



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 12, 2021

HCR21-097

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for ShoreLINE Apartments

COUNCIL DISTRICT(S): 7

ORIGINATING DEPARTMENT: Real Estate Division

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

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in an amount not to exceed \$31,483,880, and a taxable bond not to exceed \$27,000,000 to fund Grantville Trolley Family Housing L.P.'s construction of ShoreLINE Apartments, a new affordable rental housing development at 4470 Alvarado Canyon Road, San Diego, in the Grantville neighborhood, which will consist of 124 units that will remain affordable units for 55 years for individuals and families earning between 30 percent and 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On January 14, 2021, and January 26, 2021, the Housing Commission and the Housing Authority, respectively, approved taking certain preliminary steps to authorize the issuance of up to \$36,500,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of ShoreLINE Apartments.
- ShoreLINE 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.
- ShoreLINE will replace a Metropolitan Transit System (MTS) existing parking lot.
- The developer is the for-profit Affirmed Housing Group.
- ShoreLINE proposes to use U.S. Department of Housing and Urban Development federal project-based housing vouchers and is required to pay Davis-Bacon prevailing wages. Use of California Transit Oriented Development funds require paying State prevailing wages.
- Total development cost is estimated at \$62,703,426 (\$497,646 per unit).
- No Housing Commission cash loan funds are proposed for ShoreLINE.
- If approved by the Housing Commission and Housing Authority, estimated construction start will be in December 2021, and estimated complete construction by November 2023.



REPORT

DATE ISSUED: November 3, 2021

REPORT NO: HCR21-097

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 12, 2021

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for ShoreLINE Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

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STAFF RECOMMENDATIONS

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions:

Housing Authority:

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$31,483,880, and a taxable bond not to exceed \$27,000,000, to fund Grantville Trolley Family Housing L.P.'s construction of ShoreLINE Apartments (ShoreLINE), a new affordable rental housing development to be located at 4470 Alvarado Canyon Road, San Diego, in the Grantville neighborhood, which will consist of 124 affordable units for 55 years for individuals and families earning between 30 percent and 60 percent of the San Diego Area Median Income (AMI), plus two managers' unrestricted units.
- 2) Authorize the Housing Commission 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 the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the 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 not to exceed \$31,483,880, to facilitate the new construction of ShoreLINE.

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 |
| Developer | 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 with 54 parking spaces plus 12 surface parking spaces |
| Mass Transit | Grantville Trolley Station is adjacent to the site |
| Housing Type | Multifamily |
| Lot Size | 1.06 Acres (46,174 square feet) |
| Units | 126 |
| Density | 119 dwelling units per acre (126 units ÷ 1.06 acres) |
| Unit Mix | 38 studios, 23 one-bedroom units, 31 two-bedroom units, 32 three-bedroom units, and 1 two-bedroom plus 1 three-bedroom managers' unrestricted units |
| Gross Building Area | 153,214 square feet |
| Net Rentable Area | 84,667 square feet |
| Commercial/Retail Space | None |
| Project-Based Housing Vouchers (PBV) | 25 PBV for extremely low- and low-income residents earning between 30 percent to 60 percent of AMI (not for permanent supportive housing for individuals who experienced homelessness). The vouchers are reserved for 10 studios, 10 one-bedroom units, 4 two-bedroom units, and 1 three-bedroom unit. |

Background

On January 14, 2021, and January 26, 2021, the Housing Commission (Report No. HCR21-018) and the Housing Authority (Report No. HAR21-004; Resolution No. HA-1896) approved taking certain preliminary steps to authorize the issuance of up to \$36,500,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of ShoreLINE Apartments.

On August 11, 2021, the California Debt Limit Allocation Committee (CDLAC) approved a \$31,483,880 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

On January 26, 2021, the San Diego City Council (City Council) held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and unanimously approved Resolution No. R-313423 that, pursuant to Section 147(f) of the Internal Revenue Code of 1986, approved the issuance of up to \$36,500,000 of Multifamily Housing Revenue Bonds, by the Housing Authority to fund the development of ShoreLINE Apartments. The resulting TEFRA approval is valid until January 26, 2022. The developer currently estimates closing by the end of December 2021. However, in the event that closing is delayed beyond January 26, 2022, a new TEFRA hearing will be needed. As a preemptive contingency, it is proposed that a new TEFRA hearing be held at this time.

The Development

ShoreLINE Apartments (ShoreLINE) is a new construction, multifamily housing development in the Grantville community of San Diego at the Grantville Trolley Station on Alvarado Canyon Road, north of Interstate 8, with a current address of 4470 Alvarado Canyon Road (Attachment 2 – Site Map). The community will consist of 126 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. Resident services will be provided by Compass for Affordable Housing. ConAm is the property manager. Affirmed Housing Group is the sole developer.

ShoreLINE 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.

The proposed building will be set on the western half of the current MTS parking lot site. On the MTS site's eastern portion, Greystar, a third-party developer, proposes to construct a market-rate development building geared to students. The two proposed buildings will be centered on the MTS lot to create bike and pedestrian paths around the buildings, forming routes of connection between the trolley/bus station to the south and the Alvarado Creek area that is to the north and west.

The development includes 12 surface parking spaces and a parking garage with 54 parking spaces. The ground level of the building will include residential units, parking, bike storage, staff offices, and an assembly and entertainment area with outdoor patios. The upper levels will include residential units, a laundry room, and a 5,800-square-foot podium-level courtyard. Amenities will include shaded outdoor gathering spaces with built-in seating, children's play areas, and a community barbecue area. Access to the building will be electronically monitored 24 hours a day. The project design encourages public pedestrian and bike activity throughout the grounds, while maintaining secure access for residents.

The Property

MTS has held the project site since the early 2000s and developed the site's southern portion to serve the MTS Grantville trolley station. In late 2017, Affirmed approached MTS with the concept to redevelop the parking lot at the station with residential uses. 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.

The project site is regulated by the Navajo Community Plan, which encourages development of multifamily residential housing. ShoreLINE 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. 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.

Transit Information

ShoreLINE is adjacent to the MTS Grantville trolley station.

Prevailing Wages

The development proposes to use U.S. Department of Housing and Urban Development (HUD) federal PBVs, administered by the Housing Commission, which will require the project to pay Davis-Bacon prevailing wages. The proposed use of State Housing and Community Development Transit Oriented Development (TOD) program funds will not require payment of State of California prevailing wages 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. This state prevailing wages issue is discussed in the following:

- Public Works Case No. 2004-016, Rancho Santa Fe Village Senior Affordable Housing Project (Feb. 25, 2005) which involved conduit bond financing, and
- 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.

Relocation

The property is vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The ShoreLINE units will be accessible in accordance with the Americans with Disabilities Act.

Project Sustainability

The development will be built as Green Point Rated to comply with CTCAC minimum energy efficiency construction standards for new construction. The roof design optimizes 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 January 11, 2019, phase I environmental site assessment determined that no current Recognized Environmental Conditions exist.

Development Team

Affirmed is an award-winning, San Diego-based, for-profit development company that specializes in affordable housing. Since its inception in 1992, Affirmed has completed and is under construction on a total of 61 communities with more than 4,700 affordable rental and for-sale apartments and homes. The Affirmed pipeline of projects currently includes more than 1,300 apartments throughout California, each at various stages of development. Affirmed has secured more than \$1.85 billion of tax credit, conventional, and other financing for affordable housing projects since 1992. Recent developments include new construction as well as acquisition and substantial rehabilitation in San Diego, Los Angeles, Riverside, Orange, Santa Clara and Alameda counties. Recent notable projects in City of San Diego include the 88-unit Link apartments, 160-unit Bluewater & Stella Apartments and the 85-unit Zephyr Apartments. Affirmed has successfully developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds and 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.

The proposed borrower will be Grantville Trolley Family Housing L.P., which will include AHG Grantville LLC as Administrative General Partner, CFAH Housing LLC as Managing General Partner, and Boston Financial as the tax credit investor limited partner (Attachment 3 – Organization Chart).

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.

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 | AHG Grantville LLC |
| Tax Credit Investor Limited Partner | Boston Financial |
| Architect | Studio E Architects |
| General Contractor | HA Builder Group |
| Property Management | ConAm Management Corp (ConAm) |
| Construction and Permanent Lender | Zions Bancorporation N.A. dba California Bank & Trust |
| Tenant Services Provider | Compass for Affordable Housing |

Property Management

This development will be managed by ConAm, a full-service property management organization specializing in multifamily affordable housing. ConAm has provided property management services for affordable housing developments for more than 40 years and operates in multiple California cities.

FINANCING STRUCTURE

ShoreLINE has an estimated total development cost of \$62,703,426 (\$497,646/unit). Financing will include a combination of sources as described in Table 3. The developer's project pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for ShoreLINE.

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

| Financing Sources | Amounts | Financing Use | Amounts | Per Unit |
|---|---------------------|--|---------------------|------------------|
| Permanent tax-exempt loan | \$15,683,021 | Property | \$1 | \$0.001 |
| State Housing & Community Development Transit-Oriented Development loan | 10,000,000 | Construction \$42,843,506 Contingency +4,712,785 Subtotal 47,556,291 | 47,556,291 | 377,431 |
| 4 percent tax credit equity | 28,252,988 | Financing costs | 3,777,008 | 29,976 |
| State of California tax credit equity | 7,767,417 | Architecture and Engineering | 2,580,500 | 20,480 |
| Deferred developer fee | 1,000,000 | Reserves | 555,000 | 4,405 |
| | | Local permits and fees | 2,086,527 | 16,560 |
| | | Soft costs contingency | 820,528 | 6,512 |
| | | Other soft costs | 1,827,571 | 14,504 |
| | | Developer's fee | 3,500,000 | 27,778 |
| Total Sources | \$62,703,426 | Total Uses | \$62,703,426 | \$497,646 |

Developer Fee

\$3,500,000 – gross developer fee (in compliance with CTCAC and CDLAC regulations)
- 1,000,000 – minus deferred developer fee; paid out of developer's share of residual cash
\$2,500,000 – net cash developer fee

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.

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 | $\$62,703,426 \div 126 \text{ units} =$ | \$497,646 |
| Housing Commission Subsidy Per Unit | $\$0 \div 126 \text{ units} =$ | \$0 |
| Acquisition Cost Per Unit | $\$1 \div 126 \text{ units} =$ | \$0.01 |
| Gross Building Square Foot Hard Cost | $\$47,556,291 \div 153,214 \text{ sq. ft.} =$ | \$310 |
| Net Rentable Square Foot Hard Cost | $\$47,556,291 \div 84,667 \text{ sq. ft.} =$ | \$562 |

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 similar developments.

Table 5 – Comparable Development Projects

| Development | Year | Unit Mix Construction | Units | Total Development Cost | TDC Cost Per Unit | SDHC Subsidy | Gross Building Hard Cost per Square Foot |
|---------------------------|-------------|--|------------|---------------------------------------|-------------------|--------------|--|
| Subject: ShoreLINE | 2021 | 38 studios, 23 ones, 31 twos, 32 threes, +2 managers' | 126 | \$62,703,426 (with prev. wage) | \$497,646 | \$0 | \$310 |
| Aquila | 2021 | 24 ones, 77 twos, 77 threes, +2 managers' | 180 | \$81,971,871 (w/o prev. wage) | \$455,399 | \$0 | \$352 |
| Cortez Hill | 2021 | 79 ones, 8 twos, +1 manager's | 88 | \$43,647,979 (with prev. wage) | \$496,000 | \$56,818 | \$526 |
| Southwest Village | 2021 | 20 ones, 29 twos, 21 threes, +1 manager's | 81 | \$40,314,147 (with prev. wage) | \$497,706 | \$0 | \$367 |
| Levant Senior Cottages | 2021 | 108 studios, 18 ones, +1 manager's | 127 | \$51,642,254 (with prev. wage) | \$406,632 | \$47,244 | \$739 |
| Nestor Senior | 2021 | 73 studios, +1 manager's | 74 | \$31,510,305 (with prev. wage) | \$425,815 | \$45,000 | \$363 |

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

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.

On January 14, 2021, and January 26, 2021, prior to submitting applications to CDLAC, the proposed development was presented to the Housing Commission (Report HCR21-018) and the Housing Authority (Report No. HAR21-004; Resolution No. HA-1896), respectively. A bond inducement resolution was obtained prior to application submittal to CDLAC. On February 4, 2021, an application was submitted to CDLAC for a \$36,500,000 bond allocation. On April 28, 2021, CDLAC approved a \$31,483,880 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. The developer proposes that the bonds be issued 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 bonds disclosure. In addition, the developer proposes that the Housing Authority issue an estimated \$24,567,507 in taxable obligations but not to exceed \$27,000,000. This does not require an allocation from CDLAC. The financing amount that will ultimately be set will be based upon development costs, revenues, and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing.

Attachment 5 provides 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.

Public Disclosure and Bond Authorization

The bonds will be issued in two series. The first series will be a \$31,483,880 tax-exempt bond (Series 2021 D-1) and the second series will be an estimated up to \$27,000,000 taxable bond (Series 2021 D-2).

The tax-exempt bonds, will be sold through a private placement, purchased initially by Zions Bancorporation N.A. dba California Bank & Trust (CBT), and the taxable bonds will be sold through a private placement purchased directly by CBT. CBT is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, CBT will sign an "Investor's Letter" certifying, among other things, that it is buying the bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated.

Transfer of the bonds to any subsequent bondholder will comply with Housing Commission policy number PO300.301. Moreover, any subsequent bondholder would be required to represent to the Housing Authority that they are a qualified institutional buyer or accredited investor who is buying the bonds for investment purposes and not for resale, and that they have made due investigation of any material information necessary in connection with the purchase of the bonds.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other loan documents. At the time of docketing, bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel.

The bonds will be issued pursuant to an Indenture between the Housing Authority and US Bank as the Trustee. Based upon instructions contained in the Indenture, or similar document, the Trustee will

disburse bond proceeds for eligible costs, collect project revenues and make payments to the bondholder. Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bonds to the borrower in order to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the Trustee. An Assignment of Deed of Trust and other Loan Documents, which assigns the Housing Authority's rights and responsibilities as the bond issuer to the Trustee, will be signed by the Housing Authority and the Trustee. Rights and responsibilities that are assigned to the Trustee include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by the Trustee to protect its financial interests. A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

Financial Advisor's Recommendation

Orrick Herrington & Sutcliffe will be the Bond Counsel and Ross Financial will be the Financial Advisor to work on the tax-exempt bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor's analysis and recommendation is included as Attachment 6.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

Housing Commission has provided a preliminary award recommendation of 25 PBVs for extremely low income households at or below 30 percent AMI to ShoreLINE. The preliminary recommendation for these vouchers is contingent upon completion of a subsidy layering review and execution of an Agreement to Enter into Housing Assistance Payment. Under the voucher program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in ShoreLINE's 25 voucher-assisted units. The PBV units include 10 studios, 10 one-bedroom units, four two-bedroom units, and one three-bedroom unit. The tenants will be selected from the Housing Commission's low-income PBV Wait List.

