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

August 2026

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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 KMA's review of the Ground Lease Disposition Agreement dated August 18, 2025, and draft First Amendment to Ground Lease Disposition Agreement, together with the related Ground Lease and City Note (Promissory Note) forms as of August 13, 2026. 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 107 Ash Street in the Civic Center area of Downtown San Diego (Property). The Property is occupied by an existing vacant 21-story office building. 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 $96,201,000.
- 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 $3,513,000. If the value of the Property reversion to the City at the end of the Ground Lease term in Year 65 is included, the adjusted total value to the City is $6,008,000.

C. Description of Property

The Property is located at 107 Ash Street (formerly designated 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 development is planned as an adaptive reuse to a 252-unit affordable housing development (Project). The units will comprise 69 studios, 55 one-bedroom units, 73 two-bedroom units, and 55 three-bedroom units, with an overall average size of 740 square feet (SF). Two hundred and forty-nine (249) 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 (one one-bedroom and two two-bedroom) will be reserved as manager units. The Project will include 28,000 SF of commercial space, as well as 579 storage lockers available for rent. The Project will provide a total of 138 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 65 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 5.0% compounding 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 the City's proportionate share of fifty percent (50%) of the Residual Receipts from operation of the Project. The City's proportionate share is determined by dividing the original principal amount of the City Note by the aggregate original principal amounts of the City Note and any other Government Loans.

- 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 three percent (3.0%) per annum.

    2. Upon completion of repayment of all principal and interest on the City Note, a Residual Receipts Rent in an amount equal to the City's proportionate share of 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 (2.0%) of the Gross Consideration received by the Developer 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 $27,399,000 and will be paid to the Developer on a deferred basis from Project cash flow.

- The Developer will construct 249 affordable units and three (3) manager units.

- Affordability restrictions on the 249 units will remain in effect for a term of 65 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 $183,000) and third-party consultant costs (estimated at $271,000) 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 Costs	$86,000,000
Maintenance Costs through 2026	$9,747,000
Administrative Costs	$183,000
Other Third-Party Costs (1)	$271,000
Total Costs of the Agreement to the City	**$96,201,000**

(1) Includes appraisal and economic consulting costs for evaluation and negotiation of Notice of Availability (NOA) responses, and subsequent evaluation and negotiation of unsolicited proposals, and documentation of the transaction.

As shown above, the total costs of the Agreement to the City are estimated to be $96,201,000.

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 $209,104,000, or $767 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 $142,793,000, or $524 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 $42,730,000, or 29.9% 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 $23,581,000, or 16.5% of direct costs.

- Based on these assumptions, total development costs for the proposed Project are estimated at $209,104,000, as shown in the following chart.

Estimated Development Costs	
Direct Costs	$142,793,000
Indirect Costs	$42,730,000
Financing Costs	$23,581,000
Total Development Costs	**$209,104 ,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	39 Units
Units at 60% AMI	72 Units
Units at 70% AMI	75 Units
Units at 80% AMI	38 Units
Manager Units	3 Units
Total Units	**252 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:

- Other income, such as rent from 579 storage lockers, application fees, laundry, and vending has been estimated at an average of $152 per unit per month.

- A vacancy factor of 5.0% is assumed.

- Operating expenses are projected to be approximately $6,500 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 $7,000 per unit per year. In addition to the operating expenses listed above, these consist of security, tenant services, and replacement reserves.

- 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 three percent (3%) per annum.

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 $4,928,000, as shown in the following table.

Residential Net Operating Income	
Gross Scheduled Income	$7,072,000
(Less) Vacancy	($331,000)
Effective Gross Income	$6,741,000
(Less) Operating Expenses	($1,798,000)
Stabilized Annual NOI	**$4,943,000**
(Less) Mandatory Ground Lease Payment to City	($15,000)
Adjusted Stabilized Annual NOI	**$4,928,000**

Commercial

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

- 28,000 SF commercial space is estimated to achieve triple-net (NNN) rent of $3.40 per SF per month.

- A vacancy factor of 20.0% is assumed for Years 1-15, which is reduced to 10.0% starting in Year 16.

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 $914,000, as shown below.

Commercial Net Operating Income	
Gross Scheduled Income	$1,143,000
(Less) Vacancy	($229,000)
Stabilized Annual NOI	**$914,000**

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	$73,100,000
Tax Credit Equity Investment – LIHTC	$70,798,000
Tax Credit Equity Investment – Historic	$24,454,000
San Diego Foundation Loan	$6,000,000
Fund Equity/GP Loan	$4,402,000
Deferred Developer Fee	$27,399,000
Income During Lease-Up	$2,951,000
Total Sources of Funds (Rounded)	**$209,104,000**

The Developer will secure a $73,100,000 loan insured by the U.S. Department of Housing and Urban Development (HUD) 221(d)(4) program. The loan will be amortized over a 40-year period at an interest rate of 5.61%.

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 seek a $6,000,000 loan from the San Diego Foundation (SDF). The loan will have term of up to 15 years at 7.0% simple interest. Repayment of the loan will come from 25% of available project cash flow for 15 years, and refinancing proceeds to payoff any outstanding balance at Year 15.

The Developer will defer approximately 90% of their Developer Fee, or $27,399,000. 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 $209,104,000 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	$209,104,000
(Less) Total Development Costs – Excluding Acquisition	($209,104,000)
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 three percent (3%) per annum.

- The Developer is obligated to repay the City Note of $45,600,000 in the form of the City's proportionate share 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 the City's proportionate share of fifty percent (50%) of the residual receipts.

- The Developer will pay the City an amount equal to two percent (2%) of the Gross Consideration received 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, Lease Years 1-65	$2,915,000	$232,000
Residual Receipts Payments & Rent, Years 1-63	$140,404,000	$2,810,000
Year 15 Capital Event Payment (2)	$1,789,000	$471,000
Total Compensation to City from Developer	**$145,108,000**	**$3,513,000**

(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 $3,513,000.

B. Reversion Value to City

The City will receive the reversion value of the Property when the Ground Lease expires in Year 65; the affordability covenants remain in effect for a period of 65 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 2026 dollars for the Project. Applying a 3% annual escalation rate over the 65-year lease term, the value at reversion increases to approximately $3,647,000 per unit in Year 65 dollars. When discounted back to 2026 using a 10% discount rate, the estimated present value of the future reversion value of the Property is approximately $2,495,000. The following presents the adjusted total value to the City.

Adjusted Total Value to City (1)	
Compensation to City from Developer	$3,513,000
Reversion Value in Year 65	$2,495,000
Adjusted Total Value to City	**$6,008,000**
(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 $6,008,000.

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 $3,513,000.

Factors affecting the difference in compensation to the City ($3,513,000) 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 65-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
107 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

I.	**Site Area**	1.21	Acres [1]				
II.	**Gross Building Area**						
	Net Residential Area	186,441	SF	77%			
	Common Areas/Circulation	54,230	SF [2]	23%			
	Residential Gross Building Area	240,671	SF	100%			
	Add: Commercial Area [3]	28,000	SF				
	Add: Commercial Circulation	4,000	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	69	Units	27%	477	SF	
	One Bedroom	55	Units	22%	617	SF	
	Two Bedroom	73	Units	29%	866	SF	
	Three Bedroom	55	Units	22%	1,025	SF	
	Number of Units	252	Units	100%	740	SF	
VII.	**Affordability Mix**						
	Units @ 30% AMI	25	Units	10%			
	Units @ 40% AMI	39	Units	15%			
	Units @ 60% AMI	72	Units	29%			
	Units @ 70% AMI	75	Units	30%			
	Units @ 80% AMI	38	Units	15%			
	Manager	3	Units	1%			
	Total/Average	252	Units	100%			
	Average Affordability	60%	of AMI				
VIII.	**Parking**	Podium/Subterranean					
		138	Spaces	0.55	Spaces/unit		

