 and has remained unoccupied since. The City acquired fee simple title to the Property in July 2022 as part of a legal settlement. It has been determined that in order for the building to be occupied once again it must undergo ACM abatement or removal.

D. Proposed Project

As presented in Table 1, under the Developer's conceptual plans, the proposed Project is planned as an adaptive reuse to a 250-unit affordable housing development. The units will comprise 68 studios, 52 one-bedroom units, 68 two-bedroom units, and 62 three-bedroom units, with an overall average size of 743 square feet (SF). Two hundred and forty-seven (247) units will be affordable to Extremely Low-, Very Low-, and Low-Income households earning between 30% and 80% of Area Median Income (AMI), with an overall average affordability of 60% AMI. Three (3) units will be reserved as manager units. The Project will include 4,000 SF of childcare space and 25,000 SF of food and beverage retail space. The Project will provide a total of 240 parking spaces.

E. Proposed Transaction Terms

The following summarizes the salient aspects of the proposed Agreement.

- The City will lease the Property to the Developer for a term of 60 Years (Ground Lease Term).

- The City and Developer will enter into a promissory note (City Note), secured by a deed, in amount of $45,600,000 tied to the estimated value of the existing vacant office building. The Developer is obligated to repay the City Note with 4.0% simple interest on the unpaid principal balance on or before the earlier of the 55th anniversary of the Occupancy Date or the Expiration Date of Ground Lease Term.

- The Developer will make payments to the City on the City Note in an amount equal to fifty percent (50%) of the Residual Receipts from operation of the Project.

- The Developer will pay annual ground rent to the City based on two separate and distinct components:

  1. A mandatory fixed annual amount of $15,000 with annual increases equal to the greater of three percent (3%) or the Consumer Price Index (CPI).

  2. Upon completion of repayment of all principal and interest on the City Note, a Residual Receipts Rent in an amount equal to fifty percent (50%) of the Residual Receipts.

- In addition to any other form of rent, the Developer will pay the City an amount equal to two percent (2%) of net transfer proceeds or net refinancing proceeds upon the occurrence of a Capital Event.

- The Developer will receive both an upfront cash fee and a deferred fee for its work on the Project. The Deferred Developer Fee is estimated at $28,901,000 and will be paid to the Developer on a deferred basis from Project cash flow.

- The Developer will construct 247 affordable units and three (3) manager units.

- Affordability restrictions on the 247 units will remain in effect for a term of 55 years.

- A minimum of 25,000 square feet (SF) of retail space will be constructed and operated as part of the Project.

- A minimum of 4,000 SF of childcare space will be constructed and operated as part of the Project. To the extent the space is used as a childcare center, the Developer will use commercially reasonable efforts to contract with a qualified third party to manage a childcare center for children aged 0 through 5.

- The Developer must comply with the terms agreed upon in the Project Labor Agreement (PLA) with the San Diego County Building & Construction Trades Council dated July 1, 2025.

- It will be the responsibility of the Developer to ensure that the applicable City zoning and land use requirements permit development of the proposed Project.

- The Developer will be responsible for all development costs associated with the construction of the Project.

- The Developer assumes all risk for securing the funding sources necessary for development of the Project.

- It is the responsibility of the Developer to conform to all applicable Federal and State labor laws, including requirements, if any, to pay prevailing wages.

- The Developer will be responsible for performance of all associated asbestos removal, management, remediation, and/or containment and all costs associated with such activities.

- Developer will indemnify the City against all claims made on or after the Commencement Date arising from, or relating to, the existence of asbestos and the Developer's use or occupancy of the building.

II. COSTS OF THE AGREEMENT TO THE CITY

This section identifies the estimated costs of the Agreement to the City. According to City records, the City acquired the Property in 2022 for an acquisition price of $86,000,000. The City anticipates expenditures for building maintenance during the period from 2022 to projected close of escrow in 2026 totaling approximately $9,747,000. Additionally, the City has incurred administrative costs (estimated at $166,000) and third-party consultant costs (estimated at $226,000) to undertake developer solicitation, proposal evaluation, and transaction structuring for the proposed Project. These figures are summarized in the following table.

Costs of the Agreement to the City	
City Acquisition	$86,000,000
Maintenance Costs through 2026	$9,747,000
Administrative Costs	$166,000
Other Third-Party Costs (1)	$226,000
Total Costs of the Agreement to the City	**$96,139,000**
(1) Includes appraisal and economic consulting costs for evaluation and negotiation of NOA responses, and subsequent evaluation and negotiation of unsolicited proposals.	

As shown above, the total costs of the Agreement to the City are estimated to be $96,139,000.

III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE GENERAL PLAN OR ZONING

This section presents an analysis of the fair market value of the Property at its highest and best use. In appraisal terminology, the highest and best use is the use of the Property that generates the highest property value and is physically possible, financially feasible, and legally permitted. Therefore, value at highest and best use is based solely on the value created and not on whether or not that use carries out the economic opportunity or affordable housing goals and policies for the City. As described below, KMA finds the fair market value of the Property at its highest and best use to be $3,940,000.

A. Physical and Regulatory Factors affecting Development of the Property

The Property is located in the Centre City Planned District (CCPD) and is in the Core district (CCPD-CORE). The CCPD-CORE zone allows for a diverse mix of uses including residential, commercial, office, and hotel.

The Property is also subject to the following designations:

- *Downtown Community Plan* – has a minimum base Floor Area Ratio (FAR) of 5.0 and a base maximum FAR of 8.0; density bonuses and incentives allow for a maximum FAR of 10.0.

- *Complete Communities: Housing Solutions* – located in Tier 1 which does not limit FAR, thereby overriding the density allowed under the Downtown Community Plan.

B. Property Valuation

The City contracted independent real estate appraiser Colliers International Valuation & Advisory Services (Colliers) to prepare an appraisal of the Property. The appraiser estimated the market value of the Property in as-is condition (final appraisal date of value June 12, 2025). The Colliers report utilized the income approach and land sales comparison approach. This analysis determined the Property's highest and best use is as a teardown/redevelopment site and therefore the land sales comparison conclusion informs the final valuation. The appraiser's estimate of value accounts for the value of the land offset by demolition and abatement costs of the existing building. The appraiser concludes the as-is fee simple market value of the Property to be $3,940,000, or $66 per SF of land. On this basis, then, KMA concludes that the fair market value of the Property at its highest and best use is $3,940,000.

C. Developer's Building Valuation Estimate for Low Income Housing Tax Credit Purposes

The City Note of $45,600,000 reflects the value of the existing improvements on the Property, exclusive of the underlying land value, as determined by a separate appraisal commissioned by the Developer. The

Developer’s appraisal, prepared by BBG Real Estate Services (dated June 10, 2025), relies on the cost approach to value the existing building. This is consistent with the requirement in California Tax Credit Allocation Committee (TCAC) guidelines, which stipulates the use of the cost approach in appraising an existing office building proposed for adaptive re-use as affordable housing. The cost approach does not consider the market or financial feasibility of renovating the building for office, residential, or any other use. As a result, it yields a higher value conclusion. The two appraisals were prepared for different purposes, under different guidelines. These guidelines do not pertain to the City’s appraisal and the City’s appraiser, in his professional judgement, did not consider the cost approach to be appropriate.

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENT

This section explains the principal conditions and covenants which the Developer of the Property must meet in order to comply with the Agreement. The Agreement imposes specific covenants, conditions, and development costs designed to ensure that the conveyance of the Property will be carried out in a manner to achieve the City's objectives, standards, and criteria.

Re-use value is defined as the highest price in terms of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the Agreement. KMA prepared a residual value analysis to estimate the fair re-use value supported by the Project. Based on a detailed financial feasibility analysis of the Project, KMA concludes that the re-use value of the Property is $0.

KMA reviewed and analyzed the financial pro forma submitted by the Developer for the Project. Tables 2 through 5 present the KMA residual value analysis for the proposed Project.

A. Estimated Development Costs

Table 2 summarizes the estimated development costs for the Project. KMA finds the assumptions used by the Developer to estimate the Project's development costs to be reasonable and within industry standards.

Total development costs for the Project, excluding acquisition, are estimated at $221,962,000, or $814 per SF of gross building area (GBA). Total development costs consist of the following:

- Direct construction costs, such as demolition and removal of asbestos; on-site improvements and landscaping; residential and commercial rehabilitation; commercial tenant improvements; furniture, fixtures, and equipment (FF&E) and amenities; and contingency. Total direct costs are estimated to be $157,375,000, or $577 per SF GBA, including the payment of prevailing wages.

- Indirect costs, such as architecture and engineering; permits and fees; legal and accounting; taxes and insurance; developer fee; marketing/lease-up; and contingency. Total indirect costs are estimated to be $42,253,000, or 26.8% of direct costs.

- Financing costs, such as loan fees; interest during construction/lease-up; title, recording, and escrow; TCAC/syndication fees; and operating lease-up/reserves. Total financing costs are estimated at $22,334,000, or 14.2% of direct costs.

- Based on these assumptions, total development costs for the proposed Project are estimated at $221,962,000, as shown in the following chart.

Estimated Development Costs	
Direct Costs	$157,375,000
Indirect Costs	$42,253,000
Financing Costs	$22,334,000
Total Development Costs	**$221,962,000**

B. Net Operating Income

Residential

Table 3 presents an estimate of the Residential Net Operating Income (NOI) for the Project, based on the following proposed affordability mix.

