



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: January 14, 2021

HCR21-018

SUBJECT: Preliminary Bond Authorization for ShoreLINE Apartments

COUNCIL DISTRICT(S): 7

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller / (619) 578-7429

REQUESTED ACTION:

Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds to facilitate the construction of a new mixed-income affordable housing development at 4470 Alvarado Canyon Road in the Grantville, neighborhood, which will consist of 153 units affordable for 55 years for individuals and families earning from 30 percent to 80 percent of the San Diego Area Median Income and two unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- ShoreLINE Apartments is a 155-unit new construction, family housing development located in the Grantville community at the Grantville Trolley Station on Alvarado Canyon Road, north of Interstate 8.
- The community will consist of 155 studio, one-, two-, and three-bedroom units and will replace an existing Metropolitan Transit System (MTS) parking lot.
- Affirmed Housing Group, the developer, is seeking preliminary approvals to issue up to \$36,500,000 in tax-exempt Multifamily Housing Revenue Bonds and \$20,100,000 in taxable bonds.
- No Housing Commission loan proceeds will be provided to this development.
- Total development cost of the development is \$63,821,667 (\$411,753/unit).
- Staff requests the Housing Commission Board recommend that the Housing Authority take the following actions:
 - Issue a bond inducement resolution for up to \$36,500,000 in tax-exempt Multifamily Housing Revenue Bonds and \$20,100,000 in taxable bonds.
 - Authorize an application to the California Debt Limit Allocation Committee
 - Approve a financing team of Orrick as Bond Counsel and Ross Financial as Financial Advisor
- Staff also requests that the Housing Commission Board recommend that the City Council hold a Tax Equity and Fiscal Responsibility Act public hearing to adopt a resolution approving the issuance of the tax exempt bonds.
- If approved, the developer could commence construction in September 2021 and complete construction in May 2023.



REPORT

DATE ISSUED: December 30, 2020

REPORT NO: HCR21-018

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 14, 2021

SUBJECT: Preliminary Bond Authorization for ShoreLINE Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

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STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions, as described in this report.

Housing Authority:

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the development of ShoreLINE Apartments at 4470 Alvarado Canyon Road in the Grantville, neighborhood, which will consist of 153 units affordable for 55 years for individuals and families earning between 30 percent and 80 percent of the San Diego Area Median Income (AMI) and two unrestricted manager's unit:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$36,500,000 in tax-exempt Multifamily Housing Revenue Bonds and \$20,100,000 in taxable bonds supporting the development of ShoreLINE Apartments by a limited partnership formed by Affirmed Housing Group;
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$36,500,000 for ShoreLINE Apartments; and
 - c. Approve the financing team of Orrick as Bond Counsel and Ross Financial as Financial Advisor;
- 2) Authorize the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

City Council:

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$36,500,000 to facilitate the development of ShoreLINE Apartments.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	4470 Alvarado Canyon Road
Council District	Council District 7
Community Plan Area	Navajo Community Planners
Developers	Affirmed Housing Group
Development Type	New Construction
Construction Type	Five-story residential Type III over two stories of Type I concrete podium parking
Parking Type	Subterranean parking garage
Housing Type	Affordable Family
Lot Size	1.06 Acres (46,060 square feet)
Units	155
Density	146 units/acre
Unit Mix	66 studios, 57 one-bedroom units, 25 two-bedroom units, 5 three-bedroom units, and 2 two-bedroom managers' units
Gross Building Area	154,894 square feet
Net Rentable Area	92,231 square feet
Commercial/Retail Space	None
Project-Based Housing Vouchers	25

The Development

ShoreLINE Apartments is a new construction, family housing development located in the Grantville community of San Diego at the Grantville Trolley Station on Alvarado Canyon Road, north of Interstate 8. The community will consist of 155 studio, one-, two-, and three-bedroom units, along with associated common areas, parking, and landscape improvements, which will replace an existing Metropolitan Transit System (MTS) parking lot. Extensive resident services will be provided by Compass for Affordable Housing. Solari Enterprises is the property manager. Affirmed Housing Group is the sole developer.

ShoreLINE Apartments will be located on a 1.06-acre parcel at the center of the Greystar master-planned community to be developed in the Grantville community. This master-planned community is adjacent to the Grantville Trolley Station along Alvarado Canyon Road, with current address of 4470 Alvarado Canyon Road.

A lush walkway leads to the main entrance, and an adjacent driveway provides access to the gated garage levels with parking spaces. Additional surface parking spaces are also planned next to the driveway. The

building is set on the western half of the current MTS parking lot, and unaffiliated developer, Greystar, proposes to construct a market-rate project geared to students on the eastern portion. The two buildings are centered on the MTS lot to create numerous bike and pedestrian paths through and around the buildings, forming routes of connection between the trolley/bus station to the south and the Alvarado Creek area that encompasses the site to the north and west.

The ground level of the building includes residential units, parking, bike storage, staff offices, and an assembly and entertainment area with outdoor patios. The upper levels contain residential units, a laundry room and an expansive, 5,800-square-foot podium-level courtyard. Amenities include shaded outdoor gathering spaces with built-in seating and planters, play areas and a community barbecue station. (A plan set is attached in Tab 1 for reference.)

Access to the building will be monitored 24 hours a day and seven days per week by electronic means and on-site personnel. The project design encourages public pedestrian and bike activity throughout the grounds, while maintaining secured access to residents only.

Land use for the project site is regulated by the Navajo Community Plan, adopted in June 2015. The plan offers important updates that encourage the development of multifamily residential housing. ShoreLINE Apartments as currently designed follows all the guidelines set out in the community plan, and therefore, no discretionary planning approvals are required or applicable to the project.

As an added layer of due diligence, the developer engaged the City of San Diego in a preliminary review process with the Development Services Department (DSD), which concluded that the project may proceed by-right, using a process one ministerial review. No authorizations are needed beyond the normal grading and building permits. The developer intends to secure project financing in the first half of 2021, apply for construction permits in the first half of the year, and commence construction by the third quarter of 2021.

MTS has held the project site since the early 2000s and developed the southern portion of it to serve the MTS green line trolley route with a raised platform trolley station. Affirmed approached MTS with the concept to redevelop the parking lot at the station with residential uses in late 2017. The groups entered an exclusive negotiation agreement on August 31, 2018, that outlined the steps to reach a disposition and development agreement (DDA). The DDA was executed on July 10, 2019, and contains the following terms:

- The project shall enter into a 99-year ground lease with MTS upon the closing of construction financing for the project; and
- Rent shall be an amount equal to 5 percent of annual net cash flow, subject to availability after all project operational expenses, including debt service, have been paid.

Project Sustainability

The development will be built as Green Point Rated to comply with California Tax Credit Allocation Committee (CTCAC) minimum energy efficiency construction standards for new construction. The roof design is focused on optimizing square footage to allow maximum area to install the Solar Photovoltaic system. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

A phase I environmental site assessment dated January 11, 2019, determined that no current Recognized Environmental Conditions (RECs) exist on site. The report did not require nor recommend additional assessments.

Development Team

Since its inception in 1992, Affirmed Housing has successfully developed 42 communities with more than 4,000 affordable rental and for-sale apartments and homes. The Affirmed Housing pipeline of projects currently includes more than 500 apartments, each at various stages of development. Affirmed Housing has secured more than \$200 million of tax credit, conventional, and other financing for affordable housing developments. Recent developments include new construction in San Diego as well as acquisition and substantial rehabilitation in San Diego, Los Angeles, Riverside and Ventura counties. Projects in San Diego include the 229-unit 1050 B Apartments, the 106-unit Tesoro Grove Apartments, the 94-unit Hollywood Palms Apartments, and their most recent completions, the 80-unit Stella and 80-unit Bluewater properties.

Affirmed Housing has developed multiple affordable rental housing developments in the City using Housing Commission loans. Affirmed Housing is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed ShoreLINE development.

Supportive Services

The development's tenant supportive services will be provided by Compass for Affordable Housing. Founded in 2009 and broadened to Compass for Affordable Housing (Compass) in 2018, Compass is an inclusive organization providing support to those with low income residing in affordable housing. Utilizing technology, Compass shares educational information with a diverse group of individuals who may lack access to pertinent information that can help them achieve success. Compass is the connection between these individuals and pertinent social information.

Other members of the development team – including the administrative general partner, the tax credit investor, any limited partners and the construction lender – will be determined before final bond approval and the close of construction financing, as required.

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	Affirmed Housing Group, Inc.
Owner/Borrower	Grantville Trolley Family Housing, L.P.
Managing General Partner	Affirmed Housing Group, Inc.
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Studio E Architects
General Contractor	TBD
Property Management	Solari
Construction and Permanent Lender	TBD
Tenant Services Provider	Compass for Affordable Housing

Financing Structure

ShoreLINE Apartments has an estimated total development cost of \$63,821,667 (\$411,753/unit). Financing for the project will include Multifamily Housing Revenue Bonds, private bank debt, 4 percent federal low-income housing tax credits, state tax credits, state Housing and Community Development (HCD) Transit-Oriented Development Funds, and a deferred developer fee

No Housing Commission loan proceeds will be provided to this development.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 4.

Table 3 – The ShoreLINE Apartments Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	17,501,696	Land acquisition:	0	0
Transit-Oriented Development HCD	10,000,000	Construction cost and contingency	47,838,535	308,636
State Tax Credit Equity	6,290,581	Financing costs	2,925,000	18,871
4% Tax Credit Equity	28,945,831	Architecture and Engineering	2,580,500	16,648
Deferred Dev. Fee	1,083,558	Legal	250,000	1,613
		City permits & impact fees	2,935,304	18,937
		Developer's fee	3,500,000	22,581
		Reserves	528,000	3,406
		Other soft costs	2,593,000	16,729
		Contingency	671,328	4,331
Total Sources	\$63,821,667	Total Uses	\$63,821,667	\$411,753

Developer Fee

The planned net cash developer fee shall be \$3,500,000 in compliance with CTCAC and CDLAC regulations.

Developer Fee

\$3,500,000 – gross developer fee

- \$1,083,558– minus developer's deferred developer fee; paid out of developer's share of residual cash

\$2,416,442 – net cash developer fee

The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." The developer is proposing a \$3,500,000 preliminary developer fee associated with the residential portion of development, which complies with

HAR17-011. The proposed fee is in conformance with the “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

Prevailing Wages

The proposed project is not subject to payment of state prevailing wages, but it is subject to federal prevailing wages. State prevailing wages do not apply because the California Department of Industrial Relations (DIR) has concluded that certain tax-exempt bond financing mechanisms used for multifamily housing projects are exempt from prevailing wage requirements. Public Works Case No. 2004-016, Rancho Santa Fe Village Senior Affordable Housing Project (Feb. 25, 2005) (involving conduit bond financing); Public Works Case No. 2004-049, Silverado Creek Family Apartments (May 27, 2005) (involving private placement bonds). The DIR explained that these bond financing mechanisms do not involve “the payment of money or the equivalent of money by the state or political subdivision” and do not require the payment of prevailing wages under California Labor Code section 1720(b)(1) because the bond proceeds never enter the public agency’s coffers. *Id.* The payment of federal prevailing wages is required as set forth in the Agreement to Enter into a Housing Assistance Payments Contract for the 25 Project-Based Vouchers.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	\$411,753
Housing Commission Subsidy Per Unit	\$0
Acquisition Cost Per Unit	\$0
Gross Building Square Foot Hard Cost	\$410
Net Rentable Square Foot Hard Cost	\$689

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval.

Table 5 shows a comparison of the subject property and other developments of the same construction type.

