

**CITY HEIGHTS REDEVELOPMENT
PROJECT AREA
FISCAL CONSULTANT REPORT**

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Prepared for

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I. INTRODUCTION

The City of San Diego Redevelopment Agency (the "Agency") is considering the issuance of a request for proposals to obtain a bank line of credit for several of its project areas, including the City Heights Redevelopment Project Area (the "Project Area") to be secured by tax increment revenues from each area. David Taussig & Associates, Inc. ("DTA") has prepared this Fiscal Consultant Report (the "Report") to project tax increment revenues generated by the increase in assessed value of real and personal property within the Project Area. The Report describes the methodology and assumptions utilized in these projections, evaluating the historic and current taxable values, the projected values of new construction, the effects of pending assessment appeals, and the property tax collection and allocation procedures of the County of San Diego (the "County").

A. CITY HEIGHTS PROJECT AREA BACKGROUND

The Ordinance approving the Redevelopment Plan for the Project Area was adopted by the City Council of the City of San Diego on May 11, 1992 (accomplished by Ordinance No. 0-17768) and subsequently amended on April 16, 1996 (the "First Amendment"). The main purpose of establishing the Redevelopment Plan (the "Plan") was to eliminate conditions of blight in the Project Area. In accordance with this purpose, the objectives of the Plan included the enhancement of positive characteristics of the neighborhoods in the Project Area and promotion of new projects within the Project Area.

The Plan will remain in effect until thirty (30) years from the date of adoption. Pursuant to subdivision (a)(1) of Section 33333.2 of the Health and Safety Code, the time limit on the establishment of loans, advances, and bonded indebtedness to be funded through tax increment revenues is twenty (20) years from the adoption of the Plan. Also, total bonded indebtedness of the Project Area to be repaid by the allocation of taxes to the Agency is not to exceed \$160 million. In accordance with subdivision (a)(3) of Section 33333.2 of the Health and Safety Code, the time limit for the receipt of tax increment revenues is fifty (50) years. Please note that the Agency and the City of San Diego adopted Ordinance 0-19510 in July 2006 extending (i) the plan effectiveness deadline to 2033, (ii) repayment of indebtedness deadline to 2043, and (iii) tax increment receipt deadline by an additional year.

The Redevelopment Plan of the Project was adopted on May 11, 1992, and subsequently amended on April 16, 1996, which removed territory and decreased the dollar amounts of both the bonded indebtedness limit and the tax increment limit. The current limits are shown below:

Time Limit for Debt Incurrence & Plan Effectiveness/Duration	Tax Increment Receipt Time Limit	Bonded Indebtedness Dollar Limit	Tax Increment Receipt Dollar Limit
May 11, 2033	May 11, 2043	\$160,000,000	\$713,000,000

The Agency has collected a cumulative amount of \$35.3 million in tax increment receipts through Fiscal Year 2005-2006. Please note that this is still below the total tax increment

dollar limit of \$713 million established for the Project Area.

The Project Area is administered by the City Redevelopment Division of the City Planning and Community Investment Department. The Project Area encompasses approximately 2,000 acres of land, located 5 miles from San Diego's central business district and 6 miles from the airport and port. Land uses in the Project Area include residential, commercial, and a small portion of public and/or other uses. The Project Area is bounded by Meade and Monroe Avenues on the north, Euclid Avenue and 54th Street on the east, Home Avenue on the south and Interstate 805 on the west.

B. EXISTING CITY HEIGHTS TAX ALLOCATION BONDS

In 1999, the Agency issued Series 1999A Tax Allocation Bonds and Series 1999B Tax Allocation Capital Appreciation Bonds for the City Heights Redevelopment Project Area in the amount of \$5,690,000 and \$10,140,523, respectively. The Series 1999 Bonds are to be repaid solely from non-housing tax increment revenues. In December 2003, the Agency issued Housing Set-Aside Tax Allocation Bond Series A (Taxable) and Series B (Tax – Exempt) for the City Heights Redevelopment Project Area in the amounts of \$4,955,000 and \$865,000, respectively. The Series 2003 Bonds are to be repaid solely from 20% housing set-aside funds.

C. LINE OF CREDIT

The Agency is considering obtaining a bank line of credit to be secured by housing tax increment revenues from the Project Area to provide funds for several redevelopment and affordable housing projects. The Agency expects to issue tax allocation bonds within two years to fully repay the line of credit.

II. PROJECT TAXABLE VALUES

The County of San Diego Assessor (the "Assessor") determines the assessed valuations of real and personal property. The secured roll is the Assessor's roll, which contains real property for which taxes are secured by a lien on the property, and the unsecured roll contains business personal property, for which taxes are not secured by a lien. The County assigns values to each Assessor's Parcel, which is listed in turn by an Assessor's Parcel Number ("APN"). The Assessor releases the equalized Assessor's roll on or prior to the first of July of each Fiscal Year. At this time, the Auditor Controller compiles the tax roll based on this information. The Auditor Controller assigns each APN to a Tax Rate Area ("TRA"), which is a geographic area containing Assessor's Parcels with the same tax rates. The Project Area includes one TRA: 08-241. The Auditor Controller is responsible for combining the assessed values provided by the Assessor for all APNs within the Project Area, and releasing a report each July showing the secured and unsecured values for the current and base year as well as the incremental value for the entire Project Area.

A. HISTORIC TAXABLE VALUES

DTA researched historic secured and unsecured taxable values in the Project Area for Fiscal Years 1999-2000 through 2006-2007. These values, which are based on information provided by the County of San Diego Auditor/Controller are shown in Table 1. As listed in the table, the base year value for the Project Area is approximately \$1.0 billion, and the total secured and unsecured value for the Project Area has risen from nearly \$1.03 billion for Fiscal Year 1999-2000 to \$2.17 billion for Fiscal Year 2006-2007, an increase of approximately 110%. The current base value reflects the fact that the base value was adjusted downward by \$13.6 million in Fiscal Year 2004-2005 and \$3.9 million in Fiscal Year 2005-2006 as a result of land acquisitions by the San Diego Unified School District.

B. CURRENT REAL AND PERSONAL PROPERTY VALUES

As summarized in Table 1, the total Fiscal Year 2006-2007 secured assessed valuation for the Project Area is \$2.14 billion. This represents an increase of approximately 12% from \$1.91 billion in Fiscal Year 2005-2006.

C. VALUES BY LAND USE TYPE

The Project Area includes a combination of land uses based on an analysis of the Fiscal Year 2006-2007 Assessor's roll. This allocation indicates that 84.71% of the Project Area valuation is residential (including 57.01% of multi-family residential land use) and 14.35% of the value is commercial property (of which 7.47% is office). The breakdown by land use type is shown in Table 2.

Based on discussions with the County Auditor and Assessor, discrepancies in the total net assessed values are due to procedural differences in obtaining the data. For purposes of this analysis, we are using the Auditor's assessed values to calculate the annual tax increment.

D. TEN MAJOR ASSESSEES

Table 3 presents the top ten assessees from the Fiscal Year 2006-2007 equalized roll. The table shows the assessee name/owner, the number of assessor parcels under their ownership, the total net assessed valuation, and the percentage of the total project assessed value represented by that owner's property.

E. PENDING AND RECENTLY RESOLVED ASSESSMENT APPEALS

If a property owner believes that the valuation determined by the Assessor is in error, an appeal may be filed with the County Assessment Appeals Board during a period between July and September of each fiscal year. A resolved appeal may produce a reduction in the original contested value and a refund to the property owner. If the appeal is withdrawn, there is no change in the original value.

For purposes of this analysis, DTA researched the pending and recently resolved assessment appeals to determine how tax refunds as a result of appeals might reduce the tax increment received by the Agency. Table 4 shows recent historical assessment appeals in the Project Area, providing the following information: Tax Rate Area, APN, Application Number, Owner/Applicant name, the status of the appeal, the result of the appeal, the hearing date, contested assessed value, the applicant's opinion of value, the proposed changed value, the impact of the changed values, and the fiscal year to which each appeal applies.

During Fiscal Year 2005-2006, a total of twenty-one appeals were filed. Five appeals were resolved with no change in value for Fiscal Year 2005-2006. The remaining sixteen appeals are pending and may have an impact in Fiscal Year 2006-2007.

Thus far, during Fiscal Year 2006-2007, a total of two appeals have been filed. Both appeals are pending as of August 31, 2006 and may have an impact in Fiscal Year 2006-2007.

For appeals in which a stipulated value has not yet been set, the historical reduction percentage of appeals on assessments of similar values from Fiscal Year 2000-2001 through Fiscal Year 2004-2005 was calculated to determine the estimated effect of a successful appeal. Based on our research of past appeals, we have estimated a reduced value equal to 90% of the contested assessed value for pending appeals. Thus, for the sixteen pending appeals through Fiscal Year 2005-2006, we have assumed a total reduction of \$272,903 which represents 0.0143% of the total Fiscal Year 2005-2006 assessed value. In addition, there are two pending appeals which may reduce the assessed value for Fiscal Year 2006-2007. The amount of the reduction was estimated to be \$42,501 which represents 0.0020% of the total Fiscal Year 2006-2007 assessed value.