Area Median Income (AMI)	Number of Units
Units at 30% AMI	25 Units
Units at 40% AMI	38 Units
Units at 60% AMI	71 Units
Units at 70% AMI	75 Units
Units at 80% AMI	38 Units
Manager Units	3 Units
Total Units	**250 Units**

The proposed affordability mix results in an average affordability for the Project (excluding the manager units) of 60% AMI. Other key assumptions used to determine stabilized NOI for the proposed Project are listed below:

- The affordable rents have been escalated by 6.0% to estimate affordable rents in 2026.

- Other income, such as application fees, laundry, and vending has been estimated at an average of $30 per unit per month.

- A vacancy factor of 5.0% is assumed.

- Operating expenses are projected to be approximately $7,100 per unit per year. These expenses include payroll, utilities, repairs and maintenance, insurance, contract services, administration, and property management.

- Total expenses have been estimated at an average of approximately $7,900 per unit per year. In addition to the operating expenses listed above, these consist of security, tenant services, property assessments, replacement reserves, monitoring fees, and bond issuer fees.

- The Developer is required to pay the City a mandatory annual ground lease payment of $15,000 which is subject to an annual increase equal to the greater of three percent (3%) per annum or the CPI increase attributable to the preceding year.

KMA finds the assumptions used by the Developer to estimate Residential NOI to be reasonable relative to industry standards and comparable affordable apartment financial parameters in San Diego. Based on these assumptions, Residential NOI for the proposed Project at stabilization is estimated at $4,380,000, as shown in the following table.

Residential Net Operating Income	
Gross Scheduled Income	$6,708,000
(Less) Vacancy	($331,000)
Effective Gross Income	$6,377,000
(Less) Operating Expenses	($1,982,000)
Stabilized Annual NOI	**$4,395,000**
(Less) Mandatory Ground Lease Payment to City	($15,000)
Adjusted Stabilized Annual NOI	**$4,380,000**

Commercial

Table 4 presents an estimate of the Commercial NOI for the Project. The Developer has estimated Commercial NOI based on the following parameters:

- 26,000 SF of food and beverage operation is estimated to achieve triple-net (NNN) rent of $3.07 per SF per month.

- 4,000 SF of childcare space is assumed to collect $0 rent.

- A vacancy factor of 10.0% is assumed.
- Unreimbursed expenses are projected to be approximately 5.6% of Effective Gross Income (EGI).

KMA finds the assumptions used by the Developer to estimate Commercial NOI to be reasonable relative to industry standards and comparable commercial space financial parameters in Central San Diego. Based on these assumptions, Commercial NOI for the proposed Project at stabilization is estimated at $815,000, as shown below.

Commercial Net Operating Income	
Gross Scheduled Income	$959,000
(Less) Vacancy	($96,000)
Effective Gross Income	$863,000
(Less) Unreimbursed Expenses	($48,000)
Stabilized Annual NOI	**$815,000**

C. Sources of Funds

As shown in Table 5, the Developer estimates achievable funding sources for the Project comprised of the following:

Sources of Funds	
Supportable Permanent Loan	$63,393,000
B Bond	$3,650,000
Tax Credit Equity Investment – LIHTC	$87,838,000
Tax Credit Equity Investment – Historic	$36,142,000
Deferred Developer Fee	$28,901,000
Income During Lease-Up	$2,038,000
Total Sources of Funds (Rounded)	**$221,962,000**

The Developer will apply to the State of California for a tax-exempt bond allocation and 4% Low Income Housing Tax Credits (LIHTC).

The Developer will apply for a historic designation and subsequently apply for Federal historic tax credits.

The Developer will defer approximately 88% of their Developer Fee, or $28,901,000. Repayment of the Deferred Developer Fee will come from Residual Receipts in Years 1-15, with payoff of any outstanding balance upon refinancing of the Project, estimated to occur at Year 15.

The total funding sources of $221,962,000 represent reasonable estimates of the maximum amounts available for each funding source. The Developer bears the risk of pursuing these funding sources to ensure financial feasibility of the Project.

D. Residual Value

Table 5 also presents the KMA estimate of residual value for the Property. The residual value can be estimated as the difference between total available funding sources and total development costs. The comparison of total funding sources and total development costs yields a residual value for the Property of $0, as shown below.

Residual Value	
Total Sources of Funds	$221,962,000
(Less) Total Development Costs – Excluding Acquisition	($221,962,000)
Residual Value	**$0**

E. Conclusion

Based on the foregoing analysis, KMA concludes that the fair re-use value of the Property is $0.

V. COMPENSATION WHICH THE DEVELOPER WILL BE REQUIRED TO PAY

This section summarizes the total compensation to be paid by the Developer to the City for the Property.

A. Developer Compensation to City

Tables 6 and 7 present the KMA projection of the Project's annual cash flow, refinancing proceeds, and Residual Receipts payments to the City. The cash flow projections illustrate the following payment streams to the City:

- The Developer is required to pay Ground Rent to the City of $15,000 annually, subject to an annual increase equal to the greater of three percent (3%) per annum or the CPI increase attributable to the preceding year.

- The Developer is obligated to repay the City Note of $45,600,000 in the form of 50% of Residual Receipts from the Project.

- Upon completion of repayment of all principal and interest on the City Note, the Developer is obligated to pay the City a Residual Receipts Rent in an amount equal to fifty percent (50%) of the residual receipts.

- The Developer will pay the City an amount equal to two percent (2%) of the Net Transfer Proceeds or two percent (2%) of the Net Refinancing Proceeds upon the occurrence of a Capital Event. The Developer will likely be required to refinance the Project at Year 15, thereby triggering a Capital Event Payment to the City.

The following chart summarizes the estimated total compensation to be paid to the City by the Developer on both a future dollar and present value basis.

Compensation to City from Developer		
	Total Future Dollars	**Net Present Value** (1)
Mandatory Ground Rent Payments, Years 1-60	$2,277,000	$210,000
Residual Receipts Payments, Years 1-60	$86,383,000	$2,944,000
Year 15 Capital Event Payment (2)	$1,559,000	$411,000
Total Compensation to City from Developer	**$90,219,000**	**$3,565,000**

(1) Reflects Net Present Value of figures assuming a 10.0% discount rate.
(2) Assumes that Developer will refinance the Project following Year 15.

On this basis, then, KMA concludes that the compensation paid to the City from the Developer for the interest to be conveyed over the term of the Ground Lease is $3,565,000.

B. Reversion Value to City

The City will receive the reversion value of the Property when the Ground Lease expires in Year 60; the affordability covenants are expected to expire prior to Lease Year 60, i.e., after 55 years of Project operations. Based on an analysis of recent market-rate apartment building transactions in Downtown San Diego, KMA established a per-unit market-rate valuation of $550,000 in 2025 dollars for the Project. Applying a 3% annual escalation rate over the 60-year lease term, the value at reversion increases to approximately $2,965,000 per unit in Year 60 dollars. When discounted back to 2025 using a 10% discount rate, the estimated present value of the future reversion value of the Property is approximately $3,241,000. The following presents the adjusted total value to the City.

Adjusted Total Value to City (1)	
Compensation to City from Developer	$3,565,000
Reversion Value in Year 60	$3,241,000
Adjusted Total Value to City	**$6,806,000**
(1) Reflects Net Present Value of figures assuming a 10.0% discount rate.	

On this basis, then, KMA concludes that the adjusted total value to the City is $6,806,000.

VI. EXPLANATION OF THE DIFFERENCE, IF ANY, BETWEEN THE COMPENSATION TO BE PAID TO THE CITY BY THE PROPOSED TRANSACTION AND THE FAIR MARKET VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE

The fair market value of the interest to be conveyed at its highest and best use is estimated to be $3,940,000.

The compensation to be paid to the City pursuant to the Agreement over the term of the Ground Lease is projected to be $3,565,000.

Factors affecting the difference in compensation to the City ($3,565,000) and the fair market value of the interest to be conveyed at highest and best use ($3,940,000) include:

- The Project will be developed on a long-term ground lease as opposed to fee simple ownership.

- The Developer will be obligated to undertake a full building rehabilitation of the Property, including performance of all asbestos removal, management, remediation, and/or containment and all costs associated with such activities. By contrast, the estimate of fair market value at highest and best use is based on the assumption that the building is demolished for land value as stated in the appraisal.

- The Project will be developed subject to a PLA and prevailing wage requirement.

- The Property will be subject to land use restrictions and long-term affordability covenants restricting its use solely as permitted in the Agreement.

- The Project is proposed to receive subsidies from the Federal LIHTC and historic tax credit programs. These funding sources impose specific covenants and restrictions on development and operation of the Project.

VII. EXPLANATION OF WHY THE CONVEYANCE OF INTEREST WILL ASSIST WITH ECONOMIC OPPORTUNITY

The Property, in its current condition, represents an underutilized use of City-owned property. Redevelopment of the Property will provide significant and measurable public benefits to the City, consistent with the definition of "economic opportunity" set forth in California Government Code Section 52200.2 as described below.