(1) Source: Scoutred.com
(2) Imputed by KMA.
(3) Includes 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
107 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	$40,065,917	$158,992	$760	Per SF Site
	On-Sites/Landscaping	$1,129,288	$4,481	$21	Per SF Site
	Parking	$0	$0	$0	Per Space
	Rehabilitation	$79,591,951	$315,841	$292	Per SF GBA
	Tenant Improvements	$6,000,000	$23,810	$188	Per SF Commercial
	FF&E/Amenities	$450,000	$1,786		Allowance
	Contingency	$15,556,232	$61,731	12.2%	of Directs
	Total Direct Costs	$142,793,387	$566,640	$524	Per SF GBA
II.	**Indirect Costs**				
	Architecture & Engineering	$4,714,819	$18,710	3.3%	of Directs
	Permits & Fees (3)	$4,333,804	$17,198	$16	Per SF GBA
	Legal & Accounting	$765,000	$3,036	0.5%	of Directs
	Taxes & Insurance	$1,329,466	$5,276	0.9%	of Directs
	Developer Fee	$30,376,356	$120,541	21.3%	of Directs
	Marketing/Lease-Up - Residential	$100,000	$397		Allowance
	Marketing/Lease-Up - Commercial	$551,361	$2,188	$17	Per SF Commercial
	Contingency	$559,228	$2,219	1.3%	of Indirects
	Total Indirect Costs	$42,730,034	$169,564	29.9%	of Directs
III.	**Financing Costs**				
	Loan Fees	$3,605,585	$14,308	2.5%	of Directs
	Interest During Construction	$17,720,546	$70,320	12.4%	of Directs
	Interest During Lease-Up	$0	$0		Included above
	Title/Recording/Escrow	$100,000	$397	0.1%	of Directs
	TCAC Fees	$269,000	$1,067	0.2%	of Directs
	Operating Lease-Up/Reserves	$1,885,412	$7,482	1.3%	of Directs
	Total Financing Costs	$23,580,543	$93,574	16.5%	of Directs
IV.	**Total Costs - Excl. Acquisition**	**$209,104,000**	**$829,778**	**$767**	**Per SF GBA**
V.	**Add: Acquisition Costs** (4)	$45,600,000	$180,952	$167	Per SF GBA
VI.	**Total Costs - Incl. Acquisition**	**$254,704,000**	**$1,010,730**	**$934**	**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 appraisal by BBG Real Estate Services dated June 10, 2025.

TABLE 3

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

			# of	Total	Total
I.	**Gross Scheduled Income**		**Units**	**\$/Month** (1)	**Annual**
	Studio	@ 30% AMI	8	\$919	\$88,200
	Studio	@ 40% AMI	11	\$1,225	\$161,700
	Studio	@ 60% AMI	19	\$1,838	\$418,950
	Studio	@ 70% AMI	21	\$2,144	\$540,225
	Studio	@ 80% AMI	10	\$2,450	\$294,000
	One Bedroom	@ 30% AMI	6	\$984	\$70,875
	One Bedroom	@ 40% AMI	8	\$1,313	\$126,000
	One Bedroom	@ 60% AMI	17	\$1,969	\$401,625
	One Bedroom	@ 70% AMI	15	\$2,297	\$413,438
	One Bedroom	@ 80% AMI	8	\$2,625	\$252,000
	One Bedroom	Manager	1	\$0	\$0
	Two Bedroom	@ 30% AMI	7	\$1,181	\$99,225
	Two Bedroom	@ 40% AMI	10	\$1,575	\$189,000
	Two Bedroom	@ 60% AMI	23	\$2,363	\$652,050
	Two Bedroom	@ 70% AMI	20	\$2,756	\$661,500
	Two Bedroom	@ 80% AMI	11	\$3,150	\$415,800
	Two Bedroom	Manager	2	\$0	\$0
	Three Bedroom	@ 30% AMI	4	\$1,364	\$65,484
	Three Bedroom	@ 40% AMI	10	\$1,819	\$218,280
	Three Bedroom	@ 60% AMI	13	\$2,729	\$425,646
	Three Bedroom	@ 70% AMI	19	\$3,183	\$725,781
	Three Bedroom	@ 80% AMI	9	\$3,638	\$392,904
	Total/Average		252	\$2,187	\$6,612,683
	Add: Other Income (2)		\$152	/Unit/Month	\$459,050
	Total Gross Scheduled Income (GSI)				\$7,071,732
II.	**Effective Gross Income (EGI)**				
	(Less) Vacancy		5.0%	of GSI (3)	(\$330,887)
	Total Effective Gross Income (EGI)				\$6,740,845

TABLE 3

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

II.	**Effective Gross Income (EGI)**			$6,740,845
III.	**Operating Expenses**			
	(Less) Operating Expenses [4]	$6,490	/Unit/Year	($1,635,426)
	(Less) Security	$99	/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	($75,600)
	(Less) Monitoring Fee	$158	/Unit/Year	($39,690)
	(Less) Bond Issuer Fees	$0	/Unit/Year	$0
	Total Expenses	$7,134	Unit/Year	($1,797,801)
		26.7%	of EGI	
IV.	**Net Operating Income (NOI) - Residential**			**$4,943,044**
V.	**(Less) Mandatory Ground Lease Payment to City**			($15,000)
VI.	**NOI - Residential - After Ground Rent Payment to City**			**$4,928,044**

(1) Reflects 2026 Tax Credit Allocation Committee (TCAC) gross rents. Developer to pay all utilities.
(2) Includes rental income from 579 storage lockers.
(3) Excludes other income.
(4) Includes property management fee of $179,227, or approximately $59/unit/month.
(5) Assumes that project will qualify for property tax welfare exemption.

TABLE 4

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

	SF	Rent/SF		Total Annual
I. Gross Scheduled Income (GSI)				
Commercial + Childcare	28,000	$3.40	/SF/Month/NNN	$1,142,800
II. (Less) Vacancy		20.0%	of GSI	($228,560)
III. Total Effective Gross Income (EGI)				$914,240
(Less) Unreimbursed Expenses		0.0%	of EGI	$0
IV. Net Operating Income (NOI) - Commercial		**$2.72**	**/SF/Month**	**$914,240**

TABLE 5

FINANCING DEFICIT
107 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

		Total	Per Unit
I.	**Sources of Funds**	**Total**	**Per Unit**
	Supportable Permanent Loan [(1)]	$73,100,000	$290,000
	Tax Credit Equity Investment - LIHTC [(2)]	$70,798,000	$281,000
	Tax Credit Equity Investment - Historic [(3)]	$24,454,000	$97,000
	San Diego Foundation Loan [(4)]	$6,000,000	$24,000
	GP Loan	$4,402,000	$17,000
	Deferred Developer Fee [(5)]	$27,399,000	$109,000
	Income During Lease-Up	$2,951,000	$12,000
	Total Sources of Funds	$209,104,000	$830,000
II.	**(Less) Development Costs - Excl. Acquisition**	($209,104,000)	($830,000)
III.	**Residual Value**	**$0**	**$0**
IV.	**(Less) Acquisition Costs**	($45,600,000)	($181,000)
V.	**Financing Deficit**	**($45,600,000)**	**($181,000)**
VI.	**Proposed Sources of Funds**		
	City Note	$45,600,000	$181,000
	Total	**$45,600,000**	**$181,000**

TABLE 5 (CONT'D.)

FINANCING DEFICIT
107 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

(1) Supportable Permanent Loan

NOI (Residential and Commercial)		$5,842,284
Interest Rate		5.61%
Term (years)		40
Debt Coverage Ratio		1.27
Annual Debt Service		$4,590,174
Supportable Permanent Loan		$73,100,000

(2) Low Income Housing Tax Credits

Estimate of Eligible Basis:		
Total Development Costs		$254,703,961
(Less) Ineligible Costs	9%	($21,818,561)
(Less) Historic Tax Credit Basis		($33,617,417)
Eligible Basis		$199,267,983
Acquisition Basis	26%	$52,440,000
Rehabilitation Basis	74%	$146,827,983
Eligible Basis	100%	$199,267,983
Tax Credit Proceeds:		
Acquisition Basis	100.0%	$52,440,000
Impacted Bonus Factor (Rehabilitation Basis)	130.0%	$190,876,378
Total Acquisition and Rehabilitation Basis		$243,316,378
Tax Credit Rate	4.0%	$9,732,655
Total Tax Credits @	10	$97,326,551
Limited Partner Share	99.99%	$97,316,819
Tax Credit Equity Investment @	72.75%	$70,797,985

(3) Tax Credit Equity Investment - Historic

Adjusted Qualified Basis		$168,087,083
Tax Credit Rate @	20.0%	$33,617,417
Limited Partner Share	99.99%	$33,614,055
Tax Credit Equity Investment @	72.75%	$24,454,225

(4) San Diego Foundation Loan

Loan Amount		$6,000,000
Interest Rate		7.0%
Term (Years)		15
Debt Service		25% of net cash flow; balloon payment at Year 15

TABLE 5 (CONT'D.)