Table 5 – Comparable Development Projects

Development	Year	Construction Type	Units	Prevailing Wage	Total Development Cost	Per Unit TDC	SDHC Subsidy	Gross Building Hard Cost per Square Foot
Subject – ShoreLINE	2021	III and I	155	Yes	\$63,821,667	\$411,753	\$0	\$410
Hilltop Family Housing, L.P.	2020	V	113	Yes	\$54,305,415	\$480,579	\$73,451	\$279
East Block Family	2019	III	78	No	\$40,562,897	\$520,037	\$0	\$355
Keeler Court	2019	V	71	Yes	\$35,692,466	\$502,711	\$0	\$262
Ulric Street I	2019	V	96	Yes	\$46,427,114	\$483,616	\$72,917	\$264

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC on February 4, 2021, for an April 2021, bond allocation meeting (dates are subject to CDLAC’s change); however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$36,500,000 in tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego’s (City) ordinance on bond disclosure.

The developer proposes that the bonds will be used to provide construction and permanent financing for the project. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Orrick as Bond Counsel and Ross Financial as Financial Advisor to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission’s Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, ShoreLINE Apartments would restrict 25 units to households with income at or below 30 percent of the San Diego Area Median Income (AMI), 13 units at or below 40 percent of AMI, 95 units at or below 50 percent of AMI, and 20 units at or below 80 percent of AMI. The affordable units will be restricted for a 55-year term. The project will qualify as a tax-credit project under CTCAC's income averaging rule.

Table 6 – ShoreLINE Affordability & Monthly Estimated Rent Table

<u>Unit Type</u>	<u>AMI</u>	<u>Number of Units</u>	<u>Gross Rents</u>
Studio	30%	10	1,453*
Studio	40%	13	785
Studio	50%	43	987
One Bedroom	30%	10	1,610*
One Bedroom	50%	37	1,049
One Bedroom	80%	10	1,699
Two Bedroom	30%	4	2,091*
Two Bedroom	50%	15	1,264
Two Bedroom	80%	6	2,044
Three Bedroom	30%	1	2,869
Three Bedroom	80%	4	2,363
Subtotal		153	
Manager	NA	2	-
Total Units	-	155	-

*indicates Project-Based Housing Voucher rent

Development Schedule

The estimated development timeline is as follows.

Milestone	
Housing Authority & City Council meeting for Preliminary Bond Inducement and TEFRA hearing	January 26, 2021
CTCAC/CDLAC application	February 4, 2021
Submit Building Permit Applications	March 15, 2021
CDLAC Award	April 28, 2021
Incorporate Plan Check Comments	May 15, 2021
City Issuance of Building Permits	August 31, 2021
Start Construction	September 1, 2021
Complete Construction	May 2023

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are not included in the Fiscal Year (FY) 2021 Housing Commission Budget. Approving this action will increase the FY 2021 total budget.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$141,500 (.0025 bond issuer fee x \$56,600,000)

Funding uses approved by this action will be as follows:

Administration Costs - \$141,500

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Council and Financial Advisor fees.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

ShoreLINE Apartments is a by-right project and is consistent with the base zone regulations and supplemental development regulations. A formal community group review is not required for a by-right project per City of San Diego guidelines. However, development staff has been in communication with the community since the project was first in discussion with MTS. Additionally, the application for Affordable Housing Sustainable Communities (AHSC) through the Housing and Community Development (HCD) department required extensive community outreach.

In January 2019, Affirmed met with members of the Navajo Community Planners to gain insight into the priorities of the neighbors immediately surrounding the Grantville Trolley station, which revealed concerns related to creek flooding and access to the trolley station. In April 2019, Affirmed and MTS met with then-Councilmember Scott Sherman and members of his staff to discuss the proposed project. This sentiment was discussed further during a public hearing on June 13, 2019, that resulted in a vote of the MTS Board of Directors to overwhelmingly approve the project's DDA. Public commenters repeatedly supported the housing proposal and encouraged MTS to take action on the creek revitalization.

The applicant team is maintaining ongoing engagement with the community. Affirmed Housing Group will provide another informal information presentation to the Navajo Community Planning Group to update the community on the project once project is fully funded. Affirmed has regular phone calls, email interactions, and meetings with leaders in the community. The project will be heard again by the Navajo Community Planning Group before final bond authorization.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed Housing Group and the residents of the Grantville community. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 153 new affordable rental homes for low-income individuals and families.

ENVIRONMENTAL REVIEW

This activity is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

Colin Miller
Colin Miller
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,

Jeff Davis
Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Developer Disclosure Statements
4) Developer’s Project Sources and Uses Pro forma
5) Organizational Chart
6) Multifamily Housing Revenue Bond Program

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org

Development Summary – ShoreLINE Apartments**Table 1 – Development Details**

Address	4470 Alvarado Canyon Road
Council District	Council District 7
Community Plan Area	Navajo Community Planners
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Net Rentable Area	92,231 square feet
Commercial/Retail Space	None
Project-Based Housing Vouchers	25

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Owner/Borrower	Grantville Trolley Family Housing, L.P.
Managing General Partner	Affirmed Housing Group, Inc.
Administrative General Partner	TBD
Tax Credit Investor Limited Partner	TBD
Architect	Studio E Architects

General Contractor	TBD
Property Management	Solari
Construction and Permanent Lender	TBD
Tenant Services Provider	Compass for Affordable Housing

Table 3 –Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
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4% Tax Credit Equity	28,945,831	Architecture and Engineering	2,580,500	16,648
Deferred Dev. Fee	1,083,558	Legal	250,000	1,613
		City permits & impact fees	2,935,304	18,937
		Developer's fee	3,500,000	22,581
		Reserves	528,000	3,406
		Other soft costs	2,593,000	16,729
		Contingency	671,328	4,331
Total Sources	\$63,821,667	Total Uses	\$63,821,667	\$411,753

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$63,821,667 \div 155 \text{ units} =$	\$411,753
Housing Commission Subsidy Per Unit	\$0	\$0
Acquisition Cost Per Unit	$\$7,500,000 \div 180 \text{ units} =$	\$0
Gross Building Square Foot Hard Cost	$\$63,821,667 \div 154,894 \text{ sq. ft.} =$	\$410
Net Rentable Square Foot Hard Cost	$\$63,821,667 \div 92,231 \text{ sq. ft.} =$	\$689

Table 5 – Comparable New Construction Projects

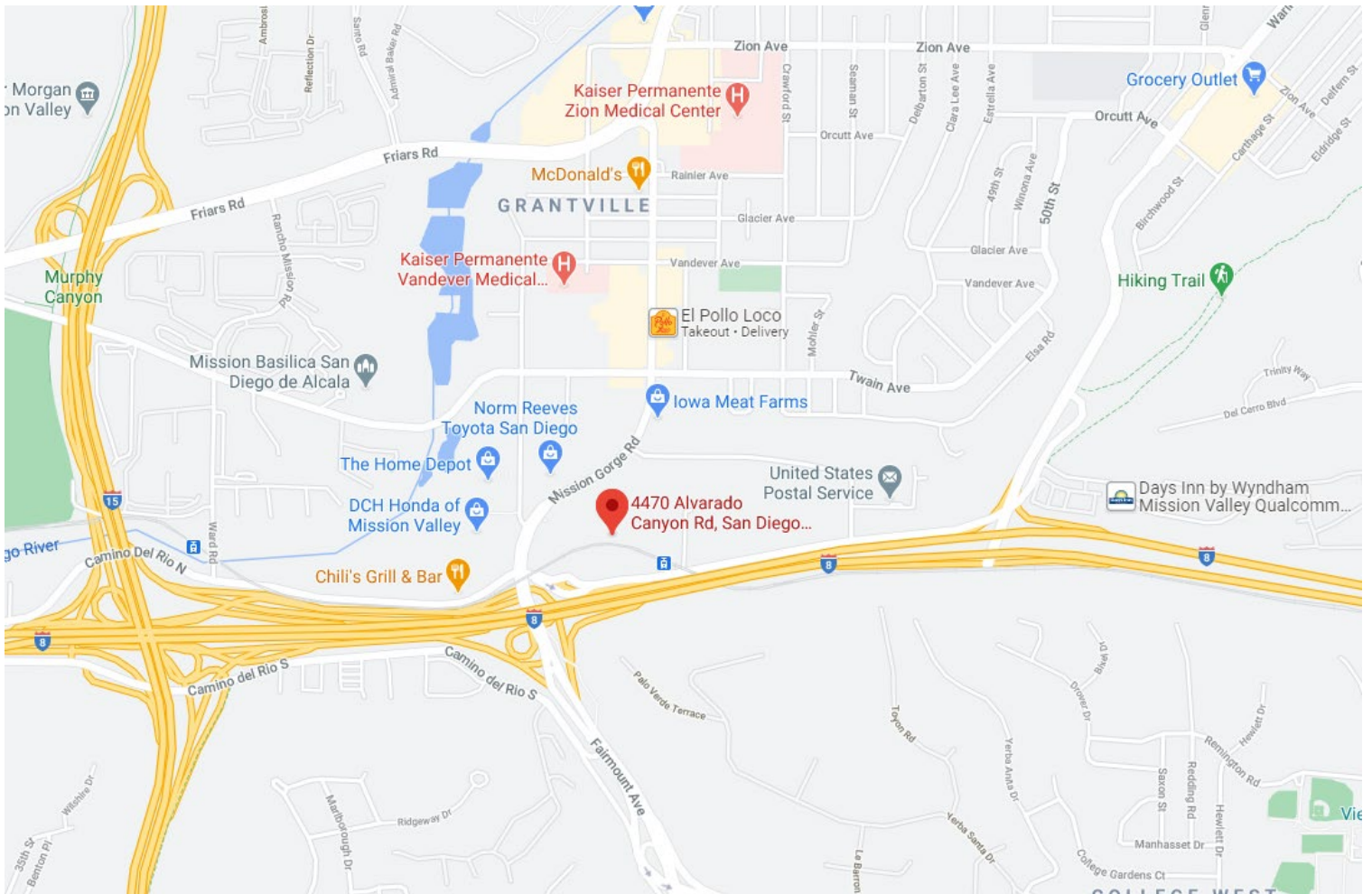
Project Name	Year	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – ShoreLINE	2021	III and I	155	Yes	\$63,821,667	\$411,753	\$0

Hilltop Family Housing L.P.	2020	V	113	Yes	\$54,305,415	\$480,579	\$73,451
East Block Family	2019	III	78	No	\$40,562,897	\$520,037	\$0
Keeler Court	2019	V	71	Yes	\$35,692,466	\$502,711	\$0
Ulric Street I	2019	V	96	Yes	\$46,427,114	\$483,616	\$72,917

