



DATE / **APR 15 2010**

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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on April 15, 2010 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

ACQUISITION LOAN AGREEMENT WITH SINGLE ROOM OCCUPANCY HOUSING CORPORATION IN AN AMOUNT NOT TO EXCEED \$5,000,000 FOR THE ROSSLYN HOTEL LOCATED AT 112 WEST FIFTH STREET IN THE CITY CENTER REDEVELOPMENT PROJECT AREA.  
DOWNTOWN REGION (CD 9)

**RECOMMENDATION**

That City Council approves recommendations on the attached Board Memorandum

**ENVIRONMENTAL REVIEW**

The predevelopment loan is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Article 18, section 15262 of the CRA/LA CEQA Guidelines. At the time the conversion of the acquisition loan into a permanent loan is brought to the CRA/LA Board for consideration, the appropriate environmental document pursuant to CEQA also will be brought for the CRA/LA's consideration. The CRA/LA retains its ability to require warranted mitigation measures in its discretion at the time of considering the conversion of the acquisition loan into a permanent loan.



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Council Transmittal

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the City's General Fund, as a result of this action.

  
\_\_\_\_\_  
Calvin E. Hollis, Interim Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA  
Steve Ongele, Office of the Mayor  
Noreen Vincent, Office of the City Attorney  
Jan Perry, Council Member

MEMORANDUM

14

DATE: APRIL 15, 2010 CT1090

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CALVIN E. HOLLIS, INTERIM CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DAVID RICCITIELLO, REGIONAL ADMINISTRATOR  
LILLIAN BURKENHEIM, PROJECT MANAGER  
DAVE NEUBECKER, ASSISTANT PROJECT MANAGER  
JOHN LUJAN, SENIOR HOUSING FINANCE OFFICER

SUBJECT: ACQUISITION LOAN AGREEMENT WITH SINGLE ROOM OCCUPANCY HOUSING CORPORATION IN AN AMOUNT NOT TO EXCEED \$5,000,000 FOR THE ROSSLYN HOTEL LOCATED AT 112 WEST FIFTH STREET IN THE CITY CENTER REDEVELOPMENT PROJECT AREA.  
DOWNTOWN REGION (CD 9)

LOAN COMMITTEE REVIEW: APPROVED MARCH 24, 2010

RECOMMENDATIONS

That the CRA/LA Board of Commissioners:

1. Adopt a Resolution making a finding that an economically feasible alternative method of financing the Project on substantially comparable terms without subordination of the CRA/LA's Deed of Trust and affordability restrictions is not reasonably available, and authorize subordination of the CRA/LA's Deed of Trust, covenants, and use restrictions to the loan provided for the Project;

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

2. Authorize the Chief Executive Officer ("CEO") or designee to execute an Acquisition Loan Agreement in an amount not to exceed \$5,000,000 with Single Room Occupancy Housing Corporation and to take such other actions as may be necessary to carry out the Loan Agreement; and
3. Waive Section 8.04 of the CRA/LA Housing Policy which requires that acquisition loans be secured by a first deed of trust on the property.

## SUMMARY

The recommended actions will enable Single Room Occupancy Housing Corporation ("Developer" or "SRO Housing") to acquire the Rosslyn Hotel, a 264-unit residential hotel located at 112 W. 5th Street ("Site"), by providing for an acquisition loan in an amount not to exceed \$5,000,000, for a term of two years with an option for a one-year extension. The loan proceeds will be used to provide a portion of the acquisition costs for the Site. The Rosslyn Hotel is currently under private ownership and thus offers no guarantee of long-term affordability for the existing very low- and low-income tenants. If approved by the CRA/LA Board, escrow is expected to close on June 7, 2010.

The building is currently about 90% occupied. SRO Housing will retain the current tenants and rent structure while they undertake predevelopment activities, such as assess the long-term needs of the building and tenants, pursue construction and permanent financing, and solicit feedback from the community. Prior to the maturity of the CRA/LA acquisition loan, CRA/LA staff anticipates returning to the Board of Commissioners for approval of the final project, including conversion to a permanent loan. SRO Housing will be obligated to operate the property as a 100% affordable housing project with 55-year affordability covenants.

Although the final project has not yet been proposed or approved, other potential uses include relocating SRO Housing's central office from the Banco Popular building to the mezzanine level and developing a job training center in the basement space as part of the CRA/LA's Job Training Trust Fund obligations under the Wiggins Settlement Agreement. No construction may commence prior to CRA/LA Board approval of the final project, including adoption of a Replacement Housing Plan, Relocation Plan and In-Place Rehabilitation Plan.

The acquisition cost is \$12,100,000. Additional funding for acquisition of the Site is being provided by New Generation Fund ("NGF") in the amount of \$6,600,000 and the Corporation for Supportive Housing ("CSH") in the amount of \$500,000. The estimated total development cost of the proposed Project is \$39,343,129. Beyond the NGF, CSH and CRA/LA funding for acquisition, the Project's proposed financing is expected to include conventional financing (construction and permanent loan), Affordable Housing Program ("AHP") funds, 9% and historic tax credits and possibly Los Angeles Housing Department ("LAHD") Permanent Supportive Housing Program ("PSHP") funds.