FINANCING DEFICIT
107 ASH STREET AFFORDABLE HOUSING
CITY OF SAN DIEGO

(5) Estimate of Deferred Developer Overhead Fee		
Eligible Basis		$199,267,983
Add: Historic Tax Credit Basis		$33,617,417
Adjusted Eligible Basis		$232,885,400
(Less) Developer Fee		($30,376,356)
Unadjusted Eligible Basis		$202,509,044
Total Developer Overhead Fee	15.0%	$30,376,356
Deferred Developer Fee		$27,399,473
General Partner Equity Contribution		$0
Total Deferred Developer Overhead Fee	90.2%	$27,399,473
Upfront Developer Fee		$2,977,000
Per Unit		$12,000

TABLE 6

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

	Lease Year:	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
	Operating Year:	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
A. COMMERCIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.25%	$1,142,800	$1,168,513	$1,194,805	$1,221,688	$1,249,176	$1,277,282	$1,306,021	$1,335,406	$1,365,453	$1,396,176
(Less) Vacancy	20.0%	($228,560)	($233,703)	($238,961)	($244,338)	($249,835)	($255,456)	($261,204)	($267,081)	($273,091)	($279,235)
II. Effective Gross Income (EGI)		$914,240	$934,810	$955,844	$977,350	$999,340	$1,021,826	$1,044,817	$1,068,325	$1,092,362	$1,116,941
(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III. Net Operating Income (NOI) - Commercial		$914,240	$934,810	$955,844	$977,350	$999,340	$1,021,826	$1,044,817	$1,068,325	$1,092,362	$1,116,941
B. RESIDENTIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.0%	$6,612,683	$6,744,936	$6,879,835	$7,017,432	$7,157,780	$7,300,936	$7,446,955	$7,595,894	$7,747,811	$7,902,768
Other Income	2.25%	$459,050	$469,378	$479,939	$490,738	$501,780	$513,070	$524,614	$536,417	$548,487	$560,828
(Less) Vacancy [1]	5.0%	($330,887)	($337,247)	($343,992)	($350,872)	($357,889)	($365,047)	($372,348)	($379,795)	($387,391)	($395,139)
II. Effective Gross Income (EGI)		$6,740,845	$6,877,067	$7,015,782	$7,157,298	$7,301,671	$7,448,958	$7,599,220	$7,752,516	$7,908,908	$8,068,457
(Less) Operating Expenses [2]		($1,797,801)	($1,901,635)	($1,956,294)	($2,012,699)	($2,070,750)	($2,130,494)	($2,191,983)	($2,255,267)	($2,320,399)	($2,387,434)
III. Net Operating Income (NOI) - Residential		$4,943,044	$4,975,433	$5,059,488	$5,144,599	$5,230,921	$5,318,464	$5,407,237	$5,497,249	$5,588,508	$5,681,023
(Less) Mandatory Ground Lease Payment [3]	3.0%	($15,914)	($16,391)	($16,883)	($17,389)	($17,911)	($18,448)	($19,002)	($19,572)	($20,159)	($20,764)
IV. NOI - Residential - After Ground Lease Payment		$4,927,131	$4,959,042	$5,042,606	$5,127,210	$5,213,010	$5,300,016	$5,388,236	$5,477,677	$5,568,350	$5,660,260
C. TOTAL CASH FLOW											
I. Total NOI		$5,841,371	$5,893,852	$5,998,449	$6,104,560	$6,212,351	$6,321,842	$6,433,052	$6,546,003	$6,660,712	$6,777,200
(Less) Debt Service - Permanent Loan		($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)
(Less) Debt Service - Refinance Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Loan Fees - Refinance Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
II. NOI After Debt Service		$1,251,197	$1,303,678	$1,408,275	$1,514,386	$1,622,177	$1,731,668	$1,842,878	$1,955,829	$2,070,538	$2,187,026
III. Asset Management Fees											
(Less) Limited Partner Fee	3.0%	($16,250)	($16,738)	($17,240)	($17,757)	($18,290)	($18,838)	($19,403)	($19,985)	($20,585)	($21,203)
(Less) General Partner Fee	3.0%	($16,250)	($16,738)	($17,240)	($17,757)	($18,290)	($18,838)	($19,403)	($19,985)	($20,585)	($21,203)
Total Asset Management Fees		($32,500)	($33,475)	($34,479)	($35,514)	($36,579)	($37,676)	($38,807)	($39,971)	($41,170)	($42,405)
IV. Total Cash Flow		$1,218,697	$1,270,203	$1,373,796	$1,478,872	$1,585,598	$1,693,991	$1,804,072	$1,915,858	$2,029,368	$2,144,621
Add: Adjusted Refinancing Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Capital Event Payment to City		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow		$1,218,697	$1,270,203	$1,373,796	$1,478,872	$1,585,598	$1,693,991	$1,804,072	$1,915,858	$2,029,368	$2,144,621

TABLE 6

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

		3	4	5	6	7	8	9	10	11	12
Lease Year:		*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
Operating Year:		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
V. San Diego Foundation Loan Repayment											
Beginning Balance		$6,000,000	$6,979,824	$7,069,807	$7,133,518	$7,170,574	$7,180,552	$7,163,023	$7,117,553	$7,043,703	$6,941,029
Interest	7.0%	$1,296,602	$420,000	$420,000	$420,000	$420,000	$420,000	$420,000	$420,000	$420,000	$420,000
(Less) Cash Flow Credit @	25%	($316,778)	($330,017)	($356,289)	($382,944)	($410,022)	($437,529)	($465,470)	($493,850)	($522,674)	($551,947)
Ending Balance		$6,979,824	$7,069,807	$7,133,518	$7,170,574	$7,180,552	$7,163,023	$7,117,553	$7,043,703	$6,941,029	$6,809,082
VI. Developer Fee Repayment											
Beginning Balance		$27,399,473	$27,319,538	$27,198,938	$26,997,400	$26,711,393	$26,337,159	$25,870,812	$25,308,335	$24,645,577	$23,878,251
Interest	3.0%	$821,984	$819,586	$815,968	$809,922	$801,342	$790,115	$776,124	$759,250	$739,367	$716,348
(Less) Remaining Cash Flow Credit @	100%	($901,919)	($940,186)	($1,017,507)	($1,095,928)	($1,175,576)	($1,256,462)	($1,338,602)	($1,422,008)	($1,506,694)	($1,592,674)
Ending Balance		$27,319,538	$27,198,938	$26,997,400	$26,711,393	$26,337,159	$25,870,812	$25,308,335	$24,645,577	$23,878,251	$23,001,925
VII. Cash Flow Available for Distribution (4)		$0	$0	$0	$0	$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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