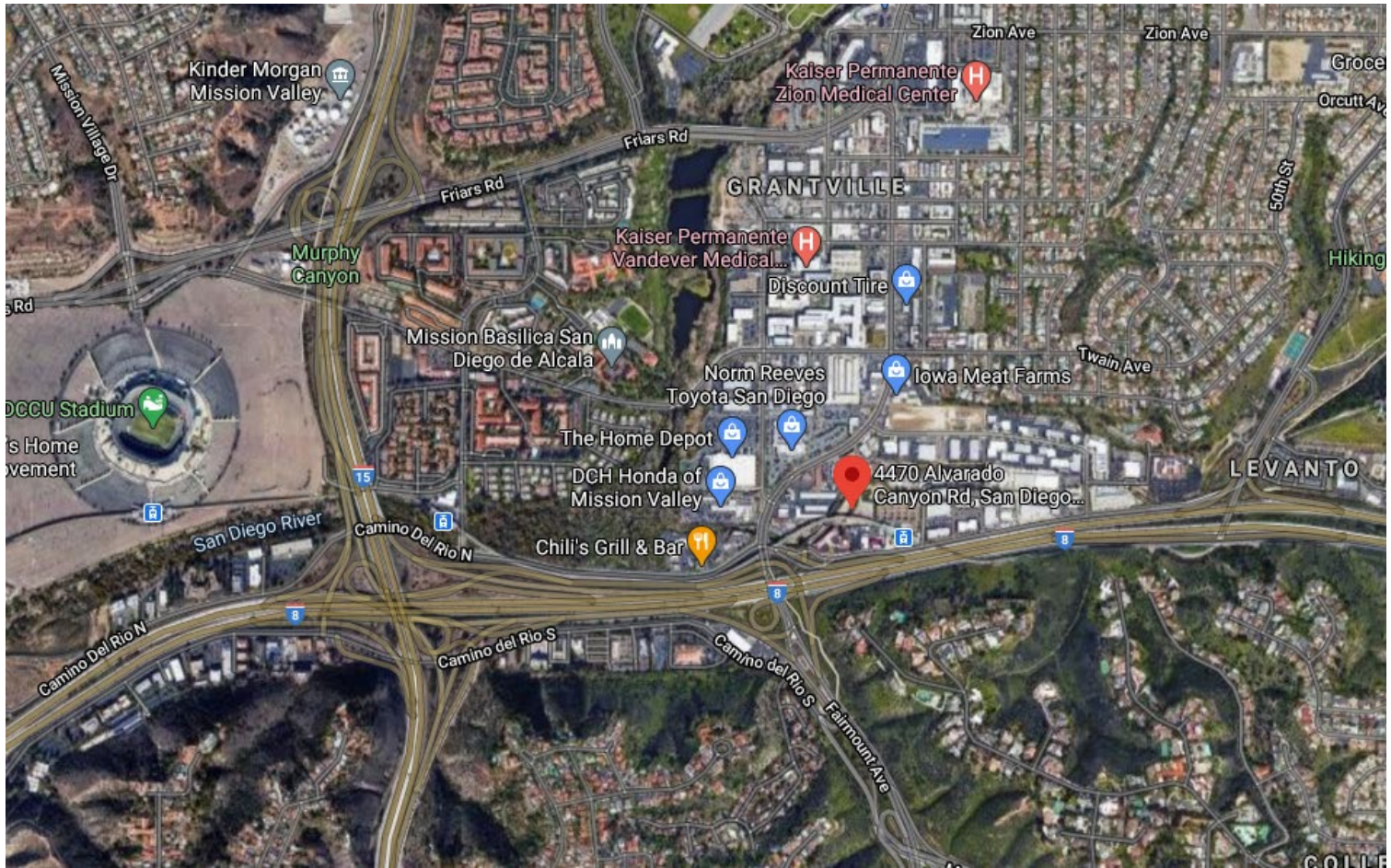
Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Gross Rents
Studio	30%	10	1,453*
Studio	40%	13	785
Studio	50%	43	987
One Bedroom	30%	10	1,610*
One Bedroom	50%	37	1,049
One Bedroom	80%	10	1,699
Two Bedroom	30%	4	2,091*
Two Bedroom	50%	15	1,264
Two Bedroom	80%	6	2,044
Three Bedroom	30%	1	2,869
Three Bedroom	80%	4	2,363
Subtotal		153	
Manager	NA	2	-
Total Units	-	155	-

Attachment 2 – ShoreLINE Apartments Site Map



ShoreLINE Apartments Site Map (aerial)





SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS**
(Collectively referred to as "CONTRACTOR" herein)

Statement for Public Disclosure

1. Name of CONTRACTOR: Affirmed Housing Group, Inc.
2. Email: James@affirmedhousing.com
2. Address and Zip Code: 13520 Evening Creek Drive N Suite 160, San Diego, CA 92128
3. Telephone Number: 858-679-2828
4. Name of Principal Contact for CONTRACTOR: Jimmy Silverwood
5. Federal Identification Number or Social Security Number of CONTRACTOR: 26-0812994
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as (*select and upload requested documents*):

☒ A corporation (*Upload Articles of Incorporation*)

☐ A nonprofit or charitable institution or corporation. (*Upload copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status*)

☐ A partnership known as (Name): _____

Check one:

☐ General Partnership (*Upload statement of General Partnership*)

☐ Limited Partnership (*Upload Certificate of Limited Partnership*)

☐ A business association or a joint venture known as: _____
(*Upload joint venture or business association agreement*)

☐ A Federal, State or local government or instrumentality thereof.

☐ Other (*Please explain*): _____

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

August 7, 2007



8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
 - e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James Silverwood	President/CEO, 100% Interest
Address: 13520 Evening Creek Dr. N. Ste 160	
San Diego, CA 92128 (858) 386 -5175	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.
- No.
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.



11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (See 8)	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (see 8)	
Address:	
Name:	
Address:	
Name:	
Address:	



13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: <u>Affirmed Housing Group, a CA Corp</u>	<u>Sister Company (combined group for reporting</u>
Address: <u>13520 Evening Creek Drive N. Suite 160</u>	
<u>San Diego, CA 92128</u>	<u>financials)</u>
Name:	
Address:	
Name:	
Address:	

14. Provide description of the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the financial statements that was requested (attached) as part of the Application, including, but not necessarily limited to, profit and loss statements and statements of financial position: See attached financial (CONFIDENTIAL)

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:
TCAC, CDLAC, CA Department of Housing and Community Development

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. In banks/savings and loans:

Name: US Bank, Citi, Fidelity

Address: (Provide upon Request - See Financials)

Amount: \$ 2 million

- b. By loans from affiliated or associated corporations or firms:

Name: US Bank

Address: 4747 Executive Drive, 3rd Floor, San Diego, CA 92121

Amount: \$ 750,000 1,500,000



c. By sale of readily salable assets/including marketable securities:

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

Additional Information, as needed: _____

17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name: <u>Bank of California</u>	<u>John Peterson</u>
Address: <u>4655 Executive Drive, Suite</u>	
<u>380, San Diego, CA 92121</u>	
Name: <u>Citibank</u>	<u>Christopher D Meyers</u>
Address: <u>740 Lomas Sante Fe Drive, Suite 210</u>	
<u>Solana Beach, CA 92075</u>	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes ☒ No

If yes, provide date, place, and under what name: _____

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes ☒ No

If yes, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. *Upload* any explanation deemed necessary:



Case 1: _____

Case 2: _____

Case 3: _____

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
	Please see attached bond list			No legal action on any of the bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	



- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes

☒ No

If yes, please explain, in detail, each such instance: _____

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ N/A

General description of such work: _____

Complete one table for each project:

Project Name	N/A	
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details



Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details



d. Construction contracts or developments now being performed by such contractor or builder:

Identification of Contract or Development	Location	Amount	Date to be Completed
n/a			

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened
n/a		

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

n/a

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes

☒ No

If yes, explain:



24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes

☒ No

If yes, please explain:

N/A

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's. List the amount of coverage (limits) currently existing in each category.

- a. General Liability, including Bodily Injury and Property Damage Insurance [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:

Check coverage(s) carried:

- ☒ Comprehensive Form
☒ Premises - Operations
☒ Explosion and Collapse Hazard
☒ Underground Hazard
☒ Products/Completed Operations Hazard
☒ Contractual Insurance
☒ Broad Form Property Damage
☒ Independent Contractors
☒ Personal Injury

- b. Automobile Public Liability/Property Damage [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:

Check coverage(s) carried:

- ☒ Comprehensive Form
☒ Owned
☒ Hired
☒ Non-Owned



- c. Workers Compensation [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:

- d. Professional Liability (Errors and Omissions) [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:

- e. Excess Liability [*Attach* certificate(s) of insurance showing the amount of coverage and coverage period(s)]:

- f. Other (Specify) [*Attach* certificate(s) of insurance showing the amount of coverage and coverage period(s)]:

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.



30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Complaint	Entity Making	Date	Resolution
N/A			

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes

☒ No

If yes, please explain in detail: _____

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
n/a					



33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

n/a

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

Over 20 years of experience in affordable housing and 4,000+ units built to date;
strong financial and strong relationships with lenders, investors, cities and localities

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
11/15/2017	Grantville Veteran housing, L.P. - Zephyr (Entity - SDHC)	Current	3,000,000
12/14/2017	Twain Housing, L.P. - Stella (Entity - SDHC)	Current	7,500,000
12/22/2017	Fairmount Family Housing, L.P. Bluewater (Entity - SDHC)	Current	9,468,500
7/21/2015	Imperial Urban Housing, L.P. - Cypress (Entity - SDHC)	Current	3,450,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes

☒ No

If yes, please explain: _____

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes

☒ No

If yes, please explain: _____



38. List three local references that would be familiar with your previous construction project:

1. Name: Timothy Elliot, City of Los Angeles Development and Financing Department

Address: 1200 West 7th Street, Los Angeles CA 90017

Phone: (213) 808-8596

Project Name and Description: Vermont Villas - 79 units PSH Veterans & Seniors

2. Name: Brad Richter, Deputy Director, Urban Division, Smart and Sustainable Communities at City of San Diego

Address: 9485 Aero Drive, M.S. 413, San Diego, CA 92123

Phone: (619) 533-7115

Project Name and Description: Ten Fifty B - High rise with 229 units between two phases

3. Name: Jacky Morales-Ferrand, Director of Housing - City of San Jose

Address: 200 E. Santa Clara St., San Jose, CA 95113

Phone: (480) 535-3855

Project Name and Description: Villas on the Park - 84 units

39. Provide a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

N/A

40. State the name and experience of the proposed Construction Superintendent.

Name	Experience
TBD	



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 22 day of December 2020, at San Diego, California.

CONTRACTOR

By: _____

Signature

Title



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

CERTIFICATION

The CONTRACTOR, Affirmed Housing Group, Inc. hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: President

Title: _____

Dated: 12.22.20

Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 22nd day of December, 20 20

by James Silverwood personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



SEAL

[Signature]
Signature of Notary

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- First: The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- Second: Its registered office in the State of Delaware is to be located at 40 E. Division Street, Suite A Street, in the City of Dover County of Kent Zip Code 19901. The registered agent in charge thereof is Paracorp Incorporated
- Third: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- Fourth: The amount of the total stock of this corporation is authorized to issue is 1,000,000 shares (number of authorized shares) with a par value of \$1.00 per share.
- Fifth: The name and mailing address of the incorporator are as follows:
Name Joel L. Incorvaia
Mailing Address 445 Marine View Avenue, Suite 295
Del Mar, CA Zip Code 92014
- I, The Undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 7th day of August, A.D. 20 07

BY: [Signature]
(Incorporator)

NAME: Joel L. Incorvaia
(type or print)