- **Employment Generation:** The Project will generate prevailing wage construction jobs during the rehabilitation process and create permanent commercial and property management positions upon completion. Ground-floor commercial space will also serve Civic Center workers and surrounding businesses, while improving safety and impacting economic opportunity in Downtown.

- **Affordable Housing:** The Project will deliver affordable family housing for Extremely Low, Very Low, and Low income households.

- **Community Amenity:** The Project will incorporate a childcare facility.

- **Tax Revenues:** The ground floor commercial space will generate sales tax and new assessed value resulting in property tax revenues to the City.

- **Sustainability:** Given its in-fill location, adaptive re-use nature, and proximity to transit routes, the Project will reduce construction and operation related carbon emissions and contribute to the City's climate action goals.

- **Long-Term Ownership:** The Project will be developed on a ground lease, with property interest reversion to the City at the end of the 60-year term.

VIII. LIMITING CONDITIONS

The estimates of re-use value and fair market value at the highest and best use contained in this Economic Opportunity Report assume compliance with the following assumptions:

1. The title of the Property is good and marketable; no title search has been made, nor have we attempted to determine the ownership of the Property. The value estimates are given without regard to any questions of title, boundaries, encumbrances, liens, or encroachments. It is assumed that all assessments, if any, are paid.

2. Information provided by such local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others was considered in light of its source, and checked by secondary means.

3. If an unforeseen change occurs in the economy, the conclusions herein may no longer be valid.

4. Both parties are well informed and well advised and each is acting prudently in what he/she considers his/her own best interest.

5. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).

6. KMA is not acting as a Municipal Advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.

7. The City shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

TABLE 1

PROJECT DESCRIPTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

I.	**Site Area**	1.21	Acres [(1)]				
II.	**Gross Building Area**						
	Net Residential Area	185,678	SF	77%			
	Common Areas/Circulation	54,993	SF [(2)]	23%			
	Residential Gross Building Area	240,671	SF	100%			
	Add: Commercial Area [(3)]	30,000	SF				
	Add: Commercial Circulation	2,000	SF				
	Total Gross Building Area	272,671	SF [(4)]				
III.	**Construction Type**	High-Rise/Adaptive-Re-use					
IV.	**Number of Stories**	21	Stories				
V.	**Target Population**	Families and Transitional Aged Youth (TAY)					
VI.	**Unit Mix**	Number of Units			Average Unit Size		
	Studio	68	Units	27%	381	SF	
	One Bedroom	52	Units	21%	668	SF	
	Two Bedroom	68	Units	27%	813	SF	
	Three Bedroom	62	Units	25%	1,125	SF	
	Number of Units	250	Units	100%	743	SF	
VII.	**Affordability Mix**						
	Units @ 30% AMI	25	Units	10%			
	Units @ 40% AMI	38	Units	15%			
	Units @ 60% AMI	71	Units	28%			
	Units @ 70% AMI	75	Units	30%			
	Units @ 80% AMI	38	Units	15%			
	Manager	3	Units	1%			
	Total/Average	250	Units	100%			
	Average Affordability	60%	of AMI				
VIII.	**Parking**	Podium/Subterranean					
		240	Spaces	0.96	Spaces/unit		

(1) Source: Scoutred.com
(2) Imputed by KMA.
(3) Includes 4,000-SF child care center.
(4) Total gross building area estimate per Developer submittal. Not verified by KMA or City of San Diego.

TABLE 2

ESTIMATED DEVELOPMENT COSTS
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Totals	Per Unit	Comments	
I.	**Direct Costs** (1)(2)				
	Off-Site Improvements (3)	$0	$0	$0	Per SF Site
	Demolition/Abatement	$40,702,874	$162,811	$772	Per SF Site
	On-Sites/Landscaping	$2,753,225	$11,013	$52	Per SF Site
	Parking	$0	$0	$0	Per Space
	Rehabilitation - Residential	$66,967,767	$267,871	$246	Per SF GBA
	Rehabilitation - Commercial	$3,460,738	$13,843	$108	Per SF Commercial
	Tenant Improvements	$4,000,000	$16,000	$125	Per SF Commercial
	FF&E/Amenities	$450,000	$1,800		Allowance
	Contingency	$20,540,890	$82,164	17.4%	of Directs
	Subtotal Direct Costs	$138,875,494	$555,502	$509	Per SF GBA
	Add: Prevailing Wages	$18,500,000	$74,000	13.3%	of Directs
	Total Direct Costs	$157,375,494	$629,502	$577	Per SF GBA
II.	**Indirect Costs**				
	Architecture & Engineering	$3,201,030	$12,804	2.0%	of Directs
	Permits & Fees (3)	$2,910,000	$11,640	$11	Per SF GBA
	Legal & Accounting	$1,015,000	$4,060	0.6%	of Directs
	Taxes & Insurance	$1,500,000	$6,000	1.0%	of Directs
	Developer Fee	$32,683,054	$130,732	20.8%	of Directs
	Marketing/Lease-Up - Residential	$100,000	$400		Allowance
	Marketing/Lease-Up - Commercial	$420,000	$1,680	$13	Per SF Commercial
	Contingency	$424,052	$1,696	1.0%	of Indirects
	Total Indirect Costs	$42,253,136	$169,013	26.8%	of Directs
III.	**Financing Costs**				
	Loan Fees	$3,955,374	$15,821	2.5%	of Directs
	Interest During Construction	$16,329,142	$65,317	10.4%	of Directs
	Interest During Lease-Up	$0	$0		Included above
	Title/Recording/Escrow	$100,000	$400	0.1%	of Directs
	TCAC Fees	$269,000	$1,076	0.2%	of Directs
	Operating Lease-Up/Reserves	$1,680,137	$6,721	1.1%	of Directs
	Total Financing Costs	$22,333,653	$89,335	14.2%	of Directs
IV.	**Total Costs - Excl. Acquisition**	**$221,962,000**	**$887,848**	**$814**	**Per SF GBA**
V.	**Add: Acquisition Costs** (4)	$45,600,000	$182,400	$167	Per SF GBA
VI.	**Total Costs - Incl. Acquisition**	**$267,562,000**	**$1,070,248**	**$981**	**Per SF GBA**

(1) Includes the payment of prevailing wages.
(2) Includes pro rata share of general conditions and contractor fee.
(3) Estimate; not verified by KMA or the City of San Diego.
(4) Reflects value of existing improvements based on cost approach, per draft appraisal by BBG Real Estate Services dated June 10, 2025.

TABLE 3

NET OPERATING INCOME - RESIDENTIAL
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

I. Gross Scheduled Income		Compliant with H&SC [1]	# of Units	Total $/Month [2]	Total Annual
Studio	@ 30% AMI	Yes	7	$868	$72,912
Studio	@ 40% AMI	Yes	10	$1,158	$138,960
Studio	@ 60% AMI	No	20	$1,737	$416,880
Studio	@ 70% AMI	No	21	$2,026	$510,552
Studio	@ 80% AMI	No	10	$2,316	$277,920
One Bedroom	@ 30% AMI	Yes	5	$930	$55,800
One Bedroom	@ 40% AMI	Yes	8	$1,240	$119,040
One Bedroom	@ 60% AMI	No	15	$1,860	$334,800
One Bedroom	@ 70% AMI	No	15	$2,170	$390,600
One Bedroom	@ 80% AMI	No	8	$2,481	$238,176
One Bedroom	Manager	--	1	$0	$0
Two Bedroom	@ 30% AMI	Yes	7	$1,116	$93,744
Two Bedroom	@ 40% AMI	Yes	10	$1,489	$178,680
Two Bedroom	@ 60% AMI	No	18	$2,233	$482,328
Two Bedroom	@ 70% AMI	No	20	$2,605	$625,200
Two Bedroom	@ 80% AMI	No	11	$2,978	$393,096
Two Bedroom	Manager	--	2	$0	$0
Three Bedroom	@ 30% AMI	Yes	6	$1,290	$92,880
Three Bedroom	@ 40% AMI	Yes	10	$1,720	$206,400
Three Bedroom	@ 60% AMI	No	18	$2,580	$557,280
Three Bedroom	@ 70% AMI	No	19	$3,010	$686,280
Three Bedroom	@ 80% AMI	No	9	$3,441	$371,628
Total/Average			250	$2,081	$6,243,156
Add: Escalation to Year 2026 Rents @			6.0%	of Income	$374,589
Adjusted Residential Income					$6,617,745
Add: Other Income			$30	/Unit/Month	$90,107
Total Gross Scheduled Income (GSI)					$6,707,852
II. Effective Gross Income (EGI)					
(Less) Vacancy			5.0%	of GSI [3]	($330,887)
Total Effective Gross Income (EGI)					$6,376,965

TABLE 3

NET OPERATING INCOME - RESIDENTIAL
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

II.	**Effective Gross Income (EGI)**			$6,376,965
III.	**Operating Expenses**			
	(Less) Operating Expenses [4]	$7,053	/Unit/Year	($1,763,222)
	(Less) Security	$100	/Unit/Year	($25,000)
	(Less) Tenant Services	$88	/Unit/Year	($22,085)
	(Less) Property Taxes/Assessments [5]	$0	/Unit/Year	$0
	(Less) Replacement Reserves	$300	/Unit/Year	($75,000)
	(Less) Monitoring Fee	$158	/Unit/Year	($39,375)
	(Less) Bond Issuer Fees	$229	/Unit/Year	($57,349)
	Total Expenses	$7,928	Unit/Year	($1,982,031)
		31.1%	of EGI	
IV.	**Net Operating Income (NOI) - Residential**			**$4,394,900**
V.	**(Less) Ground Rent Payment to City**			($15,000)
VI.	**NOI - Residential - After Ground Rent Payment to City**			**$4,379,900**

(1) Per SLA, 15% of units must be in compliance with Health and Safety Code (H&SC) Low Income rents. Sixty-three (63) units, or 25%, are in compliance with H&SC rents.