Affordability

Under the proposed financing, the ShoreLINE development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 124 units for 55 years. The rent and occupancy restrictions required by the CTCAC will be applicable.

Table 6 – ShoreLINE Affordability & Monthly Estimated Rent Table

| Unit Type | AMI | Units | CTCAC Gross Rents |
|--|------------|--------------|------------------------------|
| Studios (Project Based Voucher Units) | 30% | 10 | \$636 |
| Studios (321 to 497 sq. ft.) | 30% | 12 | \$636 |
| Studios (321 to 497 sq. ft.) | 40% | 4 | \$849 |
| Studios (321 to 497 sq. ft.) | 50% | 12 | \$1,061 |
| Subtotal Studio Units | -- | 38 | -- |
| One Bedrooms (Project Based Voucher Units) | 30% | 10 | \$682 |
| One Bedrooms (534 to 616 sq. ft.) | 50% | 13 | \$1,136 |
| Subtotal One Bedroom Units | -- | 23 | -- |
| Two Bedrooms (Project Based Voucher Units) | 30% | 4 | \$818 |
| Two Bedrooms (682 to 819 sq. ft.) | 50% | 2 | \$1,363 |
| Two Bedrooms (682 to 819 sq. ft.) | 60% | 25 | \$1,636 |
| Subtotal Two Bedroom Units | -- | 31 | -- |
| Three Bedrooms (Project Based Units) | 30% | 1 | \$945 |
| Three Bedrooms (828 to 1,039 sq. ft.) | 50% | 12 | \$1,575 |
| Three Bedrooms (828 to 1,039 sq. ft.) | 60% | 19 | \$1,890 |
| Subtotal Three Bedroom Units | -- | 32 | -- |
| Managers' Units | NA | 2 | -- |
| Total Units | -- | 126 | -- |

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action were not included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

Estimated funding sources approved by this action will be as follows:

Tax-exempt Bond Issuance Fees - \$78,710 (.0025 tax-exempt bond issuer fee x \$31,483,880 = \$78,710)

Taxable Bond Issuance Fees - \$61,419 (.0025 tax-exempt bond issuer fee x \$24,567,507 = \$55,000)

Total Bond Issuance Fees = \$140,129

Estimated funding uses approved by this action will be as follows:

Administration Costs – \$140,129

Approval of the bond inducement and TEFRA resolutions do 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 Counsel and Financial Advisor fees.

Development Schedule

The estimated development timeline is as follows.

| Milestones | Estimated Dates |
|---|------------------------|
| Housing Authority consideration of final bond authorization | December 7, 2021 |
| Estimated bond issuance and escrow closing | December 21, 2021 |
| Estimated start of construction work | December 30, 2021 |
| Estimated completion of construction work | November 2023 |

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

ShoreLINE 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, in January 2019 and November 2019, Affirmed presented the ShoreLINE project as an information item to the Navajo Community Planners and was well received with public commenters repeatedly supporting the housing proposal.

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 124 new affordable rental homes for low-income individuals and families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

In May 2015 the City of San Diego Planning Department certified the Final Environmental Impact Report No. 346289/SCH No. 2013111017 and adopted a Mitigation Monitoring and Reporting Program for the Grantville Focused Plan Area. ShoreLINE is located within the Grantville FPA. That Environmental Impact Report was prepared for this area pursuant to the provisions of the California Environmental Quality Act (CEQA), and a Mitigation, Monitoring, and Reporting plan was adopted for this area. In connection with this bond action, an analysis has determined that there is no substantial change in the project or circumstances or new information that would require further additional

environmental review, which determination was made by the Housing Commission. Such analysis by the Housing Commission was done pursuant to the provisions of CEQA Guidelines Section 15162.

National Environmental Policy Act

Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review under NEPA. Final NEPA approval was obtained from the City of San Diego on June 8, 2020.

Respectfully submitted,

Approved by,



Colin Miller
Vice President
Multifamily Housing Finance
Real Estate Division



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Organization Chart
4) Developer's Project Pro forma
5) Multifamily Housing Revenue Bond Program
6) Financial Advisor's Analysis
7) Developer Disclosure Statement

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 |
| 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 with 54 parking spaces plus 12 surface parking spaces |
| Housing Type | Multifamily |
| Lot Size | 1.06 Acres (46,060 square feet) |
| Units | 126 |
| Density | 119 dwelling units per acre (126 units ÷ 1.06 acres) |
| Unit Mix | 38 studios, 23 one-bedroom units, 31 two-bedroom units, 32 three-bedroom units, and 12 two-bedroom plus 1 three-bedroom managers' unrestricted units |
| Gross Building Area | 153,214 square feet |
| Net Rentable Area | 84,667 square feet |
| Commercial/Retail Space | None |
| Project-Based Housing Vouchers | 25 Non-PSH project based vouchers PBV targeted for extremely low- and low-income residents earning between 30 percent to 60 percent of AMI (not for permanent supportive housing for individuals who experienced homelessness). The vouchers are reserved for 10 studios, 10 one-bedroom units, 4 two-bedroom units, and 1 three-bedroom unit. |

Table 2 - Development Team Summary

| ROLE | FIRM/CONTACT |
|----------------|---|
| Developers | Affirmed Housing Group, Inc. |
| Owner/Borrower | Grantville Trolley Family Housing, L.P. |

| | |
|-------------------------------------|---|
| Managing General Partner | Affirmed Housing Group, Inc. |
| Administrative General Partner | AHG Grantville LLC |
| Tax Credit Investor Limited Partner | Boston Financial |
| Architect | Studio E Architects |
| General Contractor | HA Builder Group |
| Property Management | ConAm Management Corp (ConAm) |
| Construction and Permanent Lender | Zions Bancorporation N.A. dba California Bank & Trust |
| Tenant Services Provider | Compass for Affordable Housing |

Table 3 –Estimated Sources and Uses of Financing

| Financing Sources | Amounts | Financing Uses | Amounts | Per Unit |
|----------------------------------|---------------------|-----------------------------------|---------------------|------------------|
| Permanent Loan | \$15,683,021 | Land acquisition: | \$1 | \$0.001 |
| Transit-Oriented Development HCD | 10,000,000 | Construction cost and contingency | 47,556,291 | 377,431 |
| State Tax Credit Equity | 7,767,417 | Financing costs | 3,777,008 | 29,976 |
| 4% Tax Credit Equity | 28,252,988 | Architecture and Engineering | 2,580,500 | 20,480 |
| Deferred Dev. Fee | 1,000,000 | Reserves | 555,000 | 4,405 |
| | | Local permits and fees | 2,086,527 | 16,560 |
| | | Soft costs contingency | 820,528 | 6,512 |
| | | Other soft costs | 1,827,571 | 14,504 |
| | | Developer's fee | 3,500,000 | 27,778 |
| Total Sources | \$62,703,426 | Total Uses | \$62,703,426 | \$497,646 |

Table 4 – Key Performance Indicators

| | | |
|--------------------------------------|---|-----------|
| Development Cost Per Unit | $\$62,703,426 \div 126 \text{ units} =$ | \$497,646 |
| Housing Commission Subsidy Per Unit | \$0 | \$0 |
| Acquisition Cost Per Unit | $\$1 \div 126 \text{ units} =$ | \$0.01 |
| Gross Building Square Foot Hard Cost | $\$47,556,291 \div 153,214 \text{ sq. ft.} =$ | \$310 |
| Net Rentable Square Foot Hard Cost | $\$47,556,291 \div 84,667 \text{ sq. ft.} =$ | \$562 |

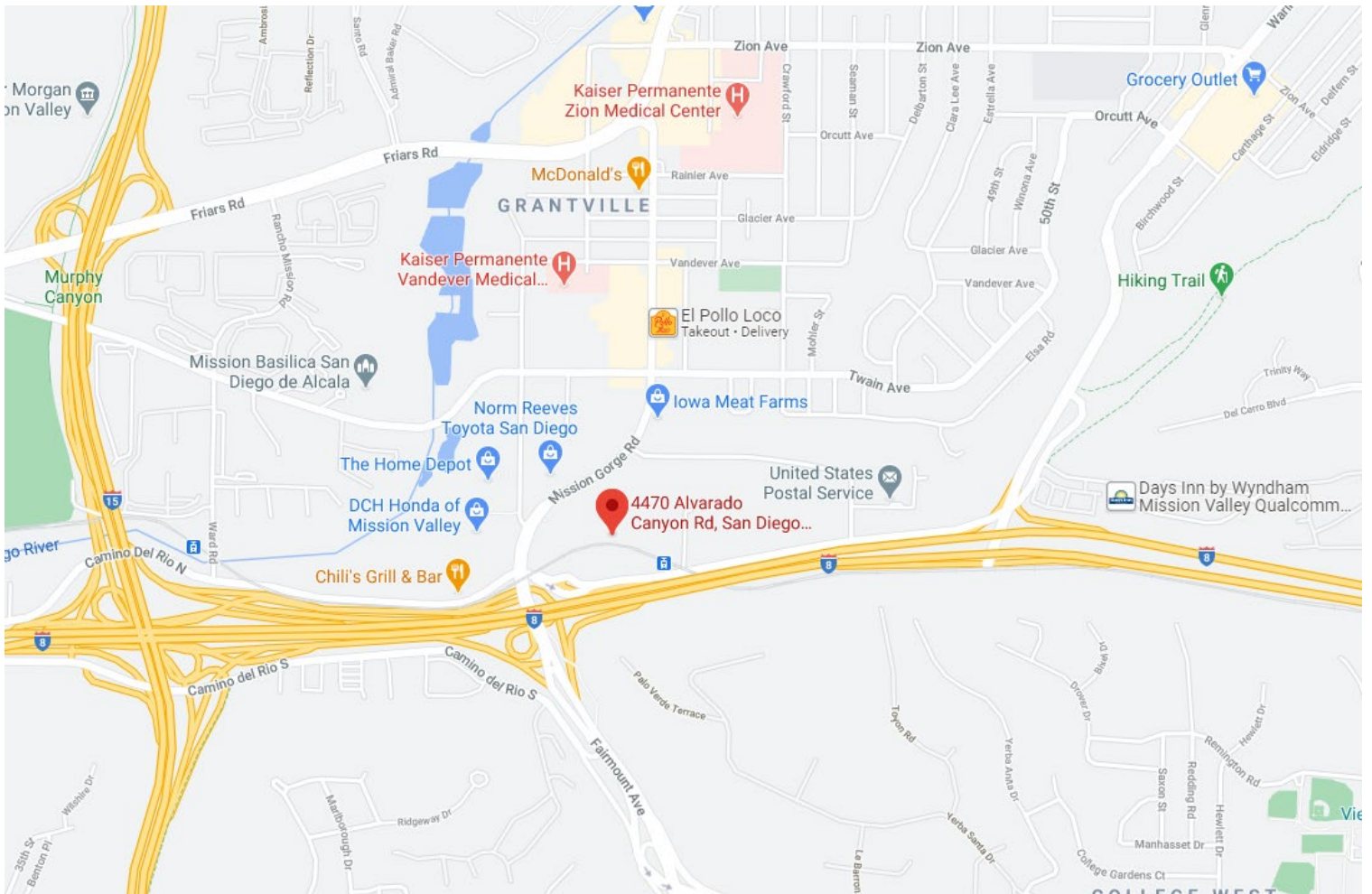
Table 5 – Comparable New Construction Projects

| Development | Year | Unit Mix Construction | Units | Total Development Cost | TDC Cost Per Unit | SDHC Subsidy | Gross Building Hard Cost per Square Foot |
|-------------------------|------|---|-------|--------------------------------|-------------------|--------------|--|
| Subject: – ShoreLINE | 2021 | 38 studios, 23 ones, 31 twos, 32 threes, +2 managers' | 126 | \$62,703,426 (with prev. wage) | \$497,646 | \$0 | \$310 |
| Aquila | 2021 | 24 ones, 77 twos, 77 threes, +2 managers' | 180 | \$81,971,871 (w/o prev. wage) | \$455,399 | \$0 | \$352 |
| Cortez Hill | 2021 | 79 ones, 8 twos, +1 manager's | 88 | \$43,647,979 (with prev. wage) | \$496,000 | \$56,818 | \$526 |
| Southwest Village | 2021 | 20 ones, 29 twos, 21 threes, +1 manager's | 81 | \$40,314,147 (with prev. wage) | \$497,706 | \$0 | \$367 |
| Levant Senior Cottages | 2021 | 108 studios, 18 ones, +1 manager's | 127 | \$51,642,254 (with prev. wage) | \$406,632 | \$47,244 | \$739 |
| Nestor Senior | 2021 | 73 studios, +1 manager's | 74 | \$31,510,305 (with prev. wage) | \$425,815 | \$45,000 | \$363 |