Bond No.	Surety	Bond Type	Principal	Obligee	Job Description	Original Effective Date	Renewal Date	Premium	Bond Amount
4416581	SureTec Indemnity	Grading Bond	Fairmont Family Housing, LP	City of San Diego	Drawing No. 40205-D; Project No. 562765	12/17/19	12/17/20	\$1,112.00	\$88,930.00
4416582	SureTec Indemnity	Grading Bond	Fairmont Family Housing, LP	City of San Diego	Drawing No. 42060-D; Project No. 565855	12/17/19	12/17/20	\$2,304.00	\$205,407.00

updated 11.21.19

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

08/19/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh & McLennan Agency LLC Marsh & McLennan Ins. Agency LLC PO Box 85638 San Diego, CA 92186	CONTACT NAME: Kristine Farmer PHONE (A/C, No, Ext): 858-587-7551 FAX (A/C, No): 858-909-9802 E-MAIL ADDRESS: kristine.farmer@marshmma.com														
INSURED Affirmed Housing Group 13520 Evening Creek Drive North San Diego, CA 92128	<table border="1"> <thead> <tr> <th data-bbox="815 430 1437 451">INSURER(S) AFFORDING COVERAGE</th> <th data-bbox="1437 430 1568 451">NAIC #</th> </tr> </thead> <tbody> <tr> <td data-bbox="815 451 1437 483">INSURER A : Philadelphia Indemnity Insurance Co.</td> <td data-bbox="1437 451 1568 483">18058</td> </tr> <tr> <td data-bbox="815 483 1437 514">INSURER B : National Union Fire Ins Co PittsburghPA</td> <td data-bbox="1437 483 1568 514">19445</td> </tr> <tr> <td data-bbox="815 514 1437 546">INSURER C : State Compensation Ins Fund of CA</td> <td data-bbox="1437 514 1568 546">35076</td> </tr> <tr> <td data-bbox="815 546 1437 577">INSURER D : Fireman's Fund Insurance Company</td> <td data-bbox="1437 546 1568 577">21873</td> </tr> <tr> <td data-bbox="815 577 1437 609">INSURER E :</td> <td data-bbox="1437 577 1568 609"></td> </tr> <tr> <td data-bbox="815 609 1437 638">INSURER F :</td> <td data-bbox="1437 609 1568 638"></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Philadelphia Indemnity Insurance Co.	18058	INSURER B : National Union Fire Ins Co PittsburghPA	19445	INSURER C : State Compensation Ins Fund of CA	35076	INSURER D : Fireman's Fund Insurance Company	21873	INSURER E :		INSURER F :	
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INSURER F :															

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	X		PHPK2103425	03/01/2020	03/01/2021	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000 MED EXP (Any one person) \$15,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY			PHPK2103425	03/01/2020	03/01/2021	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$0	X		BE018560431 Follows form GL	03/01/2020	03/01/2021	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> Y <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	917119118	12/06/2019	12/06/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
D	2nd Excess Liability Follow form GL			USL005074202	03/01/2020	03/01/2021	\$10,000,000 aggregate \$10,000,000 occurrence


DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of Coverage.

Additional Coverages: Directors & Officers Liability / Employment Practices Liability - Carrier: Scottsdale Insurance Company - pol# EKS3330241; effective 4/30/2020 to 4/30/2021 ; Limits: \$1,000,000 aggregate and \$1,000,000 maximum aggregate; \$25,000 EPL each claim and \$25,000 Third Party Claim deductibles apply. Crime Coverage - Carrier: Travelers Property and Casualty - pol# 106298641; effective 4/30/2020 to 4/30/2021 ; Limits: \$300,000 Employee Theft with \$5,000 deductible each loss. \$300,000 ERISA Limit with no deductible.

CERTIFICATE HOLDER

CANCELLATION

Evidence of Coverage	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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INSURED: Affirmed Housing Group

POLICY #: PHPK2103425

POLICY PERIOD: 03/01/2020

TO: 03/01/2021

PI-AH-6 (08/07)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**GENERAL LIABILITY DELUXE ENDORSEMENT:
AFFORDABLE HOUSING**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure are provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverage provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Damage To Premises Rented To You, All Covered Causes of Loss	\$1,000,000	2
Expected or Intended Injury-Property Damage	included	2
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$500 per day	2
Employee Indemnification Defense Coverage for Employee	\$10,000	3
Additional Insured – Committee, Organization and Subsidiary	Included	3
Additional Insured – Managers or Lessors of Premises	Included	3
Additional Insured – Lessor of Leased Equipment-Automatic Status when Required in Lease Agreement with You	Included	3
Additional Insured – Use of Watercraft	Included	4
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Liberalization	Included	4
Bodily Injury – includes Mental Anguish	Included	4
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	4

A. Damage To Premises Rented To You

If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word "fire" is changed to all Covered Causes of Loss where it appears in:

1. The last paragraph of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** after the Exclusions;
2. Paragraph 6 of **SECTION III - LIMITS OF INSURANCE**;
3. Paragraph b.(1)(b) of 4. Other Insurance in **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**; and
4. Paragraph 9.a. "Insured contract" in **SECTION V - DEFINITIONS**.

The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:

- a. \$1,000,000; or
- b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from a Covered Cause of Loss or any combination thereof.

B. Extended Property Damage

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions a. is deleted and replaced by the following:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

C. Non-Owned Watercraft

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions paragraph g. (2) is amended to read as follows:

- (2) A watercraft you do not own that is:
 - (a) Less than 58 feet long; and
 - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

D. Supplementary Payments – Coverages A and B

In the **SUPPLEMENTARY PAYMENTS - COVERAGE A AND B** provision:

1. The limit for the cost of bail bonds is changed from \$250 to \$2,500; and
2. The limit for loss of earnings is changed from \$250 a day to \$500 a day.

E. Employee Indemnification Defense Coverage

Under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** the following is added:

3. We will pay, on your behalf, defense costs incurred by an "employee" in a criminal proceeding. The most we will pay for any "employee" who is alleged to be directly involved in a criminal proceeding is \$10,000 regardless of the numbers of employees, claims or "suits" brought or persons or organizations making claims or bringing "suits".

F. SECTION II - WHO IS AN INSURED is amended as follows:

1. If coverage for newly acquired or formed organizations is not otherwise excluded from this Coverage Part, paragraph 3.a is changed to read:
 - a. Coverage under this provision is afforded until the end of the policy period.
2. 2. c and d are deleted in their entirety and replaced with the following:
 - c. Any person or organization having proper temporary custody of your property if you cease to exist as a legal entity, but only:
 1. With respect to liability arising out of the maintenance or use of that property; and
 2. Until your legal representative has been appointed.
 - d. Your legal representative, if you cease to exist as a legal entity, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Each of the following is also an insured:
 - a. **Committee, Organization and Subsidiary** - Any committee, organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any committee, organization and subsidiary not named in the Declarations as a Named Insured, if they are also insured under another policy, but for its termination or the exhaustion of its limits of insurance.
 - b. **Managers or Lessors of Premises** - Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased to you subject to the following additional exclusions:

This insurance does not apply to:

 - 1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
 - 2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.
 - c. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- d. **Use of Watercraft** – any person, who with your consent, either uses or is responsible for the use of a watercraft that you do not own that is less than 58 feet long and is not being used to carry persons or property for a charge.

G. Duties in the Event of Occurrence, Claim or Suit

1. The requirement in condition 2.a. of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** that you must see to it that we are notified as soon as practicable of an "occurrence" or an offense, applies only when the "occurrence" or offense is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer, director, or insurance manager, if you are a corporation.
2. The requirement in condition 2.b. that you must see to it that we receive notice of a claim or "suit" as soon as practicable will not be considered breached unless the breach occurs after such claim or "suit" is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer, director, or insurance manager, if you are a corporation.

H. Unintentional Failure To Disclose Hazards

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

I. Liberalization

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

J. Bodily Injury - Mental Anguish

The definition of "Bodily injury" is changed to read:

3. "Bodily injury":
 - a. Means bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
 - b. Except for mental anguish, includes death resulting from the foregoing (item a. above) at any time.

K. Personal and Advertising Injury – Abuse of Process, Discrimination

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of "Personal and Advertising Injury" is amended as follows:

1. Item 14 b. is revised to read:
 - a. Malicious prosecution or abuse of process:
2. Adding the following:

- a. "Personal and advertising injury" also means discrimination based on race, color, religion, sex, age or national origin, except when:
 - 1. Done intentionally by or at the direction of, or with the knowledge or consent of:
 - a. Any insured; or
 - b. Any executive officer, director, stockholder, partner or member of the insured; or
 - 2. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured; or
 - 3. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or
 - 4. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

AFFIRMED HOUSING GROUP

CONFIDENTIAL FINANCIALS

UNDER SEPARATE COVER

ShoreLINE (AKA Grantville Trolley Affordable)

Exact address TBD: 4470 Alvarado Canyon Road, San Diego, CA 92120

155 Mixed Income Affordable Family Units

5 stories wood frame over 2 stories concrete on sloping grade

4% + State Tax Credits + TOD + MTS Ground Lease + SDHC PBVs

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Conventional Permanent Loan	\$ 17,501,696	112,914	27.4%
Transit Oriented Development (HCD)	\$ 10,000,000	64,516	15.7%
Deferred Developer Fee	\$ 1,083,558	6,991	1.7%
Federal Tax Credit Equity	\$ 28,945,831	186,747	45.4%
State Tax Credit Equity	\$ 6,290,581	40,584	9.9%
TOTAL SOURCES	\$ 63,821,667	411,753	100.0%

USES

Total New Construction Costs	\$ 44,708,912	288,445	70.1%
Hard Cost Subtotal	\$ 44,708,912	288,445	70.1%
Construction Contingency	\$ 3,129,623	20,191	4.9%
Architecture & Engineering	\$ 2,580,500	16,648	4.0%
Construction Interest & Fees	\$ 2,925,000	18,871	4.6%
Capitalized Reserves	\$ 528,000	3,406	0.8%
Taxes & Insurance	\$ 430,000	2,774	0.7%
Cost of Issuance	\$ 250,000	1,613	0.4%
Construction Services	\$ 100,000	645	0.2%
Escrow & Title	\$ 80,000	516	0.1%
Legal Fees	\$ 250,000	1,613	0.4%
Devel Impact Fees & Permits	\$ 2,935,304	18,937	4.6%
Tax Credit Fees	\$ 307,000	1,981	0.5%
Misc. Soft Costs	\$ 1,426,000	9,200	2.2%
Soft Cost subtotal	\$ 11,811,804	76,205	18.5%
Soft Cost Contingency	\$ 671,328	4,331	1.1%
Developer Fee	\$ 3,500,000	22,581	5.5%
TOTAL USES	\$ 63,821,667	411,753	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$17,501,696
Permanent Loan Interest Rate	4.00%
Permanent Loan Term (yr.)	35
Permanent Loan Amort (yr.)	35
Net Operating Income	\$1,121,128
Debt Service	\$971,917
Debt Coverage Ratio	1.15
Tax Exempt Construction Loan Amount	\$33,119,100
Construction Loan Interest Rate	3.00%
Construction Loan Term (mo.)	29
Loan to Value	51.89%
Taxable Construction Loan Amount	\$18,265,251
Taxable Loan Interest Rate	4.50%

INCOME

Type	Qty.	%AMI	Net Income	Total Income
Studio-PBV	10	30%	\$ 1,453	\$ 14,530
Studio	13	40%	\$ 785	\$ 10,205
Studio	43	50%	\$ 987	\$ 42,441
1BR-PBV	10	30%	\$ 1,610	\$ 16,100
1BR	37	50%	\$ 1,049	\$ 38,813
1BR	10	80%	\$ 1,699	\$ 16,990
2BR-PBV	4	30%	\$ 2,091	\$ 8,364
2BR	15	50%	\$ 1,264	\$ 18,960
2BR	6	80%	\$ 2,044	\$ 12,264
3BR-PBV	1	30%	\$ 2,869	\$ 2,869
3BR	4	80%	\$ 2,363	\$ 9,452
2BR MGR	2		\$ -	\$ -
TOTAL	155			\$ 190,988
Annual Residential Income				\$ 1,988,352
Excess PBV Income				\$ 303,504
Other Income				\$ 16,524
Total Gross Annual Income				\$ 2,308,380
Vacancy @ 5.0%				\$ (114,593)
TOTAL NET ANNUAL INCOME				\$ 2,193,787