(2) Reflects 2025 Tax Credit Allocation Committee (TCAC) gross rents. Developer to pay all utilities.

(3) Excludes other income.

(4) Includes property management fee of $217,202, or approximately $72/unit/month.

(5) Assumes that project will qualify for property tax welfare exemption.

TABLE 4

NET OPERATING INCOME - COMMERCIAL
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	SF	Rent/SF		Total Annual
I. Gross Scheduled Income (GSI)				
Food/Beverage Operation	26,000	$3.07	/SF/Month/NNN	$959,000
Child Care	4,000	$0.00	/SF/Month/NNN	$0
Total	30,000	$2.66	/SF/Month/NNN	$959,000
II. (Less) Vacancy		10.0%	of GSI	($95,900)
III. Total Effective Gross Income (EGI)				$863,100
(Less) Unreimbursed Expenses		5.6%	of EGI	($47,950)
IV. Net Operating Income (NOI) - Commercial		**$2.26**	**/SF/Month**	**$815,150**

TABLE 5

FINANCING DEFICIT
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Total	Per Unit
I.	**Sources of Funds**		
	Supportable Permanent Loan [1]	$63,393,000	$254,000
	B Bond [2]	$3,650,000	$15,000
	Tax Credit Equity Investment - LIHTC [3]	$87,838,000	$351,000
	Tax Credit Equity Investment - Historic [4]	$36,142,000	$145,000
	Deferred Developer Fee [5]	$28,901,000	$116,000
	Income During Lease-Up	$2,038,000	$8,000
	Total Sources of Funds	$221,962,000	$888,000
II.	**(Less) Development Costs - Excl. Acquisition**	($221,962,000)	($888,000)
III.	**Residual Value**	**$0**	**$0**
IV.	**(Less) Acquisition Costs**	($45,600,000)	($182,000)
V.	**Financing Deficit**	**($45,600,000)**	**($182,000)**

VI.	**Proposed Sources of Funds**		
	City Note	$45,600,000	$182,000
	Total	**$45,600,000**	**$182,000**

TABLE 5 (CONT'D.)

FINANCING DEFICIT
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

(1) Supportable Permanent Loan		
NOI (Residential and Commercial)		$5,195,050
Interest Rate		6.50%
Term (years)		40
Debt Coverage Ratio		1.17
Annual Debt Service		$4,453,692
Supportable Permanent Loan		$63,393,404
(2) B Bond		Principal and interest (7.0%) balloon payoff at Year 15
(3) Low Income Housing Tax Credits		
Estimate of Eligible Basis:		
Total Development Costs		$257,013,424
(Less) Ineligible Costs	3%	($6,443,341)
(Less) Historic Tax Credit Basis		($42,029,667)
Eligible Basis		$208,540,416
Acquisition Basis	25%	$52,440,000
Rehabilitation Basis	75%	$156,100,416
Eligible Basis	100%	$208,540,416
Tax Credit Proceeds:		
Acquisition Basis	100.0%	$52,440,000
Impacted Bonus Factor (Rehab. Basis)	130.0%	$202,930,541
Total Acquisition and Rehab. Basis		$255,370,541
Tax Credit Rate	4.0%	$10,214,822
Total Tax Credits @	10	$102,148,216
Limited Partner Share	99.99%	$102,138,001
Tax Credit Equity Investment @	86.0%	$87,838,681
(4) Tax Credit Equity Investment - Historic		
Adjusted Qualified Basis		$210,148,335
Tax Credit Rate @	20.0%	$42,029,667
Limited Partner Share	99.99%	$42,025,464
Tax Credit Equity Investment @	86.0%	$36,141,899
(5) Estimate of Deferred Developer Overhead Fee		
Eligible Basis		$208,540,416
Add: Historic Tax Credit Basis		$42,029,667
Adjusted Eligible Basis		$250,570,083
(Less) Developer Fee		($32,683,054)
Unadjusted Eligible Basis		$217,887,029
Total Developer Overhead Fee	15.0%	$32,683,054
Deferred Developer Fee		$28,901,260
General Partner Equity Contribution		$0
Total Deferred Developer Overhead Fee	88.4%	$28,901,260
Upfront Developer Fee		$3,782,000
Per Unit		$15,000

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:		3	4	5	6	7	8
	Operating Year:		1	2	3	4	5	6
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$959,000	$980,578	$1,002,640	$1,025,200	$1,048,267	$1,071,853
	(Less) Vacancy	10.0%	($95,900)	($98,058)	($100,264)	($102,520)	($104,827)	($107,185)
II.	**Effective Gross Income (EGI)**		$863,100	$882,520	$902,376	$922,680	$943,440	$964,668
	(Less) Unreimbursed Expenses	3.0%	($47,950)	($49,389)	($50,870)	($52,396)	($53,968)	($55,587)
III.	**Net Operating Income (NOI) - Commercial**		$815,150	$833,131	$851,506	$870,284	$889,472	$909,080
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$6,617,745	$6,750,100	$6,885,102	$7,022,804	$7,163,260	$7,306,526
	Other Income	2.25%	$90,107	$92,134	$94,207	$96,327	$98,494	$100,711
	(Less) Vacancy [1]	5.0%	($330,887)	($337,505)	($344,255)	($351,140)	($358,163)	($365,327)
II.	**Effective Gross Income (EGI)**		$6,376,965	$6,504,729	$6,635,054	$6,767,991	$6,903,592	$7,041,910
	(Less) Operating Expenses [2]		($1,982,031)	($2,037,671)	($2,094,937)	($2,153,879)	($2,214,544)	($2,276,984)
III.	**Net Operating Income (NOI) - Residential**		$4,394,934	$4,467,059	$4,540,117	$4,614,112	$4,689,048	$4,764,926
	(Less) Ground Rent Payment to City	3.0%	($15,000)	($15,450)	($15,914)	($16,391)	($16,883)	($17,389)
IV.	**NOI - Residential - After City Payment**		$4,379,934	$4,451,609	$4,524,203	$4,597,721	$4,672,165	$4,747,537
C. TOTAL CASH FLOW								
I.	**Total NOI**		$5,195,084	$5,284,740	$5,375,710	$5,468,005	$5,561,637	$5,656,617
	(Less) Debt Service - Permanent Loan		($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)
	(Less) Loan Fees - Permanent Loan		($221,333)	($220,095)	($218,774)	($217,365)	($215,862)	($214,258)
	(Less) Debt Service - Refinance Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Refinance Loan		$0	$0	$0	$0	$0	$0
II.	**NOI After Debt Service**		$520,059	$610,953	$703,244	$796,948	$892,083	$988,667
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	($16,250)	($16,738)	($17,240)	($17,757)	($18,290)	($18,838)
	(Less) General Partner Fee	3.0%	($16,250)	($16,738)	($17,240)	($17,757)	($18,290)	($18,838)
	Total Asset Management Fees		($32,500)	($33,475)	($34,479)	($35,514)	($36,579)	($37,676)
IV.	**Total Cash Flow**		$487,559	$577,478	$668,764	$761,434	$855,504	$950,991
	Add: Adjusted Refinancing Proceeds		$0	$0	$0	$0	$0	$0
	Net Cash Flow		$487,559	$577,478	$668,764	$761,434	$855,504	$950,991
V.	**Developer Fee Repayment**							
	Beginning Balance		$28,901,260	$28,991,726	$28,994,083	$28,905,200	$28,721,869	$28,440,803
	Interest	2.0%	$578,025	$579,835	$579,882	$578,104	$574,437	$568,816
	(Less) Cash Flow Credit @	100%	($487,559)	($577,478)	($668,764)	($761,434)	($855,504)	($950,991)
	(Less) GP Equity Contribution		$0	$0	$0	$0	$0	$0
	Ending Balance		$28,991,726	$28,994,083	$28,905,200	$28,721,869	$28,440,803	$28,058,628
VI.	**Cash Flow Available for Distribution [3]**		$0	$0	$0	$0	$0	$0