## RE

Initial action.

## SOURCE OF FUNDS

City Center Low and Moderate Income Housing Fund.

## PROGRAM AND BUDGET IMPACT

The proposed action is consistent with the FY10 Budget and Work program relating to the City Center Redevelopment Project Area. The approved FY10 Budget as amended for the City Center Redevelopment Project Area includes \$12,184,900 for Housing. With the approval of this item, \$9,230,000 (or 76% of the total amount budgeted) will be committed to approved Housing projects. Sufficient funds are available to make any legally-required State ERAF payments. There is no impact on the City's general fund.

## ENVIRONMENTAL REVIEW

The predevelopment loan is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Article 18, section 15262 of the CRA/LA CEQA Guidelines. At the time the conversion of the acquisition loan into a permanent loan is brought to the CRA/LA Board for consideration, the appropriate environmental document pursuant to CEQA also will be brought for the CRA/LA's consideration. The CRA/LA retains its ability to require warranted mitigation measures in its discretion at the time of considering the conversion of the acquisition loan into a permanent loan.

## BACKGROUND

SRO Housing Corporation is a California nonprofit public benefit corporation founded by the CRA/LA in 1984 and is dedicated to building healthy communities for homeless and very low-income individuals. SRO Housing currently owns and operates 28 projects with 2,000 units of affordable, permanent supportive, transitional and emergency housing, and has 4 projects in various stages of development with a total of 396 units. These 32 projects are all located within the Central City East subarea, which spans portions of both the City Center and Central Industrial Project Areas. SRO Housing also owns and operates the James M. Wood Community Center, a facility in Central City East that on a daily basis serves approximately 100 senior meals, hosts 10 to 12 substance abuse recovery programs, and provides health screenings, life skills training, and other community building activities. In addition, SRO Housing is contracted by the CRA/LA to maintain and operate the only two public parks in Central City East, San Julian Park and Gladys Park. SRO Housing has a proven track record in dealing with complex financing arrangements involving multiple funding sources.

### Location

The Project Site is located at the southwest corner of 5th and Main Streets in the Historic Core subarea of the City Center Project Area. Over the past few years, the Historic Core has undergone a remarkable transformation, particularly around the intersection of 5th and Main Streets, which has become the center of Gallery Row and the popular Downtown Art Walk on the second Thursday of every month.

### Site Description

Completed in 1924, the New Hotel Rosslyn Annex (renamed the Rosslyn Hotel in 2003) was essentially an expansion of the New Hotel Rosslyn (renamed the Frontier Hotel in 2000 and the Rosslyn Lofts in 2007), which opened in 1914 on the north side of 5th Street. Both buildings were designed by prominent Los Angeles architect John Parkinson, who was responsible for many iconic local buildings including City Hall, Union Station, Bullock's Wilshire, Los Angeles Memorial Coliseum and the Alexandria Hotel. The two buildings were connected below ground by a marble-lined tunnel for guests and a service tunnel for employees and luggage. Newspaper ads from the 1920s refer to the New Rosslyn Hotel and Annex as the largest popular-price hotel on the Pacific Coast. Although the Rosslyn Hotel Annex has not been designated as a historic landmark, previous CRA/LA historic resources surveys indicated the building appears eligible for the National Register of Historic Places (National Register Status Code 3) and thus is a historic resource pursuant to CEQA.

The 13-story building has approximately 126,542 square feet. The ground floor consists of two commercial units and a relatively small lobby befitting of an annex to a larger hotel. The mezzanine level has a large central area along with several small offices. The 11 residential

floors utilize the same configuration: 24 small units approximately 120 to 160 square feet in size, each containing a sink and toilet but no kitchenette; 18 of the units have a private shower, while the other 6 units share a common shower on their floor. The building also has a basement level, which was designed as a bar/restaurant during the Prohibition Era. According to SRO Housing, the property has undergone some cosmetic rehabilitation over the years and is currently in compliance with all building and fire/life safety codes.

#### Property Appraisal

An appraisal of the Site dated February 2010 was prepared by Cressner & Associates, Inc. ("Cressner") for the fair market value of the fee simple interest, or "as-is" market value, of the Site pursuant to Uniform Standards of Professional Appraisal Practice Standards. The appraisal review dated March 2010 was conducted by Washington Realty Advisors ("Washington") on behalf of the CRA/LA. Both Cressner and Washington concur that the fair market value of the Site is \$12,100,000. The Developer is acquiring the Site for \$12,100,000

#### Proposed Project

Upon completion of the predevelopment work, SRO Housing will submit their final proposed project, which staff will present to the CRA/LA Board for review and consideration for approval. The final proposed project will include the affordability levels, rehabilitation scope of work and environmental process.