It is important to note that the actual reduction to tax increment for future years may be higher or lower for a number of different reasons, including filing of additional appeals in future years.

III. PROJECT TAX INCREMENT REVENUE ALLOCATION

A. TAX RATES

Tax increment revenues in this analysis are calculated by applying the tax rate determined by the Auditor Controller to the annual incremental assessed value of the Project Area. The general ad valorem tax rate is \$1 per \$100 of assessed value. In addition to this rate, an override rate reflects the debt service for various agencies which have issued bonds in the Project area. Pursuant to Section 33670 (e) of the Health and Safety Code, approved on November 8, 1988, tax increment revenues cannot be calculated using property taxes generated from voter-approved bonded indebtedness on or following January 1, 1989. Table 5 shows the Fiscal Year 2006-2007 rates in the Project Area, separating the override amounts attributed to bonded indebtedness by participating agencies which excludes those that started levying a charge after January 1, 1989. Thus, the Fiscal Year 2006-2007 tax rate used to calculate increment in TRA 08-241 is \$1.00970 per \$100 of assessed value. DTA assumes a secured tax rate of \$1 per \$100 after Fiscal Year 2006-2007 as the override rates usually decline each year as values increase and bonded indebtedness is paid off over time.

B. SUPPLEMENTAL TAXES, DELINQUENCIES, PENALTIES, INTEREST

Supplemental property taxes are a result of change in ownership of property or new construction. They are based on the difference between the prior year value and the new value. Supplemental taxes can represent either a positive or negative impact to Project Area value. They are allocated to the Agency throughout the year and included in the nine increment payments prepared by the Auditor Controller. The history of supplemental tax receipts in the Project Area is shown in Table 6. To be conservative, future supplemental assessments are not projected.

Tax increment payments can also be adjusted due to roll corrections, delinquencies, penalties, and interest. The historical status of these adjustments is also shown in Table 6.

Property taxes on assessed valuations that are reduced due to later assessment appeals result in refunds for the taxes based on the original value. Refunds are allocated based on apportionment factors. Table 6 shows the historical refunds in the Project Area.

The historical percentage of tax receipts to the actual amount of taxes levied is shown in Table 7.

C. UNITARY TAXES

The State Board of Equalization ("SBE") establishes the taxable value of real and personal property of utilities, and since Fiscal Year 1988-1989, the values have been assessed as a Countywide unit. There are several qualifications to the unitary revenue disbursement: a taxing agency is entitled to receive the same amount of revenue as the previous year as well as an increase of up to 2%, unless unitary revenues decrease below a level adequate to provide each taxing agency with the same share as the prior year. In this case, the unitary

revenues will be reduced pro rata to all agencies. The other component of unitary allocation is significant when the assessed valuation of unitary taxes increases by more than 2% in one year, in which case revenues are allocated according to the percentage that each taxing agency in the County receives for secured taxable values. As of 1988-1989, when the allocation procedures changed, it was determined that a taxing agency that was created after 1988-1989 was not entitled to receive unitary revenues.

Unitary revenue for the Project Area received as of June 30, 2006 was \$1,653. The Project Area received a proportion of the increased amount as it was entitled to receive a share of the revenues. DTA is conservatively estimating that unitary revenues will stay at a constant level in future years.

D. ADMINISTRATIVE CHARGES

Senate Bills 2557 and 1559 allow counties to determine property tax administrative charges to local agencies in the proportion that is attributable to their property tax administrative costs to the County. DTA has conservatively estimated the charge for future years to be 1.00% of gross incremental revenue. Tables 9 and 10 show the administrative charge as a deduction to the Project Area.

E. SECTION 33676 RESOLUTIONS

Pursuant to Section 33676 of the Health and Safety Code, the City of San Diego, the Southern California Metropolitan Water District (the "MWD") and the San Diego County Water Authority (the "CWA") have elected to be allocated that portion of the tax increment revenues generated by the Project that are attributable to increases in their override tax rates, and/or increases in the assessed value of taxable property in the Project (limited to a maximum annual inflationary growth of 2% allowed by Article XIII A of the California Constitution). However, the City has suspended its receipt of payments due pursuant to Section 33676 for the term of the bonds (for purposes of this analysis, we have assumed that the term includes the Series 1999A, Series 1999B, 2003A, and 2003B bonds, as well as any future bonds), the only reductions in available tax revenue will be the payments due to MWD and CWA.

The first provision does not affect DTA's tax increment projections because (as discussed in Section III.A above) only overrides in existence prior to January 1, 1989 are included. The affect of the second provision for the allocation of taxes to the taxing entities can result in a reduction in the amount of revenue allocated to the Project Area. Allocations resulting from the inflationary increase in value are computed by San Diego County by compounding the base year value of a redevelopment project by 2% per year and allocating to the electing taxing entity its share of base levy (1%) taxes generated by the difference between the compounded and actual base year value. The City receives 21% of the base levy and MWD receives 0.0047% of the base levy. Please note that the CWA did not levy *ad volorem* property taxes during Fiscal Year 2006-2007, and therefore will not receive any tax increment revenues.

As the City has suspended its receipt of payments due pursuant to Section 33676 for the term

of the bonds (for purposes of this analysis, we have assumed that the term includes the Series 1999A, Series 1999B, 2003A, and 2003B bonds, as well as any future bonds), the only reductions in available tax revenue will be the payments due to MWD.

It is our understanding that the other taxing entities (the San Diego Unified School District, the San Diego Community College District, and the San Diego County Office of Education) have rescinded resolutions pursuant to Section 33676, as these resolutions have been superseded by the tax-sharing agreements discussed in Section J below.

F. LOW AND MODERATE INCOME HOUSING SET ASIDE

In accordance with Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.*), the Agency is required to set aside 20% of all tax increment revenues into a low and moderate income housing fund. For the purposes of this analysis, DTA assumes that the Agency will continue to set aside 20% of the tax increment in order to improve, add to, or maintain the City of San Diego's supply of low and moderate income housing in future years. Table 10, which projects future tax increment revenues for the Project Area, indicates the amount set aside for low and moderate income housing each year as a separate line item.

The first priority of a portion of the low and moderate income housing set-aside funds is the payment required by the \$5.1 million promissory note related to the Disposition and Development Agreement ("DDA") dated May 16, 2000 for the City Heights Office and Townhomes project (see Section III.L.). Annual payments are required from 100% of the site-specific and 33% of the Project Area's low and moderate income housing funds. As shown in Table 10, DTA has reduced the projected annual housing funds by the annual payments required by the promissory note.

G. SERIES 1999A AND 1999B TAX ALLOCATION BONDS

The City of San Diego Redevelopment Agency issued Series 1999A and 1999B Tax Allocation Bonds in the amounts of \$5,690,000 and \$10,140,523, respectively, for the City Heights Project Area. The first priority of the tax increment in the Project Area is to pay for annual debt service on the Bonds. As shown in Table 10, DTA has reduced the projected annual tax increment by the annual debt service for the Series 1999A and B Bonds.

H. SERIES 2003A AND 2003B TAX ALLOCATION BONDS

In December 2003, the Agency issued 2003 Housing Set-Aside Tax Allocation Bond Series A (Taxable) and Series B (Tax-Exempt) for the City Heights Redevelopment Project Area in the amounts of \$4,955,000 and \$865,000, respectively. As shown in Table 10, DTA has reduced the projected annual tax increment by the annual debt service for the Series 2003 A and B Bonds.

I. EDUCATIONAL REVENUE AUGMENTATION FUND (“ERAF”)

In connection with its approval of the budget for Fiscal Years 1992-1993 through 1994-1995, the State Legislature enacted legislation which reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit to ERAF. The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas. However, faced with a projected multi-billion dollar budget gap for Fiscal Year 2002-2003, the State Legislature adopted as urgency legislation, AB 1768 requiring redevelopment agencies to pay into ERAF in Fiscal Year 2002-2003 an aggregate amount of \$75 million. Senate Bill 1096 adopted in August 2004, required redevelopment agencies statewide to pay into ERAF an amount of \$250 million for Fiscal Year 2004-2005 and 2005-2006. However the State's Fiscal Year 2006-2007 budget did not include any ERAF shifts from local governments, including redevelopment agencies, nor are future State budgets expected to include further ERAF shifts.