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*9*	*10*	*11*	*12*	*13*	*14*
		Operating Year:	**7**	**8**	**9**	**10**	**11**	**12**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$1,095,970	$1,120,629	$1,145,843	$1,171,625	$1,197,986	$1,224,941
	(Less) Vacancy	10.0%	($109,597)	($112,063)	($114,584)	($117,162)	($119,799)	($122,494)
II.	**Effective Gross Income (EGI)**		$986,373	$1,008,566	$1,031,259	$1,054,462	$1,078,187	$1,102,447
	(Less) Unreimbursed Expenses	3.0%	($57,255)	($58,972)	($60,742)	($62,564)	($64,441)	($66,374)
III.	**Net Operating Income (NOI) - Commercial**		$929,118	$949,594	$970,517	$991,898	$1,013,747	$1,036,073
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$7,452,656	$7,601,709	$7,753,743	$7,908,818	$8,066,995	$8,228,335
	Other Income	2.25%	$102,977	$105,294	$107,663	$110,085	$112,562	$115,095
	(Less) Vacancy (1)	5.0%	($372,633)	($380,086)	($387,687)	($395,441)	($403,350)	($411,417)
II.	**Effective Gross Income (EGI)**		$7,183,000	$7,326,917	$7,473,719	$7,623,462	$7,776,207	$7,932,012
	(Less) Operating Expenses (2)		($2,341,251)	($2,407,399)	($2,475,483)	($2,545,561)	($2,617,691)	($2,691,934)
III.	**Net Operating Income (NOI) - Residential**		$4,841,749	$4,919,519	$4,998,236	$5,077,901	$5,158,515	$5,240,078
	(Less) Ground Rent Payment to City	3.0%	($17,911)	($18,448)	($19,002)	($19,572)	($20,159)	($20,764)
IV.	**NOI - Residential - After City Payment**		$4,823,838	$4,901,070	$4,979,234	$5,058,330	$5,138,357	$5,219,314
C. TOTAL CASH FLOW								
I.	**Total NOI**		$5,752,956	$5,850,664	$5,949,751	$6,050,228	$6,152,103	$6,255,387
	(Less) Debt Service - Permanent Loan		($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)	($4,453,692)
	(Less) Loan Fees - Permanent Loan		($212,546)	($210,720)	($208,772)	($206,693)	($204,474)	($202,108)
	(Less) Debt Service - Refinance Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Refinance Loan		$0	$0	$0	$0	$0	$0
II.	**NOI After Debt Service**		$1,086,718	$1,186,252	$1,287,287	$1,389,843	$1,493,937	$1,599,587
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	($19,403)	($19,985)	($20,585)	($21,203)	($21,839)	($22,494)
	(Less) General Partner Fee	3.0%	($19,403)	($19,985)	($20,585)	($21,203)	($21,839)	($22,494)
	Total Asset Management Fees		($38,807)	($39,971)	($41,170)	($42,405)	($43,677)	($44,988)
IV.	**Total Cash Flow**		$1,047,911	$1,146,281	$1,246,117	$1,347,438	$1,450,260	$1,554,599
	Add: Adjusted Refinancing Proceeds		$0	$0	$0	$0	$0	$0
	Net Cash Flow		$1,047,911	$1,146,281	$1,246,117	$1,347,438	$1,450,260	$1,554,599
V.	**Developer Fee Repayment**							
	Beginning Balance		$28,058,628	$27,571,889	$26,977,046	$26,270,469	$25,448,441	$24,507,150
	Interest	2.0%	$561,173	$551,438	$539,541	$525,409	$508,969	$490,143
	(Less) Cash Flow Credit @	100%	($1,047,911)	($1,146,281)	($1,246,117)	($1,347,438)	($1,450,260)	($1,554,599)
	(Less) GP Equity Contribution		$0	$0	$0	$0	$0	$0
	Ending Balance		$27,571,889	$26,977,046	$26,270,469	$25,448,441	$24,507,150	$23,442,693
VI.	**Cash Flow Available for Distribution (3)**		$0	$0	$0	$0	$0	$0

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:		*15*	*16*	*17*	*18*	*19*	*20*
	Operating Year:		**13**	**14**	**15**	**16**	**17**	**18**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$1,252,502	$1,280,683	$1,309,499	$1,338,962	$1,369,089	$1,399,893
	(Less) Vacancy	10.0%	($125,250)	($128,068)	($130,950)	($133,896)	($136,909)	($139,989)
II.	**Effective Gross Income (EGI)**		$1,127,252	$1,152,615	$1,178,549	$1,205,066	$1,232,180	$1,259,904
	(Less) Unreimbursed Expenses	3.0%	($68,365)	($70,416)	($72,529)	($74,705)	($76,946)	($79,254)
III.	**Net Operating Income (NOI) - Commercial**		$1,058,887	$1,082,199	$1,106,020	$1,130,362	$1,155,234	$1,180,650
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$8,392,901	$8,560,759	$8,731,974	$8,906,614	$9,084,746	$9,266,441
	Other Income	2.25%	$117,684	$120,332	$123,040	$125,808	$128,639	$131,533
	(Less) Vacancy (1)	5.0%	($419,645)	($428,038)	($436,599)	($445,331)	($454,238)	($463,322)
II.	**Effective Gross Income (EGI)**		$8,090,940	$8,253,053	$8,418,415	$8,587,091	$8,759,147	$8,934,652
	(Less) Operating Expenses (2)		($2,768,353)	($2,847,011)	($2,927,975)	($3,011,312)	($3,097,093)	($3,185,390)
III.	**Net Operating Income (NOI) - Residential**		$5,322,587	$5,406,042	$5,490,440	$5,575,779	$5,662,054	$5,749,262
	(Less) Ground Rent Payment to City	3.0%	($21,386)	($22,028)	($22,689)	($23,370)	($24,071)	($24,793)
IV.	**NOI - Residential - After City Payment**		$5,301,201	$5,384,014	$5,467,752	$5,552,409	$5,637,984	$5,724,469
C. TOTAL CASH FLOW								
I.	**Total NOI**		$6,360,087	$6,466,213	$6,573,772	$6,682,771	$6,793,218	$6,905,119
	(Less) Debt Service - Permanent Loan		($4,453,692)	($4,453,692)	($4,453,692)	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		($199,582)	($196,888)	($194,013)	$0	$0	$0
	(Less) Debt Service - Refinance Loan		$0	$0	$0	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		$0	$0	$0	($272,189)	($270,766)	($269,244)
II.	**NOI After Debt Service**		$1,706,813	$1,815,633	$1,926,067	$767,006	$878,876	$992,299
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	($23,169)	($23,864)	($24,580)	$0	$0	$0
	(Less) General Partner Fee	3.0%	($23,169)	($23,864)	($24,580)	($25,317)	($26,076)	($26,859)
	Total Asset Management Fees		($46,337)	($47,727)	($49,159)	($25,317)	($26,076)	($26,859)
IV.	**Total Cash Flow**		$1,660,476	$1,767,906	$1,876,907	$741,689	$852,800	$965,440
	Add: Adjusted Refinancing Proceeds		$0	$0	$12,233,248			
	Net Cash Flow		$1,660,476	$1,767,906	$14,110,155			
V.	**Developer Fee Repayment**							
	Beginning Balance		$23,442,693	$22,251,071	$20,928,187			
	Interest	2.0%	$468,854	$445,021	$418,564			
	(Less) Cash Flow Credit @	100%	($1,660,476)	($1,767,906)	($14,110,155)			
	(Less) GP Equity Contribution		$0	$0	($10,630,925)			
	Ending Balance		$22,251,071	$20,928,187	($3,394,330)			
VI.	**Cash Flow Available for Distribution (3)**		$0	$0	$3,394,330	$741,689	$852,800	$965,440

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*21*	*22*	*23*	*24*	*25*	*26*
		Operating Year:	**19**	**20**	**21**	**22**	**23**	**24**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$1,431,391	$1,463,597	$1,496,528	$1,530,200	$1,564,630	$1,599,834
	(Less) Vacancy	10.0%	($143,139)	($146,360)	($149,653)	($153,020)	($156,463)	($159,983)
II.	**Effective Gross Income (EGI)**		$1,288,252	$1,317,238	$1,346,875	$1,377,180	$1,408,167	$1,439,850
	(Less) Unreimbursed Expenses	3.0%	($81,632)	($84,081)	($86,603)	($89,201)	($91,877)	($94,633)
III.	**Net Operating Income (NOI) - Commercial**		$1,206,620	$1,233,157	$1,260,272	$1,287,979	$1,316,290	$1,345,217
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$9,451,770	$9,640,805	$9,833,621	$10,030,294	$10,230,900	$10,435,518
	Other Income	2.25%	$134,493	$137,519	$140,613	$143,777	$147,012	$150,319
	(Less) Vacancy (1)	5.0%	($472,589)	($482,041)	($491,681)	($501,515)	($511,545)	($521,776)
II.	**Effective Gross Income (EGI)**		$9,113,674	$9,296,283	$9,482,553	$9,672,555	$9,866,366	$10,064,061
	(Less) Operating Expenses (2)		($3,276,277)	($3,369,831)	($3,466,131)	($3,565,257)	($3,667,293)	($3,772,326)
III.	**Net Operating Income (NOI) - Residential**		$5,837,396	$5,926,452	$6,016,422	$6,107,299	$6,199,073	$6,291,735
	(Less) Ground Rent Payment to City	3.0%	($25,536)	($26,303)	($27,092)	($27,904)	($28,742)	($29,604)
IV.	**NOI - Residential - After City Payment**		$5,811,860	$5,900,150	$5,989,330	$6,079,394	$6,170,331	$6,262,131
C. TOTAL CASH FLOW								
I.	**Total NOI**		$7,018,480	$7,133,307	$7,249,603	$7,367,373	$7,486,621	$7,607,348
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($267,616)	($265,874)	($264,011)	($262,018)	($259,887)	($257,607)
II.	**NOI After Debt Service**		$1,107,288	$1,223,857	$1,342,016	$1,461,779	$1,583,158	$1,706,165
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($27,665)	($28,494)	($29,349)	($30,230)	($31,137)	($32,071)
	Total Asset Management Fees		($27,665)	($28,494)	($29,349)	($30,230)	($31,137)	($32,071)
IV.	**Total Cash Flow**		$1,079,624	$1,195,362	$1,312,667	$1,431,549	$1,552,021	$1,674,094
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution (3)**		$1,079,624	$1,195,362	$1,312,667	$1,431,549	$1,552,021	$1,674,094

