

**LEEDING EDGE MIXED-USE DEVELOPMENT PROJECT - 16TH & G, SAN DIEGO**  
**DEVELOPMENT BUDGET - SOURCES & USES - MIXED-INCOME RENTAL APARTMENT PROJECT**

Prepared by: Em Johnson Interest, Inc. 11/16/2009

**DEVELOPMENT PROGRAM:**

Housing Program:	No of Units:	NSF:	
- Affordable Units @ 50% of AMI:	46	33,298	20.0%
- Affordable Units @ 80% & 100% of AMI:	46	33,298	20.0%
- Market Rate Units:	139	99,893	60.0%
<b>TOTAL:</b>	<b>231</b>	<b>166,488</b>	<b>100.0%</b>

Use:	GSF:	Pct. of Total
Housing GSF:	206,115	97.61%
Commercial GSF:	5,040	2.39%
<b>Total GSF:</b>	<b>211,155</b>	<b>100.00%</b>

	Net SF:	GSF:	
Total Housing Square Feet:	166,488	206,115	1.24
Square Feet Per Unit:	721	892	81%

Pkg Space: 226

80.8% Efficiency

Commercial Space Program:	Net SF:	GSF:
- Retail Space: (include. Lobby, services)	2,000	5,040
- Office Space:	-	-
<b>Total Commercial Square Feet (Net Square Feet)</b>	<b>2,000</b>	<b>5,040</b>