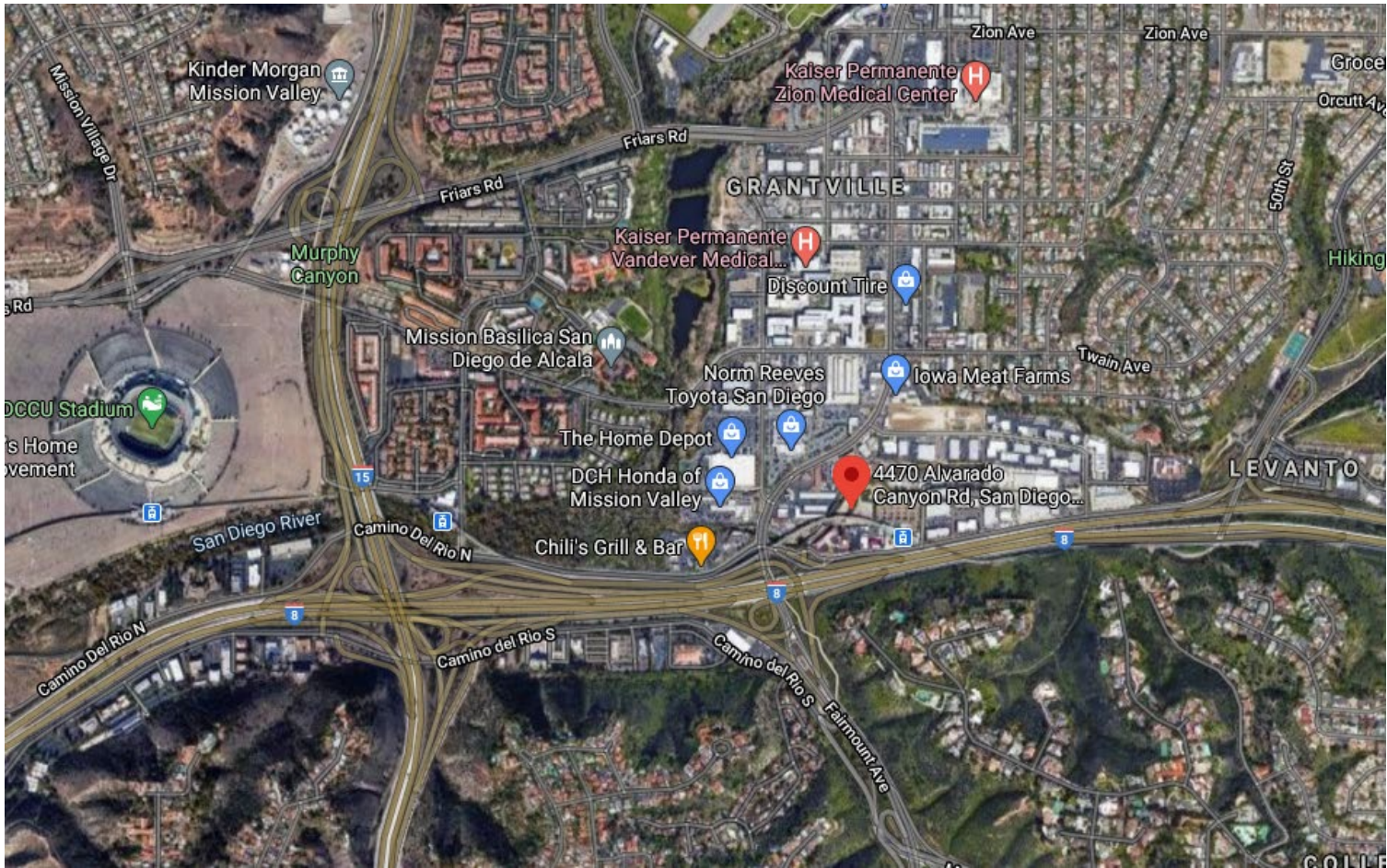
Table 6 – Affordability & Monthly Estimated Rent Table

| Unit Type | AMI | Units | CTCAC Gross Rents |
|--|------------|--------------|------------------------------|
| Studios (Project Based Voucher Units) | 30% | 10 | \$636 |
| Studios (321 to 497 sq. ft.) | 30% | 12 | \$636 |
| Studios (321 to 497 sq. ft.) | 40% | 4 | \$849 |
| Studios (321 to 497 sq. ft.) | 50% | 12 | \$1,061 |
| Subtotal Studio Units | -- | 38 | -- |
| One Bedrooms (Project Based Voucher Units) | 30% | 10 | \$682 |
| One Bedrooms (534 to 616 sq. ft.) | 50% | 13 | \$1,136 |
| Subtotal One Bedroom Units | -- | 23 | -- |
| Two Bedrooms (Project Based Voucher Units) | 30% | 4 | \$818 |
| Two Bedrooms (682 to 819 sq. ft.) | 50% | 2 | \$1,363 |
| Two Bedrooms (682 to 819 sq. ft.) | 60% | 25 | \$1,636 |
| Subtotal Two Bedroom Units | -- | 31 | -- |
| Three Bedrooms (Project Based Units) | 30% | 1 | \$945 |
| Three Bedrooms (828 to 1,039 sq. ft.) | 50% | 12 | \$1,575 |
| Three Bedrooms (828 to 1,039 sq. ft.) | 60% | 19 | \$1,890 |
| Subtotal Three Bedroom Units | -- | 32 | -- |
| Managers' Units | NA | 2 | -- |
| Total Units | -- | 126 | -- |

Attachment 2 – ShoreLINE Apartments Site Map



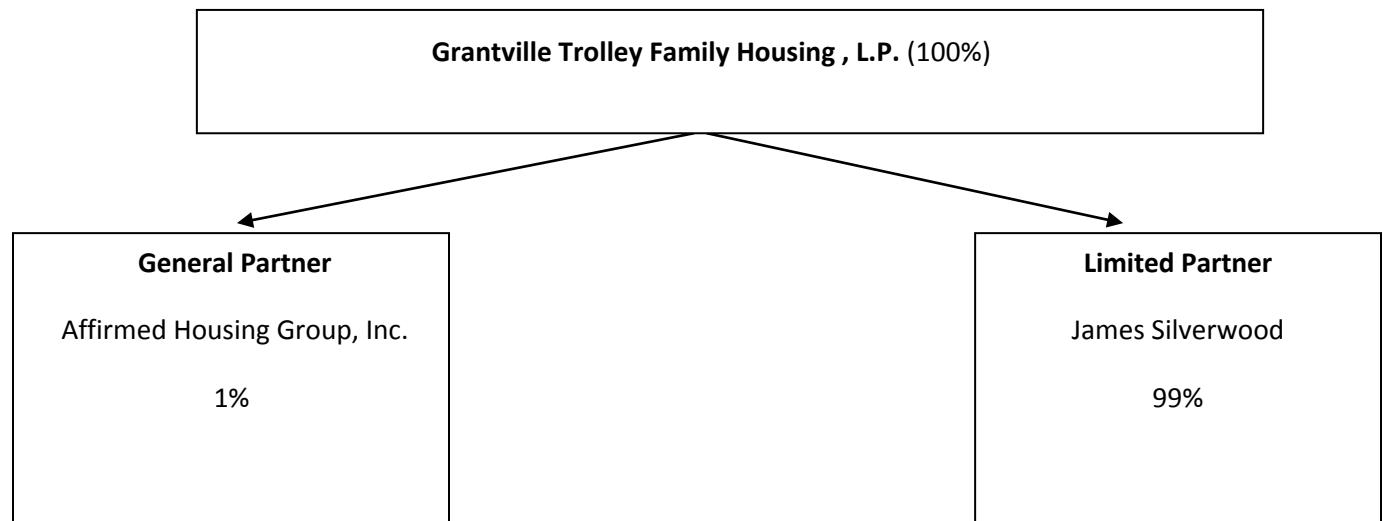
ShoreLINE Apartments Site Map (aerial)



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

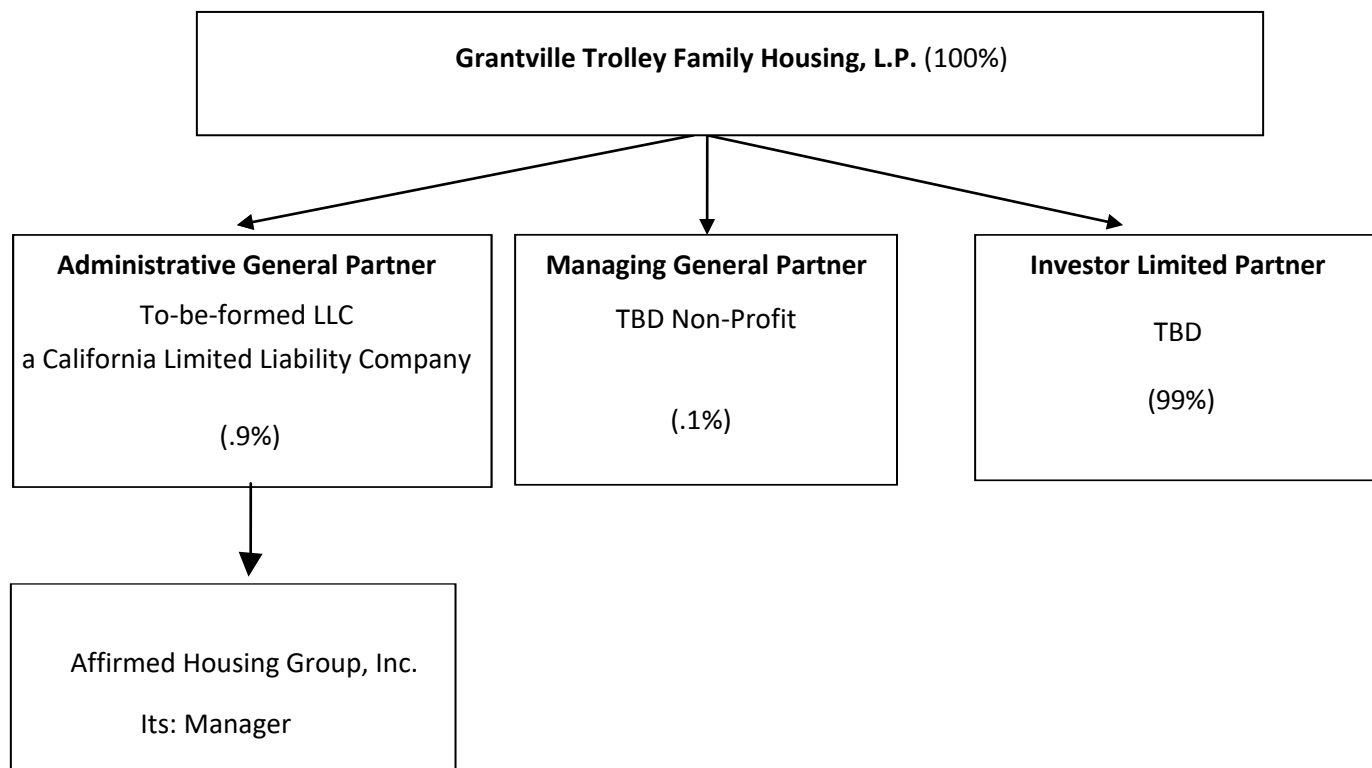
Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor 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.

Attachment 4

ShoreLINE (AKA Grantville Trolley Affordable)

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

126 Large Family Workforce Apartments (30-80% AMI)

5 stories wood frame over 2 stories concrete on sloping grade

4% + State Tax Credits + TOD + MTS Ground Lease + 25 SDHC Regular PBVs

10/21/2021

SOURCES

| Name of Lender/Source | Amount of Funds | Per Unit | % |
|------------------------------------|----------------------|----------------|---------------|
| Conventional Permanent Loan | \$ 15,683,021 | 124,468 | 25.0% |
| Transit Oriented Development (HCD) | \$ 10,000,000 | 79,365 | 15.9% |
| Deferred Developer Fee | \$ 1,000,000 | 7,937 | 1.6% |
| Federal Tax Credit Equity | \$ 28,252,988 | 224,230 | 45.1% |
| State Tax Credit Equity | \$ 7,767,417 | 61,646 | 12.4% |
| TOTAL SOURCES | \$ 62,703,426 | 497,646 | 100.0% |

USES

| | | | |
|-------------------------------------|----------------------|----------------|---------------|
| Total New Construction Costs | \$ 42,843,507 | 340,028 | 68.3% |
| Hard Cost Subtotal | \$ 42,843,507 | 340,028 | 68.3% |
| Construction Contingency | \$ 4,712,785 | 37,403 | 7.5% |
| Architecture & Engineering | \$ 2,580,500 | 20,480 | 4.1% |
| Construction Interest & Fees | \$ 2,545,950 | 20,206 | 4.1% |
| Capitalized Reserves | \$ 475,000 | 3,770 | 0.8% |
| Taxes & Insurance | \$ 430,000 | 3,413 | 0.7% |
| Cost of Issuance | \$ 300,000 | 2,381 | 0.5% |
| Construction Services | \$ 100,000 | 794 | 0.2% |
| Escrow & Title | \$ 80,000 | 635 | 0.1% |
| Legal Fees | \$ 309,999 | 2,460 | 0.5% |
| Devel Impact Fees & Permits | \$ 2,086,527 | 16,560 | 3.3% |
| Tax Credit Fees | \$ 138,630 | 1,100 | 0.2% |
| Misc. Soft Costs | \$ 1,780,000 | 14,127 | 2.8% |
| Soft Cost subtotal | \$ 10,826,606 | 85,925 | 17.3% |
| Soft Cost Contingency | \$ 820,528 | 6,512 | 1.3% |
| Developer Fee | \$ 3,500,000 | 27,778 | 5.6% |
| TOTAL USES | \$ 62,703,426 | 497,646 | 100.0% |

FINANCING ASSUMPTIONS

| | |
|-------------------------------------|--------------|
| Permanent Loan Amount | \$15,683,021 |
| Permanent Loan Interest Rate | 3.75% |
| Permanent Loan Term (yr.) | 18 |
| Permanent Loan Amort (yr.) | 35 |
| Net Operating Income | \$1,018,024 |
| Debt Service | \$847,301 |
| Debt Coverage Ratio | 1.20 |
| Tax Exempt Construction Loan Amount | \$31,483,880 |
| Construction Loan Interest Rate | 2.85% |
| Construction Loan Term (mo.) | 29 |
| Loan to Value | 50.21% |
| Taxable Construction Loan Amount | \$24,567,507 |
| Taxable Loan Interest Rate | 2.85% |

INCOME

| Type | Qty. | %AMI | Net Income | Total Income |
|----------------------------------|------------|------|------------|---------------------|
| Studio-PBV | 10 | 30% | \$ 1,453 | \$ 14,530 |
| Studio | 12 | 30% | \$ 604 | \$ 7,248 |
| Studio | 4 | 40% | \$ 817 | \$ 3,268 |
| Studio | 12 | 50% | \$ 1,029 | \$ 12,348 |
| 1BR-PBV | 10 | 30% | \$ 1,610 | \$ 16,100 |
| 1BR | 13 | 50% | \$ 1,095 | \$ 14,235 |
| 2BR-PBV | 4 | 30% | \$ 2,091 | \$ 8,364 |
| 2BR | 2 | 50% | \$ 1,314 | \$ 2,628 |
| 2BR | 25 | 60% | \$ 1,587 | \$ 39,675 |
| 3BR-PBV | 1 | 30% | \$ 2,869 | \$ 2,869 |
| 3BR | 12 | 50% | \$ 1,521 | \$ 18,252 |
| 3BR | 19 | 60% | \$ 1,836 | \$ 34,884 |
| 2BR MGR | 1 | | \$ - | \$ - |
| 3BR MGR | 1 | | \$ - | \$ - |
| TOTAL | 126 | | | \$ 174,401 |
| Annual Residential Income | | | | \$ 1,799,220 |
| Excess PBV Income | | | | \$ 293,592 |
| Other Income | | | | \$ 13,392 |
| Total Gross Annual Income | | | | \$ 2,106,204 |
| Vacancy @ 5.0% | | | | \$ (104,641) |
| TOTAL NET ANNUAL INCOME | | | | \$ 2,001,563 |

EXPENSES

| | | |
|--------------------------------|-----------------|-------------------|
| Administrative | \$ 1,095 | \$ 138,000 |
| Management | \$ 905 | \$ 114,089 |
| Utilities | \$ 1,190 | \$ 150,000 |
| Payroll | \$ 1,371 | \$ 172,750 |
| Total Insurance: | \$ 278 | \$ 35,000 |
| Maintenance | \$ 1,444 | \$ 182,000 |
| Other: Agency Monitoring Fees | \$ - | \$ - |
| Subtotal | \$ 6,284 | \$ 791,839 |
| Resident Services | \$ 492 | \$ 62,000 |
| Replacement Reserves | \$ 500 | \$ 63,000 |
| Real Estate Taxes | \$ 206 | \$ 26,000 |
| Other: Misc state & local fees | \$ 148 | \$ 18,600 |
| Other: Issuer fee | \$ 175 | \$ 22,100 |
| ANNUAL EXPENSES | \$ | 983,539 |