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*27*	*28*	*29*	*30*	*31*	*32*
		Operating Year:	**25**	**26**	**27**	**28**	**29**	**30**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$1,635,830	$1,672,636	$1,710,271	$1,748,752	$1,788,099	$1,828,331
	(Less) Vacancy	10.0%	($163,583)	($167,264)	($171,027)	($174,875)	($178,810)	($182,833)
II.	**Effective Gross Income (EGI)**		$1,472,247	$1,505,373	$1,539,244	$1,573,877	$1,609,289	$1,645,498
	(Less) Unreimbursed Expenses	3.0%	($97,472)	($100,397)	($103,409)	($106,511)	($109,706)	($112,997)
III.	**Net Operating Income (NOI) - Commercial**		$1,374,775	$1,404,976	$1,435,835	$1,467,366	$1,499,583	$1,532,500
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$10,644,228	$10,857,113	$11,074,255	$11,295,740	$11,521,655	$11,752,088
	Other Income	2.25%	$153,702	$157,160	$160,696	$164,312	$168,009	$171,789
	(Less) Vacancy (1)	5.0%	($532,212)	($542,856)	($553,713)	($564,787)	($576,083)	($587,605)
II.	**Effective Gross Income (EGI)**		$10,265,718	$10,471,417	$10,681,238	$10,895,264	$11,113,580	$11,336,272
	(Less) Operating Expenses (2)		($3,880,443)	($3,991,737)	($4,106,300)	($4,224,230)	($4,345,626)	($4,470,591)
III.	**Net Operating Income (NOI) - Residential**		$6,385,275	$6,479,680	$6,574,938	$6,671,034	$6,767,954	$6,865,681
	(Less) Ground Rent Payment to City	3.0%	($30,492)	($31,407)	($32,349)	($33,319)	($34,319)	($35,348)
IV.	**NOI - Residential - After City Payment**		$6,354,783	$6,448,273	$6,542,589	$6,637,715	$6,733,635	$6,830,333
C. TOTAL CASH FLOW								
I.	**Total NOI**		$7,729,557	$7,853,249	$7,978,424	$8,105,081	$8,233,218	$8,362,833
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($255,168)	($252,560)	($249,770)	($246,786)	($243,594)	($240,180)
II.	**NOI After Debt Service**		$1,830,813	$1,957,113	$2,085,078	$2,214,719	$2,346,048	$2,479,077
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($33,033)	($34,024)	($35,045)	($36,096)	($37,179)	($38,294)
	Total Asset Management Fees		($33,033)	($34,024)	($35,045)	($36,096)	($37,179)	($38,294)
IV.	**Total Cash Flow**		$1,797,780	$1,923,089	$2,050,033	$2,178,623	$2,308,869	$2,440,783
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution (3)**		$1,797,780	$1,923,089	$2,050,033	$2,178,623	$2,308,869	$2,440,783

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*33*	*34*	*35*	*36*	*37*	*38*
		Operating Year:	**31**	**32**	**33**	**34**	**35**	**36**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$1,869,468	$1,911,531	$1,954,541	$1,998,518	$2,043,485	$2,089,463
	(Less) Vacancy	10.0%	($186,947)	($191,153)	($195,454)	($199,852)	($204,348)	($208,946)
II.	**Effective Gross Income (EGI)**		$1,682,521	$1,720,378	$1,759,087	$1,798,666	$1,839,136	$1,880,517
	(Less) Unreimbursed Expenses	3.0%	($116,387)	($119,879)	($123,475)	($127,179)	($130,995)	($134,925)
III.	**Net Operating Income (NOI) - Commercial**		$1,566,134	$1,600,499	$1,635,612	$1,671,487	$1,708,141	$1,745,592
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$11,987,130	$12,226,872	$12,471,410	$12,720,838	$12,975,255	$13,234,760
	Other Income	2.25%	$175,654	$179,606	$183,647	$187,779	$192,004	$196,325
	(Less) Vacancy [1]	5.0%	($599,357)	($611,344)	($623,571)	($636,042)	($648,763)	($661,738)
II.	**Effective Gross Income (EGI)**		$11,563,427	$11,795,135	$12,031,486	$12,272,575	$12,518,496	$12,769,346
	(Less) Operating Expenses [2]		($4,599,230)	($4,731,652)	($4,867,969)	($5,008,296)	($5,152,752)	($5,301,459)
III.	**Net Operating Income (NOI) - Residential**		$6,964,197	$7,063,483	$7,163,518	$7,264,279	$7,365,744	$7,467,887
	(Less) Ground Rent Payment to City	3.0%	($36,409)	($37,501)	($38,626)	($39,785)	($40,979)	($42,208)
IV.	**NOI - Residential - After City Payment**		$6,927,788	$7,025,982	$7,124,891	$7,224,494	$7,324,766	$7,425,679
C. TOTAL CASH FLOW								
I.	**Total NOI**		$8,493,922	$8,626,481	$8,760,503	$8,895,981	$9,032,907	$9,171,271
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($236,528)	($232,621)	($228,443)	($223,974)	($219,194)	($214,080)
II.	**NOI After Debt Service**		$2,613,818	$2,750,284	$2,888,484	$3,028,431	$3,170,137	$3,313,615
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($39,443)	($40,626)	($41,845)	($43,100)	($44,393)	($45,725)
	Total Asset Management Fees		($39,443)	($40,626)	($41,845)	($43,100)	($44,393)	($45,725)
IV.	**Total Cash Flow**		$2,574,375	$2,709,658	$2,846,639	$2,985,331	$3,125,744	$3,267,890
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution** [3]		$2,574,375	$2,709,658	$2,846,639	$2,985,331	$3,125,744	$3,267,890

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*39*	*40*	*41*	*42*	*43*	*44*
		Operating Year:	**37**	**38**	**39**	**40**	**41**	**42**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$2,136,476	$2,184,547	$2,233,699	$2,283,957	$2,335,346	$2,387,892
	(Less) Vacancy	10.0%	($213,648)	($218,455)	($223,370)	($228,396)	($233,535)	($238,789)
II.	**Effective Gross Income (EGI)**		$1,922,828	$1,966,092	$2,010,329	$2,055,561	$2,101,812	$2,149,102
	(Less) Unreimbursed Expenses	3.0%	($138,972)	($143,142)	($147,436)	($151,859)	($156,415)	($161,107)
III.	**Net Operating Income (NOI) - Commercial**		$1,783,856	$1,822,950	$1,862,893	$1,903,703	$1,945,397	$1,987,995
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$13,499,455	$13,769,444	$14,044,833	$14,325,730	$14,612,244	$14,904,489
	Other Income	2.25%	$200,742	$205,259	$209,877	$214,599	$219,428	$224,365
	(Less) Vacancy (1)	5.0%	($674,973)	($688,473)	($702,242)	($716,287)	($730,613)	($745,225)
II.	**Effective Gross Income (EGI)**		$13,025,224	$13,286,230	$13,552,468	$13,824,042	$14,101,059	$14,383,629
	(Less) Operating Expenses (2)		($5,454,543)	($5,612,134)	($5,774,364)	($5,941,372)	($6,113,300)	($6,290,291)
III.	**Net Operating Income (NOI) - Residential**		$7,570,681	$7,674,096	$7,778,103	$7,882,669	$7,987,760	$8,093,338
	(Less) Ground Rent Payment to City	3.0%	($43,474)	($44,778)	($46,122)	($47,505)	($48,931)	($50,398)
IV.	**NOI - Residential - After City Payment**		$7,527,207	$7,629,318	$7,731,982	$7,835,164	$7,938,829	$8,042,939
C. TOTAL CASH FLOW								
I.	**Total NOI**		$9,311,062	$9,452,268	$9,594,875	$9,738,866	$9,884,226	$10,030,934
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($208,611)	($202,761)	($196,504)	($189,811)	($182,651)	($174,994)
II.	**NOI After Debt Service**		$3,458,875	$3,605,931	$3,754,795	$3,905,479	$4,057,999	$4,212,364
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($47,097)	($48,510)	($49,965)	($51,464)	($53,008)	($54,598)
	Total Asset Management Fees		($47,097)	($48,510)	($49,965)	($51,464)	($53,008)	($54,598)
IV.	**Total Cash Flow**		$3,411,778	$3,557,421	$3,704,830	$3,854,015	$4,004,991	$4,157,766
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution (3)**		$3,411,778	$3,557,421	$3,704,830	$3,854,015	$4,004,991	$4,157,766