\$ 133  
51,000 225.66

USES:	Assumptions	Project Totals:	Affordable		LIHTC Tax		Affordable		Market Rate					
			Units @ 50% AMI	Per Unit	Credit Basis	Units @ 80-100%	Per Unit	Units	Per Unit	Commercial	Per GSF			
	39,523,105													
Land Acquisition (Land Per Unit & Entitlements to date)		\$ 65,000	\$ 6,006,000	\$ 208,115	\$ 3,003,000	\$ 65,000	\$ -	\$ 3,003,000	\$ 65,000	\$ -	\$ -	\$ -	\$ -	\$ -
Cost Allocation Percentage:				100.00%	19,52%	0	19,52%	0	58,57%	0	2,39%	0	2,39%	0
Demolition/Abatement			\$ 100,000		\$ 19,523	\$ 423	\$ 19,523	\$ 423	\$ 58,567,88	\$ 423	\$ 2,387	\$ 0.47	\$ -	\$ -
Residential Construction			\$ 32,566,170		\$ 6,513,234	\$ 140,979	\$ 6,513,234	\$ 6,513,234	\$ 140,979	\$ 19,539,702	\$ 140,979	\$ -	\$ -	\$ -
Residential Lobby/Circulation			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Space Construction (Lobby, Office & Retail)			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking (Underground - 284 Robotics Spaces)			\$ 6,780,000		\$ 1,323,634	\$ 28,650	\$ 1,323,634	\$ 1,323,634	\$ 28,650	\$ 3,970,902	\$ 28,650	\$ 161,830	\$ 32.11	\$ -
Tenant Improvements (Allowance) - Retail & Office			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Total Construction			\$ 187		\$ 39,446,170		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Contingency	% of Hard Constr. Costs		\$ 1,972,309	5.00%	\$ 392,820	\$ 8,503	\$ 392,820	\$ 392,820	\$ 8,503	\$ 1,178,459	\$ 8,503	\$ 8,211	\$ 1.63	\$ -
Design Contingency	% of Hard Constr. Costs		\$ 786,923	2.00%	\$ 156,737	\$ 3,393	\$ 156,737	\$ 156,737	\$ 3,393	\$ 470,212	\$ 3,393	\$ 3,237	\$ 0.64	\$ -
Permit & Utility Fees/Housing-Unit; Commercial Garage	\$17,000 /unit		\$ 3,947,000		\$ 785,400	\$ 17,000	\$ 785,400	\$ 785,400	\$ 17,000	\$ 2,356,200	\$ 17,000	\$ 20,000	\$ 3.97	\$ -
Soil Testing/Inspections			\$ 400,000		\$ 78,091	\$ 1,690	\$ 78,091	\$ 78,091	\$ 1,690	\$ 234,272	\$ 1,690	\$ 9,547	\$ 1.89	\$ -
Architectural/Structural/Interior/Civil/Acoustic/Landscape Fees	% of Hard Constr. Costs		\$ 1,577,847	4.00%	\$ 308,037	\$ 6,667	\$ 308,037	\$ 308,037	\$ 6,667	\$ 924,111	\$ 6,667	\$ 37,661	\$ 7.47	\$ -
Construction Management Fees	% of Hard Constr. Costs		\$ 295,846	0.75%	\$ 57,757	\$ 1,250	\$ 57,757	\$ 57,757	\$ 1,250	\$ 173,271	\$ 1,250	\$ 7,061	\$ 1.40	\$ -
Entitlement/Code Consulting Fees	% of Hard Constr. Costs		\$ 50,000		\$ 9,761	\$ 211	\$ 9,761	\$ 9,761	\$ 211	\$ 29,284	\$ 211	\$ 1,193	\$ 0.24	\$ -
Surveying/CC&R Documents			\$ 30,000		\$ 5,857	\$ 127	\$ 5,857	\$ 5,857	\$ 127	\$ 17,570	\$ 127	\$ 716	\$ 0.14	\$ -
Legal			\$ 300,000		\$ 58,568	\$ 1,268	\$ 58,568	\$ 58,568	\$ 1,268	\$ 175,704	\$ 1,268	\$ 7,161	\$ 1.42	\$ -
Accounting/Financial Management Consulting			\$ 150,000		\$ 29,284	\$ 634	\$ 29,284	\$ 29,284	\$ 634	\$ 87,852	\$ 634	\$ 3,580	\$ 0.71	\$ -
Insurance (Builders Risk & GL)			\$ 400,000		\$ 78,091	\$ 1,690	\$ 78,091	\$ 78,091	\$ 1,690	\$ 234,272	\$ 1,690	\$ 9,547	\$ 1.89	\$ -
Marketing			\$ 974,000	4,000	\$ 184,800	\$ 4,000	\$ 184,800	\$ 184,800	\$ 4,000	\$ 554,400	\$ 4,000	\$ 50,000	\$ 9.92	\$ -
Community Outreach/Homebuyer Counseling/Section 3 Consulting			\$ 50,000		\$ 9,761	\$ 211	\$ 9,761	\$ 9,761	\$ 211	\$ 29,284	\$ 211	\$ 1,193	\$ 0.24	\$ -
Seller Costs (Closing/Commission) - For-Sale Only	% of Gross Sales		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appraisal/Market Study			\$ 40,000		\$ 7,809	\$ 169	\$ 7,809	\$ 7,809	\$ 169	\$ 23,427	\$ 169	\$ 955	\$ 0.19	\$ -
Phase One Envir./EIR/Title 24 Consultants			\$ 50,000		\$ 9,761	\$ 211	\$ 9,761	\$ 9,761	\$ 211	\$ 29,284	\$ 211	\$ 1,193	\$ 0.24	\$ -
Development Consultant Fee/Expenses			\$ 200,000		\$ 39,045	\$ 845	\$ 39,045	\$ 39,045	\$ 845	\$ 117,136	\$ 845	\$ 4,774	\$ 0.95	\$ -
Soft Cost Contingency/Misc. Costs	% of Soft Costs Less Dev. Fee/OH/Fin.Costs		\$ 226,896	2.00%	\$ 44,704	\$ 968	\$ 44,704	\$ 44,704	\$ 968	\$ 134,111	\$ 968	\$ 3,378	\$ 0.67	\$ -
Property Taxes (During Construction Period)	21 Mos.		\$ 120,871		\$ 23,597	\$ 511	\$ 23,597	\$ 23,597	\$ 511	\$ 70,791	\$ 511	\$ 2,885	\$ 0.57	\$ -
Condo Management Fees (For-Sale Only)			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL MINUS DEVELOPER FEE &amp; CONST. LOAN FEE/INTEREST</b>			\$ 51,017,862		\$ 10,136,270	\$ 219,400	\$ 10,136,270	\$ 10,136,270	\$ 219,400	\$ 30,408,810	\$ 219,400	\$ 336,511	\$ 66.77	\$ -
Developer Overhead (During Predev., Constr. & Lease-Up/Sales Period)	Total Dev.OH/Fee		\$ 1,222,831	3.10%	\$ 238,729	\$ 5,167	\$ 238,729	\$ 238,729	\$ 5,167	\$ 716,186	\$ 5,167	\$ 29,187	\$ 5.79	\$ -
Developer Fee - (DEFERRED)	\$2,445,663	6.2%	\$ 1,222,831	3.10%	\$ 238,729	\$ 5,167	\$ 238,729	\$ 5,167	\$ 716,186	\$ 5,167	\$ 29,187	\$ 5.79	\$ -	\$ -
<b>SUBTOTAL W/DEVELOPER FEE</b>			\$ 53,463,524		\$ 10,613,728	\$ 229,734	\$ 10,374,999	\$ 10,613,728	\$ 229,734	\$ 31,841,183	\$ 229,734	\$ 394,886	\$ 78.35	\$ -
Construction Loan Fees/Closing Costs	4.00%		\$ 1,797,200		\$ 154,000	\$ 3,333	\$ 77,000	\$ 311,200	\$ 6,736	\$ 1,320,000	\$ 9,524	\$ 12,000	\$ 2.38	\$ -
Constr. Period Interest (50% Outst. Bal.)	12 Months	6.75%	\$ 1,521,450		\$ 129,938	\$ 2,813	\$ 129,938	\$ 262,575	\$ 5,683	\$ 1,113,750	\$ 8,036	\$ 15,188	\$ 3.01	\$ -
Lease-Up Reserve (50% Outst. Bal.)	14 Months	16units/mo	\$ 906,111		\$ 78,166	\$ 1,692	\$ -	\$ 157,955	\$ 3,419	\$ 669,990	\$ 4,834	\$ -	\$ -	\$ -
Operating Reserve	3-6 Months Oper. Exp.		\$ 390,652		\$ 77,116	\$ 1,669	\$ -	\$ 77,116	\$ 1,669	\$ 231,349	\$ 1,669	\$ 5,070	\$ 1.01	\$ -
Sales Period Reserve			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mezz. Equity Interest During Constr.	12 Months	12.00%	\$ 153,600		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,600	\$ 1,108	\$ -	\$ -	\$ -
<b>TOTAL DEVELOPMENT COSTS (TDC):</b>	w/Out Land		\$ 58,232,537		\$ 252,089	\$ 11,052,947	\$ 239,241	\$ 10,581,936	\$ 11,422,574	\$ 247,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 84.75
	w/Land Cost		\$ 64,238,537		\$ 278,089	\$ 14,055,947	\$ 304,241	\$ -	\$ 14,425,574	\$ 312,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 84.75