J. TAX SHARING AGREEMENTS

The Agency has entered into agreements to share tax increment revenues with the following taxing entities: the County of San Diego, the San Diego Community College District, the San Diego Unified School District, and the San Diego County Office of Education. The agreements for each of the foregoing taxing entities are similarly structured. Pursuant to the agreements, the Agency agrees to pay to each taxing entity, beginning in Fiscal Year 1993-1994 (the first year of tax increment eligibility) and continuing until the Agency's right to receive revenues as set forth in the agreements. Such fixed percentages are as follows:

County of San Diego		
1993-1994 to 2001-2002		10.47%
2002-2003 to 2011-2012		13.09%
2012-2013 to 2031-2032		15.70%
San Diego Community College District		
1993-1994 to 2006-2007		6.46%
2007-2008 to 2011-2012		5.00%
2012-2013 to 2016-2017		2.50%
2017-2018 and thereafter		1.00%
San Diego Unified School District		
1993-1994 to 2001-2002	Between 4.98% and 5.01%	
2002-2003 to 2016-2017		15.00%
2017-2018 to 2031-2032	Between 15.65% and 16.72%	
San Diego Office of Education		
1993-1994 and thereafter		0.65%

In addition, the agreement with the County of San Diego (the "County Agreement") provides for additional payments should annual tax increment revenues exceed specified amounts set forth in the agreement. Such additional payments would equal 20.94% of the excess tax increment revenues. As indicated in Table 10, tax increment never exceeds the projected amounts shown in the County Agreement and therefore, our projection does not include any additional payments of 20.94% of the excess increment. The County Agreement also includes provisions that the County receive any revenues resulting from an increase in the base (1%) tax rate, which the County alone is specially granted authorization to levy by the State Legislature or voters of the County.

All of the above agreements are subordinate to any new debt service. The agreements also provide that the Agency, in good faith, attempt to structure the new debt such that sufficient tax increment revenues remain available to pay the Agency's obligations under these agreements.

An amendment to the agreement provides that the tax increment revenue used to compute payments due the County shall exclude any revenues attributable to the City's rescission or suspension of payments due pursuant to the City's Section 33676 Resolution (discussed in Section III.E above). As a result of this amendment, the Agency is able to pledge and expend revenues otherwise due as payments pursuant to the agreement on debt service on the Series 1999A, 1999B, 2003A, and 2003B bonds, as well as on any future bonds. Any such expenditure of the revenues otherwise due as payments shall not constitute a debt of the Agency to be repaid from future tax increment of the Project. Similar changes in the computation of payments due under the remaining agreements have been acknowledged, in writing, by the remaining entities with which the Agency has agreements. Payments shown as due to the taxing entities in Table 10 are computed excluding revenues generated by the suspension of the City's Section 33676 Resolution.

K. Developer Loan Agreement

The Agency has entered into an agreement dated November 15, 2001 that requires it to repay a loan of \$200,000 from City Heights Revitalization, LP, the developer, to pay for one half of the estimated cost of installing additional parking spaces for the City Heights Urban Village Town Homes and Office Project. This loan amount was paid off during Fiscal Year 2003-2004 from monies on hand in Tax Increment Reserve.

L. Second Implementation Agreement (In-Lieu Payment)

The Agency and Urban Village Commercial, LLC ("UVC") have entered into an agreement that requires UVC, the owner of Parcel 1 (assessor parcel 471-552-34), to pay to the Agency an annual In-Lieu Payment if such property becomes exempt from real property taxation. The In-Lieu Payment shall equal the tax amount of property taxes that would have been payable by such property if it were not exempt from the tax.

The total amount of In-Lieu Payments for any fiscal year shall not exceed \$200,000 beginning in Fiscal Year 2003-2004, and will increase July 1, 2004 and each July 1 thereafter by 2% of the amount for the previous fiscal year.

According to the agreement, the In-Lieu Payment revenue will be included when calculating the Low and Moderate Income Housing Set Aside, but will not be subject to the tax-sharing agreements mentioned in Section I above. For Table 10 we have assumed that the parcel becomes exempt in Fiscal Year 2007-2008 and we have projected the In-Lieu Payments through Fiscal Year 2032-2033.

M. Promissory Note for City Heights Urban Village Town Homes and Office Project

On May 16, 2000, the Agency approved the DDA for the City Heights Urban Village Town Homes and Office Project. The Agency also approved a Housing Replacement Plan, which called for the 34 existing housing units displaced by the project to be replaced in the new project. A total of 116 new housing units were completed and occupied by August 2003. The DDA requires that 34 of these units be rented at rates affordable to very low income (up to 50% of area median income) households for at least 45 years. The Agency is responsible for \$5,115,000 of this affordable housing component. San Diego Revitalization Corporation has fronted the project funding and the Agency is to repay the loan with City Heights tax increment housing set-aside funds for up to thirty years. Table 10 indicates the annual debt service payments made each year from tax increment revenue through the term of the loan.

As mentioned above in Section III.F, the first priority of a portion of the low and moderate income housing set-aside funds is the payment required by the \$5.1 million promissory note. Annual payments are required from 100% of the site-specific and 33% of the Project Area's low and moderate income housing funds.

N. Comprehensive Affordable Housing Strategy Collaborative

In August 2002, the Redevelopment Agency, Housing Authority and City Council approved a Comprehensive Affordable Housing Strategy, which included the concept of leveraging and aggregating the Redevelopment Agency's Low- and Moderate-Income Housing Funds (LMIHF) to create up to \$55 million in affordable housing financing to fund the Affordable Housing Collaborative Program through a Notice of Funding Availability (NOFA). In January 2003, the Agency issued the NOFA to seek proposals to develop new affordable housing units within the City of San Diego. The City's Redevelopment Division, the Centre City Development Corporation (CCDC), the Southeastern Economic Development Corporation (SEDC) and the San Diego Housing Commission have been working together as the Affordable Housing Collaborative to implement projects submitted in response to the NOFA.

The Comprehensive Affordable Housing Strategy (RA-02-17) identified a five-year (1999-2004) affordable housing goal of 2,185 units. This goal was 10% of the estimated five-year affordable housing need. The \$55 million NOFA was released in January 2003 in order to meet that goal. In June 2003 and July 2004, the Agency issued housing bonds for the Horton Plaza and Centre City Redevelopment Project Areas, respectively, to provide a \$40 million contribution from the CCDC-administered project areas. The City's Redevelopment Division committed to providing the remaining \$15 million. In December 2003, the Agency issued housing bonds for the City Heights Project Area which provided \$2 million towards this \$15

million commitment. On April 4, 2006, the Agency approved an affordable housing subsidy of \$5.245 million for the CentrePoint project in the Crossroads Project Area, which was credited toward the Redevelopment Division's commitment, leaving a remaining Redevelopment Division commitment of \$7.8 million to the Affordable Housing Collaborative Program. The Veterans Village Phase II project in the North Bay Project Area is seeking approximately \$4 million. If approved, the approximate \$4 million LMIHF contribution from North Bay would reduce the remainder of the Division's unfunded commitment to \$3.8 million under the initial \$55 million.

To date, approximately \$48 million of the original \$55 million NOFA has been approved for expenditure by the Agency to create 720 affordable units and there remains an additional \$41 million in requested subsidies in the pipeline. The demand for affordable housing funding exceeds the original \$55 million Program funding by \$34 million.

On July 25, 2006, the Redevelopment Agency authorized the issuance of a Request for Proposals to secure a bank line of credit in an estimated amount of \$35 million to provide funding for an Affordable Housing Collaborative Opportunity Fund. In addition, the Agency approved the treatment of the low- and moderate-income housing set-aside funds from the Redevelopment Division's project areas as a revenue pool for an Affordable Housing Collaborative Opportunity Fund.

IV. PROJECT TAX INCREMENT PROJECTIONS

A. NEW DEVELOPMENT

Table 8 presents an analysis of the greatest changes in assessed value between years 2005-2006 and 2006-2007. In addition, a new Office/Retail establishment to be located at Fairmont Avenue and University Avenue is due to begin construction in 2007 and is expected to increase the assessed value of the Project Area in the future. For purposes of this analysis, however, we have conservatively assumed that there will not be any increase in assessed values for future years as a result of such new development within the Project Area.

Approved Projects	Description
Auburn Park Family Apartments	This project includes 69 family units for very-low income families as well as extensive park and open space improvements. This project was granted tax credits in July 2005. Construction of the \$20.5 million project started in early 2006. It is anticipated that this project will be completed, fall 2007.
City Heights Square Senior Housing	The project consists of 151 senior units with a comprehensive support program for very low and extremely low income residents. The project received tax credits in July, 2005 and began construction in early 2006. It is anticipated that this project will be completed, fall 2007.
City Heights Square Office and Retail	The project DDA was approved in June 2005 for a four-story office and retail development in partnership with San Diego Revitalization Corporation. Land acquisition is underway.
Talmadge Senior Village	This project includes 91 low-income rental units for seniors, recreation space, retail commercial space and underground parking. Construction for this \$17.9 million project is underway. Talmadge Senior Village will open in fall 2006.
Projects in the Planning Phase	Description
City Heights Paseo	The ENA for this proposed project, located at University Avenue and 41 st Street, was approved June 2006. The proposed mixed-use development may include office, retail and residential.
Pilot Village Phase I	This proposed mixed-use project, located at El Cajon Boulevard and 40 th Street, may include office, retail and residential.
Standard Plumbing Site	This proposed mixed-use project, located at University Avenue and 40 th Street, may include office, retail and residential.
5000 Block of University Ave	This proposed mixed-use project, located at University Avenue and 50 th Street, may include office, retail and residential.