		Lease Year: 13	14	15	16	17	18	19	20	21	22
	Operating Year:	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
A. COMMERCIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.25%	$1,427,590	$1,459,710	$1,492,554	$1,526,136	$1,560,474	$1,595,585	$1,631,486	$1,668,194	$1,705,729	$1,744,107
(Less) Vacancy	20.0%	($285,518)	($291,942)	($298,511)	($305,227)	($312,095)	($159,559)	($163,149)	($166,819)	($170,573)	($174,411)
II. Effective Gross Income (EGI)		$1,142,072	$1,167,768	$1,194,043	$1,220,909	$1,248,380	$1,436,027	$1,468,337	$1,501,375	$1,535,156	$1,569,697
(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III. Net Operating Income (NOI) - Commercial		$1,142,072	$1,167,768	$1,194,043	$1,220,909	$1,248,380	$1,436,027	$1,468,337	$1,501,375	$1,535,156	$1,569,697
B. RESIDENTIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.0%	$8,060,823	$8,222,040	$8,386,480	$8,554,210	$8,725,294	$8,899,800	$9,077,796	$9,259,352	$9,444,539	$9,633,430
Other Income	2.25%	$573,446	$586,349	$599,542	$613,032	$626,825	$640,928	$655,349	$670,095	$685,172	$700,588
(Less) Vacancy (1)	5.0%	($403,041)	($411,102)	($419,324)	($427,711)	($436,265)	($444,990)	($453,890)	($462,968)	($472,227)	($481,672)
II. Effective Gross Income (EGI)		$8,231,228	$8,397,286	$8,566,698	$8,739,531	$8,915,854	$9,095,738	$9,279,255	$9,466,479	$9,657,483	$9,852,346
(Less) Operating Expenses (2)		($2,456,427)	($2,527,437)	($2,600,522)	($2,675,744)	($2,753,165)	($2,837,638)	($2,919,764)	($3,004,292)	($3,091,293)	($3,180,841)
III. Net Operating Income (NOI) - Residential		$5,774,801	$5,869,850	$5,966,176	$6,063,787	$6,162,688	$6,258,100	$6,359,491	$6,462,187	$6,566,190	$6,671,505
(Less) Mandatory Ground Lease Payment (3)	3.0%	($21,386)	($22,028)	($22,689)	($23,370)	($24,071)	($24,793)	($25,536)	($26,303)	($27,092)	($27,904)
IV. NOI - Residential - After Ground Lease Payment		$5,753,415	$5,847,822	$5,943,487	$6,040,418	$6,138,618	$6,233,307	$6,333,955	$6,435,884	$6,539,099	$6,643,601
C. TOTAL CASH FLOW											
I. Total NOI		$6,895,486	$7,015,590	$7,137,530	$7,261,327	$7,386,997	$7,669,333	$7,802,292	$7,937,259	$8,074,254	$8,213,298
(Less) Debt Service - Permanent Loan		($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	($4,590,174)	$0	$0	$0	$0	$0
(Less) Debt Service - Refinance Loan		$0	$0	$0	$0	$0	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)
(Less) Loan Fees - Refinance Loan		$0	$0	$0	$0	$0	($312,287)	($310,654)	($308,908)	($307,040)	($305,041)
II. NOI After Debt Service		$2,305,312	$2,425,416	$2,547,356	$2,671,153	$2,796,823	$882,083	$1,016,675	$1,153,388	$1,292,252	$1,433,293
III. Asset Management Fees											
(Less) Limited Partner Fee	3.0%	($21,839)	($22,494)	($23,169)	($23,864)	($24,580)	$0	$0	$0	$0	$0
(Less) General Partner Fee	3.0%	($21,839)	($22,494)	($23,169)	($23,864)	($24,580)	($25,317)	($26,076)	($26,859)	($27,665)	($28,494)
Total Asset Management Fees		($43,677)	($44,988)	($46,337)	($47,727)	($49,159)	($25,317)	($26,076)	($26,859)	($27,665)	($28,494)
IV. Total Cash Flow		$2,261,635	$2,380,428	$2,501,019	$2,623,425	$2,747,664	$856,766	$990,598	$1,126,529	$1,264,587	$1,404,799
Add: Adjusted Refinancing Proceeds		$0	$0	$0	$0	$26,976,370					
(Less) Capital Event Payment to City		$0	$0	$0	$0	($1,788,594)					
Net Cash Flow		$2,261,635	$2,380,428	$2,501,019	$2,623,425	$27,935,440					

TABLE 6

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

	Lease Year:	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*	*22*
	Operating Year:	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
V. San Diego Foundation Loan Repayment											
Beginning Balance		$6,809,082	$6,647,407	$6,455,546	$6,233,035	$5,979,404					
Interest	7.0%	$420,000	$420,000	$420,000	$420,000	$418,558					
(Less) Cash Flow Credit @	25%	($581,675)	($611,861)	($642,511)	($673,631)	($6,397,962)					
Ending Balance		$6,647,407	$6,455,546	$6,233,035	$5,979,404	$0					
VI. Developer Fee Repayment											
Beginning Balance		$23,001,925	$22,012,022	$20,903,815	$19,672,422	$18,312,800					
Interest	3.0%	$690,058	$660,361	$627,114	$590,173	$549,384					
(Less) Remaining Cash Flow Credit @	100%	($1,679,960)	($1,768,567)	($1,858,508)	($1,949,795)	($18,862,184)					
Ending Balance		$22,012,022	$20,903,815	$19,672,422	$18,312,800	$0					
VII. Cash Flow Available for Distribution (4)		$0	$0	$0	$0	$2,675,293	$856,766	$990,598	$1,126,529	$1,264,587	$1,404,799

(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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

	Lease Year:	*23*	*24*	*25*	*26*	*27*	*28*	*29*	*30*	*31*	*32*
	Operating Year:	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
A. COMMERCIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.25%	$1,783,350	$1,823,475	$1,864,503	$1,906,455	$1,949,350	$1,993,210	$2,038,058	$2,083,914	$2,130,802	$2,178,745
(Less) Vacancy	20.0%	($178,335)	($182,348)	($186,450)	($190,645)	($194,935)	($199,321)	($203,806)	($208,391)	($213,080)	($217,875)
II. Effective Gross Income (EGI)		$1,605,015	$1,641,128	$1,678,053	$1,715,809	$1,754,415	$1,793,889	$1,834,252	$1,875,523	$1,917,722	$1,960,871
(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III. Net Operating Income (NOI) - Commercial		$1,605,015	$1,641,128	$1,678,053	$1,715,809	$1,754,415	$1,793,889	$1,834,252	$1,875,523	$1,917,722	$1,960,871
B. RESIDENTIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.0%	$9,826,098	$10,022,620	$10,223,073	$10,427,534	$10,636,085	$10,848,807	$11,065,783	$11,287,098	$11,512,840	$11,743,097
Other Income	2.25%	$716,351	$732,469	$748,950	$765,801	$783,032	$800,650	$818,664	$837,084	$855,919	$875,177
(Less) Vacancy (1)	5.0%	($491,305)	($501,131)	($511,154)	($521,377)	($531,805)	($542,441)	($553,289)	($564,355)	($575,642)	($587,155)
II. Effective Gross Income (EGI)		$10,051,144	$10,253,958	$10,460,868	$10,671,958	$10,887,312	$11,107,016	$11,331,158	$11,559,827	$11,793,117	$12,031,119
(Less) Operating Expenses (2)		($3,273,009)	($3,367,877)	($3,465,523)	($3,566,029)	($3,669,479)	($3,775,962)	($3,885,565)	($3,998,381)	($4,114,505)	($4,234,035)
III. Net Operating Income (NOI) - Residential		$6,778,135	$6,886,081	$6,995,346	$7,105,929	$7,217,832	$7,331,054	$7,445,593	$7,561,446	$7,678,611	$7,797,084
(Less) Mandatory Ground Lease Payment (3)	3.0%	($28,742)	($29,604)	($30,492)	($31,407)	($32,349)	($33,319)	($34,319)	($35,348)	($36,409)	($37,501)
IV. NOI - Residential - After Ground Lease Payment		$6,749,393	$6,856,477	$6,964,854	$7,074,523	$7,185,484	$7,297,735	$7,411,274	$7,526,098	$7,642,202	$7,759,582
C. TOTAL CASH FLOW											
I. Total NOI		$8,354,408	$8,497,605	$8,642,907	$8,790,332	$8,939,899	$9,091,624	$9,245,526	$9,401,620	$9,559,924	$9,720,453
(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Debt Service - Refinance Loan		($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)
(Less) Loan Fees - Refinance Loan		($302,904)	($300,618)	($298,172)	($295,557)	($292,759)	($289,766)	($286,565)	($283,141)	($279,479)	($275,562)
II. NOI After Debt Service		$1,576,541	$1,722,024	$1,869,772	$2,019,812	$2,172,177	$2,326,895	$2,483,998	$2,643,516	$2,805,482	$2,969,928
III. Asset Management Fees											
(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) General Partner Fee	3.0%	($29,349)	($30,230)	($31,137)	($32,071)	($33,033)	($34,024)	($35,045)	($36,096)	($37,179)	($38,294)
Total Asset Management Fees		($29,349)	($30,230)	($31,137)	($32,071)	($33,033)	($34,024)	($35,045)	($36,096)	($37,179)	($38,294)
IV. Total Cash Flow		$1,547,192	$1,691,795	$1,838,635	$1,987,742	$2,139,144	$2,292,871	$2,448,953	$2,607,420	$2,768,303	$2,931,634
Add: Adjusted Refinancing Proceeds											
(Less) Capital Event Payment to City											
Net Cash Flow											