CONSTRUCTION SOURCES:	% of Total	Per Unit	Project Totals:	Affordable		Affordable		Market Rate		Commercial	Per GSF	
				Units @ 50% AMI	Per Unit	Units @ 80-100%	Per Unit	Units	Per Unit			
Construction Loan			\$ 44,930,000	69.94%	\$ 3,850,000	\$ 83,333	\$ 7,780,000	\$ 168,398	\$ 33,000,000	\$ 238,095	\$ 300,000	\$ 60
Mezzanine Loan/Equity			\$ 1,613,686	2.51%	\$ -	\$ -	\$ -	\$ -	\$ 1,613,686	\$ 11,643	\$ -	\$ -
Developer Fee - (DEFERRED)			\$ 1,320,787	2.06%	\$ 238,729	\$ 5,167	\$ 238,729	\$ 5,167	\$ 716,186	\$ 5,167	\$ 127,143	\$ 25
FHLB AHP Grant Funds	<80% of AMI Units	Subsidy/Per Unit \$ 10,000	\$ 693,000	1.08%	\$ 462,000	\$ 10,000	\$ 231,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Low Income Tax Credit Equity			\$ 1,728,162	2.69%	\$ 1,728,162	\$ 37,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCDC Subsidy Funding		Subsidy/Per Unit \$168,335	\$ 7,777,056	12.11%	\$ 7,777,056	\$ 168,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SDHC Subsidy Funding		Subsidy/Per Unit \$133,676	\$ 6,175,845	9.61%	\$ -	\$ -	\$ 6,175,845	\$ 133,676	\$ -	\$ -	\$ -	\$ -
State Infrastructure Funding			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL CONSTR. SOURCES:</b>			\$ 64,238,536	100.00%	\$ 14,055,947	\$ 304,241	\$ 14,425,574	\$ 312,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 85
Cost w/Land			\$ 64,238,537		\$ 14,055,947	\$ 304,241	\$ 14,425,574	\$ 312,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 85
GAP:			\$ (0)		\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ -

PERMANENT SOURCES:	Project Totals:	Apartments	Per Unit	Commercial	Per GSF							
						Permanent Loan	\$ 44,930,000	69.94%	\$ 3,850,000	\$ 83,333	\$ 7,780,000	\$ 168,398
Mezzanine Loan/Equity	\$ 1,906,727	2.97%	\$ -	\$ -	\$ -	\$ -	\$ 1,906,727	\$ 13,757	\$ -	\$ -	\$ -	
Developer Fee - (DEFERRED)	\$ 550,288		\$ -	\$ -	\$ -	\$ -	\$ 423,145	\$ 3,053	\$ 127,143	\$ -	\$ -	
FHLB AHP Grant Funds	<80% of AMI Units	Subsidy/Per Unit \$ 10,000	\$ 693,000	1.08%	\$ 462,000	\$ 10,000	\$ 231,000	\$ 5,000	\$ -	\$ -	\$ -	
Low Income Tax Credit Equity			\$ 3,456,325	5.38%	\$ 3,456,325	\$ 74,812	\$ -	\$ -	\$ -	\$ -	\$ -	
CCDC Subsidy Funding		Subsidy/Per Unit \$136,500	\$ 6,287,622	9.79%	\$ 6,287,622	\$ 136,096	\$ -	\$ -	\$ -	\$ -	\$ -	
SDHC Subsidy Funding		Subsidy/Per Unit \$124,000	\$ 6,414,574	9.99%	\$ -	\$ -	\$ 6,414,574	\$ 138,844	\$ -	\$ -	\$ -	
State Infrastructure Funding			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL PERM. SOURCES:</b>			\$ 64,238,536	100.00%	\$ 14,055,947	\$ 60,848	\$ 14,425,574	\$ 312,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 85
<b>TOTAL COSTS:</b>			\$ 64,238,537		\$ 14,055,947	\$ 60,848	\$ 14,425,574	\$ 312,242	\$ 35,329,872	\$ 254,905	\$ 427,143	\$ 85
<b>GAP/PROFIT:</b>		GAP/PROFIT:	\$ (1)		\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)

**Return on Cost Analysis:**

- Total Cost:	\$ 64,238,537		
- Minus LIHTC Equity Subsidy:	\$ (3,456,325)		
- Minus CCDC & SDHC Subsidy:	\$ (12,702,196)		
- Minus AHP Subsidy:	\$ (693,000)		
<b>NET PROJECT COST:</b>	\$ 47,387,016	\$ 47,140,585	
Combined NOI:	\$ 3,771,247	\$ 3,771,247	
<b>Return on Cost:</b>	<b>7.96%</b>	<b>8.00%</b>	

<b>Combined Value</b>	<b>\$ 53,902,779</b>
<b>Loan</b>	<b>\$ 44,930,000</b>
<b>LTV</b>	<b>83.35%</b>

Teslis CDE First	TCDE 2nd & Leed Edge
\$ 15,600,000	\$ 1,500,000
<b>\$ 15,600,000</b>	<b>\$ 5,500,000</b>
\$ 15,600,000	TCDE First Mtg
\$ (6,006,000)	Land Sale Income in Deal
\$ (1,500,000)	Payment to B&C 1500k - TBD
\$ 4,506,000	Net Paymt to TCDE
<b>\$ 11,094,000</b>	Balance owed to TCDE
\$ 15,600,000	TCDE First Mtg
\$ (4,506,000)	Loan Paydown
<b>\$ 11,094,000</b>	Net Owed to TCDE
\$ -	
\$ 11,094,000	Allocated to Phase Two Land
\$ 1,500,000	Telesis Land Equity
\$ 4,000,000	Leed Edge Land Equity
<b>\$ 16,594,000</b>	Phase Two Land Cost -TBD

\$ 10,581,936	Basis
\$ 3,174,581	30%
<b>\$ 13,756,517</b>	Basis with 130% Difficult to Develop Area
\$ 13,756,517	
\$ 460,843	3.35% Tax Credit Rate
<b>4,608,433</b>	x 10 Yrs
<b>\$ 3,456,325</b>	Tax Credit Price: \$.75/\$1.00