EXPENSES

Administrative	\$ 1,084	\$ 168,000
Management	\$ 849	\$ 131,627
Utilities	\$ 968	\$ 150,000
Payroll	\$ 1,210	\$ 187,500
Total Insurance:	\$ 302	\$ 46,875
Maintenance	\$ 1,174	\$ 182,000
Other: Agency Monitoring Fees	\$ -	\$ -
Subtotal	\$ 5,587	\$ 866,002
Resident Services	\$ 400	\$ 62,000
Replacement Reserves	\$ 500	\$ 77,500
Real Estate Taxes	\$ 168	\$ 26,000
Other: Issuer fee	\$ 117	\$ 18,207
ANNUAL EXPENSES		\$ 1,049,709

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$3,178,067
Federal Tax Credit Pricing	\$0.92
State Tax Credits Requested	8,360,687
State Tax Credit Pricing	\$0.76
LP Interest	99.00%
Applicable Rate - 9%	N/A
Applicable Rate - 4% FLOOR	4.00%
50% Test	54.00%

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS
ShoreLINE (AKA Grantville Trolley Affordable)

Basis Limits Used: **TCAC 2020** County: **SAN DIEGO**
 Application Type: **4%+State** Housing Type: **Large Family**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$237,558	66	\$15,678,828
1	\$273,902	57	\$15,612,414
2	\$330,400	27	\$8,920,800
3	\$422,912	5	\$2,114,560
4+	\$471,150	0	\$0
TOTAL UNITS:			155
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			\$42,326,602
			Yes/No
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	Yes	\$8,465,320
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	Yes	\$2,962,862
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	No	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	No	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features. If yes, enter total % boost: 0%	No	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: Seismic Upgrading	No	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	Yes <small>Please Enter Amount:</small>	\$2,725,304
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	Yes	\$4,232,660
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; AND (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	Yes	\$4,232,660
4% Projects			
(j)	Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and 50% of AMI. Affordable Units: 153 Total Affordable Units @ 50% to 35% of AMI: 108	71%	\$29,877,601
(k)	Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of AMI. Affordable Units: 153 Total Affordable Units @ 35% of AMI or Below: 25	16%	\$13,832,223
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$108,655,232

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit 92.565%

UNADJUSTED THRESHOLD BASIS - 39% TEST

Total of (a), (b), (c), (d), & (h) cannot exceed 39% 37.000%

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CONSTRUCTION & PERMANENT FINANCING
ShoreLINE (AKA Grantville Trolley Affordable)

Construction Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Int. Reserve
Tax Exempt Construction Loan	29	3.00%	33,119,100	2,000,000
Tax Credit Equity (Fed+State)			12,419,927	
Taxable Construction Loan	29	4.50%	18,265,251	454,000
Total Funds for Construction			63,804,278	

Permanent Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Debt Service
Conventional Permanent Loan	420	4.00%	\$17,501,696	929,917
Transit Oriented Development (HCD)	360	0.42%	10,000,000	42,000
			-	
			-	
Deferred Developer Fee			1,083,558	
Total Permanent Financing			28,585,254	
Federal Tax Credit Equity			28,945,831	
State Tax Credit Equity			6,290,581	
Total Sources of Project Funds			63,821,667	

CONFIDENTIAL

DEVELOPMENT BUDGET

ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
LAND COST/ACQUISITION												
Purchase Price	-	-	-	-	-	-	-	-	-	-		
Land Carry Cost + Misc. Fees	-	-	-	-	-	-	-	-	-	-		
Land Carry Cost	-	-	-	-	-	-	-	-	-	-		
Total Land Cost or Value	-	-	-									
Existing Improvements Value	-	-	-	-	-	-	-	-	-	-		-
Off-Site Improvements:	-	-	-	-	-	-	-	-	-	-	-	-
Total Acquisition Cost	-	-	-								-	-
Total Land Cost / Acquisition Cost	-	-	-								-	-
REHABILITATION												
Abatement/Demolition	-	-	-	-	-	-	-	-	-	-	-	-
Structures	-	-	-	-	-	-	-	-	-	-	-	-
General Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Profit	-	-	-	-	-	-	-	-	-	-	-	-
Prevailing Wages	-	-	-	-	-	-	-	-	-	-	-	-
General Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Rehabilitation Costs	-	-	-								-	-
Total Relocation Expenses	-	-	-	-	-	-	-	-	-	-	-	-
NEW CONSTRUCTION												
Site Work	2,601,234	2,601,234	-	-	-	-	-	-	-	-	2,601,234	-
Structures	35,041,586	35,041,586	-	-	-	-	-	-	-	-	35,041,586	-
General Requirements	2,155,281	2,155,281	-	-	-	-	-	-	-	-	2,155,281	-
Contractor Overhead	2,101,128	2,101,128	-	-	-	-	-	-	-	-	2,101,128	-
Contractor Profit	1,208,997	1,208,997	-	-	-	-	-	-	-	-	1,208,997	-
Solar PV	500,000	500,000	-	-	-	-	-	-	-	-	500,000	-
Prevailing Wages - included above												
General Liability Insurance/ Bond Prem	950,686	950,686	-	-	-	-	-	-	-	-	950,686	-
Other: Site Security	150,000	150,000	-	-	-	-	-	-	-	-	150,000	-
Total New Construction Costs	44,708,912	44,708,912	-								44,708,912	-

DEVELOPMENT BUDGET

ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES												
Design (incl ADA)	1,535,500	1,535,500	-	-	-	-	-	-	-	-	1,535,500	-
Other:	95,000	95,000	-	-	-	-	-	-	-	-	95,000	-
Total Architectural Costs	1,630,500	1,630,500	-								1,630,500	-
Total Survey and Engineering	950,000	950,000	-	-	-	-	-	-	-	-	950,000	-
CONST. INTEREST & FEES												
Construction Loan Interest	1,200,000	1,200,000	-	-	-	-	-	-	-	-	1,200,000	-
Origination Fee	525,000	525,000	-	-	-	-	-	-	-	-	525,000	-
Cost of Issuance	250,000	250,000	-	-	-	-	-	-	-	-		-
Taxes	30,000	30,000	-	-	-	-	-	-	-	-	30,000	-
Insurance	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
Title and Recording	80,000	80,000	-	-	-	-	-	-	-	-	80,000	-
Construction Service Fees (Bank)	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
Other: Const Mgmt & Deputy Services	200,000	200,000	-	-	-	-	-	-	-	-	200,000	-
Other: Taxable Construction Loan Interest	454,000	454,000	-	-	-	-	-	-	-	-	454,000	-

Total Const. Interest & Fees	3,239,000	3,239,000	-									2,989,000	-
PERMANENT FINANCING													
Loan Origination Fee	150,000	150,000	-	-	-	-	-	-	-	-	-		
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-	-	-	-		
Title and Recording	-	-	-	-	-	-	-	-	-	-	-		
Taxes	-	-	-	-	-	-	-	-	-	-	-		
Insurance	-	-	-	-	-	-	-	-	-	-	-		
Other: Agency Fees	250,000	250,000	-	-	-	-	-	-	-	-	-		
Other: Interest Prior to Conversion	800,000	800,000	-	-	-	-	-	-	-	-	-		
Total Perm. Financing Costs	1,200,000	1,200,000	-										
LEGAL FEES													
Lender Legal Pd. by Applicant	125,000	125,000	-	-	-	-	-	-	-	-	-	65,000	-
Other : Partnership & Transaction	125,000	125,000	-	-	-	-	-	-	-	-	-	20,000	-
Total Attorney Costs	250,000	250,000	-									85,000	-
RESERVES													
Rent Reserves	-	-	-	-	-	-	-	-	-	-	-		
Capitalized Operating Reserve	-	-	-	-	-	-	-	-	-	-	-		
*3- Month Operating Reserve	528,000	528,000	-										
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	-		
Total Reserve Costs	528,000	528,000	-										

DEVELOPMENT BUDGET

ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
Total Appraisal Costs	10,000	10,000	-	-	-	-	-	-	-	-	10,000	-
Total Hard Cost Contingency	3,129,623	3,129,623	-								3,129,623	-
OTHER PROJECT COSTS												
CDLAC/TCAC App/Allocation/Monitoring	307,000	307,000	-	-	-	-	-	-	-	-		
Environmental Audit	50,000	50,000	-	-	-	-	-	-	-	-	50,000	-
Local Dev. Impact Fees	2,725,304	2,725,304	-	-	-	-	-	-	-	-	2,725,304	-
Permit Processing Fees	210,000	210,000	-	-	-	-	-	-	-	-	210,000	-
Marketing	30,000	30,000	-	-	-	-	-	-	-	-		
Furnishings, Fixtures, Equipment	310,000	310,000	-	-	-	-	-	-	-	-	310,000	-
Market Study	12,000	12,000	-	-	-	-	-	-	-	-	12,000	-
Accounting/Reimbursables	60,000	60,000	-	-	-	-	-	-	-	-	60,000	-
Soft Cost Contingency	671,328	671,328	-	-	-	-	-	-	-	-	671,328	-
Lease-Up Costs	75,000	75,000	-	-	-	-	-	-	-	-		-
Other: Financial Consulting	50,000	50,000	-	-	-	-	-	-	-	-		-
Other: Agency Deposits	100,000	100,000	-	-	-	-	-	-	-	-		-
Other: SDHC underwriting & AM fee	75,000	75,000	-	-	-	-	-	-	-	-	75,000	-
Total Other Costs	4,675,632	4,675,632	-								4,113,632	-
SUBTOTAL PROJECT COST	60,321,667	60,321,667	-	-	-	-	-	-	-	-	57,616,667	-
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis							57,616,667	-
DEVELOPER COSTS												
Developer Overhead/Profit	3,500,000	3,500,000	-	-	-	-	-	-	-	-	3,500,000	-
Consultant/Processing Agent	-	-	-	-	-	-	-	-	-	-	-	-
Project Administration	-	-	-	-	-	-	-	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-	-	-	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-	-	-	-	-	-	-	-
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
Total Developer Costs	3,500,000	3,500,000	-	-	-	-	-	-	-	-	3,500,000	-
TOTAL PROJECT COSTS	63,821,667	63,821,667	-								61,116,667	-
Bridge Loan Expense During Construction											-	-
Total Eligible Basis											61,116,667	-

ELIGIBLE AND QUALIFIED BASIS
ShoreLINE (AKA Grantville Trolley Affordable)

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	61,116,667	-
Ineligible Amounts	-	
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
Total Ineligible Amounts:	-	-
Total Eligible Amount Voluntarily Excluded:		-
Total Basis Reduction:	-	-
Total Requested Unadjusted Eligible Basis:	61,116,667	-
Total Adjusted Threshold Basis Limit	108,655,232	
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	79,451,667	-
Applicable Fraction:	100%	100%
Qualified Basis	79,451,667	-
Total Qualified Basis	79,451,667	
**Total Credit Reduction:	-	-
Total Adjusted Qualified Basis:	79,451,667	

0%

*130% boost if your project is located in a DDA or QCT

**to be calculated in "Points System"

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BASIS AND CREDITS
ShoreLINE (AKA Grantville Trolley Affordable)

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	79,451,667.10	-
*Applicable Percentage:	4.00%	3.27%
Subtotal Annual Federal Credit:	3,178,066.68	-
Total Combined Annual Federal Credit:	3,178,066.68 <--- \$2.5M Max	

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	63,821,667.00	
Permanent Financing	28,585,254.39	
Funding Gap	35,236,412.61	0.920 Equity Pricing
Federal Tax Credit Factor **	0.91	99.00% LP Interest
Total Credits Necessary for Feasibility	38,687,321.71	
Annual Federal Credit Necessary for Feasibility	3,868,732.17	
Maximum Annual Federal Credits	3,178,066.68	
Equity Raised From Federal Credit	28,945,831.36	
Remaining Funding Gap	6,290,581.00	