#### CRA/LA Policies and Redevelopment Goals

The Project will be required to adhere to all applicable CRA/LA policies and guidelines, including the CRA/LA Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas ("Development Guidelines"), Prevailing Wage and Living Wage requirements, Community Outreach, Equal Opportunity and Affirmative Action, Local Hiring, insurance and design guideline standards for the Project. In addition, the Project will adhere to the Local Hiring Responsibilities for Construction Employers and Permanent Employers on CRA/LA Assisted Projects in the City Center Project Area, although the CRA/LA Construction Careers Policy may be applied instead pending the outcome of the current trial program. As a result, the project supports Strategic Plan Objectives 1.1.1 and 1.1.2 (create 174 middle class jobs).

#### Sustainability

Consistent with the amendment to the CRA/LA Healthy Neighborhoods Policy approved by the CRA/LA Board and pending approval by the City Council, the Project will be designed to achieve and secure the Leadership in Energy and Environmental Design ("LEED") Silver Certification or above. The developer is currently working with design consultants to ensure that sustainable design and construction elements are included in the final Project construction documents which are subject to CRA/LA staff review and approval.

#### Affordability Requirements

It is important that this Project respond to various competing interests within the City Center Project Area. SRO Housing continues to engage key stakeholders in the discussion over the target population for the building. While the building owner has provided the current rent roll, no information is available about the income levels of the current tenants. During the predevelopment process, SRO Housing will survey and interview each tenant to establish the tenant income profile.

SRO Housing's objective is to qualify and retain as many current households as possible under the new financing structure and long term covenant restrictions. To this end, it is important that

the targeted income mix be re-evaluated once the tenant income profile is determined. Therefore, at this time, the preliminary targeted income mix complies with the CRA/LA Housing Policy and the City Center Implementation Plan's Inclusionary Production and Proportionality Requirements.

Once the tenant income profile is finalized, CRA/LA staff will review for compliance with the Development Guidelines and return to the Board of Commissioners with the final proposed income unit mix along with the request to convert to a permanent loan.

The Project's preliminary unit mix is consistent with the CRA/LA Housing Policy as detailed in Attachment D.

The CRA/LA is required to comply with the inclusionary housing obligation imposed by Section 33413(b) of the California Community Redevelopment Law that requires 15% of all housing developed in a Project Area be low- and moderate-income housing subject to long-term income and affordability covenants, of which 40% must be affordable to persons and families of very low-income. Based on the preliminary unit mix, the CRA/LA would be credited with 119 very low-income units, 93 low-income units, and 51 moderate-income units under California Community Redevelopment Law ("CRL"), as detailed on Attachment D. Staff expects the production of affordable housing in the City Center Project Area during the Implementation Plan period will satisfy both the 15% inclusionary housing obligation and the very low-income housing obligation.

Pursuant to the proportionality requirements of the California Community Redevelopment Law regarding the use of Low and Moderate Income Housing Funds ("LMIHF"), combined expenditures during the Implementation Plan period must allocate at least 45% of funds to the Very Low Income category, at least 26% to the Low Income category, and at most 29% to the Moderate Income category. To date, City Center Redevelopment Project Area LMIHF has been spent on one affordable rental housing project. Based on the Project's preliminary unit mix and affordability levels, the combined funds allocated to units affordable to the Very Low and Low Income categories (80%) would exceed the required minimum thresholds (at least 71%), while the funds allocated to units affordable to the Moderate Income category (20%) would remain below the required maximum threshold (at most 29%), as detailed on Attachment D.

#### Financing

The total Project cost of \$39,343,129, based on the Developer's proforma dated March 25, 2010, is preliminary and both the actual cost and funding sources will be more clearly defined upon completion of predevelopment work conducted by SRO Housing. The residential portion of the total development cost of the project is \$36,356,668 (\$137,715 per unit), with CRA/LA funding comprising 14%. The commercial component cost, to be operated and managed by the Developer, is estimated to be \$2,986,461. The commercial and residential components of the Project have been segregated as separate projects in order to protect the housing cash flows from any potential income loss on the commercial property and because the commercial property is not eligible for inclusion in "basis" for the tax credit allocation. The preliminary construction and permanent funding sources and the total uses are itemized on Attachment F.

The Project's proposed financing has not been committed at this time. Based on SRO Housing's successful track record in securing complex construction and permanent financing arrangements involving multiple funding sources, most recently with the Ford Apartments project, staff believes they will be successful with this Project as well.

Proposed CRA/LA Loan

The term of the loan will be two years from the date of the Note plus an option for a one-year extension, with an annual interest rate of 3%. The loan will be due and payable with interest in one lump sum upon maturity, although staff anticipates coming back to the CRA/LA Board for review and consideration of the proposed project, once SRO Housing has secured construction and permanent financing, including approval of conversion to a permanent loan. If approved, the loan would be converted to a 55-year permanent residual receipts loan at the start of construction, with interest accrued during the acquisition loan term added to the principal amount upon conversion. Upon conversion, CRA/LA funds would be repaid from a pro-rata share from 50% of the Project's residual receipts during operations. The purpose of the new CRA/LA Loan is to make possible the development of rental housing that will remain affordable to low- and very low-income households for at least 55 years. It is not an investment for the purpose of realizing financial return. Given the financial structure of affordable rental housing, including long-term restrictions on the maximum amount of rent that may be charged, it is not anticipated that CRA/LA will recapture its investment and/or accrued interest.