TABLE 6

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

	Lease Year:	***23***	***24***	***25***	***26***	***27***	***28***	***29***	***30***	***31***	***32***
	Operating Year:	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
V. San Diego Foundation Loan Repayment											
Beginning Balance											
Interest	7.0%										
(Less) Cash Flow Credit @	25%										
Ending Balance											
VI. Developer Fee Repayment											
Beginning Balance											
Interest	3.0%										
(Less) Remaining Cash Flow Credit @	100%										
Ending Balance											
VII. Cash Flow Available for Distribution (4)		$1,547,192	$1,691,795	$1,838,635	$1,987,742	$2,139,144	$2,292,871	$2,448,953	$2,607,420	$2,768,303	$2,931,634

(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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

		33	34	35	36	37	38	39	40	41	42
Lease Year:		*33*	*34*	*35*	*36*	*37*	*38*	*39*	*40*	*41*	*42*
Operating Year:		**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
A. COMMERCIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.25%	$2,227,767	$2,277,892	$2,329,144	$2,381,550	$2,435,135	$2,489,925	$2,545,949	$2,603,232	$2,661,805	$2,721,696
(Less) Vacancy	20.0%	($222,777)	($227,789)	($232,914)	($238,155)	($243,513)	($248,993)	($254,595)	($260,323)	($266,181)	($272,170)
II. Effective Gross Income (EGI)		$2,004,990	$2,050,102	$2,096,230	$2,143,395	$2,191,621	$2,240,933	$2,291,354	$2,342,909	$2,395,625	$2,449,526
(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III. Net Operating Income (NOI) - Commercial		$2,004,990	$2,050,102	$2,096,230	$2,143,395	$2,191,621	$2,240,933	$2,291,354	$2,342,909	$2,395,625	$2,449,526
B. RESIDENTIAL											
I. Gross Scheduled Income (GSI)											
Rental Income	2.0%	$11,977,959	$12,217,518	$12,461,869	$12,711,106	$12,965,328	$13,224,635	$13,489,127	$13,758,910	$14,034,088	$14,314,770
Other Income	2.25%	$894,868	$915,003	$935,591	$956,641	$978,166	$1,000,175	$1,022,678	$1,045,689	$1,069,217	$1,093,274
(Less) Vacancy [1]	5.0%	($598,898)	($610,876)	($623,094)	($635,556)	($648,267)	($661,232)	($674,457)	($687,946)	($701,705)	($715,739)
II. Effective Gross Income (EGI)		$12,273,929	$12,521,645	$12,774,365	$13,032,192	$13,295,227	$13,563,577	$13,837,349	$14,116,653	$14,401,600	$14,692,305
(Less) Operating Expenses [2]		($4,357,072)	($4,483,717)	($4,614,080)	($4,748,268)	($4,886,396)	($5,028,580)	($5,174,939)	($5,325,597)	($5,480,681)	($5,640,322)
III. Net Operating Income (NOI) - Residential		$7,916,858	$8,037,927	$8,160,285	$8,283,923	$8,408,831	$8,534,997	$8,662,410	$8,791,056	$8,920,919	$9,051,983
(Less) Mandatory Ground Lease Payment [3]	3.0%	($38,626)	($39,785)	($40,979)	($42,208)	($43,474)	($44,778)	($46,122)	($47,505)	($48,931)	($50,398)
IV. NOI - Residential - After Ground Lease Payment		$7,878,231	$7,998,142	$8,119,307	$8,241,715	$8,365,357	$8,490,219	$8,616,288	$8,743,550	$8,871,988	$9,001,584
C. TOTAL CASH FLOW											
I. Total NOI		$9,883,222	$10,048,245	$10,215,537	$10,385,110	$10,556,978	$10,731,151	$10,907,642	$11,086,459	$11,267,613	$11,451,110
(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Less) Debt Service - Refinance Loan		($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)
(Less) Loan Fees - Refinance Loan		($271,372)	($266,890)	($262,096)	($256,969)	($251,484)	($245,618)	($239,343)	($232,631)	($225,452)	($217,773)
II. NOI After Debt Service		$3,136,887	$3,306,392	$3,478,477	$3,653,178	$3,830,531	$4,010,571	$4,193,336	$4,378,865	$4,567,198	$4,758,375
III. Asset Management Fees											
(Less) Limited Partner Fee	3.0%	$0	$0	$0	$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)	($47,097)	($48,510)	($49,965)	($51,464)
Total Asset Management Fees		($39,443)	($40,626)	($41,845)	($43,100)	($44,393)	($45,725)	($47,097)	($48,510)	($49,965)	($51,464)
IV. Total Cash Flow		$3,097,444	$3,265,765	$3,436,632	$3,610,078	$3,786,137	$3,964,846	$4,146,239	$4,330,356	$4,517,233	$4,706,910
Add: Adjusted Refinancing Proceeds											
(Less) Capital Event Payment to City											
Net Cash Flow											

TABLE 6

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

	Lease Year:	*33*	*34*	*35*	*36*	*37*	*38*	*39*	*40*	*41*	*42*
	Operating Year:	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
V. San Diego Foundation Loan Repayment											
Beginning Balance											
Interest	7.0%										
(Less) Cash Flow Credit @	25%										
Ending Balance											
VI. Developer Fee Repayment											
Beginning Balance											
Interest	3.0%										
(Less) Remaining Cash Flow Credit @	100%										
Ending Balance											
VII. Cash Flow Available for Distribution [(4)]		$3,097,444	$3,265,765	$3,436,632	$3,610,078	$3,786,137	$3,964,846	$4,146,239	$4,330,356	$4,517,233	$4,706,910

(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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