TAX CREDIT ASSUMPTIONS

| | |
|-------------------------------|-------------|
| 9% Tie Breaker Score | N/A |
| Federal Tax Credits Requested | \$3,101,997 |
| Federal Tax Credit Pricing | \$0.92 |
| State Tax Credits Requested | 10,590,970 |
| State Tax Credit Pricing | \$0.76 |
| LP Interest | 99.00% |
| Applicable Rate - 9% | N/A |
| Applicable Rate - 4% FLOOR | 4.00% |
| 50% Test | 52.78% |

CONSTRUCTION & PERMANENT FINANCING
ShoreLINE (AKA Grantville Trolley Affordable)

| Construction Financing | | | | |
|-------------------------------------|----------------------|----------------------|------------------------|---------------------|
| <i>Name of Lender/Source</i> | <i>Term (months)</i> | <i>Interest Rate</i> | <i>Amount of Funds</i> | <i>Int. Reserve</i> |
| Tax Exempt Construction Loan | 29 | 2.85% | 31,483,880 | 2,115,000 |
| Tax Credit Equity (Fed+State) | | | 9,005,101 | |
| Taxable Construction Loan | 29 | 2.85% | 24,567,507 | 790,000 |
| | | | | |
| | | | | |
| Deferred Costs | | | 2,418,000 | |
| Paydown of Construction Loan | | | (4,768,062) | |
| | | | | |
| | | | | |
| Total Funds for Construction | | | 62,706,426 | |

| Permanent Financing | | | | |
|---------------------------------------|----------------------|----------------------|------------------------|---------------------|
| <i>Name of Lender/Source</i> | <i>Term (months)</i> | <i>Interest Rate</i> | <i>Amount of Funds</i> | <i>Debt Service</i> |
| Conventional Permanent Loan | 216 | 3.75% | 15,683,021 | 805,301 |
| Transit Oriented Development (HCD) | 360 | 0.42% | 10,000,000 | 42,000 |
| | | | | |
| | | | - | |
| | | | | |
| Deferred Developer Fee | | | 1,000,000 | |
| | | | | |
| | | | | |
| | | | | |
| Total Permanent Financing | | | 26,683,021.002 | |
| Federal Tax Credit Equity | | | 28,252,988 | |
| State Tax Credit Equity | | | 7,767,417 | |
| Total Sources of Project Funds | | | 62,703,426 | |

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 | | | | | | | | | | | | |
| Ground Lease | 1 | 1 | - | - | - | - | - | - | - | - | | |
| Land Carry Cost + Misc. Fees | - | - | - | - | - | - | - | - | - | - | | |
| Land Carry Cost | - | - | - | - | - | - | - | - | - | - | | |
| Total Land Cost or Value | 1 | 1 | - | | | | | | | | | |
| Existing Improvements Value | - | - | - | - | - | - | - | - | - | - | | - |
| Off-Site Improvements: | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Acquisition Cost | - | - | - | | | | | | | | - | - |
| Total Land Cost / Acquisition Cost | 1 | 1 | - | | | | | | | | - | - |
| 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 | 33,791,586 | 33,791,586 | - | - | - | - | - | - | - | - | 33,791,586 | - |
| General Requirements | 1,750,000 | 1,750,000 | - | - | - | - | - | - | - | - | 1,750,000 | - |
| Contractor Overhead | 1,750,000 | 1,750,000 | - | - | - | - | - | - | - | - | 1,750,000 | - |
| Contractor Profit | 1,500,000 | 1,500,000 | - | - | - | - | - | - | - | - | 1,500,000 | - |
| Solar PV | 350,000 | 350,000 | - | - | - | - | - | - | - | - | 350,000 | - |
| 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 | 42,843,506 | 42,843,506 | - | | | | | | | | 42,843,506 | - |

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 | 1,225,000 | 1,225,000 | - | - | - | - | - | - | - | - | 1,225,000 | - |
| Origination Fee | 365,950 | 365,950 | - | - | - | - | - | - | - | - | 365,950 | - |
| Cost of Issuance | 300,000 | 300,000 | - | - | - | - | - | - | - | - | | - |
| 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 | 790,000 | 790,000 | - | - | - | - | - | - | - | - | 124,000 | |
| Total Const. Interest & Fees | 3,490,950 | 3,490,950 | - | | | | | | | | 2,524,950 | - |

| | | | | | | | | | | | | | |
|-------------------------------------|----------------|----------------|---|---|---|---|---|---|---|---|---------------|---|--|
| PERMANENT FINANCING | | | | | | | | | | | | | |
| Loan Origination Fee | - | - | - | - | - | - | - | - | - | - | | | |
| Credit Enhancement/Application Fee | - | - | - | - | - | - | - | - | - | - | | | |
| Title and Recording | - | - | - | - | - | - | - | - | - | - | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | | | |
| Insurance | - | - | - | - | - | - | - | - | - | - | | | |
| Other: Conversion fee CBT | 65,000 | 65,000 | - | - | - | - | - | - | - | - | | | |
| Other: Interest Prior to Conversion | 890,000 | 890,000 | - | - | - | - | - | - | - | - | | | |
| Total Perm. Financing Costs | 955,000 | 955,000 | - | - | - | - | - | - | - | - | | | |
| LEGAL FEES | | | | | | | | | | | | | |
| Lender Legal Pd. by Applicant | 150,000 | 150,000 | - | - | - | - | - | - | - | - | 65,000 | - | |
| Other : Partnership & Transaction | 160,000 | 160,000 | - | - | - | - | - | - | - | - | 10,000 | - | |
| Total Attorney Costs | 309,999 | 309,999 | - | - | - | - | - | - | - | - | 75,000 | - | |
| RESERVES | | | | | | | | | | | | | |
| Rent Reserves | - | - | - | - | - | - | - | - | - | - | | | |
| Capitalized Operating Reserve | - | - | - | - | - | - | - | - | - | - | | | |
| *3- Month Operating Reserve | 475,000 | 475,000 | - | - | - | - | - | - | - | - | | | |
| Other: (Specify) | - | - | - | - | - | - | - | - | - | - | | | |
| Total Reserve Costs | 475,000 | 475,000 | - | - | - | - | - | - | - | - | | | |

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 | 4,712,785 | 4,712,785 | - | | | | | | | | 4,712,785 | - |
| OTHER PROJECT COSTS | | | | | | | | | | | | |
| CDLAC/TCAC App/Allocation/Monitoring | 138,630 | 138,630 | - | - | - | - | - | - | - | - | | |
| Environmental Audit | 50,000 | 50,000 | - | - | - | - | - | - | - | - | 50,000 | - |
| Local Dev. Impact Fees | 1,856,000 | 1,856,000 | - | - | - | - | - | - | - | - | 1,856,000 | - |
| Permit Processing Fees | 230,527 | 230,527 | - | - | - | - | - | - | - | - | 230,527 | - |
| Marketing | 30,000 | 30,000 | - | - | - | - | - | - | - | - | | |
| Furnishings, Fixtures, Equipment | 378,000 | 378,000 | - | - | - | - | - | - | - | - | 378,000 | - |
| Market Study | 12,000 | 12,000 | - | - | - | - | - | - | - | - | 12,000 | - |
| Accounting/Reimbursables | 60,000 | 60,000 | - | - | - | - | - | - | - | - | 60,000 | - |
| Soft Cost Contingency | 820,528 | 820,528 | - | - | - | - | - | - | - | - | 820,528 | - |
| Lease-Up Costs | 75,000 | 75,000 | - | - | - | - | - | - | - | - | | - |
| Other: Financial Consulting | | - | - | - | - | - | - | - | - | - | | - |
| Other: MTS Agency Deposits | 100,000 | 100,000 | - | - | - | - | - | - | - | - | | - |
| Other: SDHC underwriting & AM fee | 75,000 | 75,000 | - | - | - | - | - | - | - | - | | - |
| Total Other Costs | 3,825,685 | 3,825,685 | - | | | | | | | | 3,407,055 | - |
| SUBTOTAL PROJECT COST | 59,203,426 | 59,203,426 | - | - | - | - | - | - | - | - | 56,153,796 | - |
| | Total Project Cost | Total Residential | Total Commercial | Subtotal Eligible Basis | | | | | | | 56,153,796 | - |
| 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 | 62,703,426 | 62,703,426 | - | | | | | | | | 59,653,796 | - |
| Bridge Loan Expense During Construction | | | | | | | | | | | - | - |
| Total Eligible Basis | | | | | | | | | | | 59,653,796 | - |

ELIGIBLE AND QUALIFIED BASIS
ShoreLINE (AKA Grantville Trolley Affordable)

| | 70% PVC for New Construction/ Rehabilitation | 30% PVC for Acquisition |
|--|---|------------------------------------|
| Total Eligible Basis: | 59,653,796 | - |
| 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: | 59,653,796 | - |
| Total Adjusted Threshold Basis Limit | | 107,366,618 |
| *Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment: | 130% | 100% |
| Total Adjusted Eligible Basis: | 77,549,935 | - |
| Applicable Fraction: | 100% | 100% |
| Qualified Basis | 77,549,935 | - |
| Total Qualified Basis | | 77,549,935 |
| **Total Credit Reduction: | - | - |
| Total Adjusted Qualified Basis: | | 77,549,935 |

0%

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

**to be calculated in "Points System"

BASIS AND CREDITS
ShoreLINE (AKA Grantville Trolley Affordable)

| | New Construction /Rehabilitation | Acquisition |
|---|-------------------------------------|-------------|
| Adjusted Qualified Basis, After Credit Reduction: | 77,549,935.00 | - |
| *Applicable Percentage: | 4.00% | 3.27% |
| Subtotal Annual Federal Credit: | 3,101,997.40 | - |
| Total Combined Annual Federal Credit: | 3,101,997.40 <--- \$2.5M Max | |

Determination of Minimum Federal Credit Necessary For Feasibility

| | | | |
|---|---------------|--------|----------------|
| Total Project Cost | 62,703,426.40 | | |
| Permanent Financing | 26,683,021.00 | | |
| Funding Gap | 36,020,405.40 | 0.920 | Equity Pricing |
| Federal Tax Credit Factor ** | 0.91 | 99.00% | LP Interest |
| Total Credits Necessary for Feasibility | 39,548,095.00 | | |
| Annual Federal Credit Necessary for Feasibility | 3,954,809.50 | | |
| Maximum Annual Federal Credits | 3,101,997.00 | | |
| Equity Raised From Federal Credit | 28,252,988.00 | | |
| Remaining Funding Gap | 7,767,417.00 | | |

BASIS AND CREDITS: STATE

Determination of State Credit

| | NC/Rehab | Acquisition |
|--------------------------|------------|-------------|
| Adjusted Qualified Basis | 59,653,796 | - |

| | | |
|----------------------------|------------|-----|
| Factor Amount * | 30% | 13% |
| Maximum Total State Credit | 17,896,139 | 0 |

Determination of Minimum State Credit Necessary for Feasibility

| | | | |
|--|------------|----------------------------|----------------|
| State Tax Credit Factor ** | 0.7334 | 0.760 | Equity Pricing |
| Maximum Total State Credit | 17,896,139 | 96.50% | LP Interest |
| State Credit Necessary for Feasibility | 10,590,970 | fixed per state credit app | |
| Equity Raised from State Credit | 7,767,417 | | |
| Remaining Funding Gap | (0) | | |

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 Mediam Income | PBVs Rents | PBV Add Mo. Rent Above TCAC | Total Add. Mo. Rents |
|-------------------------|-------------------|---|--|-------------------------------------|--|--------------------------------------|------------------|---|----------------------------|
| Studio-PBV | 10 | \$ 636 | \$ 6,360 | \$ - | \$ 636 | 30% | \$ 1,453 | \$ 817 | \$ 8,170 |
| Studio | 12 | \$ 604 | \$ 7,248 | \$ 32 | \$ 636 | 30% | \$ - | \$ - | \$ - |
| Studio | 4 | \$ 817 | \$ 3,268 | \$ 32 | \$ 849 | 40% | \$ - | \$ - | \$ - |
| Studio | 12 | \$ 1,029 | \$ 12,348 | \$ 32 | \$ 1,061 | 50% | \$ - | \$ - | \$ - |
| 1BR-PBV | 10 | \$ 682 | \$ 6,820 | \$ - | \$ 682 | 30% | \$ 1,610 | \$ 928 | \$ 9,280 |
| 1BR | 13 | \$ 1,095 | \$ 14,235 | \$ 41 | \$ 1,136 | 50% | \$ - | \$ - | \$ - |
| 2BR-PBV | 4 | \$ 818 | \$ 3,272 | \$ - | \$ 818 | 30% | \$ 2,091 | \$ 1,273 | \$ 5,092 |
| 2BR | 2 | \$ 1,314 | \$ 2,628 | \$ 49 | \$ 1,363 | 50% | \$ - | \$ - | \$ - |
| 2BR | 25 | \$ 1,587 | \$ 39,675 | \$ 49 | \$ 1,636 | 60% | \$ - | \$ - | \$ - |
| 3BR-PBV | 1 | \$ 945 | \$ 945 | \$ - | \$ 945 | 30% | \$ 2,869 | \$ 1,924 | \$ 1,924 |
| 3BR | 12 | \$ 1,521 | \$ 18,252 | \$ 54 | \$ 1,575 | 50% | \$ - | \$ - | \$ - |
| 3BR | 19 | \$ 1,836 | \$ 34,884 | \$ 54 | \$ 1,890 | 60% | \$ - | \$ - | \$ - |
| 2BR MGR | 1 | \$ - | \$ - | \$ - | \$ - | MKT | \$ - | \$ - | \$ - |
| 3BR MGR | 1 | \$ - | \$ - | \$ - | \$ - | MKT | \$ - | \$ - | \$ - |
| Affordable Units | 124 | Total Rent | \$ 149,935 | | | | Total Tranche B: | | \$ 24,466 |

| | |
|--|--------------|
| Aggregate Monthly Rents for All Units: | \$ 149,935 |
| Aggregate Annual Rents for All Units: | \$ 1,799,220 |

| | |
|-------------------|----------|
| Avg Affordability | 47.2581% |
|-------------------|----------|

| | |
|---------------|----|
| 80% AMI Units | 0% |
|---------------|----|

| Per Plans | |
|-----------|-----|
| Studio | 38 |
| 1BR | 23 |
| 2BR | 32 |
| 3BR | 33 |
| | 126 |

| | |
|--------------------------------------|-----|
| Total Affordable Plus Manager Units: | 126 |
|--------------------------------------|-----|