BASIS AND CREDITS: STATE

Determination of State Credit

	NC/Rehab	Acquisition
Adjusted Qualified Basis	61,116,667	-

Factor Amount *	30%	13%
Maximum Total State Credit	18,335,000	0

Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor **	0.75	0.760 Equity Pricing
Maximum Total State Credit	18,335,000	99.00% LP Interest
State Credit Necessary for Feasibility	8,360,687	
Equity Raised from State Credit	6,290,581	
Remaining Funding Gap	-	

PROJECT INCOME INFORMATION
ShoreLINE (AKA Grantville Trolley Affordable)

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent Less Utilities	(d) Total Monthly Rents (bxc)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Median Income	PBVs Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
Studio-PBV	10	\$ 606	\$ 6,060	\$ -	\$ 606	30%	\$ 1,453	\$ 847	\$ 8,470
Studio	13	\$ 785	\$ 10,205	\$ 24	\$ 809	40%	\$ -	\$ -	\$ -
Studio	43	\$ 987	\$ 42,441	\$ 24	\$ 1,011	50%	\$ -	\$ -	\$ -
Studio	-	\$ 1,594	\$ -	\$ 24	\$ 1,618	80%	\$ -	\$ -	\$ -
1BR-PBV	10	\$ 649	\$ 6,490	\$ -	\$ 649	30%	\$ 1,610	\$ 961	\$ 9,610
1BR	37	\$ 1,049	\$ 38,813	\$ 34	\$ 1,083	50%	\$ -	\$ -	\$ -
1BR	10	\$ 1,699	\$ 16,990	\$ 34	\$ 1,733	80%	\$ -	\$ -	\$ -
2BR-PBV	4	\$ 780	\$ 3,120	\$ -	\$ 780	30%	\$ 2,091	\$ 1,311	\$ 5,244
2BR	15	\$ 1,264	\$ 18,960	\$ 36	\$ 1,300	50%	\$ -	\$ -	\$ -
2BR	6	\$ 2,044	\$ 12,264	\$ 36	\$ 2,080	80%	\$ -	\$ -	\$ -
3BR-PBV	1	\$ 901	\$ 901	\$ -	\$ 901	30%	\$ 2,869	\$ 1,968	\$ 1,968
3BR	4	\$ 2,363	\$ 9,452	\$ 40	\$ 2,403	80%	\$ -	\$ -	\$ -
2BR MGR	2	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	153	Total Rent	\$ 165,696				Total Tranche B:		\$ 25,292

Aggregate Monthly Rents for All Units:	\$ 165,696
Aggregate Annual Rents for All Units:	\$ 1,988,352

Avg Affordability	49.8039%
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80% AMI Units	13%
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Per Plans	
Studio	66
1BR	57
2BR	27
3BR	5
	155

Total Affordable Plus Manager Units:	155
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Annual Income from Laundry Facilities	\$ 16,524	9.00	per unit per month
Annual Income from Vending Machines	-		
Annual Interest Income	-		
Other Annual Income (Specify)	-		
Total Miscellaneous Income:	\$ 16,524		
Total Annual Potential Gross Income:	\$ 2,004,876		

Excess PBV Income	\$ 303,504
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Total Gross Annual Income	\$ 2,308,380
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Utility Allowances					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	24	34	36	40	-
Water Heating:	-	-	-	-	-
Cooking:	-	-	-	-	-
Lighting:	-	-	-	-	-
Electricity:	-	-	-	-	-
Water:*	-	-	-	-	-
AC	-	-	-	-	-
City's Fee	-	-	-	-	-
Total:	24	34	36	40	-

*Owner paid utilities

ANNUAL RESIDENTIAL OPERATING EXPENSES
ShoreLINE (AKA Grantville Trolley Affordable)

Administrative	Advertising:	13,000	Per Unit 84
	Legal:	12,000	77
	Accounting/Audit:	13,000	84
	Security:	95,000	613
	General Office Costs:	35,000	226
	Total Administrative:	168,000	1,084
Management	Total Management Fee:	131,627	849
Utilities	Fuel:	-	-
	Gas:	20,000	129
	Electricity:	45,000	290
	Water/Sewer:	85,000	548
	Total Utilities:	150,000	968
Payroll / Payroll Taxes	On-site Manager(s):	100,000	645
	Maintenance Personnel:	50,000	323
	Other: Payroll Burden/Taxes	37,500	242
	Total Payroll/Payroll Taxes:	187,500	1,210
	Total Insurance:	46,875	302
Maintenance	Painting:	30,000	194
	Repairs:	25,000	161
	Trash Removal:	25,000	161
	Exterminating:	15,000	97
	Grounds:	50,000	323
	Other: Fire Alarm Monitoring	12,000	77
	Other: Elevator	25,000	161
	Total Maintenance:	182,000	1,174
Other Expenses	Other:		-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Total Other:	0	-

Total Expenses

Total Annual Residential Operating Expenses:	866,002
Total Number of Units in the Project:	155
Total Annual Operating Expenses Per Unit:	5,587
Total 3-Month Operating Reserve:	528,000
Total Annual Internet Expense (site amenity election):	-
Total Annual Service Amenities Budget (from project expenses):	62,000
Total Annual Reserve for Replacement:	77,500
Total Annual Real Estate Taxes:	26,000
Other: Misc state & local fees	22,950
Other: Issuer fee	18,207
TOTAL:	1,072,659

5,400 min per unit
580,000

400 per unit

500 per unit

150

6,920 per unit
577 per month

Commercial Income

Total Annual Commercial/Non Residential Revenue:	-
Total Annual Commercial/Non Residential Expenses:	-
Total Annual Commercial/Non Residential Debt Service:	-
Total Annual Commercial/Non Residential Net Income:	-

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15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035	Year 14 2036
Rental Income	2.5%	1,988,352	2,038,061	2,089,012	2,141,238	2,194,769	2,249,638	2,305,879	2,363,526	2,422,614	2,483,179	2,545,259	2,608,890	2,674,112	2,740,965
PBV INCOME IF APPLICABLE	2.5%	303,504	311,092	318,869	326,841	335,012	343,387	351,972	360,771	369,790	379,035	388,511	398,224	408,179	418,384
TOTAL GROSS POTENTIAL REVENUE		2,291,856	2,349,152	2,407,881	2,468,078	2,529,780	2,593,025	2,657,850	2,724,297	2,792,404	2,862,214	2,933,769	3,007,114	3,082,292	3,159,349
Vacancy @	5.0%	114,593	117,458	120,394	123,404	126,489	129,651	132,893	136,215	139,620	143,111	146,688	150,356	154,115	157,967
Other Income	2.5%	16,524	16,937	17,361	17,795	18,239	18,695	19,163	19,642	20,133	20,636	21,152	21,681	22,223	22,779
TOTAL NET RENTAL INCOME		2,193,787	2,248,632	2,304,848	2,362,469	2,421,531	2,482,069	2,544,121	2,607,724	2,672,917	2,739,740	2,808,233	2,878,439	2,950,400	3,024,160
Advertising:	3.5%	13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718	18,338	18,980	19,644	20,331
Legal:	3.5%	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767
Accounting/Audit:	3.5%	13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718	18,338	18,980	19,644	20,331
Security:	3.5%	95,000	98,325	101,766	105,328	109,015	112,830	116,779	120,867	125,097	129,475	134,007	138,697	143,552	148,576
General Office Costs:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738
Total Management Fee:	3.5%	131,627	136,234	141,002	145,937	151,045	156,332	161,803	167,467	173,328	179,394	185,673	192,172	198,898	205,859
Gas:	3.5%	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279
Electricity:	3.5%	45,000	46,575	48,205	49,892	51,639	53,446	55,316	57,253	59,256	61,330	63,477	65,699	67,998	70,378
Water/Sewer:	3.5%	85,000	87,975	91,054	94,241	97,539	100,953	104,487	108,144	111,929	115,846	119,901	124,097	128,441	132,936
On-site Manager(s):	3.5%	100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	141,060	145,997	151,107	156,396
Maintenance Personnel:	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198
Other: Payroll Burden/Taxes	3.5%	37,500	38,813	40,171	41,577	43,032	44,538	46,097	47,710	49,380	51,109	52,897	54,749	56,665	58,648
Total Insurance:	3.5%	46,875	48,516	50,214	51,971	53,790	55,673	57,621	59,638	61,725	63,886	66,122	68,436	70,831	73,310
Painting:	3.5%	30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919
Repairs:	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Trash Removal:	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Exterminating:	3.5%	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459
Grounds:	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198
Other: Fire Alarm Monitoring	3.5%	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767
Other: Elevator	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Other: Misc state & local fees	3.5%	22,950	23,753	24,585	25,446	26,336	27,257	28,211	29,199	30,218	31,278	32,373	33,506	34,679	35,893
Service Amenities Budget	3.5%	62,000	64,170	66,416	68,741	71,146	73,637	76,214	78,881	81,642	84,500	87,457	90,518	93,686	96,965
Other: Issuer fee	2.5%	18,207	18,662	19,129	19,607	20,097	20,599	21,114	21,642	22,183	22,738	23,306	23,889	24,486	25,098
Real Estate Taxes	2.0%	26,000	26,520	27,050	27,591	28,143	28,706	29,280	29,866	30,463	31,072	31,694	32,328	32,974	33,634
Replacement Reserve	0.0%	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500
TOTAL EXPENSES		1,072,659	1,106,918	1,142,363	1,179,036	1,216,980	1,256,238	1,296,858	1,338,885	1,382,369	1,427,361	1,473,912	1,522,078	1,571,915	1,623,480
Cash Flow Prior to Debt Service (NOI)		1,121,128	1,141,714	1,162,485	1,183,433	1,204,551	1,225,830	1,247,263	1,268,839	1,290,548	1,312,379	1,334,321	1,356,361	1,378,485	1,400,680
DEBT SERVICE - Conventional Permanent Loan		929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		149,211	169,797	190,568	211,516	232,634	253,913	275,346	296,922	318,631	340,462	362,404	384,444	406,568	428,763
Percent of Gross Revenue	8% Max	6.51%	7.23%	7.91%	8.57%	9.20%	9.79%	10.36%	10.90%	11.41%	11.90%	12.35%	12.78%	13.19%	13.57%
25% Debt Service Test	Yr 1-3 Max	15.35%	17.47%	19.61%	21.76%	23.94%	26.12%	28.33%	30.55%	32.78%	35.03%	37.29%	39.56%	41.83%	44.12%
Debt Coverage Ratio	1.15 Min	1.15	1.17	1.20	1.22	1.24	1.26	1.28	1.31	1.33	1.35	1.37	1.40	1.42	1.44
Partnership Management Fee	3.0%	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343
Cash Available for Ground Lease		124,211	144,047	164,045	184,198	204,496	224,931	245,494	266,175	286,961	307,843	328,806	349,838	370,924	392,050
Ground Lease Payment - based on NOI	5%	56,056	57,086	58,124	59,172	60,228	61,292	62,363	63,442	64,527	65,619	66,716	67,818	68,924	70,034
Cash Available for Deferred Developer Fee		68,155	86,961	105,921	125,026	144,268	163,640	183,131	202,733	222,434	242,224	262,090	282,020	302,000	322,016
Deferred Fee	1,083,558	68,155	86,961	105,921	125,026	144,268	163,640	183,131	202,733	222,434	242,224	262,090	282,020	302,000	322,016
	2.0%	20,308	18,975	17,236	15,080	12,497	9,474	6,000	2,066	-	-	-	-	-	-
balance		1,035,711	967,725	879,040	769,094	637,322	483,156	306,025	105,358	-	-	-	-	-	-
Cash Available for Distribution		-	-	-	-	-	-	-	-	117,076	242,224	262,090	282,020	302,000	322,016
Annual Payment to HCD	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,538	\$ 121,112	\$ 131,045	\$ 141,010	\$ 151,000	\$ 161,008
Annual Payment to Affirmed	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,538	\$ 121,112	\$ 131,045	\$ 141,010	\$ 151,000	\$ 161,008