B. TAX INCREMENT PROJECTIONS

Table 9 summarizes the Fiscal Year 2006-2007 assessed values and details how the net tax increment is calculated. Table 10 projects the tax increment to be generated by the Project through Fiscal Year 2032-2033. DTA has estimated the future tax increment based on the Project Area assessed valuation for Fiscal Year 2006-2007, utilizing the assumptions stated herein regarding current adjustments to the increment. The projections are based on the assumption that the value of real property will increase at an inflation rate of 2% per year. In addition, the secured and unsecured personal property within the Project Area less unsecured exemptions for Fiscal Year 2006-2007 is assumed to remain constant throughout the subsequent years. The incremental value is the difference between the total value and the base year value, and the tax rate used in the calculation of gross revenue for Fiscal Year 2006-2007 is the actual tax rate. This rate is assumed to decrease in subsequent years. Unitary revenue and administrative charges result in adjustments to the net tax increment, for which the assumptions were discussed previously. The set aside for low and moderate income housing is shown as a separate line item. As stated earlier, payments made to taxing entities pursuant to tax sharing agreements are subordinate to debt service on the Series 1999A, Series 1999B, Series 2003A, and Series 2003B bonds, as well as on any future bonds. Additionally, the tax-sharing payments shown are computed excluding revenues accruing to the Agency from the rescission of the City's Section 33676 Resolution.

C. LIMITATIONS

It is important to note that the actual reduction to tax increment for future years may be higher or lower for a number of different reasons, including withdrawal of the pending appeals or additional appeals filed in future years.

This Report contains a projection of tax increment revenues to be received by the Agency. The report is based on estimates, assumptions and other information developed from DTA's research and telephone discussions with County staff, as well as our understanding of County tax procedures. The sources of information and basis of the estimates are stated herein. While we believe that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. In addition, since the analyses contained herein are based on legislation and County procedures which are inherently subject to uncertainty and variation depending on evolving events and policy changes, DTA can not represent them as results that will definitely be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from the projections.

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**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
HISTORICAL TAX INCREMENT VALUES
TABLE 1**

	FY 1999-2000 Taxable Value	FY 2000-2001 Taxable Value	FY 2001-2002 Taxable Value	FY 2002-2003 Taxable Value	FY 2003-2004 Taxable Value	FY 2004-2005 Taxable Value	FY 2005-2006 Taxable Value	FY 2006-2007 Taxable Value
Secured Values								
Land	\$513,731,399	\$544,150,577	\$597,676,005	\$651,186,363	\$718,066,722	\$808,186,825	\$954,331,852	\$1,098,624,619
Improvement	530,228,421	572,461,560	628,517,349	719,451,309	816,902,776	935,496,965	1,034,147,857	1,135,797,730
Personal Property	1,725,572	1,744,670	1,169,528	746,160	1,349,268	967,570	898,966	779,701
Gross Value	1,045,685,392	1,118,356,807	1,227,362,882	1,371,383,832	1,536,318,766	1,744,651,360	1,989,378,675	2,235,202,050
Less Exemptions	(31,489,443)	(43,086,650)	(44,494,292)	(\$49,927,599)	(\$59,296,890)	(72,662,714)	(78,152,984)	(90,345,158)
Total Secured	1,014,195,949	1,075,270,157	1,182,868,590	1,321,456,233	1,477,021,876	1,671,988,646	1,911,225,691	2,144,856,892
Unsecured Values								
Land	0	0	0	0	0	0	0	0
Improvement	6,029,314	6,475,812	4,775,076	6,504,116	7,857,612	8,203,384	12,627,198	13,159,493
Personal Property	11,729,284	12,393,628	13,303,038	15,104,288	19,779,229	18,107,114	18,957,365	19,416,317
Gross Value	17,758,598	18,869,440	18,078,114	21,608,404	27,636,841	26,310,498	31,584,563	32,575,810
Less Exemptions	(543,891)	(574,461)	(908,619)	(122,225)	(801,222)	(1,016,459)	(3,554,007)	(4,763,345)
Total Unsecured	17,214,707	18,294,979	17,169,495	21,486,179	26,835,619	25,294,039	28,030,556	27,812,465
Total Secured and Unsecured	1,031,410,656	1,093,565,136	1,200,038,085	1,342,942,412	1,503,857,495	1,697,282,685	1,939,256,247	2,172,669,357
Percentage Change in Total Value	NA	6.03%	9.74%	11.91%	11.98%	12.86%	14.26%	12.04%
Base Year Value	1,023,428,875	1,023,428,875	1,023,428,875	1,023,428,875	1,023,428,875	1,009,805,618 [2]	1,005,885,605 [3]	1,005,885,605
Incremental Value	7,981,781	70,136,261	176,609,210	319,513,537	480,428,620	687,477,067	933,370,642	1,166,783,752
Percentage Change in Incremental Value	NA	778.70%	151.81%	80.92%	50.36%	43.10%	35.77%	25.01%

[1] Based on information provided by the County of San Diego Auditor/Controller.

[2] Base value was adjusted downward by \$13.6 million in FY 2004-2005.

[3] Base value was adjusted downward by \$3.9 million in FY 2005-2006.

Note: Based on discussions with the County Auditor and Assessor, discrepancies in the total net assessed values are due to procedural differences in obtaining the data.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
FY 2006-2007 ASSESSED VALUE BY LAND USE
TABLE 2**

Land Use [1]	No.of Parcels [1]	Secured Total Net Assessed Value [2]	Percent of Net Assessed Value
Residential Property (land use codes 07 through 19)			
Vacant Residential	181	\$9,971,500	0.47%
Single-Family Residential	3,560	\$577,385,683	27.21%
Multi-Family Residential	4,458	\$1,209,577,638	57.01%
Miscellaneous	4	\$570,715	0.03%
Subtotal	8,203	\$1,797,505,536	84.71%
Commercial Property (land use codes 20 through 39)			
Office Space	385	\$158,516,873	7.47%
Retail	88	\$94,489,635	4.45%
Vacant Land	69	\$9,830,972	0.46%
Other Uses	98	\$41,597,287	1.96%
Subtotal	640	\$304,434,767	14.35%
Industrial Property (land use codes 40 through 49)	48	\$13,381,433	0.63%
Institutional Property (land use codes 70 through 79)	15	\$5,945,366	0.28%
Recreational Property (land use codes 80 through 84)	2	\$188,518	0.01%
Miscellaneous Use (land use codes 88 through 89 and 00)	3	\$386,485	0.02%
Total	8,911	\$,121,842,105	10000%

[1] Includes only parcels with a net assessed value greater than \$0.

[2] Based on final FY 2006-2007 Assessor's Roll. Land use codes provided by the County Assessor.

Note: Based on discussions with the County Auditor and Assessor, discrepancies in the total net assessed values are due to procedural differences in obtaining the data.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
FY 2006-2007 TOP TEN ASSESSEES
TABLE 3**

Owner [1]	Land Use [1]	No. of Parcels	Total Net Assessed Value [1]	Percent of Project Value
BR Workforce LLC	Office/Store Buildings - Garage/Lot	2	\$22,623,600	1.07%
Urban Village Residential LLC	Multi-Family Residential	1	\$17,025,194	0.80%
San Diego Revitalization Corp.	Office Buildings - Single-Family Residential	1	\$15,572,332	0.73%
San Diego Ridge LLC	Multi-Family Residential	1	\$12,192,129	0.57%
City Heights Retail Village	Community Shopping Center	1	\$9,682,623	0.46%
Pearson Ford Properties	Multi-Family Residential	10	\$9,559,626	0.45%
RTC-1 LLC	Auto Sales/Service Agency	1	\$8,800,000	0.41%
Prickett Family Trust 11-9-95	Multi-Family Residential	18	\$7,871,878	0.37%
Lucky Stores Inc.	Grocery/Drug Store - Large Chain	1	\$7,648,219	0.36%
San Diego/Fox Hollow LP	Multi-Family Residential	4	\$7,432,040	0.35%
All other owners	NA	9,227	\$2,003,434,464	94.42%
Grand Total	NA	9,267	\$2,121,842,105	100.00%

TOTAL NET ASSESSED VALUE OF TOP 5 OWNERS:

\$77,095,878

TOTAL NET ASSESSED VALUE OF TOP 10 OWNERS:

\$118,407,641

TOTAL TAX INCREMENT VALUE:

\$480,428,620

PERCENTAGE OF ASSESSED VALUES FOR TOP 5 OWNERS TO TOTAL NET VALUE:

3.63%

PERCENTAGE OF ASSESSED VALUES FOR TOP 5 OWNERS TO TOTAL TAX INCREMENT VALUE:

16.05%

PERCENTAGE OF ASSESSED VALUES FOR TOP 10 OWNERS TO TOTAL NET VALUE:

5.58%

PERCENTAGE OF ASSESSED VALUES FOR TOP 10 OWNERS TO TOTAL TAX INCREMENT VALUE:

24.65%

[1] Based on final FY 2006-2007 Assessor's Roll for TRA 008-241.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
ASSESSMENT APPEALS
TABLE 4**