		Lease Year:	*43*	*44*	*45*	*46*	*47*	*48*	*49*	*50*	*51*	*52*
		Operating Year:	**41**	**42**	**43**	**44**	**45**	**46**	**47**	**48**	**49**	**50**
A. COMMERCIAL												
I.	**Gross Scheduled Income (GSI)**											
	Rental Income	2.25%	$2,782,934	$2,845,550	$2,909,575	$2,975,040	$3,041,979	$3,110,423	$3,180,408	$3,251,967	$3,325,136	$3,399,952
	(Less) Vacancy	20.0%	($278,293)	($284,555)	($290,957)	($297,504)	($304,198)	($311,042)	($318,041)	($325,197)	($332,514)	($339,995)
II.	**Effective Gross Income (EGI)**		$2,504,641	$2,560,995	$2,618,617	$2,677,536	$2,737,781	$2,799,381	$2,862,367	$2,926,770	$2,992,623	$3,059,957
	(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III.	**Net Operating Income (NOI) - Commercial**		$2,504,641	$2,560,995	$2,618,617	$2,677,536	$2,737,781	$2,799,381	$2,862,367	$2,926,770	$2,992,623	$3,059,957
B. RESIDENTIAL												
I.	**Gross Scheduled Income (GSI)**											
	Rental Income	2.0%	$14,601,065	$14,893,087	$15,190,948	$15,494,767	$15,804,663	$16,120,756	$16,443,171	$16,772,034	$17,107,475	$17,449,625
	Other Income	2.25%	$1,117,873	$1,143,025	$1,168,743	$1,195,040	$1,221,928	$1,249,421	$1,277,533	$1,306,278	$1,335,669	$1,365,722
	(Less) Vacancy (1)	5.0%	($730,054)	($744,655)	($759,548)	($774,739)	($790,234)	($806,038)	($822,159)	($838,602)	($855,374)	($872,482)
II.	**Effective Gross Income (EGI)**		$14,988,884	$15,291,457	$15,600,143	$15,915,068	$16,236,357	$16,564,139	$16,898,545	$17,239,710	$17,587,770	$17,942,865
	(Less) Operating Expenses (2)		($5,804,655)	($5,973,819)	($6,147,955)	($6,327,212)	($6,511,741)	($6,701,698)	($6,897,244)	($7,098,543)	($7,305,767)	($7,519,091)
III.	**Net Operating Income (NOI) - Residential**		$9,184,229	$9,317,638	$9,452,188	$9,587,856	$9,724,616	$9,862,441	$10,001,301	$10,141,167	$10,282,003	$10,423,774
	(Less) Mandatory Ground Lease Payment (3)	3.0%	($51,910)	($53,468)	($55,072)	($56,724)	($58,426)	($60,178)	($61,984)	($63,843)	($65,759)	($67,731)
IV.	**NOI - Residential - After Ground Lease Payment**		$9,132,319	$9,264,170	$9,397,116	$9,531,132	$9,666,190	$9,802,262	$9,939,318	$10,077,323	$10,216,244	$10,356,042
C. TOTAL CASH FLOW												
I.	**Total NOI**		$11,636,959	$11,825,165	$12,015,734	$12,208,668	$12,403,971	$12,601,643	$12,801,685	$13,004,094	$13,208,867	$13,415,999
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)
	(Less) Loan Fees - Refinance Loan		($209,559)	($200,773)	($191,376)	($181,324)	($170,573)	($159,072)	($146,772)	($133,614)	($119,541)	($104,487)
II.	**NOI After Debt Service**		$4,952,437	$5,149,429	$5,349,395	$5,552,381	$5,758,435	$5,967,608	$6,179,950	$6,395,516	$6,614,363	$6,836,549
III.	**Asset Management Fees**											
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($53,008)	($54,598)	($56,236)	($57,923)	($59,661)	($61,451)	($63,294)	($65,193)	($67,149)	($69,164)
	Total Asset Management Fees		($53,008)	($54,598)	($56,236)	($57,923)	($59,661)	($61,451)	($63,294)	($65,193)	($67,149)	($69,164)
IV.	**Total Cash Flow**		$4,899,429	$5,094,831	$5,293,159	$5,494,458	$5,698,774	$5,906,157	$6,116,656	$6,330,323	$6,547,214	$6,767,385
	Add: Adjusted Refinancing Proceeds											
	(Less) Capital Event Payment to City											
	Net Cash Flow											

TABLE 6

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

	Lease Year:	*43*	*44*	*45*	*46*	*47*	*48*	*49*	*50*	*51*	*52*
	Operating Year:	**41**	**42**	**43**	**44**	**45**	**46**	**47**	**48**	**49**	**50**
V. San Diego Foundation Loan Repayment											
Beginning Balance											
Interest	7.0%										
(Less) Cash Flow Credit @	25%										
Ending Balance											
VI. Developer Fee Repayment											
Beginning Balance											
Interest	3.0%										
(Less) Remaining Cash Flow Credit @	100%										
Ending Balance											
VII. Cash Flow Available for Distribution (4)		$4,899,429	$5,094,831	$5,293,159	$5,494,458	$5,698,774	$5,906,157	$6,116,656	$6,330,323	$6,547,214	$6,767,385

(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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

		Lease Year:	*53*	*54*	*55*	*56*	*57*	*58*	*59*	*60*	*61*	*62*
		Operating Year:	**51**	**52**	**53**	**54**	**55**	**56**	**57**	**58**	**59**	**60**
A. COMMERCIAL												
I.	**Gross Scheduled Income (GSI)**											
	Rental Income	2.25%	$3,476,451	$3,554,671	$3,634,651	$3,716,431	$3,800,050	$3,885,551	$3,972,976	$4,062,368	$4,153,771	$4,247,231
	(Less) Vacancy	20.0%	($347,645)	($355,467)	($363,465)	($371,643)	($380,005)	($388,555)	($397,298)	($406,237)	($415,377)	($424,723)
II.	**Effective Gross Income (EGI)**		$3,128,806	$3,199,204	$3,271,186	$3,344,787	$3,420,045	$3,496,996	$3,575,679	$3,656,131	$3,738,394	$3,822,508
	(Less) Unreimbursed Expenses	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
III.	**Net Operating Income (NOI) - Commercial**		$3,128,806	$3,199,204	$3,271,186	$3,344,787	$3,420,045	$3,496,996	$3,575,679	$3,656,131	$3,738,394	$3,822,508
B. RESIDENTIAL												
I.	**Gross Scheduled Income (GSI)**											
	Rental Income	2.0%	$17,798,617	$18,154,589	$18,517,681	$18,888,035	$19,265,796	$19,651,111	$20,044,134	$20,445,016	$20,853,917	$21,270,995
	Other Income	2.25%	$1,396,450	$1,427,871	$1,459,998	$1,492,848	$1,526,437	$1,560,782	$1,595,899	$1,631,807	$1,668,523	$1,706,064
	(Less) Vacancy [(1)]	5.0%	($889,931)	($907,730)	($925,885)	($944,402)	($963,290)	($982,556)	($1,002,207)	($1,022,251)	($1,042,697)	($1,063,550)
II.	**Effective Gross Income (EGI)**		$18,305,136	$18,674,730	$19,051,794	$19,436,480	$19,828,942	$20,229,337	$20,637,825	$21,054,572	$21,479,743	$21,913,509
	(Less) Operating Expenses [(2)]		($7,738,695)	($7,964,765)	($8,197,492)	($8,437,075)	($8,683,716)	($8,937,624)	($9,199,014)	($9,468,108)	($9,745,135)	($10,030,329)
III.	**Net Operating Income (NOI) - Residential**		$10,566,442	$10,709,965	$10,854,302	$10,999,405	$11,145,226	$11,291,713	$11,438,812	$11,586,464	$11,734,608	$11,883,180
	(Less) Mandatory Ground Lease Payment [(3)]	3.0%	($69,763)	($71,856)	($74,012)	($76,232)	($78,519)	($80,875)	($83,301)	($85,800)	($88,374)	($91,025)
IV.	**NOI - Residential - After Ground Lease Payment**		$10,496,678	$10,638,109	$10,780,290	$10,923,173	$11,066,707	$11,210,838	$11,355,511	$11,500,664	$11,646,234	$11,792,155
C. TOTAL CASH FLOW												
I.	**Total NOI**		$13,625,484	$13,837,313	$14,051,476	$14,267,960	$14,486,752	$14,707,835	$14,931,189	$15,156,795	$15,384,628	$15,614,663
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) Debt Service - Refinance Loan		($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	($6,474,963)	$0	$0	$0	$0	$0
	(Less) Loan Fees - Refinance Loan		($88,386)	($71,163)	($52,741)	($33,036)	($11,960)	$0	$0	$0	$0	$0
II.	**NOI After Debt Service**		$7,062,135	$7,291,187	$7,523,772	$7,759,961	$7,999,829	$14,707,835	$14,931,189	$15,156,795	$15,384,628	$15,614,663
III.	**Asset Management Fees**											
	(Less) Limited Partner Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) General Partner Fee	3.0%	($71,238)	($73,376)	($75,577)	($77,844)	($80,180)	($82,585)	($85,062)	($87,614)	($90,243)	($92,950)
	Total Asset Management Fees		($71,238)	($73,376)	($75,577)	($77,844)	($80,180)	($82,585)	($85,062)	($87,614)	($90,243)	($92,950)
IV.	**Total Cash Flow**		$6,990,897	$7,217,811	$7,448,195	$7,682,117	$7,919,650	$14,625,250	$14,846,127	$15,069,181	$15,294,386	$15,521,713
	Add: Adjusted Refinancing Proceeds											
	(Less) Capital Event Payment to City											
	Net Cash Flow											