15-YEAR CASH FLOW PROJECTION
ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 15 2037	Year 16 2038	Year 17 2039	Year 18 2040	Year 19 2041	Year 20 2042	Year 21 2043	Year 22 2044	Year 23 2045	Year 24 2046	Year 25 2047	Year 26 2048	Year 27 2049	Year 28 2050
Rental Income	2.5%	2,809,489	2,879,727	2,951,720	3,025,513	3,101,151	3,178,679	3,258,146	3,339,600	3,423,090	3,508,667	3,596,384	3,686,293	3,778,451	3,872,912
PBV INCOME IF APPLICABLE	2.5%	428,843	439,564	450,553	461,817	473,363	485,197	497,327	509,760	522,504	535,566	548,956	562,679	576,746	591,165
TOTAL GROSS POTENTIAL REVENUE		3,238,333	3,319,291	3,402,273	3,487,330	3,574,513	3,663,876	3,755,473	3,849,360	3,945,594	4,044,234	4,145,339	4,248,973	4,355,197	4,464,077
Vacancy @	5.0%	161,917	165,965	170,114	174,366	178,726	183,194	187,774	192,468	197,280	202,212	207,267	212,449	217,760	223,204
Other Income	2.5%	23,348	23,932	24,530	25,143	25,772	26,416	27,076	27,753	28,447	29,158	29,887	30,635	31,400	32,185
TOTAL NET RENTAL INCOME		3,099,764	3,177,258	3,256,689	3,338,107	3,421,559	3,507,098	3,594,776	3,684,645	3,776,761	3,871,180	3,967,960	4,067,159	4,168,838	4,273,059
Advertising:	3.5%	21,043	21,780	22,542	23,331	24,147	24,993	25,867	26,773	27,710	28,679	29,683	30,722	31,797	32,910
Legal:	3.5%	19,424	20,104	20,808	21,536	22,290	23,070	23,877	24,713	25,578	26,473	27,400	28,359	29,352	30,379
Accounting/Audit:	3.5%	21,043	21,780	22,542	23,331	24,147	24,993	25,867	26,773	27,710	28,679	29,683	30,722	31,797	32,910
Security:	3.5%	153,776	159,158	164,729	170,494	176,461	182,638	189,030	195,646	202,494	209,581	216,916	224,508	232,366	240,499
General Office Costs:	3.5%	56,654	58,637	60,690	62,814	65,012	67,288	69,643	72,080	74,603	77,214	79,916	82,714	85,609	88,605
Total Management Fee:	3.5%	213,064	220,522	228,240	236,228	244,496	253,054	261,910	271,077	280,565	290,385	300,548	311,067	321,955	333,223
Gas:	3.5%	32,374	33,507	34,680	35,894	37,150	38,450	39,796	41,189	42,630	44,122	45,667	47,265	48,919	50,631
Electricity:	3.5%	72,841	75,391	78,029	80,760	83,587	86,513	89,540	92,674	95,918	99,275	102,750	106,346	110,068	113,921
Water/Sewer:	3.5%	137,589	142,405	147,389	152,547	157,887	163,413	169,132	175,052	181,178	187,520	194,083	200,876	207,906	215,183
On-site Manager(s):	3.5%	161,869	167,535	173,399	179,468	185,749	192,250	198,979	205,943	213,151	220,611	228,333	236,324	244,596	253,157
Maintenance Personnel:	3.5%	80,935	83,767	86,699	89,734	92,874	96,125	99,489	102,972	106,576	110,306	114,166	118,162	122,298	126,578
Other: Payroll Burden/Taxes	3.5%	60,701	62,826	65,024	67,300	69,656	72,094	74,617	77,229	79,932	82,729	85,625	88,622	91,723	94,934
Total Insurance:	3.5%	75,876	78,532	81,281	84,125	87,070	90,117	93,271	96,536	99,915	103,412	107,031	110,777	114,654	118,667
Painting:	3.5%	48,561	50,260	52,020	53,840	55,725	57,675	59,694	61,783	63,945	66,183	68,500	70,897	73,379	75,947
Repairs:	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Trash Removal:	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Exterminating:	3.5%	24,280	25,130	26,010	26,920	27,862	28,838	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974
Grounds:	3.5%	80,935	83,767	86,699	89,734	92,874	96,125	99,489	102,972	106,576	110,306	114,166	118,162	122,298	126,578
Other: Fire Alarm Monitoring	3.5%	19,424	20,104	20,808	21,536	22,290	23,070	23,877	24,713	25,578	26,473	27,400	28,359	29,352	30,379
Other: Elevator	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Other: Misc state & local fees	3.5%	37,149	38,449	39,795	41,188	42,629	44,121	45,666	47,264	48,918	50,630	52,402	54,236	56,135	58,099
Service Amenities Budget	3.5%	100,359	103,872	107,507	111,270	115,164	119,195	123,367	127,685	132,154	136,779	141,566	146,521	151,649	156,957
Other: Issuer fee	2.5%	25,726	26,369	27,028	27,704	28,397	29,106	29,834	30,580	31,344	32,128	32,931	33,755	34,598	35,463
Real Estate Taxes	2.0%	34,306	34,993	35,692	36,406	37,134	37,877	38,635	39,407	40,195	40,999	41,819	42,656	43,509	44,379
Replacement Reserve	0.0%	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500
TOTAL EXPENSES		1,676,833	1,732,038	1,789,159	1,848,261	1,909,414	1,972,690	2,038,163	2,105,908	2,176,006	2,248,537	2,323,587	2,401,243	2,481,597	2,564,742
Cash Flow Prior to Debt Service (NOI)		1,422,930	1,445,220	1,467,531	1,489,846	1,512,145	1,534,408	1,556,613	1,578,737	1,600,756	1,622,643	1,644,373	1,665,915	1,687,241	1,708,317
DEBT SERVICE - Conventional Permanent Loan		929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917	929,917
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		451,013	473,303	495,614	517,929	540,228	562,491	584,696	606,820	628,839	650,726	672,456	693,998	715,324	736,400
Percent of Gross Revenue	8% Max	13.93%	14.26%	14.57%	14.85%	15.11%	15.35%	15.57%	15.76%	15.94%	16.09%	16.22%	16.33%	16.42%	16.50%
25% Debt Service Test	Yr 1-3 Max	46.40%	48.70%	50.99%	53.29%	55.58%	57.87%	60.16%	62.44%	64.70%	66.95%	69.19%	71.41%	73.60%	75.77%
Debt Coverage Ratio	1.15 Min	1.46	1.49	1.51	1.53	1.56	1.58	1.60	1.62	1.65	1.67	1.69	1.71	1.74	1.76
Partnership Management Fee	3.0%	30,252	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	44,426
Asset Management Fee	3.0%	7,563	7,790	8,024	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106
Cash Available for Ground Lease		413,199	434,353	455,496	476,607	497,667	518,653	539,543	560,312	580,936	601,387	621,636	641,654	661,409	680,868
Ground Lease Payment - based on NOI	5%	71,147	72,261	73,377	74,492	75,607	76,720	77,831	78,937	80,038	81,132	82,219	83,296	84,362	85,416
Cash Available for Deferred Developer Fee		342,052	362,092	382,120	402,115	422,060	441,933	461,712	481,376	500,898	520,254	539,417	558,358	577,047	595,452
Deferred Fee	1,083,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.0%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		342,052	362,092	382,120	402,115	422,060	441,933	461,712	481,376	500,898	520,254	539,417	558,358	577,047	595,452
Annual Payment to HCD	50.00%	\$ 171,026	\$ 181,046	\$ 191,060	\$ 201,058	\$ 211,030	\$ 220,967	\$ 230,856	\$ 240,688	\$ 250,449	\$ 260,127	\$ 269,709	\$ 279,179	\$ 288,524	\$ 297,726
Annual Payment to Affirmed	50.00%	\$ 171,026	\$ 181,046	\$ 191,060	\$ 201,058	\$ 211,030	\$ 220,967	\$ 230,856	\$ 240,688	\$ 250,449	\$ 260,127	\$ 269,709	\$ 279,179	\$ 288,524	\$ 297,726

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 29 2051	Year 30 2052	Year 31 2053	Year 32 2054	Year 33 2055	Year 34 2056	Year 35 2057
Rental Income	2.5%	3,969,735	4,068,978	4,170,703	4,274,970	4,381,845	4,491,391	4,603,675
PBV INCOME IF APPLICABLE	2.5%	605,944	621,093	636,620	652,536	668,849	685,570	702,710
TOTAL GROSS POTENTIAL REVENUE		4,575,679	4,690,071	4,807,323	4,927,506	5,050,694	5,176,961	5,306,385
Vacancy @	5.0%	228,784	234,504	240,366	246,375	252,535	258,848	265,319
Other Income	2.5%	32,990	33,815	34,660	35,527	36,415	37,325	38,258
TOTAL NET RENTAL INCOME		4,379,885	4,489,382	4,601,617	4,716,657	4,834,574	4,955,438	5,079,324
Advertising:	3.5%	34,062	35,254	36,488	37,765	39,087	40,455	41,871
Legal:	3.5%	31,442	32,543	33,682	34,860	36,080	37,343	38,650
Accounting/Audit:	3.5%	34,062	35,254	36,488	37,765	39,087	40,455	41,871
Security:	3.5%	248,916	257,628	266,645	275,978	285,637	295,635	305,982
General Office Costs:	3.5%	91,706	94,916	98,238	101,676	105,235	108,918	112,730
Total Management Fee:	3.5%	344,886	356,957	369,450	382,381	395,765	409,616	423,953
Gas:	3.5%	52,403	54,238	56,136	58,101	60,134	62,239	64,417
Electricity:	3.5%	117,908	122,035	126,306	130,726	135,302	140,037	144,939
Water/Sewer:	3.5%	222,715	230,510	238,577	246,928	255,570	264,515	273,773
On-site Manager(s):	3.5%	262,017	271,188	280,679	290,503	300,671	311,194	322,086
Maintenance Personnel:	3.5%	131,009	135,594	140,340	145,252	150,335	155,597	161,043
Other: Payroll Burden/Taxes	3.5%	98,256	101,695	105,255	108,939	112,752	116,698	120,782
Total Insurance:	3.5%	122,821	127,119	131,568	136,173	140,939	145,872	150,978
Painting:	3.5%	78,605	81,356	84,204	87,151	90,201	93,358	96,626
Repairs:	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Trash Removal:	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Exterminating:	3.5%	39,303	40,678	42,102	43,575	45,101	46,679	48,313
Grounds:	3.5%	131,009	135,594	140,340	145,252	150,335	155,597	161,043
Other: Fire Alarm Monitoring	3.5%	31,442	32,543	33,682	34,860	36,080	37,343	38,650
Other: Elevator	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Other: Misc state & local fees	3.5%	60,133	62,238	64,416	66,670	69,004	71,419	73,919
Service Amenities Budget	3.5%	162,451	168,136	174,021	180,112	186,416	192,940	199,693
Other: Issuer fee	2.5%	36,350	37,259	38,190	39,145	40,124	41,127	42,155
Real Estate Taxes	2.0%	45,267	46,172	47,095	48,037	48,998	49,978	50,978
Replacement Reserve	0.0%	77,500	77,500	77,500	77,500	77,500	77,500	77,500
TOTAL EXPENSES		2,650,775	2,739,797	2,831,912	2,927,228	3,025,857	3,127,913	3,233,517
Cash Flow Prior to Debt Service (NOI)		1,729,110	1,749,585	1,769,705	1,789,429	1,808,717	1,827,525	1,845,807
DEBT SERVICE - Conventional Permanent Loan		929,917	929,917	929,917	929,917	929,917	929,917	929,917
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		757,193	777,668	797,787	817,512	836,800	855,608	873,890
Percent of Gross Revenue	8% Max	16.55%	16.58%	16.60%	16.59%	16.57%	16.53%	16.47%
25% Debt Service Test	Yr 1-3 Max	77.91%	80.01%	82.08%	84.11%	86.10%	88.03%	89.91%
Debt Coverage Ratio	1.15 Min	1.78	1.80	1.82	1.84	1.86	1.88	1.90
Partnership Management Fee	3.0%	45,759	47,131	48,545	50,002	51,502	53,047	54,638
Asset Management Fee	3.0%	11,440	11,783	12,136	12,500	12,875	13,262	13,660
Cash Available for Ground Lease		699,995	718,754	737,106	755,010	772,423	789,299	805,593
Ground Lease Payment - based on NOI	5%	86,456	87,479	88,485	89,471	90,436	91,376	92,290
Cash Available for Deferred Developer Fee		613,539	631,275	648,621	665,538	681,987	697,923	713,302
Deferred Fee	1,083,558	-	-	-	-	-	-	-
2.0% balance		-	-	-	-	-	-	-
Cash Available for Distribution		613,539	631,275	648,621	665,538	681,987	697,923	713,302
Annual Payment to HCD	50.00%	\$ 306,770	\$ 315,638	\$ 324,311	\$ 332,769	\$ 340,994	\$ 348,962	\$ 356,651
Annual Payment to Affirmed	50.00%	\$ 306,770	\$ 315,638	\$ 324,311	\$ 332,769	\$ 340,994	\$ 348,962	\$ 356,651