New Generation Fund will provide \$6,600,000 and CSH will provide \$500,000 toward the acquisition cost of \$12,100,000. The CRA/LA Housing Policy requires that acquisition loans be secured by a first trust deed on the Site and a conditional assignment of all work produced, such as architectural plans and environmental studies. NGF will not waver from its own policy which requires that its loan be secured by a first trust deed lien position. To address the issue of the CRA/LA loan being subordinate to the NGF loan, NGF has agreed to the same loan term as that of the CRA/LA: 24 months with a possible one-year extension if financing is not in place. The CRA/LA loan will be secured by a second Deed of Trust on the land and improvements and all work product during the predevelopment phase of the project. Prior to the start of construction, the NGF loan will be taken out by a conventional lender. At that time, the CRA/LA trust deed will be subordinated to the conventional lender and other financing as needed. The CSH acquisition loan will be in third lien position and will also be taken out by a conventional lender prior to the start of construction.

State law permits a redevelopment agency to subordinate its income and use restrictions to a lender's financing where an economically feasible alternative method of financing the project on substantially comparable terms and conditions is not available without subordination, and where the lender agrees to provide specific notice and cure provisions. Subordination of the CRA/LA housing covenants and use restrictions is required by conventional lenders as a condition of funding their loan. Prior to agreeing to such subordination, the CRA/LA will require that the Subordination Agreement contains notice and cure provisions which reasonably protect the CRA/LA's covenant in the event of the Developer's default under any of the senior loans (Subordination Resolution, Attachment B). The CRA/LA loan, housing covenants and use restrictions will be subordinated to those of the construction and permanent lenders where required.

Subordinating the CRA/LA acquisition loan during the predevelopment phase results in a noncompliance issue with Section 8.04 of the CRA/LA Housing Policy and will require a Policy waiver.

Authority Granted to CEO or Designee

If the Loan Agreement is approved, the CRA/LA Chief Executive Officer or his/her designee would be authorized to take such actions as may be necessary to carry out the Agreement, including, but not limited to, executing the CRA/LA Loan Documents to be executed by CRA/LA and taking the following actions: (1) approving revisions to the Project Budget, so long as the

changes do not increase the amount of the CRA/LA Loan or otherwise have a material adverse impact on the feasibility of the project; (2) negotiating and executing subordination agreements meeting the requirements of California Health and Safety Code Section 33334.14, and making reasonable modifications to the CRA/LA Loan Documents that may be requested by any Senior Lender or Tax Credit Equity Investor, so long as such changes do not adversely affect the receipt of any material benefit by CRA/LA; (3) negotiating and executing Inter-creditor Agreements with Estoppel Certificates to other lenders, to the extent such Inter creditor Agreements and Estoppel Certificates are consistent with the terms of the Loan Agreement; and (4) approving certain non-material revisions to the terms of the Loan Agreement reasonably requested by a Permitted Lender or Tax Credit Equity Investor.

Calvin E. Hollis  
Interim Chief Executive Officer

By



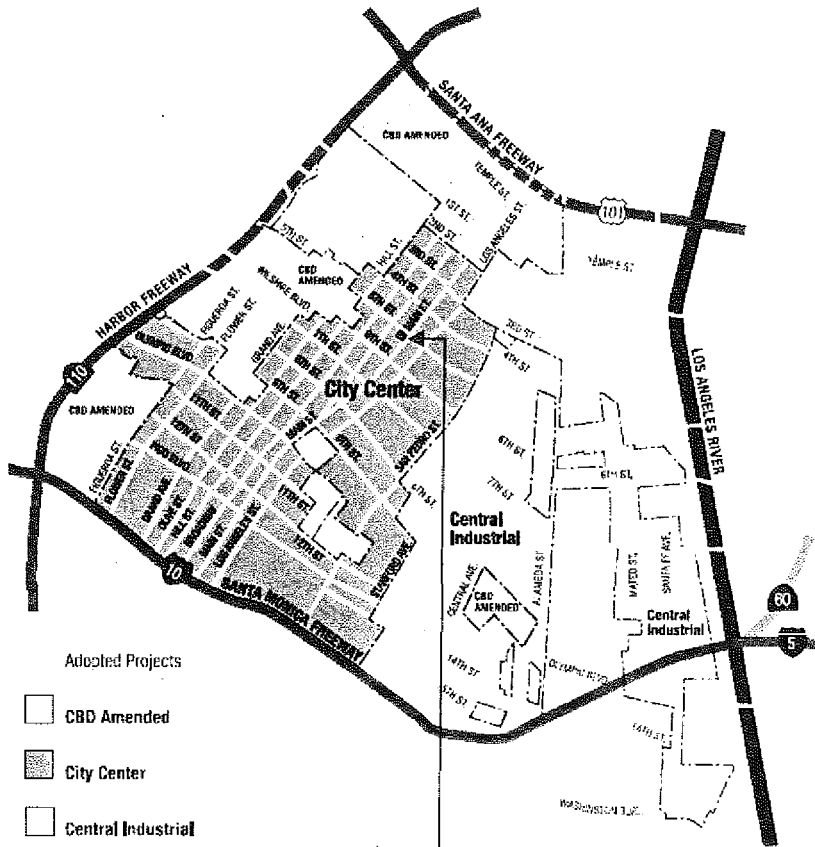
Glenn F. Wasserman,  
Chief Operating Officer