Tax Rate Area	Appeal ID #	Applicant Name	Result [1]	Hearing Date	Assessed Value	Applicant Opinion of Value	Resolved / Pending Value	Impact/Value Change
FY 2005-2006 APPEALS								
008241	0500628	IMAJINE DBA MCDONALDS #2135	Resolved	16-Feb-06	\$150,000	\$150,000	\$150,000	\$0
008241	0500771	TATSUI, THOMAS	Resolved	09-Feb-06	\$450,000	\$400,000	\$450,000	\$0
008241	0501355	ANDERSON, LISA	Pending	30-Mar-06 [2]	\$395,000	\$350,000	\$355,500	(\$39,500)
008241	0501356	HUYNH, LE	Resolved	30-Mar-06	\$591,600	\$350,000	\$591,600	\$0
008241	0501699	NGUYEN, LE	Resolved	30-Mar-06	\$431,642	\$185,191	\$431,642	\$0
008241	0501854	OLIVER, JOSEPH	Pending	No Date Set [2]	\$2,000,000	\$1,875,000	\$1,800,000	(\$200,000)
008241	0501906	LE, YEN	Resolved	16-Feb-06	\$618,630	\$606,500	\$618,630	\$0
008241	0502046	DORFMAN, GERALD	Pending	No Date Set [2]	\$25,266	\$19,000	\$22,739	(\$2,527)
008241	0502047	DORFMAN, GERALD	Pending	No Date Set [2]	\$24,803	\$3,600	\$22,323	(\$2,480)
008241	0502048	DORFMAN, GERALD	Pending	No Date Set [2]	\$24,317	\$3,050	\$21,885	(\$2,432)
008241	0502049	DORFMAN, GERALD	Pending	No Date Set [2]	\$23,841	\$2,570	\$21,457	(\$2,384)
008241	0502050	DORFMAN, GERALD	Pending	No Date Set [2]	\$23,374	\$2,100	\$21,037	(\$2,337)
008241	0502051	DORFMAN, GERALD	Pending	No Date Set [2]	\$22,916	\$1,750	\$20,624	(\$2,292)
008241	0502052	DORFMAN, GERALD	Pending	No Date Set [2]	\$22,500	\$1,330	\$20,250	(\$2,250)
008241	0502053	DORFMAN, GERALD	Pending	No Date Set [2]	\$25,266	\$19,000	\$22,739	(\$2,527)
008241	0502054	DORFMAN, GERALD	Pending	No Date Set [2]	\$24,803	\$3,600	\$22,323	(\$2,480)
008241	0502055	DORFMAN, GERALD	Pending	No Date Set [2]	\$24,317	\$3,050	\$21,885	(\$2,432)
008241	0502056	DORFMAN, GERALD	Pending	No Date Set [2]	\$23,841	\$2,570	\$21,457	(\$2,384)
008241	0502057	DORFMAN, GERALD	Pending	No Date Set [2]	\$23,374	\$2,100	\$21,037	(\$2,337)
008241	0502058	DORFMAN, GERALD	Pending	No Date Set [2]	\$22,916	\$1,750	\$20,624	(\$2,292)
008241	0502059	DORFMAN, GERALD	Pending	No Date Set [2]	\$22,500	\$1,330	\$20,250	(\$2,250)
							Estimated Value Reduction	(\$272,903)
FY 2006-2007 APPEALS								
008241	0600111	ELIAS, MARIA	Pending	No Date Set [2]	\$141,012	\$88,872	\$126,911	(\$14,101)
008241	0600317	HO, HAI	Pending	No Date Set [2]	\$284,000	\$212,887	\$255,600	(\$28,400)
							Estimated Value Reduction	(\$42,501)

[1] Highlighted items indicate resolved appeals.

[2] At the time of this analysis, these appeals had not been resolved. Thus, DTA has conservatively assumed these appeals resolved in favor of the property at a rate of 90% of the contested value, based on historic assessment appeals data.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
SUMMARY OF PARTICIPATING AND NON-PARTICIPATING AGENCIES
TABLE 5**

Participating Agencies [1]	FY 2005-2006 Rates for TRA 008-241 [3]	FY 2006-2007 Rates for TRA 008-241 [3]
City of San Diego Zoological Exhibit	1.00000%	1.00000%
San Diego Unified Lease/Purchase	0.00500%	0.00500%
Metropolitan Water District	0.00000%	0.00000%
County Water Authority	0.00520%	0.00470%
Subtotal	0.00000%	0.00000%
	1.01020%	1.00970%
Non-Participating Agencies [2]		
San Diego City Public Safety	0.00145%	0.00124%
San Diego Unified Bond Series 1999A	0.00974%	0.00799%
San Diego Unified Bond Series 2000B	0.00785%	0.00667%
San Diego Unified Bond Series 2001C	0.00899%	0.00763%
San Diego Unified Bond Series 2002D	0.01272%	0.00990%
San Diego Unified Bond Series 2003E	0.02138%	0.01733%
San Diego Unified Bond Series 1998F	0.01522%	0.00791%
San Diego Unified Bond Series 1998G	0.00000%	0.01406%
San Diego Community College Bond Series 2003A	0.01630%	0.01272%
San Diego Community College Bond Series 2003B	0.00865%	0.00510%
Grand Total	111250%	110025%

[1] Agencies that began levying an annual charge before January 1, 1989.

[2] Agencies that have been levying an annual charge after January 1, 1989.

[3] Tax rates based on information provided by the San Diego County Auditor/Controller.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
ALLOCATION ADJUSTMENTS [1]
TABLE 6**

Year	Supplemental Roll	Roll Corrections	Refunds/ Adjustments	Delinquencies/ Penalties	Total Adjustments
1999-2000	\$157,437.66	(\$1,049.26)	(\$11,571.90)	\$0.00	\$144,816.50
2000-2001	457,497.96	(2,480.27)	(29,845.49)	4,005.56	429,177.76
2001-2002	716,256.48	(7,655.52)	(47,202.76)	15,930.31	677,328.51
2002-2003	1,225,870.56	(11,138.80)	(78,834.92)	36,822.01	1,172,718.85
2003-2004	1,306,426.84	(10,703.81)	(108,026.22)	60,553.79	1,248,250.60
2004-2005	2,204,179.07	(14,182.59)	(153,101.64)	71,260.75	2,108,155.59
2005-2006	2,163,982.71	(440.76)	(190,476.26)	119,813.91	2,092,879.60

[1] Based on information in the Agency Trust Fund Summary, prepared by the Auditor-Controller.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
HISTORIC RECEIPTS TO LEVY ANALYSIS
TABLE 7**

Fiscal Year Ending:	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006
I. Reported Assessed Value							
Total Project Value [1]	\$1,031,410,656	\$1,093,565,136	\$1,200,038,085	\$1,342,942,412	\$1,503,857,495	\$1,697,282,685	\$1,939,256,247
Less Base Value [2]	1,023,428,875	1,023,428,875	1,023,428,875	1,023,428,875	1,009,805,618	1,009,805,618	1,005,885,605
Incremental Value	7,981,781	70,136,261	176,609,210	319,513,537	494,051,877	687,477,067	933,370,642
Tax Rate	1.11065%	1.11046%	1.10928%	1.10820%	1.01177%	1.01080%	1.01020%
II. Gross Tax Increment							
Unitary Revenue	88,650	778,835	1,959,091	3,540,849	4,998,669	6,949,018	9,428,910
County Administrative Expenses	0	0	1,159	1,103	1,623	1,643	1,653
	(4,424)	(4,714)	(13,513)	(29,500)	(44,970)	(69,044)	(82,273)
Total Computed Levy	84,226	774,121	1,946,736	3,512,452	4,955,322	6,881,617	9,348,291
III. Total Receipts							
Total Receipts	282,794	1,172,441	2,598,834	4,469,326	5,999,105	8,876,669	11,256,888
% Difference of Computed Levy	335.76%	151.45%	133.50%	127.24%	121.06%	128.99%	120.42%

[1] Based on total secured and unsecured value for the Project provided by the San Diego County Auditor/Controller.

[2] Base value was adjusted downward by \$13.6 million in FY 2004-2005 and by \$3.9 million in FY 2005-2006.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
LARGEST CHANGES IN SECURED ASSESSED VALUE
TABLE 8**

Current Assessee	FY 2005-2006 Secured Net Assessed Value	FY 2006-2007 Secured Net Assessed Value	Difference	Percent Change
San Diego/Fox Hollow LP	\$0	\$7,432,040	\$7,432,040	NA
San Diego Ridge LLC	8,670,000	12,192,129	3,522,129	40.62%
Foley Property Assets	759,057	2,325,600	1,566,543	206.38%
Community Christian Church of San Diego	0	1,428,000	1,428,000	NA
Cedillo Federico & Antelma	380,836	1,767,499	1,386,663	364.11%
CCDJ LLC	1,377,767	2,749,920	1,372,153	99.59%
Home/Fairmount Real Estate Holdings LLC	510,428	1,845,894	1,335,466	261.64%
Lincoln Trust	243,460	1,331,100	1,087,640	446.74%
Swift Avenue Condos LLC	858,324	1,855,200	996,876	116.14%
PJ Trust	158,260	1,070,000	911,740	576.10%
Others	1,875,829,759	2,087,844,723	212,014,964	11.30%
Total	1,888,787,891	2,121,842,105	233,054,214	12.34%
8,681 Assessments Gain in Value	1,817,978,393	2,063,544,028	245,565,635	13.51%
326 Assessments with no change in Value [1]	815,000	815,000	0	0.00%
177 Assessments With Reduced Value [2]	52,741,064	36,416,868	(16,324,196)	-30.95%
83 New Parcels [3]	NA	21,066,209	21,066,209	NA
140 Superceded Parcels [4]	17,253,434	NA	(17,253,434)	NA
Total	1,888,787,891	2,121,842,105	233,054,214	12.34%

[1] A total of 324 parcels are considered exempt by the County of San Diego and have no assessed value.