Annual Income from Laundry Facilities \$ 13,392 9.00 per unit per month

Annual Income from Vending Machines -

Annual Interest Income -

Other Annual Income (Specify) -

Total Miscellaneous Income: \$ 13,392

Total Annual Potential Gross Income: \$ 1,812,612

Excess PBV Income \$ 293,592

Total Gross Annual Income \$ 2,106,204

| Utility Allowances | | | | | |
|--------------------|--------|-------|-------|------|------|
| | Studio | 1 BR | 2 BR | 3 BR | 4 BR |
| Space Heating: | 0.51 | 0.87 | 1.11 | 1 | - |
| Water Heating: | - | - | - | - | - |
| Cooking: | 7.12 | 8.50 | 9.85 | 11 | - |
| Lighting: | 3.81 | 5.83 | 6.49 | 7 | - |
| Electricity: | 16.36 | 21.73 | 25.26 | 29 | - |
| Water:* | - | - | - | - | - |
| AC | 3.28 | 3.94 | 5.78 | 6 | - |
| City's Fee | - | - | - | - | - |
| Total: | 32 | 41 | 49 | 54 | - |

*Owner paid utilities

ANNUAL RESIDENTIAL OPERATING EXPENSES
ShoreLINE (AKA Grantville Trolley Affordable)

| | | |
|--------------------------------|-------------------------------------|----------------|
| | | Per Unit |
| Administrative | Advertising: | 8,000 |
| | Legal: | 12,000 |
| | Accounting/Audit: | 13,000 |
| | Security: | 70,000 |
| | General Office Costs: | 35,000 |
| | Total Administrative: | 138,000 |
| | | |
| Management | Total Management Fee: | 114,089 |
| | | |
| Utilities | Fuel: | - |
| | Gas: | 20,000 |
| | Electricity: | 45,000 |
| | Water/Sewer: | 85,000 |
| | Total Utilities: | 150,000 |
| | | |
| Payroll / Payroll Taxes | On-site Manager(s): | 85,000 |
| | Maintenance Personnel: | 53,200 |
| | Other: Payroll Burden/Taxes | 34,550 |
| | Total Payroll/Payroll Taxes: | 172,750 |
| | Total Insurance: | 35,000 |
| | | |
| Maintenance | Painting: | 30,000 |
| | Repairs: | 25,000 |
| | Trash Removal: | 25,000 |
| | Exterminating: | 15,000 |
| | Grounds: | 50,000 |
| | Other: Fire Alarm Monitoring | 12,000 |
| | Other: Elevator | 25,000 |
| | Total Maintenance: | 182,000 |
| | | |
| Other Expenses | Other: | - |
| | Other: | - |
| | Other: | - |
| | Other: | - |
| | Other: | - |
| | Total Other: | 0 |

Total Expenses

| | |
|---|----------------|
| Total Annual Residential Operating Expenses: | 791,839 |
| Total Number of Units in the Project: | 126 |
| Total Annual Operating Expenses Per Unit: | 6,284 |
| Total 3-Month Operating Reserve: | 475,000 |
| Total Annual Internet Expense (site amenity election): | - |
| Total Annual Service Amenities Budget (from project expenses): | 62,000 |
| Total Annual Reserve for Replacement: | 63,000 |
| Total Annual Real Estate Taxes: | 26,000 |
| Other: Misc state & local fees | 18,600 |
| Other: Issuer fee | 22,100 |
| TOTAL: | 983,539 |

5,600 min per unit
580,000

492 per unit
500 per unit

150

7,806 per unit
650 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: | - |

Borrower: TBD
Project Name: ShoreLINE (AKA Grantville Trolley Affordable)
Proforma Type: 126 Large Family Workforce Apartments (30-80% AMI)
Location: Exact address TBD: 4470 Alvarado Canyon Road, San Diego, CA 92120

Prescribed 50% Test Figure **52.8%**

PROJECTED CONSTRUCTION LOAN: \$ **31,483,880**
 LOAN-TO-VALUE: **50.21%**
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN \$ **24,567,507**
 Taxable Interest Rate Construction 2.85%

Loan Closing Date 1/15/2022
 Construction Schedule (# mo) 21
 Lease Up Schedule (# mo) 5
 Conversion Schedule (# mo) 31

| Month | Equity | Dev Fee | Description |
|-------|--------|---------|-------------------------|
| 1 | 5% | 35% | Loan Closing |
| 14 | 5% | 5% | 50% Completion |
| 21 | 0% | 0% | Construction Completion |
| 25 | 15% | 25% | Final Payment |
| 26 | 0% | 0% | 100% Occupancy |
| 31 | 75% | 30% | Conversion to Perm |
| 32 | 1% | 5% | 8609 |
| 33 | 0% | 0% | Operations |

| | Total Budget | Loan Closing | | | | | | | | | | | | | | 50% Completion |
|--|-------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | |
| | | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | |
| CONSTRUCTION USES: | | | | | | | | | | | | | | | | |
| Total Land Cost / Acquisition Cost | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Costs | 42,843,506 | 0 | 856,870 | 1,285,305 | 1,285,305 | 1,285,305 | 1,285,305 | 1,713,740 | 1,713,740 | 1,713,740 | 1,713,740 | 1,713,740 | 2,142,175 | 2,142,175 | 2,142,175 | 2,142,175 |
| Constr. Contingency @ 11.0% | 4,712,785 | 0 | 94,256 | 141,384 | 141,384 | 141,384 | 141,384 | 188,511 | 188,511 | 188,511 | 188,511 | 188,511 | 235,639 | 235,639 | 235,639 | 235,639 |
| Total Architectural Costs | 1,630,500 | 1,304,400 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 |
| Total Survey and Engineering | 950,000 | 760,000 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 |
| Construction Loan Interest | 1,225,000 | 0 | 12,834 | 15,333 | 18,984 | 22,644 | 26,313 | 29,990 | 34,822 | 39,665 | 44,520 | 49,386 | 54,264 | 60,300 | 66,349 | 66,349 |
| Origination Fee | 365,950 | 300,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cost of Issuance | 300,000 | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxes | 30,000 | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance | 400,000 | 400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title and Recording | 80,000 | 80,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Service Fees (Bank) | 100,000 | 20,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Other: Const Mgmt & Deputy Services | 200,000 | 0 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 |
| Other: Conversion fee CBT | 65,000 | 65,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: Taxable Construction Loan Interest | 790,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: Interest Prior to Conversion | 890,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lender Legal Pd. by Applicant | 150,000 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other : Partnership & Transaction | 160,000 | 160,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reserve Costs | 475,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Appraisal | 10,000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CDLAC/TCAC App/Allocation/Monitoring | 138,630 | 138,630 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Environmental Audit | 50,000 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Dev. Impact Fees & Permit Processing Fee | 2,086,527 | 2,086,527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market Study/Marketing/FF&E/Misc. | 420,000 | 420,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounting/Reimbursables | 60,000 | 60,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Soft Cost Contingency | 820,528 | 123,079 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 |
| Lease-Up Costs | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: MTS Agency Deposits | 100,000 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: SDHC underwriting & AM fee | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Developer Overhead/Profit - Paid | 2,500,000 | 875,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 125,000 |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BUDGET | 62,703,426 | 7,130,587 | 1,038,161 | 1,516,223 | 1,519,874 | 1,523,534 | 1,527,203 | 2,006,443 | 2,011,275 | 2,016,118 | 2,020,973 | 2,025,839 | 2,506,280 | 2,512,315 | 2,643,365 | |
| Compared to Development Budget Tab | BALANCED | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|--|-------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| SOURCES: | | | | | | | | | | | | | | | | |
| Conventional Permanent Loan | 15,683,021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Construction Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transit Oriented Development (HCD) | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Tax Credit Equity | 28,252,988 | 1,412,649 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,412,649 |
| State Tax Credit Equity | 7,767,417 | 388,371 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 388,371 |
| Total Monthly Sources | 62,703,426 | 1,801,020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,801,020 |
| Compared to Uses on this tab | BALANCED | | | | | | | | | | | | | | | |
| LOAN BALANCE: | | | | | | | | | | | | | | | | |
| Cumulative Monthly Constr. Loan Balance - Tax-Exempt | | 5,329,566 | 6,367,727 | 7,883,950 | 9,403,825 | 10,927,359 | 12,454,562 | 14,461,005 | 16,472,280 | 18,488,398 | 20,509,371 | 22,535,210 | 25,041,490 | 27,553,805 | 28,396,150 | |
| Cumulative Monthly Constr. Loan Balance - Taxable | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

Borrower: TBD
Project Name: ShoreLINE (AKA Grantville Trolley Affordable
Proforma Type: 126 Large Family Workforce Apartments
Location: (30-80% AMI)
 Exact address TBD: 4470 Alvarado Canyon F

Prescribed 50% Test Figure 52.8%

PROJECTED CONSTRUCTION LOAN: \$ 31,493,880
 LOAN-TO-VALUE: 50.21%
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN: \$ 24,567,507
 Taxable Interest Rate Construction 2.85%

| | | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
|--|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|
| | | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 |
| CONSTRUCTION USES: | Total Budget | | | | | | | | | | | | | |
| Total Land Cost / Acquisition Cost | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Costs | 42,843,506 | 2,142,175 | 2,570,610 | 2,570,610 | 2,570,610 | 2,570,610 | 2,999,045 | 2,999,045 | 3,427,480 | 0 | 0 | 0 | 0 | 0 |
| Constr. Contingency @ 11.0% | 4,712,785 | 235,639 | 282,767 | 282,767 | 282,767 | 282,767 | 329,895 | 329,895 | 377,023 | 0 | 0 | 0 | 0 | 0 |
| Total Architectural Costs | 1,630,500 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 16,305 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Survey and Engineering | 950,000 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Interest | 1,225,000 | 68,378 | 72,029 | 72,203 | 72,377 | 72,551 | 72,726 | 72,901 | 0 | 0 | 0 | 0 | 0 | 0 |
| Origination Fee | 365,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cost of Issuance | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxes | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance | 400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title and Recording | 80,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Service Fees (Bank) | 100,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: Const Mgmt & Deputy Services | 200,000 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 0 | 0 | 0 | 0 | 0 |
| Other: Conversion fee CBT | 65,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: Taxable Construction Loan Interest | 790,000 | 0 | 2,417 | 9,473 | 16,545 | 23,635 | 31,184 | 39,897 | 48,188 | 57,668 | 57,807 | 57,947 | 46,605 | 46,717 |
| Other: Interest Prior to Conversion | 890,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 73,076 | 73,252 | 73,429 | 73,605 | 73,783 | 73,960 |
| Lender Legal Pd. by Applicant | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other : Partnership & Transaction | 160,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reserve Costs | 475,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Appraisal | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CDLAC/TCAC App/Allocation/Monitoring | 138,630 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Environmental Audit | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Dev. Impact Fees & Permit Processing Fee | 2,086,527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market Study/Marketing/FF&E/Misc. | 420,000 | 0 | 0 | 0 | 0 | 184,000 | 184,000 | 0 | 0 | 0 | 0 | 10,000 | 0 | 0 |
| Accounting/Reimbursables | 60,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Soft Cost Contingency | 820,528 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 34,872 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease-Up Costs | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75,000 | 0 | 0 | 0 | 0 | 0 |
| Other: MTS Agency Deposits | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: SDHC underwriting & AM fee | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Developer Overhead/Profit - Paid | 2,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 625,000 | 0 | 0 |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BUDGET | 62,703,426 | 2,520,393 | 3,002,025 | 3,009,254 | 3,016,500 | 3,207,764 | 3,691,051 | 3,515,939 | 4,010,291 | 130,921 | 131,236 | 766,552 | 120,387 | 120,677 |
| Compared to Development Budget Tab | BALANCED | | | | | | | | | | | | | |

SOURCES:

| | | | | | | | | | | | | | | |
|--|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|
| Conventional Permanent Loan | 15,683,021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Construction Loan | 0 | 1,003,881 | 2,929,996 | 2,937,051 | 2,944,124 | 3,135,213 | 3,618,326 | 3,443,039 | 3,937,215 | 57,668 | 57,807 | (4,768,061) | 46,605 | 46,717 |
| Transit Oriented Development (HCD) | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Tax Credit Equity | 28,252,988 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,237,948 | 0 | 0 |
| State Tax Credit Equity | 7,767,417 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,165,113 | 0 | 0 |
| Total Monthly Sources | 62,703,426 | 1,003,881 | 2,929,996 | 2,937,051 | 2,944,124 | 3,135,213 | 3,618,326 | 3,443,039 | 3,937,215 | 57,668 | 57,807 | 635,000 | 46,605 | 46,717 |
| Compared to Uses on this tab | BALANCED | | | | | | | | | | | | | |
| LOAN BALANCE: | | | | | | | | | | | | | | |
| Cumulative Monthly Constr. Loan Balance - Tax-Exempt | | 29,912,663 | 29,984,692 | 30,056,895 | 30,129,271 | 30,201,822 | 30,274,548 | 30,347,448 | 30,420,525 | 30,493,777 | 30,567,205 | 30,640,811 | 30,714,594 | 30,788,554 |
| Cumulative Monthly Constr. Loan Balance - Taxable | | 1,003,881 | 3,933,877 | 6,870,928 | 9,815,052 | 12,950,265 | 16,568,591 | 20,011,629 | 23,948,844 | 24,006,513 | 24,064,320 | 19,354,206 | 19,400,810 | 19,447,527 |

Borrower: TBD
Project Name: ShoreLINE (AKA Grantville Trolley Affordable
Proforma Type: 126 Large Family Workforce Apartments
(30-80% AMI)
Location: Exact address TBD: 4470 Alvarado Canyon F