There is no conflict of interest known to me that exists with regard to any CRA/LA officer or employee concerning this action.

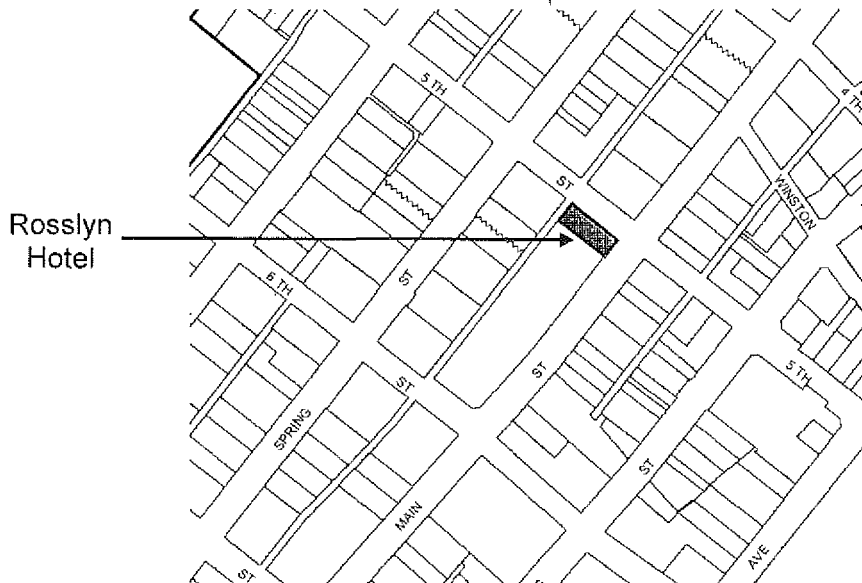
- Attachment A – Site Map
- Attachment B – Subordination Resolution
- Attachment C – Affordability Levels under TCAC and HCD Definitions
- Attachment D – Household Income Mix, Inclusionary Production and Proportionality Requirements
- Attachment E – Sources and Uses of Funds: Acquisition and Predevelopment
- Attachment F – Sources and Uses of Funds (Preliminary): Construction and Permanent

ATTACHMENT A

Site Map of Proposed Project  
112 West Fifth Street



- Adopted Projects
- CBD Amended
- City Center
- Central Industrial



**ATTACHMENT "B"**

**THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA REGARDING THE SUBORDINATION OF ITS USE RESTRICTIONS PURSUANT TO SECTION 33334.14 OF THE COMMUNITY REDEVELOPMENT LAW.**

**WHEREAS**, the Community Redevelopment Agency of the City of Los Angeles, California ("CRA/LA") will enter into an Acquisition Loan Agreement (the "Loan Agreement") with Single Room Occupancy Housing Corporation, a California nonprofit public benefit corporation ("Developer") pursuant to which the CRA/LA will provide financial assistance to the Developer for the purpose of developing housing that is affordable to persons of very low and moderate income (the "Rental Project"); and

**WHEREAS**, the Loan Agreement requires covenants to be recorded against the Rental Project placing certain limits on the maximum rents that can be charged, and the maximum income that can be earned by tenants qualified to rent such housing (the "Income and Rent Restrictions"); and

**WHEREAS**, Section 33334.14 of the Community Redevelopment Law permits the CRA/LA, under certain circumstances, to subordinate the Income and Rents Restrictions to the lien of a lender providing financing for the Rental Project; and

**WHEREAS**, the Developer has obtained commitments of financing from lenders conditioned upon the subordination of the CRA/LA's Income and Rent Restrictions; and

**WHEREAS**, there has been presented to the CRA/LA evidence sufficient on which to find that an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

**NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

1. The CRA/LA hereby finds that an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.
2. The CRA/LA hereby authorizes the Chief Executive Officer of the CRA/LA, or such other official of the CRA/LA as the Chief Executive Officer may designate, to take such actions as may be necessary in order to subordinate the CRA/LA's Income and Rent Restrictions to the lien of the lenders providing financing for the Rental Project, but only upon receipt by the Chief Executive Officer or such designee of written commitments from such lender, reasonably designated to protect the CRA/LA's investment in the event of default, such as the following:

- (a) a right of the CRA/LA to cure a default on the loan;

(b) a right of the CRA/LA to negotiate with the lenders after a notice of default has been issued by the lenders;

(c) a right of the CRA/LA to purchase the project from the Developer at any time after a default on the loan; and

(d) an agreement that if, prior to foreclosure of the loan, the CRA/LA takes title to the project and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the CRA/LA.