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*45*	*46*	*47*	*48*	*49*	*50*
		Operating Year:	**43**	**44**	**45**	**46**	**47**	**48**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$2,441,619	$2,496,555	$2,552,728	$2,610,164	$2,668,893	$2,728,943
	(Less) Vacancy	10.0%	($244,162)	($249,656)	($255,273)	($261,016)	($266,889)	($272,894)
II.	**Effective Gross Income (EGI)**		$2,197,457	$2,246,900	$2,297,455	$2,349,148	$2,402,004	$2,456,049
	(Less) Unreimbursed Expenses	3.0%	($165,940)	($170,919)	($176,046)	($181,328)	($186,767)	($192,370)
III.	**Net Operating Income (NOI) - Commercial**		$2,031,517	$2,075,981	$2,121,409	$2,167,820	$2,215,236	$2,263,678
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$15,202,579	$15,506,630	$15,816,763	$16,133,098	$16,455,760	$16,784,876
	Other Income	2.25%	$229,413	$234,575	$239,853	$245,249	$250,767	$256,410
	(Less) Vacancy (1)	5.0%	($760,129)	($775,332)	($790,839)	($806,655)	($822,789)	($839,244)
II.	**Effective Gross Income (EGI)**		$14,671,862	$14,965,873	$15,265,777	$15,571,692	$15,883,739	$16,202,041
	(Less) Operating Expenses (2)		($6,472,498)	($6,660,073)	($6,853,177)	($7,051,974)	($7,256,631)	($7,467,322)
III.	**Net Operating Income (NOI) - Residential**		$8,199,365	$8,305,800	$8,412,600	$8,519,719	$8,627,109	$8,734,719
	(Less) Ground Rent Payment to City	3.0%	($51,910)	($53,468)	($55,072)	($56,724)	($58,426)	($60,178)
IV.	**NOI - Residential - After City Payment**		$8,147,454	$8,252,332	$8,357,528	$8,462,995	$8,568,683	$8,674,540
C. TOTAL CASH FLOW								
I.	**Total NOI**		$10,178,971	$10,328,313	$10,478,937	$10,630,815	$10,783,919	$10,938,219
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($166,803)	($158,042)	($148,671)	($138,647)	($127,926)	($116,458)
II.	**NOI After Debt Service**		$4,368,592	$4,526,695	$4,686,690	$4,848,592	$5,012,417	$5,178,185
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($56,236)	($57,923)	($59,661)	($61,451)	($63,294)	($65,193)
	Total Asset Management Fees		($56,236)	($57,923)	($59,661)	($61,451)	($63,294)	($65,193)
IV.	**Total Cash Flow**		$4,312,356	$4,468,772	$4,627,029	$4,787,141	$4,949,123	$5,112,991
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution (3)**		$4,312,356	$4,468,772	$4,627,029	$4,787,141	$4,949,123	$5,112,991

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*51*	*52*	*53*	*54*	*55*	*56*
		Operating Year:	**49**	**50**	**51**	**52**	**53**	**54**
A. COMMERCIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.25%	$2,790,344	$2,853,127	$2,917,322	$2,982,962	$3,050,079	$3,118,706
	(Less) Vacancy	10.0%	($279,034)	($285,313)	($291,732)	($298,296)	($305,008)	($311,871)
II.	**Effective Gross Income (EGI)**		$2,511,310	$2,567,814	$2,625,590	$2,684,666	$2,745,071	$2,806,835
	(Less) Unreimbursed Expenses	3.0%	($198,141)	($204,086)	($210,208)	($216,515)	($223,010)	($229,700)
III.	**Net Operating Income (NOI) - Commercial**		$2,313,168	$2,363,729	$2,415,382	$2,468,151	$2,522,061	$2,577,135
B. RESIDENTIAL								
I.	**Gross Scheduled Income (GSI)**							
	Rental Income	2.0%	$17,120,573	$17,462,985	$17,812,244	$18,168,489	$18,531,859	$18,902,496
	Other Income	2.25%	$262,179	$268,078	$274,110	$280,277	$286,583	$293,032
	(Less) Vacancy [(1)]	5.0%	($856,029)	($873,150)	($890,613)	($908,425)	($926,594)	($945,125)
II.	**Effective Gross Income (EGI)**		$16,526,723	$16,857,913	$17,195,741	$17,540,341	$17,891,849	$18,250,402
	(Less) Operating Expenses [(2)]		($7,684,228)	($7,907,531)	($8,137,421)	($8,374,094)	($8,617,751)	($8,868,600)
III.	**Net Operating Income (NOI) - Residential**		$8,842,495	$8,950,382	$9,058,320	$9,166,247	$9,274,097	$9,381,802
	(Less) Ground Rent Payment to City	3.0%	($61,984)	($63,843)	($65,759)	($67,731)	($69,763)	($71,856)
IV.	**NOI - Residential - After City Payment**		$8,780,511	$8,886,539	$8,992,562	$9,098,516	$9,204,334	$9,309,946
C. TOTAL CASH FLOW								
I.	**Total NOI**		$11,093,680	$11,250,268	$11,407,943	$11,566,667	$11,726,395	$11,887,081
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)	($5,643,576)
	(Less) Loan Fees - Refinance Loan		($104,192)	($91,071)	($77,037)	($62,026)	($45,969)	($28,795)
II.	**NOI After Debt Service**		$5,345,912	$5,515,621	$5,687,330	$5,861,065	$6,036,850	$6,214,710
III.	**Asset Management Fees**							
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($67,149)	($69,164)	($71,238)	($73,376)	($75,577)	($77,844)
	Total Asset Management Fees		($67,149)	($69,164)	($71,238)	($73,376)	($75,577)	($77,844)
IV.	**Total Cash Flow**		$5,278,763	$5,446,457	$5,616,092	$5,787,689	$5,961,273	$6,136,866
	Add: Adjusted Refinancing Proceeds							
	Net Cash Flow							
V.	**Developer Fee Repayment**							
	Beginning Balance							
	Interest	2.0%						
	(Less) Cash Flow Credit @	100%						
	(Less) GP Equity Contribution							
	Ending Balance							
VI.	**Cash Flow Available for Distribution** [(3)]		$5,278,763	$5,446,457	$5,616,092	$5,787,689	$5,961,273	$6,136,866

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 6

CASH FLOW PROJECTION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*57*	*58*	*59*	*60*
		Operating Year:	**55**	**56**	**57**	**58**
A. COMMERCIAL						
I.	**Gross Scheduled Income (GSI)**					
	Rental Income	2.25%	$3,188,877	$3,260,626	$3,333,990	$3,409,005
	(Less) Vacancy	10.0%	($318,888)	($326,063)	($333,399)	($340,901)
II.	**Effective Gross Income (EGI)**		$2,869,989	$2,934,564	$3,000,591	$3,068,105
	(Less) Unreimbursed Expenses	3.0%	($236,591)	($243,689)	($251,000)	($258,530)
III.	**Net Operating Income (NOI) - Commercial**		$2,633,398	$2,690,875	$2,749,592	$2,809,575
B. RESIDENTIAL						
I.	**Gross Scheduled Income (GSI)**					
	Rental Income	2.0%	$19,280,546	$19,666,157	$20,059,480	$20,460,670
	Other Income	2.25%	$299,625	$306,366	$313,260	$320,308
	(Less) Vacancy (1)	5.0%	($964,028)	($983,308)	($1,002,975)	($1,023,034)
II.	**Effective Gross Income (EGI)**		$18,616,143	$18,989,215	$19,369,765	$19,757,943
	(Less) Operating Expenses (2)		($9,126,853)	($9,392,730)	($9,666,457)	($9,948,268)
III.	**Net Operating Income (NOI) - Residential**		$9,489,290	$9,596,485	$9,703,308	$9,809,676
	(Less) Ground Rent Payment to City	3.0%	($74,012)	($76,232)	($78,519)	($80,875)
IV.	**NOI - Residential - After City Payment**		$9,415,278	$9,520,253	$9,624,789	$9,728,801
C. TOTAL CASH FLOW						
I.	**Total NOI**		$12,048,676	$12,211,127	$12,374,380	$12,538,376
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0
	(Less) Loan Fees - Permanent Loan		$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($5,643,576)	$0	$0	$0
	(Less) Loan Fees - Refinance Loan		($10,424)	$0	$0	$0
II.	**NOI After Debt Service**		$6,394,676	$12,211,127	$12,374,380	$12,538,376
III.	**Asset Management Fees**					
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($80,180)	($82,585)	($85,062)	($87,614)
	Total Asset Management Fees		($80,180)	($82,585)	($85,062)	($87,614)
IV.	**Total Cash Flow**		$6,314,496	$12,128,543	$12,289,318	$12,450,762
	Add: Adjusted Refinancing Proceeds					
	Net Cash Flow					
V.	**Developer Fee Repayment**					
	Beginning Balance					
	Interest	2.0%				
	(Less) Cash Flow Credit @	100%				
	(Less) GP Equity Contribution					
	Ending Balance					
VI.	**Cash Flow Available for Distribution (3)**		$6,314,496	$12,128,543	$12,289,318	$12,450,762

(1) Vacancy applied against rental income only.

(2) Reflects annual escalation at 3.0% for operating expenses (excluding management fees), tenant services, replacement reserves, and monitoring fees; 0.0% for bond issuer fees; and 3.0% of residential and commercial EGI for management fee.

(3) See Table 7 for cash flow distribution.