[2] Values based on the closed Assessor's roll for each fiscal year. Based on discussions with the County, however, values may have been subsequently revised after the roll had closed. Therefore, several parcels may actually have had smaller FY 05-06 values resulting in no decline in value to FY 06-07. In addition, approximately \$2.1 million in reduced value was attributed to 11 parcels acquired by the San Diego Redevelopment Agency and other public entities and churches.

[3] New parcels for FY 2006-2007.

[4] FY 2005-2006 assessor parcels that did not have matching FY 2006-2007 parcel numbers.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
FY 2006-2007 TAX INCREMENT REVENUE ESTIMATE
TABLE 9**

	FY 2006-2007 Taxable Value	Base Taxable Value	Incremental Taxable Value
Secured Values			
Land	\$1,098,624,619	\$490,269,612	\$608,355,007
Improvement	\$1,135,797,730	515,268,139	620,529,591
Personal Property	\$779,701	4,342,701	(3,563,000)
Gross Value	2,235,202,050	1,009,880,452	1,225,321,598
Less Exemptions	(\$90,345,158)	(24,921,121)	(65,424,037)
Total Secured	2,144,856,892	984,959,331	1,159,897,561
Unsecured Values			
Land	0	0	0
Improvement	13,159,493	20,926,274	(7,766,781)
Personal Property	19,416,317	0	19,416,317
Gross Value	32,575,810	20,926,274	11,649,536
Less Exemptions	(4,763,345)	0	(4,763,345)
Total Unsecured	27,812,465	20,926,274	6,886,191
Total Secured and Unsecured	2,172,669,357	1,005,885,605	1,166,783,752
Estimated Valuation Adjustments			
Assessment Appeal Valuation Reductions:			(\$315,405)
Adjusted Incremental Secured and Unsecured			\$1,166,468,347
Gross Increment Revenue @	1.00970% [1]		\$11,777,831
Unitary Revenue [2]			\$1,643
Supplemental Roll [3]			\$0
Second Implementation Agreement In-Lieu Payment [5]			\$0
Adjustments to Gross Estimated Revenue			
Administrative Expenses [4]			(\$117,778)
Section 33676 Resolutions			
Metropolitan Water District (MWD)	0.00470% [7]		(\$15,152)
County Water Authority (CWA)	0.00000% [7]		\$-0
Low/Moderate Income Housing Set-Aside Revenue			(\$2,332,339)
Series 1999A and 1999B Tax Allocation Bonds Annual Debt Service			(\$762,889)
Non-Housing Net Tax Increment Revenue before Tax-Sharing			\$8,551,316
Total Tax-Sharing Amounts by Agency			
County of San Diego	13.09%		(\$1,453,341)
San Diego Community College District	6.46%		(\$717,233)
San Diego Unified School District	15.00%		(\$1,665,402)
San Diego County Office of Education	0.65%		(\$72,167)
Available Non-Housing Tax Revenue after Tax-Sharing			\$4,643,173
Available Housing Tax Increment Revenue			2,332,339
City Heights Office and Townhomes Promissory Note Payments			(\$810,245) [5]
Series 2003A and 2003B Tax Allocation Bonds Annual Debt Service			(\$405,290)
Available Housing Tax Increment Revenue after Promissory Note			\$1,116,804 [6]

[1] The actual tax rate of 1.00970% is used for FY 2006-2007. A 1.00% tax rate is used from FY 2007-2008 to the end of the projection.

[2] Based on estimated amount for FY 2005-2006 provided by the County of San Diego Auditor/Controller.

[3] For purposes of this analysis, we have conservatively assumed that the supplemental roll will not add additional revenue.

[4] Estimated at 1.00% of the gross revenue for the Project Area.

[5] Based on debt service schedule provided by the Agency. Based on discussions with the Agency, debt service shown above may change.

[6] Tax increment revenue shown above subject to change based on revisions, if any, to the Promissory Note debt service schedule.

[7] Based on rates for FY 2006-2007.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE PROJECTION
TABLE 10**

Fiscal Year Ending:	2006 2007	2007 2008	2008 2009	2009 2010	2010 2011	2011 2012	2012 2013	2013 2014	2014 2015	2015 2016
Real Property @ 2.0% [1]	\$2,157,236,684	\$2,178,092,537	\$2,221,654,388	\$2,266,087,475	\$2,311,409,225	\$2,357,637,409	\$2,404,790,158	\$2,452,865,961	\$2,501,943,680	\$2,551,982,554
Anticipated Value	0	0	0	0	0	0	0	0	0	0
Assumed Appeals Impact	(315,405)	0	0	0	0	0	0	0	0	0
Total Real Property	2,156,921,279	2,178,092,537	2,221,654,388	2,266,087,475	2,311,409,225	2,357,637,409	2,404,790,158	2,452,865,961	2,501,943,680	2,551,982,554
Total Other Property [2]	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673
Total Value	2,172,353,952	2,193,525,210	2,237,087,061	2,281,520,148	2,326,841,898	2,373,070,082	2,420,222,831	2,468,316,634	2,517,376,353	2,567,415,227
Incremental Value Over Base of:	\$1,005,885,605									
Gross Revenue [3]	11,777,931	11,876,396	12,312,015	12,766,345	13,209,583	13,671,845	14,143,372	14,624,330	15,114,907	15,615,296
Unitary Revenue [4]	1,843	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643
Second Implementation Agreement In-Lieu Payment [5]	0	216,486	220,816	225,232	229,737	234,332	239,019	243,799	248,675	253,648
Adjustments to Gross Revenue										
Supplemental Roll										
Property Tax Administrative Fee [6]	(117,778)	(118,764)	(123,120)	(127,563)	(132,086)	(136,718)	(141,434)	(146,243)	(151,148)	(156,155)
Net Tax Increment Revenue	11,661,696	11,975,762	12,411,354	12,855,658	13,308,848	13,771,101	14,242,600	14,723,529	15,214,076	15,714,435
2% or CPI Annual Growth on Total Secured Value	1,324,891,484	1,351,389,314	1,378,417,100	1,405,985,442	1,434,105,151	1,462,787,254	1,492,042,999	1,521,883,859	1,552,321,536	1,583,367,967
Incremental Secured Value Over Base of:	322,388,883	348,886,713	375,914,439	403,482,841	431,602,550	460,284,653	489,540,398	519,381,258	549,818,935	580,865,366
Section 33876 Resolutions										
Metropolitan Water District (MWD)	(15,152)	(16,398)	(17,668)	(18,964)	(20,285)	(21,633)	(23,008)	(24,411)	(25,841)	(27,301)
County Water Authority (CWA)	0	0	0	0	0	0	0	0	0	0
City of San Diego [7]	0	0	0	0	0	0	0	0	0	0
Agency Share of Tax Increment Less Section 33876 Resolutions	11,646,543	11,959,364	12,393,686	12,836,694	13,286,562	13,749,468	14,219,592	14,699,118	15,188,235	15,687,134
Low/Moderate Income Housing Set-Aside Revenue	(2,332,339)	(2,385,152)	(2,482,271)	(2,571,132)	(2,661,770)	(2,754,220)	(2,848,520)	(2,944,706)	(3,042,815)	(3,142,887)
Series 1998A and 1998B Tax Allocation Bonds Annual Debt Service	(792,689)	(866,807)	(1,001,693)	(1,127,651)	(1,250,990)	(1,391,073)	(1,526,439)	(1,642,750)	(1,768,218)	(1,914,334)
Non-Housing Tax Increment Revenue Before Tax-Sharing	8,551,316	8,677,405	8,909,522	9,137,911	9,375,803	9,604,175	9,844,633	10,111,662	10,377,201	10,629,913
Total Tax-Sharing Amounts by Agency [8]										
County of San Diego	(1,453,341)	(1,459,979)	(1,508,592)	(1,559,198)	(1,610,815)	(1,663,465)	(2,059,552)	(2,125,251)	(2,192,264)	(2,260,617)
San Diego Community College District	(717,233)	(657,288)	(576,238)	(595,588)	(615,285)	(635,395)	(637,954)	(638,416)	(649,087)	(659,971)
San Diego Unified School District	(1,665,402)	(1,671,863)	(1,728,715)	(1,786,705)	(1,845,854)	(1,906,166)	(1,967,725)	(2,030,600)	(2,094,815)	(2,160,400)
San Diego County Office of Education	(72,167)	(72,447)	(74,911)	(77,424)	(79,987)	(82,601)	(85,268)	(87,988)	(90,763)	(93,592)
Total Tax-Sharing	(3,908,143)	(3,760,576)	(3,888,456)	(4,018,894)	(4,151,941)	(4,287,648)	(4,440,500)	(4,551,655)	(4,632,113)	(4,714,181)
Available Non-Housing Tax Increment Revenue after Tax-Sharing	4,643,173	4,916,828	5,021,065	5,119,017	5,223,862	5,316,527	5,404,133	5,560,007	5,745,088	5,915,733
Available Housing Tax Increment Revenue	2,332,339	2,385,152	2,482,271	2,571,132	2,661,770	2,754,220	2,848,520	2,944,706	3,042,815	3,142,887
City Heights Office and Townhomes Promissory Note Payments	(810,245)	(833,822)	(850,889)	(880,569)	(910,843)	(941,722)	(947,959)	(947,959)	(947,959)	(947,959)
Series 2003A and 2003B Tax Allocation Bonds Annual Debt Service	(405,290)	(408,435)	(406,185)	(408,748)	(405,948)	(407,908)	(409,423)	(445,598)	(447,960)	(449,735)
Available Housing Tax Increment Revenue after Promissory Note [9]	1,116,804	1,152,895	1,225,197	1,281,815	1,344,979	1,404,591	2,191,139	2,499,108	2,594,855	2,693,152