ADOPTED BY CRA/LA ON:

ROSSLYN HOTEL ACQUISITION LOAN

Attachment C

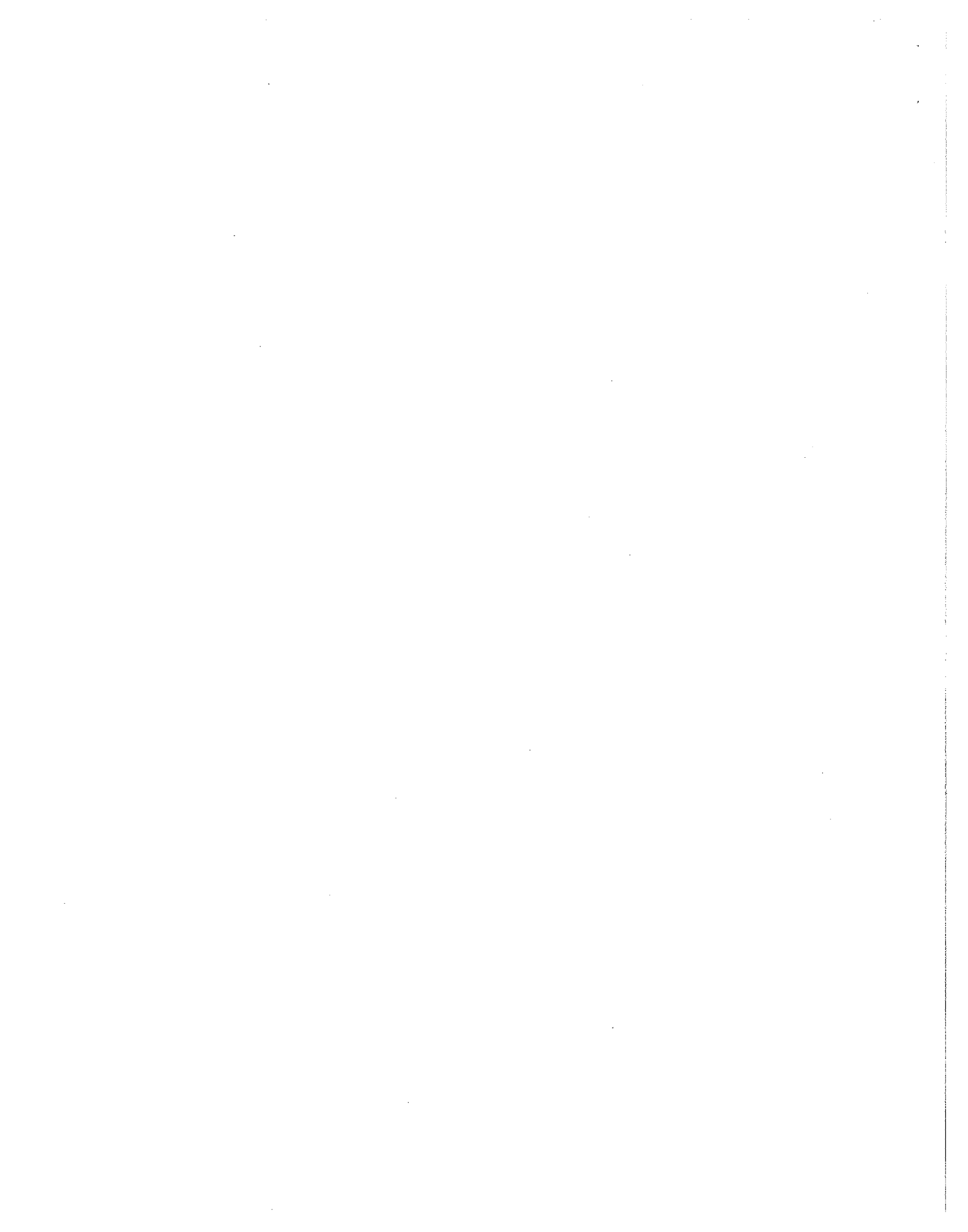
Affordability Levels under HCD Definitions

Table C1

The table below shows the Project's preliminary unit mix based on HCD rental definitions. This rental mix will be finalized once the existing tenant income profile is completed.

| <b>HCD Rents<br/>Affordability Levels</b> |                  |                                |                       |                          |
|-------------------------------------------|------------------|--------------------------------|-----------------------|--------------------------|
| <b># of<br/>Units</b>                     | <b>Unit Type</b> | <b>Affordability<br/>Level</b> | <b>% of<br/>Total</b> | <b>Maximum<br/>Rents</b> |
| 39                                        | Studio           | Extremely Low-Income           | 15%                   | Up to \$326              |
| 80                                        | Studio           | Very Low-Income                | 30%                   | Up to \$543              |
| 93                                        | Studio           | Low-Income                     | 35%                   | Up to \$652              |
| 51                                        | Studio           | Moderate-Income                | 20%                   | Up to \$750**            |
| <b>263</b>                                | <b>Subtotal</b>  |                                |                       |                          |
| 1                                         | Manager          |                                |                       |                          |
| <b>264</b>                                | <b>Total</b>     |                                | <b>100%</b>           |                          |

\*\*Note: This reflects the maximum tax credit rent at 60% AMI for a Studio Apartment.