TABLE 6

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

		53	54	55	56	57	58	59	60	61	62
Lease Year:		*53*	*54*	*55*	*56*	*57*	*58*	*59*	*60*	*61*	*62*
Operating Year:		**51**	**52**	**53**	**54**	**55**	**56**	**57**	**58**	**59**	**60**
V. San Diego Foundation Loan Repayment											
Beginning Balance											
Interest	7.0%										
(Less) Cash Flow Credit @	25%										
Ending Balance											
VI. Developer Fee Repayment											
Beginning Balance											
Interest	3.0%										
(Less) Remaining Cash Flow Credit @	100%										
Ending Balance											
VII. Cash Flow Available for Distribution (4)		$6,990,897	$7,217,811	$7,448,195	$7,682,117	$7,919,650	$14,625,250	$14,846,127	$15,069,181	$15,294,386	$15,521,713

(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) Reflects ground lease payment of $15,000, escalating 3.0% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 6

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

	Lease Year:	*63*	*64*	*65*
	Operating Year:	**61**	**62**	**63**
A. COMMERCIAL				
I. Gross Scheduled Income (GSI)				
Rental Income	2.25%	$4,342,794	$4,440,507	$4,540,418
(Less) Vacancy	20.0%	($434,279)	($444,051)	($454,042)
II. Effective Gross Income (EGI)		$3,908,515	$3,996,456	$4,086,376
(Less) Unreimbursed Expenses	3.0%	$0	$0	$0
III. Net Operating Income (NOI) - Commercial		$3,908,515	$3,996,456	$4,086,376
B. RESIDENTIAL				
I. Gross Scheduled Income (GSI)				
Rental Income	2.0%	$21,696,415	$22,130,343	$22,572,950
Other Income	2.25%	$1,744,451	$1,783,701	$1,823,834
(Less) Vacancy [1]	5.0%	($1,084,821)	($1,106,518)	($1,128,648)
II. Effective Gross Income (EGI)		$22,356,044	$22,807,526	$23,268,136
(Less) Operating Expenses [2]		($10,323,932)	($10,626,195)	($10,937,373)
III. Net Operating Income (NOI) - Residential		$12,032,112	$12,181,331	$12,330,763
(Less) Mandatory Ground Lease Payment [3]	3.0%	($93,756)	($96,569)	($99,466)
IV. NOI - Residential - After Ground Lease Payment		$11,938,356	$12,084,763	$12,231,297
C. TOTAL CASH FLOW				
I. Total NOI		$15,846,870	$16,081,219	$16,317,674
(Less) Debt Service - Permanent Loan		$0	$0	$0
(Less) Debt Service - Refinance Loan		$0	$0	$0
(Less) Loan Fees - Refinance Loan		$0	$0	$0
II. NOI After Debt Service		$15,846,870	$16,081,219	$16,317,674
III. Asset Management Fees				
(Less) Limited Partner Fee	3.0%	$0	$0	$0
(Less) General Partner Fee	3.0%	($95,739)	($98,611)	($101,569)
Total Asset Management Fees		($95,739)	($98,611)	($101,569)
IV. Total Cash Flow		$15,751,132	$15,982,608	$16,216,105
Add: Adjusted Refinancing Proceeds				
(Less) Capital Event Payment to City				
Net Cash Flow				

TABLE 6

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

	Lease Year:	*63*	*64*	*65*
	Operating Year:	**61**	**62**	**63**
V. San Diego Foundation Loan Repayment				
Beginning Balance				
Interest	7.0%			
(Less) Cash Flow Credit @	25%			
Ending Balance				
VI. Developer Fee Repayment				
Beginning Balance				
Interest	3.0%			
(Less) Remaining Cash Flow Credit @	100%			
Ending Balance				
VII. Cash Flow Available for Distribution (4)		$15,751,132	$15,982,608	$16,216,105

(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% c
and commercial EGI for management fee.
(3) Reflects ground lease payment of $15,000, escalating 3.0¦% annually, beginning in Lease Year 1.
(4) See Table 7 for cash flow distribution.

TABLE 7

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

		Lease Year:	*3*	*4*	*5*	*6*	*7*	*8*	*9*
		Operating Year:	**1**	**2**	**3**	**4**	**5**	**6**	**7**
I.	**Cash Flow Available for Distribution**		$0	$0	$0	$0	$0	$0	$0
II.	**Fund Equity/GP Loan**								
	Beginning Balance		$4,402,000	$4,534,060	$4,666,120	$4,798,180	$4,930,240	$5,062,300	$5,194,360
	Interest	3.0%	$132,060	$132,060	$132,060	$132,060	$132,060	$132,060	$132,060
	(Less) Cash Flow Credit	50%	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$4,534,060	$4,666,120	$4,798,180	$4,930,240	$5,062,300	$5,194,360	$5,326,420
III.	**Limited Partner Payout**	10.0%	$0	$0	$0	$0	$0	$0	$0
IV.	**Remaining Cash for Distribution**		$0	$0	$0	$0	$0	$0	$0
V.	**City Note**								
	Beginning Balance		$45,600,000	$47,880,000	$50,160,000	$52,668,000	$55,301,400	$58,066,470	$60,969,794
	Compound Interest	5.0%	$2,280,000	$2,280,000	$2,508,000	$2,633,400	$2,765,070	$2,903,324	$3,048,490
	(Less) Cash Flow Credit	50%	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$47,880,000	$50,160,000	$52,668,000	$55,301,400	$58,066,470	$60,969,794	$64,018,283
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 (1)

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

	Lease Year:		*10*	*11*	*12*	*13*	*14*	*15*	*16*
	Operating Year:		**8**	**9**	**10**	**11**	**12**	**13**	**14**
I.	**Cash Flow Available for Distribution**		$0	$0	$0	$0	$0	$0	$0
II.	**Fund Equity/GP Loan**								
	Beginning Balance		$5,326,420	$5,458,480	$5,590,540	$5,722,600	$5,854,660	$5,986,720	$6,118,780
	Interest	3.0%	$132,060	$132,060	$132,060	$132,060	$132,060	$132,060	$132,060
	(Less) Cash Flow Credit	50%	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$5,458,480	$5,590,540	$5,722,600	$5,854,660	$5,986,720	$6,118,780	$6,250,840
III.	**Limited Partner Payout**	10.0%	$0	$0	$0	$0	$0	$0	$0
IV.	**Remaining Cash for Distribution**		$0	$0	$0	$0	$0	$0	$0
V.	**City Note**								
	Beginning Balance		$64,018,283	$67,219,197	$70,580,157	$74,109,165	$77,814,623	$81,705,354	$85,790,622
	Compound Interest	5.0%	$3,200,914	$3,360,960	$3,529,008	$3,705,458	$3,890,731	$4,085,268	$4,289,531
	(Less) Cash Flow Credit	50%	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$67,219,197	$70,580,157	$74,109,165	$77,814,623	$81,705,354	$85,790,622	$90,080,153
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 (1)

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*17*	*18*	*19*	*20*	*21*	*22*	*23*
		Operating Year:	**15**	**16**	**17**	**18**	**19**	**20**	**21**
I.	**Cash Flow Available for Distribution**		$2,675,293	$856,766	$990,598	$1,126,529	$1,264,587	$1,404,799	$1,547,192
II.	**Fund Equity/GP Loan**								
	Beginning Balance		$6,250,840	$5,045,253	$4,748,930	$4,385,691	$3,953,997	$3,440,323	$2,841,134
	Interest	3.0%	$132,060	$132,060	$132,060	$131,571	$118,620	$103,210	$85,234
	(Less) Cash Flow Credit	50%	($1,337,647)	($428,383)	($495,299)	($563,265)	($632,294)	($702,399)	($773,596)
	Ending Balance		$5,045,253	$4,748,930	$4,385,691	$3,953,997	$3,440,323	$2,841,134	$2,152,772
III.	**Limited Partner Payout**	10.0%	($133,765)						
IV.	**Remaining Cash for Distribution**		$1,203,882	$428,383	$495,299	$563,265	$632,294	$702,399	$773,596
V.	**City Note**								
	Beginning Balance		$90,080,153	$93,982,220	$98,467,139	$103,142,847	$108,018,357	$113,103,128	$118,407,084
	Compound Interest	5.0%	$4,504,008	$4,699,111	$4,923,357	$5,157,142	$5,400,918	$5,655,156	$5,920,354
	(Less) Cash Flow Credit	50%	($601,941)	($214,192)	($247,650)	($281,632)	($316,147)	($351,200)	($386,798)
	Ending Balance		$93,982,220	$98,467,139	$103,142,847	$108,018,357	$113,103,128	$118,407,084	$123,940,641
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 [(1)]