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:	*3*	*4*	*5*	*6*	*7*	*8*
	Operating Year:	**1**	**2**	**3**	**4**	**5**	**6**
I. Cash Flow Available for Distribution		$0	$0	$0	$0	$0	$0
II. Allocated to Pay Down Public Loans	50%	$0	$0	$0	$0	$0	$0
III. City Note							
Beginning Balance		$45,600,000	$47,424,000	$49,248,000	$51,072,000	$52,896,000	$54,720,000
Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
(Less) Cash Flow Credit	100%	$0	$0	$0	$0	$0	$0
Ending Balance		$47,424,000	$49,248,000	$51,072,000	$52,896,000	$54,720,000	$56,544,000

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:	*9*	*10*	*11*	*12*	*13*	*14*
	Operating Year:	**7**	**8**	**9**	**10**	**11**	**12**
I. Cash Flow Available for Distribution		$0	$0	$0	$0	$0	$0
II. Allocated to Pay Down Public Loans	50%	$0	$0	$0	$0	$0	$0
III. City Note							
Beginning Balance		$56,544,000	$58,368,000	$60,192,000	$62,016,000	$63,840,000	$65,664,000
Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
(Less) Cash Flow Credit	100%	$0	$0	$0	$0	$0	$0
Ending Balance		$58,368,000	$60,192,000	$62,016,000	$63,840,000	$65,664,000	$67,488,000

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*15*	*16*	*17*	*18*	*19*	*20*
		Operating Year:	**13**	**14**	**15**	**16**	**17**	**18**
I.	**Cash Flow Available for Distribution**		$0	$0	$3,394,330	$741,689	$852,800	$965,440
II.	**Allocated to Pay Down Public Loans**	50%	$0	$0	$1,697,165	$370,845	$426,400	$482,720
III.	**City Note**							
	Beginning Balance		$67,488,000	$69,312,000	$71,136,000	$71,262,835	$72,715,991	$74,113,591
	Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
	(Less) Cash Flow Credit	100%	$0	$0	($1,697,165)	($370,845)	($426,400)	($482,720)
	Ending Balance		$69,312,000	$71,136,000	$71,262,835	$72,715,991	$74,113,591	$75,454,871

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:	*21*	*22*	*23*	*24*	*25*	*26*
	Operating Year:	**19**	**20**	**21**	**22**	**23**	**24**
I. Cash Flow Available for Distribution		$1,079,624	$1,195,362	$1,312,667	$1,431,549	$1,552,021	$1,674,094
II. Allocated to Pay Down Public Loans	50%	$539,812	$597,681	$656,333	$715,775	$776,011	$837,047
III. City Note							
Beginning Balance		$75,454,871	$76,739,059	$77,965,378	$79,133,044	$80,241,270	$81,289,259
Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
(Less) Cash Flow Credit	100%	($539,812)	($597,681)	($656,333)	($715,775)	($776,011)	($837,047)
Ending Balance		$76,739,059	$77,965,378	$79,133,044	$80,241,270	$81,289,259	$82,276,212

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		27	28	29	30	31	32
	Lease Year:	*27*	*28*	*29*	*30*	*31*	*32*
	Operating Year:	**25**	**26**	**27**	**28**	**29**	**30**
I. Cash Flow Available for Distribution		$1,797,780	$1,923,089	$2,050,033	$2,178,623	$2,308,869	$2,440,783
II. Allocated to Pay Down Public Loans	50%	$898,890	$961,545	$1,025,017	$1,089,311	$1,154,435	$1,220,392
III. City Note							
Beginning Balance		$82,276,212	$83,201,322	$84,063,777	$84,862,760	$85,597,449	$86,267,014
Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
(Less) Cash Flow Credit	100%	($898,890)	($961,545)	($1,025,017)	($1,089,311)	($1,154,435)	($1,220,392)
Ending Balance		$83,201,322	$84,063,777	$84,862,760	$85,597,449	$86,267,014	$86,870,623

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*33*	*34*	*35*	*36*	*37*	*38*
		Operating Year:	**31**	**32**	**33**	**34**	**35**	**36**
I.	**Cash Flow Available for Distribution**		$2,574,375	$2,709,658	$2,846,639	$2,985,331	$3,125,744	$3,267,890
II.	**Allocated to Pay Down Public Loans**	50%	$1,287,188	$1,354,829	$1,423,319	$1,492,665	$1,562,872	$1,633,945
III.	**City Note**							
	Beginning Balance		$86,870,623	$87,407,435	$87,876,606	$88,277,287	$88,608,621	$88,869,750
	Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
	(Less) Cash Flow Credit	100%	($1,287,188)	($1,354,829)	($1,423,319)	($1,492,665)	($1,562,872)	($1,633,945)
	Ending Balance		$87,407,435	$87,876,606	$88,277,287	$88,608,621	$88,869,750	$89,059,805

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*39*	*40*	*41*	*42*	*43*	*44*
		Operating Year:	**37**	**38**	**39**	**40**	**41**	**42**
I.	**Cash Flow Available for Distribution**		$3,411,778	$3,557,421	$3,704,830	$3,854,015	$4,004,991	$4,157,766
II.	**Allocated to Pay Down Public Loans**	50%	$1,705,889	$1,778,711	$1,852,415	$1,927,008	$2,002,495	$2,078,883
III.	**City Note**							
	Beginning Balance		$89,059,805	$89,177,915	$89,223,205	$89,194,790	$89,091,782	$88,913,287
	Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
	(Less) Cash Flow Credit	100%	($1,705,889)	($1,778,711)	($1,852,415)	($1,927,008)	($2,002,495)	($2,078,883)
	Ending Balance		$89,177,915	$89,223,205	$89,194,790	$89,091,782	$88,913,287	$88,658,404

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

	Lease Year:	*45*	*46*	*47*	*48*	*49*	*50*
	Operating Year:	**43**	**44**	**45**	**46**	**47**	**48**
I. Cash Flow Available for Distribution		$4,312,356	$4,468,772	$4,627,029	$4,787,141	$4,949,123	$5,112,991
II. Allocated to Pay Down Public Loans	50%	$2,156,178	$2,234,386	$2,313,514	$2,393,571	$2,474,561	$2,556,496
III. City Note							
Beginning Balance		$88,658,404	$88,326,226	$87,915,840	$87,426,326	$86,856,755	$86,206,194
Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
(Less) Cash Flow Credit	100%	($2,156,178)	($2,234,386)	($2,313,514)	($2,393,571)	($2,474,561)	($2,556,496)
Ending Balance		$88,326,226	$87,915,840	$87,426,326	$86,856,755	$86,206,194	$85,473,698

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*51*	*52*	*53*	*54*	*55*	*56*
		Operating Year:	**49**	**50**	**51**	**52**	**53**	**54**
I.	**Cash Flow Available for Distribution**		$5,278,763	$5,446,457	$5,616,092	$5,787,689	$5,961,273	$6,136,866
II.	**Allocated to Pay Down Public Loans**	50%	$2,639,381	$2,723,228	$2,808,046	$2,893,845	$2,980,637	$3,068,433
III.	**City Note**							
	Beginning Balance		$85,473,698	$84,658,317	$83,759,088	$82,775,042	$81,705,198	$80,548,561
	Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000	$1,824,000
	(Less) Cash Flow Credit	100%	($2,639,381)	($2,723,228)	($2,808,046)	($2,893,845)	($2,980,637)	($3,068,433)
	Ending Balance		$84,658,317	$83,759,088	$82,775,042	$81,705,198	$80,548,561	$79,304,128

TABLE 7

DISTRIBUTION OF CASH FLOW
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Lease Year:	*57*	*58*	*59*	*60*
		Operating Year:	**55**	**56**	**57**	**58**
I.	**Cash Flow Available for Distribution**		$6,314,496	$12,128,543	$12,289,318	$12,450,762
II.	**Allocated to Pay Down Public Loans**	50%	$3,157,248	$6,064,271	$6,144,659	$6,225,381
III.	**City Note**					
	Beginning Balance		$79,304,128	$77,970,880	$73,730,609	$69,409,950
	Interest	4.0%	$1,824,000	$1,824,000	$1,824,000	$1,824,000
	(Less) Cash Flow Credit	100%	($3,157,248)	($6,064,271)	($6,144,659)	($6,225,381)
	Ending Balance		$77,970,880	$73,730,609	$69,409,950	**$65,009,000**

WORKSHEET A

YEAR 15 REFINANCING CALCULATION
101 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

I. Supportable Permanent Loan - Year 15

NOI (Residential and Commercial) - Year 15	$6,573,772
Interest Rate	6.75%
Term (years)	40
Debt Coverage Ratio	1.16
Annual Debt Service	$5,643,576
Supportable Permanent Loan	$77,946,908

II. Refinancing Proceeds

Supportable Permanent Loan - Year 15			$77,946,910
(Less) Payoff First Mortgage			($54,966,979)
(Less) Prepayment Penalty Fees			($549,670)
(Less) Closing Costs @	1.0%	of Loan	($779,469)
(Less) Capital Event Payment to City	2.0%	of Loan	($1,558,938)
Net Refinancing Proceeds			$20,091,854
(Less) B Bond Payoff			($7,480,942)
(Less) Year 15 Payoff to LP	10%	of Cash Flow	($377,664)
Adjusted Net Refinancing Proceeds			**$12,233,248**