ROSSLYN HOTEL ACQUISITION LOAN

Attachment D

Household Income Mix, Inclusionary Production and Proportionality Requirements

Table D1

The table below shows the Project's preliminary household income mix based on the CRA/LA Housing Policy definitions.

| <b>Household Income Mix<br/>(CRA/LA Housing Policy)</b> |                   |                   |                      |
|---------------------------------------------------------|-------------------|-------------------|----------------------|
| <b>Income Category (per HCD)</b>                        | <b># of Units</b> | <b>% of Total</b> | <b>CRA/LA Policy</b> |
| Extremely Low ( $\leq 30\%$ AMI)                        | 39                | 15%               | 15% min.             |
| Very Low (31% - 50% AMI)                                | 80                | 30%               | 15% min.             |
| Low (51% - 80% AMI)                                     | 93                | 35%               | n/a                  |
| Moderate (81% - 120% AMI)                               | 51                | 20%               | 30% max.             |
| Unrestricted (Manager)                                  | 1                 | <1%               | n/a                  |
| <b>Total</b>                                            | <b>264</b>        | <b>100%</b>       |                      |

Table D2

The table below shows the production units the CRA/LA would be credited under California Community Redevelopment Law, based on the Project's preliminary unit mix and affordability levels.

| <b>Inclusionary Production Units</b> |                   |                   |
|--------------------------------------|-------------------|-------------------|
| <b>Income Category</b>               | <b># of Units</b> | <b>% of Total</b> |
| Very Low Income                      | 119               | 45%               |
| Low Income                           | 93                | 35%               |
| Moderate Income                      | 51                | 20%               |
| Manager's Unit                       | 1                 | <1%               |
| <b>Total</b>                         | <b>264</b>        | <b>100%</b>       |

Table D3

The table below shows the proportionality of expenditures for City Center LMIHF to date, for the Rosslyn Hotel based on the preliminary unit mix and affordability levels, and the combined total.

| <b>Proportionality Analysis</b> |                                     |                                          |             |                      |             |                    |             |
|---------------------------------|-------------------------------------|------------------------------------------|-------------|----------------------|-------------|--------------------|-------------|
| <b>Income Level</b>             | <b>Proportionality Requirements</b> | <b>LMIHF Expenditures 2002 - Present</b> |             | <b>Rosslyn Hotel</b> |             | <b>Total</b>       |             |
|                                 |                                     | <b>\$</b>                                | <b>%</b>    | <b>\$</b>            | <b>%</b>    | <b>\$</b>          | <b>%</b>    |
| Very Low                        | at least 45%                        | \$423,000                                | 47%         | \$2,250,000          | 45%         | \$2,673,000        | 45%         |
| Low                             | at least 26%                        | \$0                                      | 0%          | \$1,750,000          | 35%         | \$1,750,000        | 30%         |
| Moderate                        | at most 29%                         | \$477,000                                | 53%         | \$1,000,000          | 20%         | \$1,477,000        | 25%         |
| <b>Total</b>                    |                                     | <b>\$900,000</b>                         | <b>100%</b> | <b>\$5,000,000</b>   | <b>100%</b> | <b>\$5,900,000</b> | <b>100%</b> |