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*24*	*25*	*26*	*27*	*28*	*29*	*30*
		Operating Year:	**22**	**23**	**24**	**25**	**26**	**27**	**28**
I.	**Cash Flow Available for Distribution**		$1,691,795	$1,838,635	$1,987,742	$2,139,144	$2,292,871	$2,448,953	$2,607,420
II.	**Fund Equity/GP Loan**								
	Beginning Balance		$2,152,772	$1,371,457	$493,284				
	Interest	3.0%	$64,583	$41,144	$14,799				
	(Less) Cash Flow Credit	50%	($845,897)	($919,317)	($508,082)				
	Ending Balance		$1,371,457	$493,284	$0				
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$845,897	$919,317	$1,479,659	$2,139,144	$2,292,871	$2,448,953	$2,607,420
V.	**City Note**								
	Beginning Balance		$123,940,641	$129,714,724	$135,740,802	$141,788,012	$147,807,841	$154,051,797	$160,529,910
	Compound Interest	5.0%	$6,197,032	$6,485,736	$6,787,040	$7,089,401	$7,390,392	$7,702,590	$8,026,496
	(Less) Cash Flow Credit	50%	($422,949)	($459,659)	($739,830)	($1,069,572)	($1,146,436)	($1,224,476)	($1,303,710)
	Ending Balance		$129,714,724	$135,740,802	$141,788,012	$147,807,841	$154,051,797	$160,529,910	$167,252,696
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 [(1)]

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*31*	*32*	*33*	*34*	*35*	*36*	*37*
		Operating Year:	**29**	**30**	**31**	**32**	**33**	**34**	**35**
I.	**Cash Flow Available for Distribution**		$2,768,303	$2,931,634	$3,097,444	$3,265,765	$3,436,632	$3,610,078	$3,786,137
II.	**Fund Equity/GP Loan**								
	Beginning Balance								
	Interest	3.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$2,768,303	$2,931,634	$3,097,444	$3,265,765	$3,436,632	$3,610,078	$3,786,137
V.	**City Note**								
	Beginning Balance		$167,252,696	$174,231,179	$181,476,921	$189,002,045	$196,819,265	$204,941,912	$213,383,969
	Compound Interest	5.0%	$8,362,635	$8,711,559	$9,073,846	$9,450,102	$9,840,963	$10,247,096	$10,669,198
	(Less) Cash Flow Credit	50%	($1,384,152)	($1,465,817)	($1,548,722)	($1,632,883)	($1,718,316)	($1,805,039)	($1,893,069)
	Ending Balance		$174,231,179	$181,476,921	$189,002,045	$196,819,265	$204,941,912	$213,383,969	$222,160,098
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 [(1)]

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*38*	*39*	*40*	*41*	*42*	*43*	*44*
		Operating Year:	**36**	**37**	**38**	**39**	**40**	**41**	**42**
I.	**Cash Flow Available for Distribution**		$3,964,846	$4,146,239	$4,330,356	$4,517,233	$4,706,910	$4,899,429	$5,094,831
II.	**Fund Equity/GP Loan**								
	Beginning Balance								
	Interest	3.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$3,964,846	$4,146,239	$4,330,356	$4,517,233	$4,706,910	$4,899,429	$5,094,831
V.	**City Note**								
	Beginning Balance		$222,160,098	$231,285,681	$240,776,845	$250,650,509	$260,924,419	$271,617,184	$282,748,329
	Compound Interest	5.0%	$11,108,005	$11,564,284	$12,038,842	$12,532,525	$13,046,221	$13,580,859	$14,137,416
	(Less) Cash Flow Credit	50%	($1,982,423)	($2,073,120)	($2,165,178)	($2,258,616)	($2,353,455)	($2,449,715)	($2,547,415)
	Ending Balance		$231,285,681	$240,776,845	$250,650,509	$260,924,419	$271,617,184	$282,748,329	$294,338,330
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0

VII. Cash Flow to City - NPV Years 1-63 (1)

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*45*	*46*	*47*	*48*	*49*	*50*	*51*
		Operating Year:	**43**	**44**	**45**	**46**	**47**	**48**	**49**
I.	**Cash Flow Available for Distribution**		$5,293,159	$5,494,458	$5,698,774	$5,906,157	$6,116,656	$6,330,323	$6,547,214
II.	**Fund Equity/GP Loan**								
	Beginning Balance								
	Interest	3.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$5,293,159	$5,494,458	$5,698,774	$5,906,157	$6,116,656	$6,330,323	$6,547,214
V.	**City Note**								
	Beginning Balance		$294,338,330	$306,408,667	$318,981,872	$332,081,578	$345,732,579	$359,960,880	$374,793,762
	Compound Interest	5.0%	$14,716,917	$15,320,433	$15,949,094	$16,604,079	$17,286,629	$17,998,044	$18,739,688
	(Less) Cash Flow Credit	50%	($2,646,579)	($2,747,229)	($2,849,387)	($2,953,078)	($3,058,328)	($3,165,162)	($3,273,607)
	Ending Balance		$306,408,667	$318,981,872	$332,081,578	$345,732,579	$359,960,880	$374,793,762	$390,259,844
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$0
VII.	**Cash Flow to City - NPV Years 1-63** (1)								
	Discount Rate @ 10%								
	$2,810,000								

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*52*	*53*	*54*	*55*	*56*	*57*	*58*
		Operating Year:	**50**	**51**	**52**	**53**	**54**	**55**	**56**
I.	**Cash Flow Available for Distribution**		$6,767,385	$6,990,897	$7,217,811	$7,448,195	$7,682,117	$7,919,650	$14,625,250
II.	**Fund Equity/GP Loan**								
	Beginning Balance								
	Interest	3.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$6,767,385	$6,990,897	$7,217,811	$7,448,195	$7,682,117	$7,919,650	$14,625,250
V.	**City Note**								
	Beginning Balance		$390,259,844	$406,389,143	$423,213,152	$440,764,904	$459,079,052	$478,191,946	
	Compound Interest	5.0%	$19,512,992	$20,319,457	$21,160,658	$22,038,245	$22,953,953	$23,909,597	
	(Less) Cash Flow Credit	50%	($3,383,693)	($3,495,448)	($3,608,906)	($3,724,097)	($3,841,058)	($3,959,825)	
	Ending Balance		$406,389,143	$423,213,152	$440,764,904	$459,079,052	$478,191,946	$498,142,000	
VI.	**Residual Receipts Rent to City**	50%	$0	$0	$0	$0	$0	$0	$7,312,625

VII. Cash Flow to City - NPV Years 1-63 [(1)]

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).

TABLE 7

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

		Lease Year:	*59*	*60*	*61*	*62*	*63*	*64*	*65*
		Operating Year:	**57**	**58**	**59**	**60**	**61**	**62**	**63**
I.	**Cash Flow Available for Distribution**		$14,846,127	$15,069,181	$15,294,386	$15,521,713	$15,751,132	$15,982,608	$16,216,105
II.	**Fund Equity/GP Loan**								
	Beginning Balance								
	Interest	3.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
III.	**Limited Partner Payout**	10.0%							
IV.	**Remaining Cash for Distribution**		$14,846,127	$15,069,181	$15,294,386	$15,521,713	$15,751,132	$15,982,608	$16,216,105
V.	**City Note**								
	Beginning Balance								
	Compound Interest	5.0%							
	(Less) Cash Flow Credit	50%							
	Ending Balance								
VI.	**Residual Receipts Rent to City**	50%	$7,423,063	$7,534,590	$7,647,193	$7,760,857	$7,875,566	$7,991,304	$8,108,052

VII. Cash Flow to City - NPV Years 1-63 [1]

Discount Rate @ 10%
$2,810,000

(1) Reflects payments towards the City Note (Years 1 - 55) and Residual Recepits Rent (Years 56 - 63).