Prescribed 50% Test Figure **52.8%**

PROJECTED CONSTRUCTION LOAN: \$ **31,483,880**
 LOAN-TO-VALUE: **50.21%**
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN \$ **24,567,507**
 Taxable Interest Rate Construction 2.85%

| | | Conversion to | | 8609 | | Operations | | | | |
|--|-------------------|---------------|---------|---------|-----------|------------|-----------|------------|------|---------|
| | | 28 | 29 | 30 | 31 | 32 | 33 | | | |
| | | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | | | |
| | Total Budget | | | | | | | TOTAL | | |
| CONSTRUCTION USES: | | | | | | | | | | |
| Total Land Cost / Acquisition Cost | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 100% | - |
| Direct Costs | 42,843,506 | 0 | 0 | 0 | 0 | 0 | 0 | 42,843,506 | 100% | - |
| Constr. Contingency @ 11.0% | 4,712,785 | 0 | 0 | 0 | 0 | 0 | 0 | 4,712,785 | 100% | - |
| Total Architectural Costs | 1,630,500 | 0 | 0 | 0 | 0 | 0 | 0 | 1,630,500 | 100% | - |
| Total Survey and Engineering | 950,000 | 0 | 0 | 0 | 0 | 0 | 0 | 950,000 | 100% | - |
| Construction Loan Interest | 1,225,000 | 0 | 0 | 0 | 0 | 0 | 0 | 978,568 | 80% | 246,432 |
| Origination Fee | 365,950 | 0 | 0 | 0 | 65,000 | 0 | 0 | 365,950 | 100% | - |
| Cost of Issuance | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 300,000 | 100% | - |
| Taxes | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 | 100% | - |
| Insurance | 400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 400,000 | 100% | - |
| Title and Recording | 80,000 | 0 | 0 | 0 | 0 | 0 | 0 | 80,000 | 100% | - |
| Construction Service Fees (Bank) | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 | 100% | - |
| Other: Const Mgmt & Deputy Services | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 | 100% | - |
| Other: Conversion fee CBT | 65,000 | 0 | 0 | 0 | 0 | 0 | 0 | 65,000 | 100% | - |
| Other: Taxable Construction Loan Interest | 790,000 | 46,829 | 46,942 | 47,055 | 47,168 | 0 | 0 | 626,077 | 79% | 163,923 |
| Other: Interest Prior to Conversion | 890,000 | 74,138 | 74,317 | 74,496 | 74,675 | 0 | 0 | 738,732 | 83% | 151,268 |
| Lender Legal Pd. by Applicant | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 150,000 | 100% | - |
| Other : Partnership & Transaction | 160,000 | 0 | 0 | 0 | 0 | 0 | 0 | 160,000 | 100% | - |
| Total Reserve Costs | 475,000 | 0 | 0 | 0 | 475,000 | 0 | 0 | 475,000 | 100% | - |
| Appraisal | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 | 100% | - |
| CDLAC/TCAC App/Allocation/Monitoring | 138,630 | 0 | 0 | 0 | 0 | 0 | 0 | 138,630 | 100% | - |
| Environmental Audit | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 100% | - |
| Local Dev. Impact Fees & Permit Processing Fee | 2,086,527 | 0 | 0 | 0 | 0 | 0 | 0 | 2,086,527 | 100% | - |
| Market Study/Marketing/FF&E/Misc. | 420,000 | 0 | 0 | 0 | 0 | 0 | 0 | 420,000 | 100% | - |
| Accounting/Reimbursables | 60,000 | 0 | 0 | 0 | 0 | 0 | 0 | 60,000 | 100% | - |
| Soft Cost Contingency | 820,528 | 0 | 0 | 0 | 0 | 0 | 0 | 820,528 | 100% | - |
| Lease-Up Costs | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 75,000 | 100% | - |
| Other: MTS Agency Deposits | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 | 100% | - |
| Other: SDHC underwriting & AM fee | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 75,000 | 100% | - |
| Developer Overhead/Profit - Paid | 2,500,000 | 0 | 0 | 0 | 750,000 | 125,000 | 0 | 2,500,000 | 100% | - |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 1,000,000 | 100% | - |
| TOTAL BUDGET | 62,703,426 | 120,968 | 121,259 | 121,551 | 1,411,844 | 125,000 | 1,000,000 | 62,141,804 | | 561,622 |
| Compared to Development Budget Tab | BALANCED | | | | | | | | | |

SOURCES:

| | | | | | | | | | | |
|--|-------------------|------------|------------|-----------|--------------|-----------|-----------|------------|------|---|
| Conventional Permanent Loan | 15,683,021 | 0 | 0 | 0 | 15,683,021 | 0 | 0 | 15,683,021 | 100% | - |
| Taxable Construction Loan | 0 | 46,829 | 46,942 | 47,055 | (19,530,407) | 0 | 0 | 0 | NA | - |
| Transit Oriented Development (HCD) | 10,000,000 | 0 | 0 | 0 | 10,000,000 | 0 | 0 | 10,000,000 | 100% | - |
| Deferred Developer Fee | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 1,000,000 | 100% | - |
| Federal Tax Credit Equity | 28,252,988 | 0 | 0 | 0 | 21,048,476 | 141,265 | 0 | 28,252,988 | 100% | - |
| State Tax Credit Equity | 7,767,417 | 0 | 0 | 0 | 5,786,726 | 38,837 | 0 | 7,767,417 | 100% | - |
| Total Monthly Sources | 62,703,426 | 46,829 | 46,942 | 47,055 | 32,987,816 | 180,102 | 1,000,000 | 62,703,426 | 100% | 0 |
| Compared to Uses on this tab | BALANCED | | | | | | | | | |
| LOAN BALANCE: | | | | | | | | | | |
| Cumulative Monthly Constr. Loan Balance - Tax-Exempt | 30,862,692 | 30,937,009 | 31,011,505 | (564,467) | (619,569) | (619,569) | | | | |
| Cumulative Monthly Constr. Loan Balance - Taxable | 19,494,357 | 19,541,299 | 19,588,354 | 57,947 | 57,947 | 57,947 | | (561,622) | | |

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

| | Inflation Factor | Year 1 2024 | Year 2 2025 | Year 3 2026 | Year 4 2027 | Year 5 2028 | Year 6 2029 | Year 7 2030 | Year 8 2031 | Year 9 2032 | Year 10 2033 | Year 11 2034 | Year 12 2035 | Year 13 2036 | Year 14 2037 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rental Income | 2.5% | 1,799,220 | 1,844,201 | 1,890,306 | 1,937,563 | 1,986,002 | 2,035,652 | 2,086,544 | 2,138,707 | 2,192,175 | 2,246,979 | 2,303,154 | 2,360,733 | 2,419,751 | 2,480,245 |
| PBV INCOME IF APPLICABLE | 2.5% | 293,592 | 300,932 | 308,455 | 316,166 | 324,071 | 332,172 | 340,477 | 348,989 | 357,713 | 366,656 | 375,823 | 385,218 | 394,849 | 404,720 |
| TOTAL GROSS POTENTIAL REVENUE | | 2,092,812 | 2,145,132 | 2,198,761 | 2,253,730 | 2,310,073 | 2,367,825 | 2,427,020 | 2,487,696 | 2,549,888 | 2,613,635 | 2,678,976 | 2,745,951 | 2,814,599 | 2,884,964 |
| Vacancy @ | 5.0% | 104,641 | 107,257 | 109,938 | 112,686 | 115,504 | 118,391 | 121,351 | 124,385 | 127,494 | 130,682 | 133,949 | 137,298 | 140,730 | 144,248 |
| Other Income | 2.5% | 13,392 | 13,727 | 14,070 | 14,422 | 14,782 | 15,152 | 15,531 | 15,919 | 16,317 | 16,725 | 17,143 | 17,571 | 18,011 | 18,461 |
| TOTAL NET RENTAL INCOME | | 2,001,563 | 2,051,602 | 2,102,893 | 2,155,465 | 2,209,351 | 2,264,585 | 2,321,200 | 2,379,230 | 2,438,711 | 2,499,678 | 2,562,170 | 2,626,225 | 2,691,880 | 2,759,177 |
| Advertising: | 3.5% | 8,000 | 8,280 | 8,570 | 8,870 | 9,180 | 9,501 | 9,834 | 10,178 | 10,534 | 10,903 | 11,285 | 11,680 | 12,089 | 12,512 |
| 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% | 70,000 | 72,450 | 74,986 | 77,610 | 80,327 | 83,138 | 86,048 | 89,060 | 92,177 | 95,403 | 98,742 | 102,198 | 105,775 | 109,477 |
| 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% | 114,089 | 118,082 | 122,215 | 126,493 | 130,920 | 135,502 | 140,245 | 145,153 | 150,234 | 155,492 | 160,934 | 166,567 | 172,396 | 178,430 |
| 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% | 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 |
| Maintenance Personnel: | 3.5% | 53,200 | 55,062 | 56,989 | 58,984 | 61,048 | 63,185 | 65,396 | 67,685 | 70,054 | 72,506 | 75,044 | 77,670 | 80,389 | 83,202 |
| Other: Payroll Burden/Taxes | 3.5% | 34,550 | 35,759 | 37,011 | 38,306 | 39,647 | 41,035 | 42,471 | 43,957 | 45,496 | 47,088 | 48,736 | 50,442 | 52,207 | 54,035 |
| Total Insurance: | 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 |
| 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% | 18,600 | 19,251 | 19,925 | 20,622 | 21,344 | 22,091 | 22,864 | 23,664 | 24,493 | 25,350 | 26,237 | 27,155 | 28,106 | 29,090 |
| 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% | 22,100 | 22,653 | 23,219 | 23,799 | 24,394 | 25,004 | 25,629 | 26,270 | 26,927 | 27,600 | 28,290 | 28,997 | 29,722 | 30,465 |
| 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% | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 |
| TOTAL EXPENSES | | 983,539 | 1,015,147 | 1,047,848 | 1,081,680 | 1,116,681 | 1,152,894 | 1,190,360 | 1,229,122 | 1,269,226 | 1,310,717 | 1,353,645 | 1,398,060 | 1,444,012 | 1,491,555 |
| Cash Flow Prior to Debt Service (NOI) | | 1,018,024 | 1,036,456 | 1,055,045 | 1,073,785 | 1,092,670 | 1,111,691 | 1,130,840 | 1,150,108 | 1,169,485 | 1,188,961 | 1,208,525 | 1,228,165 | 1,247,869 | 1,267,622 |
| DEBT SERVICE - Conventional Permanent Loan | | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 |
| 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 | | 170,723 | 189,154 | 207,744 | 226,484 | 245,369 | 264,390 | 283,539 | 302,807 | 322,184 | 341,660 | 361,224 | 380,864 | 400,567 | 420,321 |
| Percent of Gross Revenue | 8% Max | 8.16% | 8.82% | 9.45% | 10.05% | 10.62% | 11.17% | 11.68% | 12.17% | 12.64% | 13.07% | 13.48% | 13.87% | 14.23% | 14.57% |
| 25% Debt Service Test | Yr 1-3 Max | 20.15% | 22.32% | 24.52% | 26.73% | 28.96% | 31.20% | 33.46% | 35.74% | 38.02% | 40.32% | 42.63% | 44.95% | 47.28% | 49.61% |
| Debt Coverage Ratio | 1.15 Min | 1.2014905 | 1.22 | 1.25 | 1.27 | 1.29 | 1.31 | 1.33 | 1.36 | 1.38 | 1.40 | 1.43 | 1.45 | 1.47 | 1.50 |
| 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 | | 145,723 | 163,404 | 181,221 | 199,166 | 217,231 | 235,408 | 253,688 | 272,060 | 290,515 | 309,041 | 327,626 | 346,258 | 364,923 | 383,607 |
| Ground Lease Payment - based on NOI | 5% | 7,286 | 8,170 | 9,061 | 9,958 | 10,862 | 11,770 | 12,684 | 13,603 | 14,526 | 15,452 | 16,381 | 17,313 | 18,246 | 19,180 |
| Cash Available for Deferred Developer Fee | | 138,437 | 155,234 | 172,160 | 189,208 | 206,370 | 223,638 | 241,003 | 258,457 | 275,989 | 293,589 | 311,245 | 328,945 | 346,677 | 364,427 |
| Deferred Fee | 1,000,000 | 138,437 | 155,234 | 172,160 | 189,208 | 206,370 | 193,159 | - | - | - | - | - | - | - | - |
| | 2.0% | 17,231 | 14,471 | 11,317 | 7,760 | 3,787 | - | - | - | - | - | - | - | - | - |
| | balance | 878,794 | 738,031 | 577,189 | 395,741 | 193,159 | - | - | - | - | - | - | - | - | - |
| Cash Available for Distribution | | - | - | - | - | - | 30,479 | 241,003 | 258,457 | 275,989 | 293,589 | 311,245 | 328,945 | 346,677 | 364,427 |
| Annual Payment to HCD | 50.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,240 | \$ 120,502 | \$ 129,229 | \$ 137,995 | \$ 146,795 | \$ 155,623 | \$ 164,473 | \$ 173,339 | \$ 182,214 |
| Annual Payment to Affirmed | 50.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,240 | \$ 120,502 | \$ 129,229 | \$ 137,995 | \$ 146,795 | \$ 155,623 | \$ 164,473 | \$ 173,339 | \$ 182,214 |