[1] Includes assumed and unsecured land and improvement value in the Project less secured exemptions for FY 2006-2007. Each subsequent year is assumed to be 2.0%.

[2] Includes secured and unsecured personal property value in the Project less unsecured exemptions for FY 2006-2007. We have assumed this value to remain constant for each subsequent year.

[3] The actual tax rate of 1.00970% is used for FY 2006-2007. A 1.00% tax rate is used from FY 2007-2008 to the end of the projection.

[4] Based on existing tax analysis provided by the County of San Diego Auditor/Comptroller.

[5] For purposes of this analysis, we assumed that the In-Lieu Payment is \$53.34 per square foot beginning in FY 2006-2007 and that the Redevelopment Agency collects the In-Lieu Payment beginning in FY 2007-2008.

[6] Estimated at 1.00 percent of gross revenue for the Project Area.

[7] The City has suspended its receipt of payments due pursuant to its Section 33876 Resolution for the term of the Bonds.

[8] All tax-sharing amounts are subordinate to any existing or future bonds.

[9] Tax increment revenue shown above subject to change based on revisions, if any, to the Promissory Note debt service schedule.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE PROJECTION
TABLE 10**

Fiscal Year Ending:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Property @ 2.0% [1]	\$2,603,022,205	\$2,655,082,649	\$2,708,184,302	\$2,762,347,988	\$2,817,594,948	\$2,873,946,847	\$2,931,425,783	\$2,990,054,299	\$3,049,855,385	\$3,110,852,493
Anticipated Value	0	0	0	0	0	0	0	0	0	0
Assumed Appeals Impact	0	0	0	0	0	0	0	0	0	0
Total Real Property	2,603,022,205	2,655,082,649	2,708,184,302	2,762,347,988	2,817,594,948	2,873,946,847	2,931,425,783	2,990,054,299	3,049,855,385	3,110,852,493
Total Other Property [2]	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673
Total Value	2,618,454,878	2,670,515,322	2,723,616,975	2,777,780,661	2,833,027,621	2,889,379,520	2,946,858,456	3,005,486,972	3,065,288,058	3,126,285,166
Incremental Value Over Base of:	\$1,005,885,605									
Gross Revenue [3]	16,125,693	16,646,297	17,177,314	17,718,951	18,271,420	18,834,939	19,409,729	19,996,014	20,594,025	21,203,896
Utility Revenue [4]	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643
Second Implementation Agreement In-Lieu Payment [5]	258,721	263,896	268,174	274,557	280,048	285,649	291,362	297,189	303,133	309,196
Adjustments to Gross Revenue	0	0	0	0	0	0	0	0	0	0
Supplemental Fee	(161,257)	(166,462)	(171,773)	(177,190)	(182,714)	(188,349)	(194,097)	(199,960)	(205,940)	(212,040)
Property Tax Administrative Fee [6]	16,224,800	16,745,373	17,276,357	17,817,961	18,370,397	18,933,882	19,508,637	20,094,886	20,692,861	21,302,795
Net Tax Increment Revenue	1,615,035,326	1,647,336,033	1,680,282,754	1,713,888,409	1,748,166,177	1,783,129,500	1,818,792,090	1,855,167,932	1,892,271,291	1,930,116,717
2% or CFI Annual Growth on Total Secured Value	612,532,725	644,833,432	677,780,153	711,385,808	745,663,576	780,628,899	816,289,489	852,665,331	889,768,690	927,614,116
Section 33676 Resolutions	(28,789)	(30,307)	(31,856)	(33,435)	(35,046)	(36,689)	(38,366)	(40,075)	(41,819)	(43,598)
Metropolitan Water District (MWD)	0	0	0	0	0	0	0	0	0	0
County Water Authority (CWA)	0	0	0	0	0	0	0	0	0	0
City of San Diego [7]	0	0	0	0	0	0	0	0	0	0
Agency Share of Tax Increment Less Section 33676 Resolutions	16,196,011	16,715,066	17,244,502	17,784,526	18,335,351	18,897,193	19,470,271	20,054,811	20,651,042	21,259,197
Low/Moderate Income Housing Set-Aside Revenue	(3,244,860)	(3,349,075)	(3,455,271)	(3,563,592)	(3,674,079)	(3,786,776)	(3,901,727)	(4,018,977)	(4,138,572)	(4,260,559)
Series 1999A and 1999B Tax Allocation Bonds Annual Debt Service	(1,927,890)	(2,025,328)	(2,127,246)	(2,233,446)	(2,343,928)	(2,458,546)	(2,578,303)	(2,702,205)	(2,836,351)	(3,000,000)
Non-Housing Tax Increment Revenue Before Tax-Sharing	11,023,361	11,340,664	11,661,984	11,997,488	12,437,344	12,886,870	13,246,241	13,710,781	14,190,754	14,676,353
Total Tax-Sharing Amounts by Agency [8]	(2,330,338)	(2,401,452)	(2,473,989)	(2,547,977)	(2,623,444)	(2,700,421)	(2,778,938)	(2,859,024)	(2,940,713)	(3,024,035)
County of San Diego	(371,073)	(382,959)	(395,271)	(408,103)	(421,488)	(435,349)	(449,703)	(464,571)	(479,956)	(495,981)
San Diego Community College District	0	0	0	0	0	0	0	0	0	0
San Diego Unified School District	(96,479)	(99,423)	(102,426)	(105,489)	(108,614)	(111,801)	(115,052)	(118,367)	(121,749)	(125,199)
San Diego County Office of Education	(2,258,866)	(2,318,473)	(2,376,294)	(2,434,395)	(2,502,966)	(2,582,271)	(2,671,181)	(2,770,241)	(2,879,708)	(2,999,905)
Total Tax-Sharing	(2,797,889)	(2,853,834)	(2,915,705)	(2,984,871)	(3,070,992)	(3,174,946)	(3,298,121)	(3,441,645)	(3,606,426)	(3,799,239)
Available Non-Housing Tax Increment Revenue after Tax-Sharing	8,225,472	8,666,830	9,187,330	9,712,617	10,166,352	10,551,286	10,948,120	11,359,137	11,794,328	12,257,114
Available Housing Tax Increment Revenue	3,244,960	3,349,075	3,455,271	3,563,592	3,674,079	3,786,776	3,901,727	4,018,977	4,138,572	4,260,559
City Heights Office and Townhomes Promissory Note Payments	0	0	0	0	0	0	0	0	0	0
Series 2003A and 2003B Tax Allocation Bonds Annual Debt Service	(445,923)	(446,816)	(447,123)	(446,010)	(449,263)	(446,563)	(448,228)	(446,940)	(448,700)	(447,125)
Available Housing Tax Increment Revenue after Promissory Note [9]	2,799,038	2,902,258	3,008,149	3,117,582	3,224,817	3,340,214	3,453,500	3,570,037	3,689,672	3,813,434

[1] Includes secured and unsecured land and improvement value in the Project less secured exemptions for FY 2006-2007. Each subsequent year is assumed to increase by 2% until the Project less secured exemptions for FY 2006-2007. We have assumed this value to remain constant for each subsequent year.
 [2] Includes secured and unsecured land and improvement value in the Project less unsecured exemptions for FY 2006-2007. Each subsequent year is assumed to increase by 2% until the Project less unsecured exemptions for FY 2006-2007. We have assumed this value to remain constant for each subsequent year.
 [3] The actual tax rate of 1.00970% is used for FY 2006-2007. A 1.00% tax rate is used from FY 2007-2008 to the end of the projection.
 [4] Based on estimated amount for FY 2005-2006 provided by the County of San Diego Auditor/Controller.
 [5] For purposes of this analysis, we have assumed that APN 471-522-34 becomes exempt after FY 2006-2007 and that the Redevelopment Agency collects the In-Lieu Payment beginning in FY 2007-2008.
 [6] Estimated at 1.00 percent of gross revenue for the Project Area.
 [7] This amount is suspended if receipt of payments due pursuant to its Section 33676 Resolution for the term of the bonds.
 [8] All tax-sharing amounts are subordinate to any existing or future bonds.
 [9] Tax increment revenue shown above subject to change based on revisions, if any, to the Promissory Note debt service schedule.