50% Test

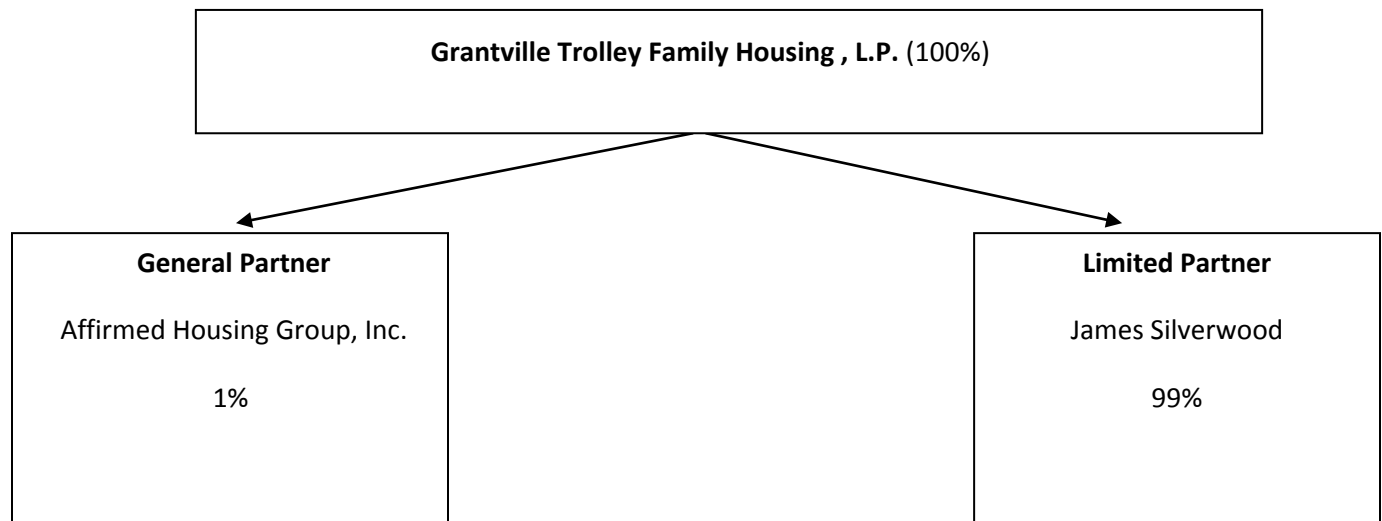
DEVELOPMENT BUDGET	Project Costs	Excluded Costs	Aggregate Basis
Purchase Price	-		-
Land Carry Cost + Misc. Fees	-		-
Land Carry Cost	-		-
Existing Improvements Value	-		-
Off-Site Improvements:	-		-
Abatement/Demolition	-		-
Structures	-		-
General Requirements	-		-
Contractor Overhead	-		-
Contractor Profit	-		-
Prevailing Wages	-		-
General Liability Insurance	-		-
Contractor Contingency	-		-
Total Relocation Expenses	-		-
Site Work	2,601,234		2,601,234
Structures	35,041,586		35,041,586
General Requirements	2,155,281		2,155,281
Contractor Overhead	2,101,128		2,101,128
Contractor Profit	1,208,997		1,208,997
Solar PV	500,000		500,000
Prevailing Wages - included above	-		
General Liability Insurance/ Bond Prem	950,686		950,686
Other: MTS replacement parking	-		-
Other: Site Security	150,000		150,000
Design (incl ADA)	1,535,500		1,535,500
Other:	95,000		95,000
Total Survey and Engineering	950,000		950,000
Construction Loan Interest	1,200,000		1,200,000
Origination Fee	525,000		525,000
Cost of Issuance	250,000	250,000	-
Taxes	30,000		30,000
Insurance	400,000		400,000
Title and Recording	80,000		80,000
Construction Service Fees (Bank)	100,000		100,000
Other: Const Mgmt & Deputy Services	200,000		200,000
Other: Taxable Construction Loan Interest	454,000		454,000
Loan Origination Fee	150,000	150,000	-
Credit Enhancement/Application Fee	-		-
Title and Recording	-	-	-
Taxes	-	-	-
Insurance	-	-	-
Other: Agency Fees	250,000	250,000	-

Other: Interest Prior to Conversion	800,000	800,000	-
Lender Legal Pd. by Applicant	125,000	50,000	75,000
Other : Partnership & Transaction	125,000	50,000	75,000
Rent Reserves	-	-	-
Capitalized Operating Reserve	-	-	-
*3- Month Operating Reserve	528,000	528,000	-
Other: (Specify)	-	-	-
Total Appraisal Costs	10,000		10,000
Total Hard Cost Contingency	3,129,623		3,129,623
CDLAC/TCAC App/Allocation/Monitoring	307,000	307,000	-
Environmental Audit	50,000		50,000
Local Dev. Impact Fees	2,725,304		2,725,304
Permit Processing Fees	210,000		210,000
Marketing	30,000	30,000	-
Furnishings, Fixtures, Equipment	310,000		310,000
Market Study	12,000		12,000
Accounting/Reimbursables	60,000		60,000
Soft Cost Contingency	671,328		671,328
Lease-Up Costs	75,000	75,000	-
Other: Financial Consulting	50,000		50,000
Other: Agency Deposits	100,000		100,000
Other: SDHC underwriting & AM fee	75,000		75,000
Developer Overhead/Profit	3,500,000		3,500,000
	63,821,667	2,490,000	61,331,667

Dev Cost check	63,821,667
	TRUE

Grantville Trolley Family Housing, L.P.**EXISTING OWNERSHIP STRUCTURE:**

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that is the 100% ownership entity of the affordable housing project. Affirmed Housing Group currently owns 1% interest, and James Silverwood has 99% interest in the limited partnership. The ownership structure will change to admit a Non-Profit Managing General Partner and an Equity Investor upon construction loan closing.

**OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:**

1. James Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Jimmy Silverwood
Executive Vice President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Marie Allen
Project Manager Affirmed
Housing Group, Inc. 13520
Evening Creek Dr. N, #160 San
Diego, CA 92128

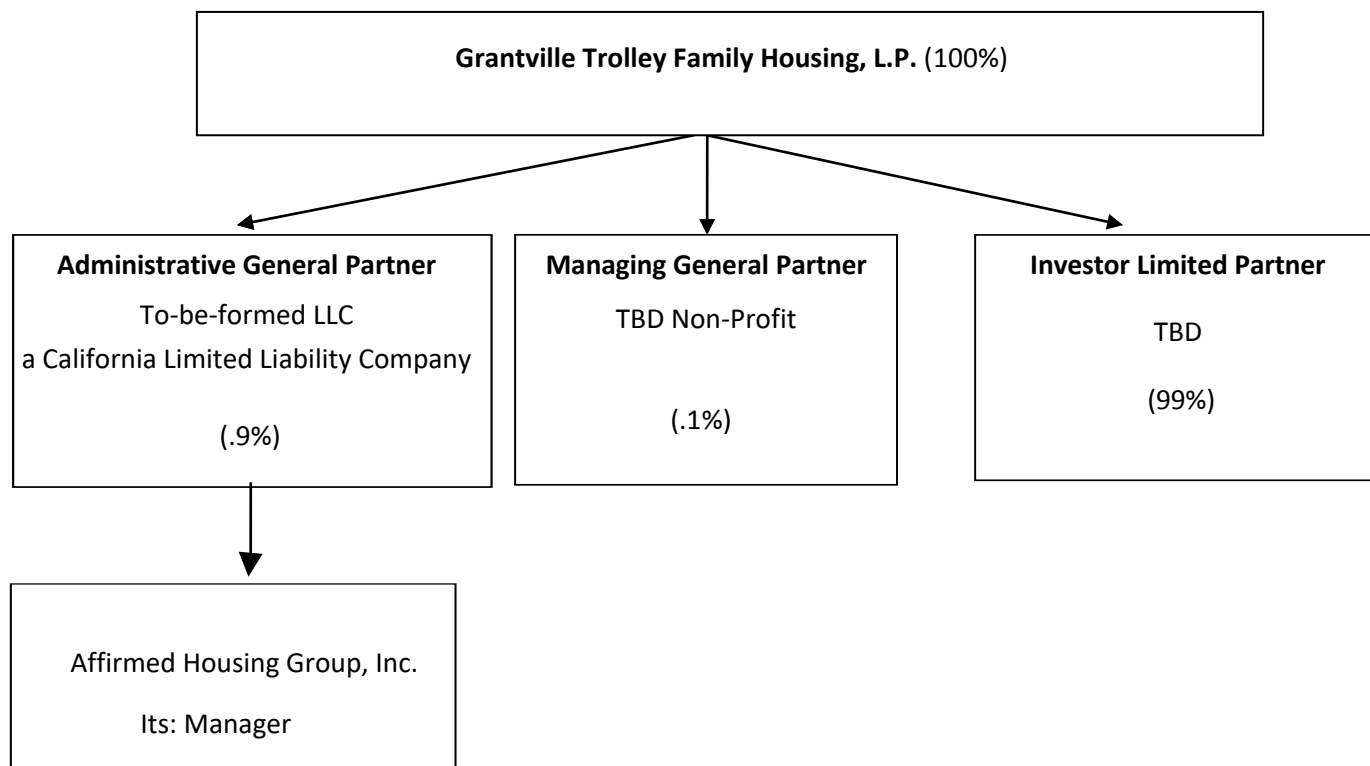
Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

Grantville Trolley Family Housing, L.P.

OWNERSHIP STRUCTURE:

Limited Partnership

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that will be the 100% ownership entity of the affordable housing project. A To-Be-Formed LLC, California Single purpose entity will be the Administrative General Partner, and will own .9% interest, the Investor Limited Partner will have 99% interest in the limited partnership, and the Managing General Partner will own .1% of the limited partnership.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

1. James Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Jimmy Silverwood
Vice President of Acquisitions & Development
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Marie Allen
Project Manager
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128

Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet

appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- **Application for Bond Allocation:** The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- **Final Bond Approval:** The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- **Funding and Bond Administration:** All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the

bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.