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

| | Inflation Factor | Year 15 2038 | Year 16 2039 | Year 17 2040 | Year 18 2041 | Year 19 2042 | Year 20 2043 | Year 21 2044 | Year 22 2045 | Year 23 2046 | Year 24 2047 | Year 25 2048 | Year 26 2049 | Year 27 2050 | Year 28 2051 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rental Income | 2.5% | 2,542,251 | 2,605,807 | 2,670,952 | 2,737,726 | 2,806,169 | 2,876,323 | 2,948,231 | 3,021,937 | 3,097,486 | 3,174,923 | 3,254,296 | 3,335,653 | 3,419,045 | 3,504,521 |
| PBV INCOME IF APPLICABLE | 2.5% | 414,838 | 425,209 | 435,839 | 446,735 | 457,903 | 469,351 | 481,085 | 493,112 | 505,440 | 518,076 | 531,027 | 544,303 | 557,911 | 571,859 |
| TOTAL GROSS POTENTIAL REVENUE | | 2,957,089 | 3,031,016 | 3,106,791 | 3,184,461 | 3,264,072 | 3,345,674 | 3,429,316 | 3,515,049 | 3,602,925 | 3,692,998 | 3,785,323 | 3,879,956 | 3,976,955 | 4,076,379 |
| Vacancy @ | 5.0% | 147,854 | 151,551 | 155,340 | 159,223 | 163,204 | 167,284 | 171,466 | 175,752 | 180,146 | 184,650 | 189,266 | 193,998 | 198,848 | 203,819 |
| Other Income | 2.5% | 18,923 | 19,396 | 19,880 | 20,378 | 20,887 | 21,409 | 21,944 | 22,493 | 23,055 | 23,632 | 24,222 | 24,828 | 25,449 | 26,085 |
| TOTAL NET RENTAL INCOME | | 2,828,157 | 2,898,861 | 2,971,332 | 3,045,615 | 3,121,756 | 3,199,800 | 3,279,795 | 3,361,790 | 3,445,834 | 3,531,980 | 3,620,280 | 3,710,787 | 3,803,556 | 3,898,645 |
| Advertising: | 3.5% | 12,950 | 13,403 | 13,872 | 14,357 | 14,860 | 15,380 | 15,918 | 16,475 | 17,052 | 17,649 | 18,267 | 18,906 | 19,568 | 20,253 |
| 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% | 113,309 | 117,274 | 121,379 | 125,627 | 130,024 | 134,575 | 139,285 | 144,160 | 149,206 | 154,428 | 159,833 | 165,427 | 171,217 | 177,210 |
| 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% | 184,675 | 191,139 | 197,829 | 204,753 | 211,919 | 219,336 | 227,013 | 234,959 | 243,182 | 251,694 | 260,503 | 269,621 | 279,057 | 288,824 |
| 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% | 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 |
| Maintenance Personnel: | 3.5% | 86,115 | 89,129 | 92,248 | 95,477 | 98,818 | 102,277 | 105,857 | 109,562 | 113,396 | 117,365 | 121,473 | 125,725 | 130,125 | 134,679 |
| Other: Payroll Burden/Taxes | 3.5% | 55,926 | 57,883 | 59,909 | 62,006 | 64,176 | 66,422 | 68,747 | 71,153 | 73,644 | 76,221 | 78,889 | 81,650 | 84,508 | 87,466 |
| Total Insurance: | 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 |
| 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% | 30,108 | 31,161 | 32,252 | 33,381 | 34,549 | 35,759 | 37,010 | 38,305 | 39,646 | 41,034 | 42,470 | 43,956 | 45,495 | 47,087 |
| 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% | 31,227 | 32,007 | 32,808 | 33,628 | 34,468 | 35,330 | 36,213 | 37,119 | 38,047 | 38,998 | 39,973 | 40,972 | 41,996 | 43,046 |
| 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% | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 |
| TOTAL EXPENSES | | 1,540,746 | 1,591,640 | 1,644,297 | 1,698,779 | 1,755,149 | 1,813,473 | 1,873,818 | 1,936,255 | 2,000,856 | 2,067,698 | 2,136,857 | 2,208,415 | 2,282,455 | 2,359,064 |
| Cash Flow Prior to Debt Service (NOI) | | 1,287,411 | 1,307,221 | 1,327,035 | 1,346,836 | 1,366,607 | 1,386,327 | 1,405,977 | 1,425,535 | 1,444,978 | 1,464,282 | 1,483,422 | 1,502,371 | 1,521,101 | 1,539,582 |
| DEBT SERVICE - Conventional Permanent Loan | | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 |
| 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 | | 440,110 | 459,920 | 479,734 | 499,535 | 519,306 | 539,026 | 558,676 | 578,234 | 597,677 | 616,981 | 636,121 | 655,070 | 673,800 | 692,280 |
| Percent of Gross Revenue | 8% Max | 14.88% | 15.17% | 15.44% | 15.69% | 15.91% | 16.11% | 16.29% | 16.45% | 16.59% | 16.71% | 16.80% | 16.88% | 16.94% | 16.98% |
| 25% Debt Service Test | Yr 1-3 Max | 51.94% | 54.28% | 56.62% | 58.96% | 61.29% | 63.62% | 65.94% | 68.24% | 70.54% | 72.82% | 75.08% | 77.31% | 79.52% | 81.70% |
| Debt Coverage Ratio | 1.15 Min | 1.52 | 1.54 | 1.57 | 1.59 | 1.61 | 1.64 | 1.66 | 1.68 | 1.71 | 1.73 | 1.75 | 1.77 | 1.80 | 1.82 |
| 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 | | 402,295 | 420,970 | 439,616 | 458,214 | 476,745 | 495,188 | 513,523 | 531,726 | 549,774 | 567,641 | 585,301 | 602,726 | 619,885 | 636,748 |
| Ground Lease Payment - based on NOI | 5% | 20,115 | 21,049 | 21,981 | 22,911 | 23,837 | 24,759 | 25,676 | 26,586 | 27,489 | 28,382 | 29,265 | 30,136 | 30,994 | 31,837 |
| Cash Available for Deferred Developer Fee | | 382,180 | 399,922 | 417,635 | 435,303 | 452,907 | 470,429 | 487,847 | 505,140 | 522,286 | 539,259 | 556,036 | 572,589 | 588,891 | 604,911 |
| Deferred Fee | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 2.0% | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | balance | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash Available for Distribution | | 382,180 | 399,922 | 417,635 | 435,303 | 452,907 | 470,429 | 487,847 | 505,140 | 522,286 | 539,259 | 556,036 | 572,589 | 588,891 | 604,911 |
| Annual Payment to HCD | 50.00% | \$ 191,090 | \$ 199,961 | \$ 208,818 | \$ 217,652 | \$ 226,454 | \$ 235,215 | \$ 243,924 | \$ 252,570 | \$ 261,143 | \$ 269,630 | \$ 278,018 | \$ 286,295 | \$ 294,446 | \$ 302,456 |
| Annual Payment to Affirmed | 50.00% | \$ 191,090 | \$ 199,961 | \$ 208,818 | \$ 217,652 | \$ 226,454 | \$ 235,215 | \$ 243,924 | \$ 252,570 | \$ 261,143 | \$ 269,630 | \$ 278,018 | \$ 286,295 | \$ 294,446 | \$ 302,456 |

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

| | Inflation Factor | Year 29 2052 | Year 30 2053 | Year 31 2054 | Year 32 2055 | Year 33 2056 | Year 34 2057 | Year 35 2058 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rental Income | 2.5% | 3,592,134 | 3,681,937 | 3,773,986 | 3,868,335 | 3,965,044 | 4,064,170 | 4,165,774 |
| PBV INCOME IF APPLICABLE | 2.5% | 586,155 | 600,809 | 615,829 | 631,225 | 647,005 | 663,181 | 679,760 |
| TOTAL GROSS POTENTIAL REVENUE | | 4,178,289 | 4,282,746 | 4,389,815 | 4,499,560 | 4,612,049 | 4,727,350 | 4,845,534 |
| Vacancy @ | 5.0% | 208,914 | 214,137 | 219,491 | 224,978 | 230,602 | 236,368 | 242,277 |
| Other Income | 2.5% | 26,737 | 27,405 | 28,091 | 28,793 | 29,513 | 30,251 | 31,007 |
| TOTAL NET RENTAL INCOME | | 3,996,111 | 4,096,014 | 4,198,414 | 4,303,375 | 4,410,959 | 4,521,233 | 4,634,264 |
| Advertising: | 3.5% | 20,961 | 21,695 | 22,454 | 23,240 | 24,054 | 24,896 | 25,767 |
| 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% | 183,412 | 189,831 | 196,476 | 203,352 | 210,470 | 217,836 | 225,460 |
| General Office Costs: | 3.5% | 91,706 | 94,916 | 98,238 | 101,676 | 105,235 | 108,918 | 112,730 |
| Total Management Fee: | 3.5% | 298,933 | 309,396 | 320,225 | 331,432 | 343,033 | 355,039 | 367,465 |
| 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% | 222,715 | 230,510 | 238,577 | 246,928 | 255,570 | 264,515 | 273,773 |
| Maintenance Personnel: | 3.5% | 139,393 | 144,272 | 149,321 | 154,548 | 159,957 | 165,555 | 171,350 |
| Other: Payroll Burden/Taxes | 3.5% | 90,527 | 93,695 | 96,975 | 100,369 | 103,882 | 107,518 | 111,281 |
| Total Insurance: | 3.5% | 91,706 | 94,916 | 98,238 | 101,676 | 105,235 | 108,918 | 112,730 |
| 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% | 48,735 | 50,441 | 52,206 | 54,034 | 55,925 | 57,882 | 59,908 |
| Service Amenities Budget | 3.5% | 162,451 | 168,136 | 174,021 | 180,112 | 186,416 | 192,940 | 199,693 |
| Other: Issuer fee | 2.5% | 44,123 | 45,226 | 46,356 | 47,515 | 48,703 | 49,921 | 51,169 |
| Real Estate Taxes | 2.0% | 45,267 | 46,172 | 47,095 | 48,037 | 48,998 | 49,978 | 50,978 |
| Replacement Reserve | 0.0% | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 | 63,000 |
| TOTAL EXPENSES | | 2,438,330 | 2,520,346 | 2,605,208 | 2,693,016 | 2,783,870 | 2,877,879 | 2,975,151 |
| Cash Flow Prior to Debt Service (NOI) | | 1,557,782 | 1,575,668 | 1,593,206 | 1,610,359 | 1,627,089 | 1,643,354 | 1,659,113 |
| DEBT SERVICE - Conventional Permanent Loan | | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 | 805,301 |
| Transit Oriented Development (HCD) | | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| FORECASTED CASH AVAILABLE | | 710,481 | 728,367 | 745,905 | 763,058 | 779,788 | 796,053 | 811,812 |
| Percent of Gross Revenue | 8% Max | 17.00% | 17.01% | 16.99% | 16.96% | 16.91% | 16.84% | 16.75% |
| 25% Debt Service Test | Yr 1-3 Max | 83.85% | 85.96% | 88.03% | 90.06% | 92.03% | 93.95% | 95.81% |
| Debt Coverage Ratio | 1.15 Min | 1.84 | 1.86 | 1.88 | 1.90 | 1.92 | 1.94 | 1.96 |
| 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 | | 653,282 | 669,453 | 685,223 | 700,556 | 715,411 | 729,745 | 743,514 |
| Ground Lease Payment - based on NOI | 5% | 32,664 | 33,473 | 34,261 | 35,028 | 35,771 | 36,487 | 37,176 |
| Cash Available for Deferred Developer Fee | | 620,618 | 635,980 | 650,962 | 665,528 | 679,640 | 693,258 | 706,339 |
| Deferred Fee | 1,000,000 | - | - | - | - | - | - | - |
| | 2.0% | - | - | - | - | - | - | - |
| | balance | - | - | - | - | - | - | - |
| Cash Available for Distribution | | 620,618 | 635,980 | 650,962 | 665,528 | 679,640 | 693,258 | 706,339 |
| Annual Payment to HCD | 50.00% | \$ 310,309 | \$ 317,990 | \$ 325,481 | \$ 332,764 | \$ 339,820 | \$ 346,629 | \$ 353,170 |
| Annual Payment to Affirmed | 50.00% | \$ 310,309 | \$ 317,990 | \$ 325,481 | \$ 332,764 | \$ 339,820 | \$ 346,629 | \$ 353,170 |

ATTACHMENT 5
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 and 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 the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AML. 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 San Diego Housing Commission (Housing Commission) 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, or the 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. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- 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 Commission 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.

ATTACHMENT 6 - FINANCIAL ADVISOR'S ANALYSIS

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

October 27, 2021

Mr. Joe Correia
Sr. Real Estate Project Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: ShoreLINE Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the “Commission”) has retained Ross Financial as its independent municipal advisor, in part, to analyze the feasibility of issuing tax-exempt and taxable bonds (the “Bonds”), for the ShoreLINE Apartments development (the “Development”).

This feasibility analysis reviews the following items:

- Overview of the Development
- Proposed financing approach
- Benefits and risks to Commission
- Public purpose
- Recommendations

Ross Financial has based its analysis of the Development’s financial feasibility on materials provided by Affirmed Housing Group (“Affirmed”), which has created the borrower entity (the “Borrower”) for the Development. The materials include: (1) the joint application to the California Debt Limit Allocation Committee (“CDLAC”) and California Tax Credit Allocation Committee (“CTCAC”), (2) the financing commitment from California Bank and Trust, (3) the market study performed by Novogradac in support of the application to CDLAC and CTCAC, and (4) Affirmed’s pro forma financial schedules for the Development. Ross Financial has not visited the site of the proposed Development and had no role in the selection of the Lender or in developing the overall financing structure.

OVERVIEW OF THE DEVELOPMENT

Development Summary. The Development is a transit-oriented, new construction multifamily rental housing development that will contain 126 studio, 1-bedroom, 2-bedroom and 3-bedroom units in a single building with dual elevator access to all floors. The Development will consist of 124 affordable units and 2 unrestricted manager's units.

The Development will consist of 5 stories of Type III modified wood construction building over two stories of Type I concrete podium. The gated garage levels contain 54 parking spaces with an additional 11 surface parking spaces adjacent to the driveway. The ground level of the Development consists of residential units, parking, bike storage, staff offices and an assembly and entertainment area with outdoor patios. The upper levels contain residential units, laundry rooms, and a podium-level courtyard. Building amenities include shaded outdoor gathering spaces with built-in seating and planters, play areas for children and a community barbecue station. Building access is monitored 24/7, with secured access to residents only. Water-saving measures will be employed throughout the project and all available rooftop space will be used for solar PV. The Development will be Build It Green® GreenPoint Rated.

Unit amenities will include energy-efficient ranges, refrigerators, dishwashers and HVAC. A minimum of 19 units will contain mobility features and 13 units will contain communication features.

Unit and Affordability Mix. The unit mix and affordability restrictions for Development is expected to be as follows:

| ShoreLINE | Unit Mix | 30% AMI** | 40% AMI** | 50% AMI** | 60% AMI** |
|--------------------|------------|-----------|-----------|-----------|-----------|
| Studio/1 Bath | 38 | 22 | 4 | 12 | |
| 1 Bedroom/1 Bath | 23 | 10 | | 13 | |
| 2 Bedroom/1 Bath | 32* | 4 | | 2 | 25 |
| 3 Bedroom/1 Bath | 33* | 1 | | 12 | 19 |
| Total Units | 126 | 37 | 4 | 39 | 44 |

*Includes 1 non-rental manager's unit in these unit types

** AMI = Area Median Income

With the exception of 12 studio units, all units restricted to 30% AMI will be supported by non-PSH Project-Based Vouchers.

Description of Project Site. The Development is to be constructed on an existing Metropolitan Transit Service ("MTS") parking lot that will be leased to the Borrower pursuant to a 99-year Ground Lease (the "Ground Lease"). The site is located at 4470 and 4574 Alvarado Canyon Road in San Diego. The site is approximately 1.05 acres, irregular in shape and zoned CC 3-9 Community Commercial, and is part of the Community Plan implementation CPIOZ-A (Grantville), which is intended to encourage transit-oriented development.

The site is located in a mixed-use urban neighborhood. It is part of a larger development surrounding the site, with another parcel to be developed as market rate housing by Greystar.

Land use is as follows:

- To the north: a reinforcing steel supplier and retail uses.
- To the south: a rail station
- To the west: commercial and retail uses
- To the east: commercial and retail uses

Ownership of the Development/Borrower. The ownership entity for the Development will be AHG Grantville Trolley Family Housing, L.P., a single asset California limited partnership consisting of: (a) AHG Grantville, LLC, created by Affirmed, which will serve as Administrative General Partner, (b) CFAH Housing, LLC, a California not-for-profit public benefit corporation created by Affirmed, which will serve as Managing General Partner and (c) a tax credit limited partnership entity created by Boston Financial.

Affirmed Experience. According to Affirmed, the firm has 29 years of experience in financing, developing and/or rehabilitating multifamily rental housing. This experience encompasses more than 4,000 affordable rental and for-sale apartments and homes. Affirmed's most recent activity with the Housing Commission includes:

- Hollywood Palms Apartments, a 94-unit new construction completed in December 2018
- Luna at Pacific Highlands Ranch, a 77-unit new construction family project in the Pacific Highlands Ranch, completed in November 2018
- Cypress Apartments, a 63-unit special needs/SRO project in Centre City, completed in July 2017
- Cielo Carmel Apartments, a 197-unit new construction family project in the Pacific Highlands Ranch, completed in July 2016;
- Connections Housing, a 75-unit acquisition-rehabilitation project in Centre City, completed in December 2012;
- CityScene Apartments (formerly known as Georgia Street Apartments), a 31-unit new construction project in North Park, completed in May 2012;
- Riverwalk Apartments, a 50-unit new construction project in Otay Mesa-Nestor, completed in June 2011;
- 1050 B Apartments, a 229-unit new construction located in Centre City, completed in April 2010.