**CITY HEIGHTS REDEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE PROJECTION
TABLE 10**

Fiscal Year Ending:	2026		2027		2028		2029		2030		2031		2032		2033	
	2026	2027	2027	2028	2028	2029	2029	2030	2030	2031	2031	2032	2032	2033	2033	
Real Property @ 2.0% [1]	\$3,173,069,543	\$3,236,530,934	\$3,301,261,552	\$3,367,286,783	\$3,434,632,519	\$3,503,325,169	\$3,573,391,673	\$3,643,463,177	\$3,713,538,684	\$3,783,614,192	\$3,853,689,700	\$3,923,765,208	\$3,993,840,716	\$4,063,916,224	\$4,133,991,732	\$4,204,067,240
Anticipated Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assumed Appeals Impact	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Real Property	3,173,069,543	3,236,530,934	3,301,261,552	3,367,286,783	3,434,632,519	3,503,325,169	3,573,391,673	3,643,463,177	3,713,538,684	3,783,614,192	3,853,689,700	3,923,765,208	3,993,840,716	4,063,916,224	4,133,991,732	4,204,067,240
Total Other Property [2]	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673	15,432,673
Total Value	3,188,502,216	3,251,963,607	3,316,694,225	3,382,719,456	3,450,065,192	3,518,757,842	3,588,824,346	3,658,897,846	3,728,970,346	3,799,042,846	3,869,115,346	3,939,187,846	4,009,260,346	4,079,332,846	4,149,405,346	4,219,477,846
Incremental Value Over Base of:	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605	\$1,005,885,605
Gross Revenue [3]	21,826,166	22,460,780	23,106,086	23,768,339	24,441,796	25,128,722	25,829,387	26,534,052	27,242,717	27,954,382	28,669,047	29,386,712	30,107,377	30,831,042	31,557,707	32,287,372
Unitary Revenue [4]	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643
Second Implementation Agreement In-Lieu Payment [5]	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168	\$21,967,168
Adjustments to Gross Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplemental Roll	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax Administrative Fee [6]	(218,262)	(224,608)	(231,081)	(237,683)	(244,418)	(251,287)	(258,294)	(265,301)	(272,308)	(279,315)	(286,322)	(293,329)	(300,336)	(307,343)	(314,350)	(321,357)
Net Tax Increment Revenue	21,924,927	22,559,503	23,206,770	23,866,982	24,540,398	25,227,283	25,927,906	26,634,529	27,342,152	28,050,775	28,760,398	29,471,021	30,182,644	30,895,267	31,608,890	32,322,513
2% or CPI Annual Growth on Total Secured Value	1,968,719,051	2,008,093,432	2,048,255,301	2,089,220,407	2,131,004,815	2,173,624,911	2,217,097,409	2,261,421,907	2,306,605,405	2,352,646,903	2,409,553,401	2,477,425,899	2,546,367,397	2,626,478,895	2,707,860,393	2,790,621,891
Incremental Secured Value Over Base of:	\$966,216,450	\$1,005,990,831	\$1,045,752,700	\$1,086,717,806	\$1,128,502,214	\$1,171,122,310	\$1,214,594,808	\$1,258,922,306	\$1,304,114,804	\$1,350,172,302	\$1,397,094,800	\$1,444,882,298	\$1,493,534,796	\$1,543,052,294	\$1,593,434,792	\$1,644,682,290
Section 33676 Resolutions	(45,412)	(47,263)	(49,150)	(51,076)	(53,040)	(55,043)	(57,086)	(59,168)	(61,289)	(63,447)	(65,642)	(67,874)	(70,143)	(72,448)	(74,789)	(77,166)
Metropolitan Water District (MWD)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
County Water Authority (CWA)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City of San Diego [7]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agency Share of Tax Increment Less Section 33676 Resolutions	21,879,515	22,512,240	23,157,619	23,815,906	24,487,359	25,172,240	25,870,820	26,584,261	27,303,663	28,029,126	28,760,773	29,508,703	30,263,127	31,024,246	31,792,160	32,566,067
Low/Moderate Income Housing Set-Aside Revenue	(4,384,985)	(4,511,901)	(4,641,354)	(4,773,396)	(4,908,080)	(5,045,457)	(5,185,581)	(5,328,457)	(5,475,933)	(5,628,010)	(5,782,687)	(5,937,964)	(6,093,841)	(6,250,318)	(6,407,395)	(6,564,072)
Series 1999A and 1999B Tax Allocation Bonds Annual Debt Service	(2,321,695)	(2,319,946)	(2,321,890)	(2,324,834)	(2,327,778)	(2,330,722)	(2,333,666)	(2,336,610)	(2,339,554)	(2,342,498)	(2,345,442)	(2,348,386)	(2,351,330)	(2,354,274)	(2,357,218)	(2,360,162)
Non-Housing Tax Increment Revenue Before Tax-Sharing	15,172,835	15,680,394	16,194,375	16,710,506	17,228,579	17,748,763	18,270,042	18,793,427	19,318,919	19,846,529	20,376,351	20,908,385	21,442,632	21,979,091	22,517,763	23,058,645
Total Tax-Sharing Amounts by Agency [8]	(3,109,023)	(3,195,712)	(3,284,134)	(3,374,366)	(3,465,398)	(3,557,230)	(3,649,862)	(3,743,294)	(3,837,526)	(3,932,558)	(4,028,390)	(4,135,022)	(4,242,554)	(4,350,986)	(4,460,318)	(4,570,550)
County of San Diego	(198,027)	(203,549)	(209,181)	(214,923)	(220,775)	(226,737)	(232,809)	(238,991)	(245,283)	(251,685)	(258,197)	(264,819)	(271,551)	(278,393)	(285,345)	(292,407)
San Diego Community College District	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
San Diego Unified School District	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
San Diego County Office of Education	(128,718)	(132,307)	(135,967)	(139,696)	(143,496)	(147,366)	(151,306)	(155,316)	(159,396)	(163,546)	(167,766)	(172,056)	(176,416)	(180,846)	(185,346)	(189,906)
Total Tax-Sharing	(3,435,768)	(3,531,567)	(3,628,282)	(3,725,991)	(3,824,713)	(3,924,445)	(4,025,187)	(4,126,939)	(4,229,701)	(4,333,473)	(4,438,255)	(4,544,047)	(4,650,849)	(4,758,661)	(4,867,483)	(4,977,315)
Available Non-Housing Tax Increment Revenue after Tax-Sharing	11,737,067	12,148,827	12,566,094	13,010,515	13,473,866	13,946,318	14,428,855	14,920,488	15,421,322	15,931,056	16,449,606	16,987,078	17,544,467	18,111,406	18,698,273	19,295,070
Available Housing Tax Increment Revenue	4,384,985	4,511,901	4,641,354	4,773,396	4,908,080	5,045,457	5,185,581	5,328,457	5,475,933	5,628,010	5,782,687	5,937,964	6,093,841	6,250,318	6,407,395	6,564,072
City Heights Office and Townhomes Promissory Note Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Series 2003A and 2003B Tax Allocation Bonds Annual Debt Service	(\$449,575)	(\$445,725)	(\$445,900)	(\$446,075)	(\$446,250)	(\$446,425)	(\$446,600)	(\$446,775)	(\$446,950)	(\$447,125)	(\$447,300)	(\$447,475)	(\$447,650)	(\$447,825)	(\$448,000)	(\$448,175)
Available Housing Tax Increment Revenue after Promissory Note [9]	3,935,410	4,066,176	4,195,454	4,323,621	4,451,776	4,579,901	4,708,026	4,836,151	4,964,276	5,092,401	5,220,526	5,348,651	5,476,776	5,604,901	5,733,026	5,861,151

[1] Includes secured and unsecured land and improvement value in the Project less secured exemptions for FY 2006-2007. Each subsequent year is assumed to increase by 2.0%.
 [2] Includes secured and unsecured personal property value in the Project less unsecured exemptions for FY 2006-2007. We have assumed this value to remain constant for each subsequent year.
 [3] The assumed rate of 1.0691% is used for FY 2006-2007. A 1.00% tax rate is used from FY 2007-2008 to the end of the term.
 [4] Based on estimated amount for FY 2005-2006 provided by the County of San Diego Auditor/Controller.
 [5] For purposes of this analysis, we have assumed that APN 471-552-34 becomes exempt after FY 2006-2007 and that the Redevelopment Agency collects the In-Lieu Payment beginning in FY 2007-2008.
 [6] Estimated at 1.00 percent of gross revenue for the Project Area.
 [7] The City has suspended its receipt of payments due pursuant to its Section 33676 Resolution for the term of the Bonds.
 [8] All tax-sharing amounts are subordinate to any existing or future bonds.
 [9] Tax increment revenue shown above subject to change based on revisions, if any, to the Promissory Note debt service schedule.