ROSSLYN HOTEL ACQUISITION LOAN

Attachment E  
Sources and Uses of Funds:  
Acquisition and Predevelopment

|                                | Total               | CRA/LA             | NGF                 | CSH              | Project Cash Flow | Union Bank LOC   |
|--------------------------------|---------------------|--------------------|---------------------|------------------|-------------------|------------------|
| <b>SOURCES</b>                 |                     |                    |                     |                  |                   |                  |
| <b>Funding Amount</b>          | <b>\$16,560,500</b> | <b>\$5,000,000</b> | <b>\$10,000,000</b> | <b>\$513,000</b> | <b>\$690,000</b>  | <b>\$357,500</b> |
| Position                       | n/a                 | 2nd                | 1st                 | 3rd              | n/a               | unsecured        |
| <b>USES</b>                    |                     |                    |                     |                  |                   |                  |
| <b>Acquisition</b>             | <b>\$12,100,000</b> | <b>\$5,000,000</b> | <b>\$6,600,000</b>  | <b>\$500,000</b> |                   |                  |
| Predevelopment:                |                     |                    |                     |                  |                   |                  |
| Architect                      | \$435,000           |                    | \$200,000           |                  |                   | \$235,000        |
| ALTA Survey                    | \$10,000            |                    |                     |                  | \$10,000          |                  |
| Appraisal                      | \$13,500            |                    | \$6,500             |                  |                   | \$7,000          |
| Building & Permit Fees         | \$300,000           |                    |                     |                  | \$300,000         |                  |
| Builder's Risk Insurance       | \$200,000           |                    |                     |                  | \$200,000         |                  |
| Construction Management        | \$100,000           |                    | \$50,000            |                  |                   | \$50,000         |
| Consultant - Finance           | \$75,000            |                    | \$25,000            |                  | \$50,000          |                  |
| Consultant - Relocation        | \$25,000            |                    | \$25,000            |                  |                   |                  |
| Consultant - Historic          | \$25,000            |                    | \$25,000            |                  |                   |                  |
| CSH Origination Fee            | \$12,825            |                    |                     | \$12,825         |                   |                  |
| Environmental Reports          | \$35,000            |                    | \$8,000             |                  |                   | \$27,000         |
| Legal and other fees           | \$80,000            |                    |                     |                  | \$80,000          |                  |
| Market Study                   | \$8,500             |                    |                     |                  |                   | \$8,500          |
| NGF Interest Reserve           | \$2,050,500         |                    | \$2,050,500         |                  |                   |                  |
| NGF Credit Enhancement Fee     | \$50,000            |                    | \$50,000            |                  |                   |                  |
| NGF Origination Fee            | \$200,000           |                    | \$200,000           |                  |                   |                  |
| Property Insurance             | \$160,000           |                    | \$160,000           |                  |                   |                  |
| Real Estate Taxes              | \$180,000           |                    | \$180,000           |                  |                   |                  |
| Relocation                     | \$25,000            |                    |                     |                  | \$25,000          |                  |
| Soft Cost Contingency          | \$400,175           |                    | \$400,000           | \$175            |                   |                  |
| Soils Engineering              | \$5,000             |                    |                     |                  |                   | \$5,000          |
| Syndication Costs              | \$25,000            |                    |                     |                  | \$25,000          |                  |
| Title & Recording              | \$45,000            |                    | \$20,000            |                  |                   | \$25,000         |
| <b>Predevelopment Subtotal</b> | <b>\$4,460,500</b>  | <b>\$0</b>         | <b>\$3,400,000</b>  | <b>\$13,000</b>  | <b>\$690,000</b>  | <b>\$357,500</b> |
| <b>Total</b>                   | <b>\$16,560,500</b> | <b>\$5,000,000</b> | <b>\$10,000,000</b> | <b>\$513,000</b> | <b>\$690,000</b>  | <b>\$357,500</b> |

ROSSLYN HOTEL ACQUISITION LOAN

Attachment F  
Sources and Uses of Funds (Preliminary):  
Construction and Permanent

| <b>SOURCES</b>             |                     |                     |
|----------------------------|---------------------|---------------------|
|                            | <b>Construction</b> | <b>Permanent</b>    |
| CRA/LA                     | \$5,000,000         | \$5,000,000         |
| Construction Loan          | \$15,025,000        |                     |
| Permanent Loan             |                     | \$3,659,000         |
| 9% LIHTC Equity            | \$4,534,531         | \$14,945,365        |
| Historic Tax Credit Equity | \$1,162,551         | \$3,875,171         |
| LAHD PSHP                  | \$10,750,665        | \$10,750,665        |
| AHP                        | \$1,000,000         | \$1,000,000         |
| Deferred Developer Fee     | \$1,006,464         | \$112,928           |
| Deferred Costs & Fees      | \$863,917           |                     |
| <b>TOTAL</b>               | <b>\$39,343,129</b> | <b>\$39,343,129</b> |

| <b>USES</b>               |                     |                    |                     |                            |                          |
|---------------------------|---------------------|--------------------|---------------------|----------------------------|--------------------------|
|                           | <b>Total</b>        | <b>Commercial</b>  | <b>Residential</b>  | <b>Resid.<br/>Per Unit</b> | <b>Resid.<br/>Per SF</b> |
| Acquisition Costs         | \$12,100,000        | \$943,406          | \$11,156,594        | \$42,260                   | \$88                     |
| Construction Hard Costs   | \$16,136,496        | \$1,258,121        | \$14,878,375        | \$56,357                   | \$118                    |
| Construction Fees         | \$1,606,778         | \$126,976          | \$1,479,802         | \$5,605                    | \$12                     |
| Developer Fee             | \$1,787,072         | \$141,224          | \$1,645,848         | \$6,234                    | \$13                     |
| General Development Costs | \$7,712,783         | \$516,734          | \$7,196,049         | \$27,258                   | \$57                     |
| <b>TOTAL</b>              | <b>\$39,343,129</b> | <b>\$2,986,461</b> | <b>\$36,356,668</b> | <b>\$137,715</b>           | <b>\$287</b>             |

|        |              |                   |
|--------|--------------|-------------------|
| Basis: | 264<br>units | 126,542<br>GBA sf |
|--------|--------------|-------------------|