CDLAC/CTCAC. On May 25, 2021, the Housing Commission filed a joint application to CDLAC and CTCAC requesting a private activity bond allocation of \$31,483,880 for the

Development, along with a reservation of 4% Federal and State tax credits. On August 11, 2021, CDLAC awarded a private activity bond allocation in the requested amount and CTCAC reserved the requested 4% Federal and State tax credits.

In connection with the CDLAC/CTCAC application process, on January 26, 2021, the Housing Authority adopted a resolution of intent to issue tax-exempt obligations for the Development and authorized the submission of an application to CDLAC. On the same date, a TEFRA hearing, duly noticed, was held before the City of San Diego and approved on February 1, 2021. As the TEFRA approval is valid for one year, another TEFRA hearing and approval is scheduled for December 7, 2021.

PROPOSED FINANCING

Project Costs and Funding. According to most recent projections provided by Affirmed, the total costs of the Development, including construction and all soft costs, are estimated at \$62,703,426. The estimated sources of funds will differ during the construction period and following construction and lease-up (“at permanent”), as shown in the following table based on the most recent projections:

| Sources of Funds | Construction | Permanent |
|--|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$31,483,880 | \$15,683,021 |
| Taxable Bond Proceeds | 24,567,507 | -- |
| Paydown of Construction Loan | (4,771,062) | |
| HCD TOD Loan | -- | 10,000,000 |
| Tax Equity – Federal and State | 9,005,101 | 36,020,405 |
| Deferred Costs | 2,418,000 | |
| Deferred Developer Fee | -- | 1,000,000 |
| Total | \$62,703,426 | \$62,703,426 |
| Uses of Funds | | |
| Land Cost | \$1 | \$1 |
| Site Work | 2,601,234 | 2,601,234 |
| Construction | 40,242,272 | 40,242,272 |
| Architectural & Engineering | 2,580,500 | 2,580,500 |
| Contingency Costs (Owner, Hard and Soft) | 5,533,313 | 5,580,884 |
| Impact Fees and Permits | 2,086,527 | 2,266,590 |
| Financing Fees and Interest | 4,445,950 | 4,630,000 |
| Reserves | 475,000 | 480,000 |
| Misc. Soft Costs and Legal | 1,238,629 | 1,469,156 |
| Developer Fee* | 3,500,000 | 3,500,000 |
| Total | \$62,703,426 | \$62,703,426 |

*Cash developer fee is \$2,500,000 with \$1,000,000 deferred

Description of Financing. The expectation (based on the most recent pro forma) is that the Housing Authority will issue:

- The Bonds in two series: (a) a tax-exempt series in the estimated amount of \$31,483,880 and (b) a taxable series in the estimated amount of \$24,567,507 (but not to exceed \$27,000,000).

The Bonds will have the following features:

- The tax-exempt Bonds will be purchased by Zions Bancorporation N.A. dba California Bank and Trust (“CBT” or the “Lender”) and the taxable Bonds will be purchased directly by CBT;
- The Bonds will be issued on a draw down basis, with interest payable only on the amounts drawn;
- Following construction completion (expected in approximately 25 months), the taxable Bond will be repaid in part from Federal tax credit proceeds. Following lease-up (expected in 31 months after closing) (at “Conversion”), the remainder of the taxable Bond will be repaid in full and the tax-exempt Bond will be paid down to a permanent estimated par of \$15,683,021. The sources of repayment will be Federal and State low income housing tax credits and the HCD TOD loan.
- Prior to Conversion, the Bonds will bear a variable interest rate equal to AMERIBOR + 1.35%, with an index floor of 1.00%. AMERIBOR is an alternative index to LIBOR which is scheduled to be phased out by June 30, 2023. The assumed rate during the construction period is 2.85%. At Conversion, the tax-exempt Bond will convert to a fixed rate that will be set at Closing. The rate will be established by reference to a formula (15-year US Treasury Rate plus 2.35% times 0.87%, with an all-in floor rate of 3.75%.
- The tax-exempt Bond will have a term of 18 years from Closing (i.e., in 2040). Following Conversion, the tax-exempt Bond will amortize on a 35-year basis. The taxable Bond is expected to have a stated maturity of approximately 4 years from Closing and will be repaid in full at Conversion as Bond above.
- The Bonds are expected to close by late December.

The Lender will execute a document representing that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Bonds and its intention to hold the Bonds for its account. The Lender may transfer all or a portion of the Bonds only to transferees that execute a document with similar representations.

Housing Commission Financial Involvement. The Housing Commission has no financial involvement with the Development.

Affordability Restrictions. The Development will be subject to the following regulatory restrictions and terms:

- Tax-Exempt Bond and Bond Regulatory Agreement requirements (including voluntary elections made to CDLAC) for a 55-year term;

- Tax Credit Regulatory Agreement requirements under which all units must be affordable at 60% AMI for a 55-year term to remain eligible for tax credits; and
- The Ground Lease between MTS and the Borrower also is expected to contain affordability restrictions but they are expected to be less restrictive than the above regulatory agreements.

Cash Flow for the Development. The Borrower provided pro forma cash flows for the Development. The following table summarizes key elements of the most recent proforma:

| | ShoreLINE |
|--|------------------|
| Assumptions | |
| Vacancy | 5% |
| Revenue Escalation | 2.5% |
| Operating Expense Escalation | 3.5% |
| | |
| Cash Flow and Coverage | |
| Stabilized Net Income – First Full Year | \$2,001,563 |
| Operating Expenses | (872,439) |
| Other Expenses ¹ | (111,100) |
| Net Operating Income | \$1,018,024 |
| Tax-Exempt Bond Debt Service ² | (805,301) |
| HCD Loan Payment ³ | (42,000) |
| Debt Service Coverage ⁴ | 1.20x |
| Net Project Cash Flow | \$170,723 |
| | |
| MGP and LP Fees | (25,000) |
| Ground Lease Payment (5% of NOI after MGP and LP Fees) | (7,286) |
| Deferred Developer Fee (100% of excess flow) | (138,437) |
| Net Cash Flow | 0 |

¹ Other Expenses include Commission's fee at permanent is 0.125% x the permanent Bond amount (\$15,683,021), monitoring fees, replacement reserves and taxes

² Assumes an initial permanent Bond par of \$15,683,021 amortized on a 35-year basis at a rate of 3.75%

³ 0.42% times the HCD Loan of \$10,000,000

⁴ Net operating income divided by sum of Bond Debt Service + HCD Loan Payment

The following table shows the Borrower's most recent projected cash flow for the Development during first full five years following stabilized occupancy:

| Escalation | Revenues | Year | | | | |
|------------|--|--------------|--------------|--------------|--------------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| 2.50% | Gross Scheduled Rent | 1,799,220 | 1,844,201 | 1,890,306 | 1,937,563 | 1,986,002 |
| 2.50% | Rent Subsidy | 293,592 | 300,932 | 308,455 | 316,166 | 324,071 |
| | | (104,641) | (107,257) | (109,938) | (112,686) | (115,504) |
| | less 5% vacancy | 13,392 | 13,727 | 14,070 | 14,422 | 14,782 |
| 2.50% | Miscellaneous Income | | | | | |
| | Total Net Income | 2,001,563 | 2,051,602 | 2,102,893 | 2,155,465 | 2,209,351 |
| | Expenses | | | | | |
| 3.50% | Operating Expenses | (791,839) | (819,553) | (848,238) | (877,926) | (908,653) |
| 3.50% | Service Ameniitiess | (62,000) | (64,170) | (66,416) | (68,741) | (71,146) |
| | Replacement Reserves | (63,000) | (63,000) | (63,000) | (63,000) | (63,000) |
| 2.00% | Taxes | (26,000) | (26,520) | (27,050) | (27,591) | (28,143) |
| 3.50% | Misc. State and Local Fees | (18,600) | (19,251) | (19,925) | (20,622) | (21,344) |
| 2.50% | Issuer Fee | (22,100) | (22,653) | (23,219) | (23,799) | (24,394) |
| | Total Expenses + Reserves | (983,539) | (1,015,147) | (1,047,848) | (1,081,679) | (1,116,681) |
| | Net Operating Income | 1,018,024 | 1,036,456 | 1,055,045 | 1,073,785 | 1,092,670 |
| | Annual Bond Debt Service | (805,301) | (805,301) | (805,301) | (805,301) | (805,301) |
| | HCD | (42,000) | (42,000) | (42,000) | (42,000) | (42,000) |
| | Debt Service Coverage | 1.20x | 1.22x | 1.25x | 1.27x | 1.29x |
| | Available Cash Flow after Permanent Loan Debt Service | 170,723 | 189,155 | 207,744 | 226,484 | 245,369 |
| 3.00% | Managing GP Fee | (20,000) | (20,600) | (21,218) | (21,855) | (22,510) |
| 3.00% | LP Fee | (5,000) | (5,150) | (5,305) | (5,464) | (5,628) |
| | Project Cash Flow after MGP and LP Fees | 145,723 | 163,405 | 181,221 | 199,166 | 217,231 |
| 5% NOI | Ground Lease Payment | (7,286) | (8,170) | (9,061) | (9,958) | (10,862) |
| | Project Cash Flow after Ground Lease Payment | 138,437 | 155,234 | 172,160 | 189,208 | 206,370 |
| | Deferred Developer Fee | (138,437) | (155,234) | (172,160) | (189,208) | (206,370) |
| | Project Cash Flow after Deferred Developer Fee | 0 | 0 | 0 | 0 | 0 |

PUBLIC PURPOSE

The Bonds are expected to result in the long-term affordability of 124 studio, one, two and three-bedroom units in the City of San Diego. Of these units, 37 units will be restricted and affordable to households earning 30% AMI; 4 units will be restricted to and affordable to households earning 40% AMI; 39 units will be restricted and affordable to households earning 50% AMI; and 44 units will be restricted and affordable to households earning 60% AMI. Two units will be occupied by resident managers and be unrestricted.

The Bond Regulatory Agreement and the Tax Credit Regulatory will require that these affordability levels be maintained for a period of 55 years.

BENEFITS AND RISKS TO THE COMMISSION

The Bonds provide a vehicle for financing a portion of the construction costs of the Development. As proposed, the Bonds will result in the long-term affordability of 124 studio, one, two and three-bedroom units in the City of San Diego with units restricted to income levels described in “Public Purpose” above.

The Bonds do not pose undue financial risk to the Housing Authority. The Bonds are not direct obligations of the Housing Authority or the City of San Diego. The Bonds will purchased by the Lender, which has indicated its intention to hold the Bonds for its own account. The Bonds are expected to be paid down to \$15,683,021 following conversion.

The primary risk is construction and lease-up risk – that the Development is not completed and/or leased up in a timely fashion. Given the development and project management experience of Affirmed, the target tenant population and the demand for affordable units, this risk seems remote. This risk is borne entirely by the Lender.

If the Housing Authority issues the Bonds, the Commission would receive an issuer fee at Bond closing of \$140,128: equal to 0.25% times the initial aggregate par amount of the tax-exempt and taxable Bonds. The Commission also would receive estimate annual fees of:

- \$62,500 to monitor the Bonds during the construction period (based on an aggregate par of \$56,051,387 for the Bonds times 0.125% (\$70,064 but subject to a maximum fee of \$62,500), and
- \$19,604 to monitor the tax-exempt Bonds after conversion (assuming an estimated permanent tax-exempt Bond of \$15,683,021 times 0.125%) plus (b) a per unit monitor fee of \$150/unit).
- A minimum of \$10,000 following repayment of the Bonds through the end of the 55 year CDLAC compliance period.

Costs of issuance will be funded by the Borrower from low income housing tax credit contributions and/or other funds. The Borrower has agreed to indemnify the Housing Authority and Commission as to matters relating to the Bonds. However, the Borrower is a single purpose entity with no significant assets or source of income other than the Development and is generally not required to make up any cash flow shortfalls. Accordingly, Affirmed will be providing its indemnification.

RECOMMENDATIONS

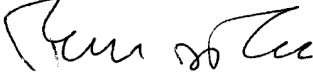
Ross Financial recommends that the Housing Authority proceed with the issuance of the Bonds based on the following findings:

- The Bonds will achieve a public purpose by providing an aggregate of 124 affordable units, with all units restricted to income levels at 30%, 40%, 50% and 60% of AMI.
- The Bonds will evidence tax-exempt loans funded by a well-established, highly capitalized bank that is active in affordable housing lending. The Bonds will be subject to restrictive transfer limitations at all times.
- The Borrower has agreed to indemnify the Housing Authority and the Commission regarding matters relating to the financing. The Borrower will pay issuance costs from sources other than Bond proceeds.
- Based on estimates provided by Affirmed on behalf of the Borrower, there should be sufficient funds to complete the Development and the Development provides adequate cash flow to cover permanent loan debt service on the Bonds.

Mr. Joe Correia
Re: ShoreLINE Apartments
October 27, 2021
Page 9 of 9

If there is any additional information you require concerning the Development, Ross Financial will be pleased to provide a supplemental analysis.

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter J. Ross", written in a cursive style.

Peter J. Ross
Principal



**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.



[Signature]
Signature of Notary

SEAL

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: 

(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

ACORDTM**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="803 430 1437 451">INSURER(S) AFFORDING COVERAGE</th> <th data-bbox="1437 430 1575 451">NAIC #</th> </tr> </thead> <tbody> <tr> <td data-bbox="803 451 1437 472">INSURER A : Philadelphia Indemnity Insurance Co.</td> <td data-bbox="1437 451 1575 472">18058</td> </tr> <tr> <td data-bbox="803 472 1437 493">INSURER B : National Union Fire Ins Co PittsburghPA</td> <td data-bbox="1437 472 1575 493">19445</td> </tr> <tr> <td data-bbox="803 493 1437 514">INSURER C : State Compensation Ins Fund of CA</td> <td data-bbox="1437 493 1575 514">35076</td> </tr> <tr> <td data-bbox="803 514 1437 535">INSURER D : Fireman's Fund Insurance Company</td> <td data-bbox="1437 514 1575 535">21873</td> </tr> <tr> <td data-bbox="803 535 1437 556">INSURER E :</td> <td data-bbox="1437 535 1575 556"></td> </tr> <tr> <td data-bbox="803 556 1437 577">INSURER F :</td> <td data-bbox="1437 556 1575 577"></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 E : | | | | | | | | | | | | | | | |
| 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 CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: 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 EXCESS LIAB DED <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? (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



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