



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 12, 2021

HCR21-102

SUBJECT: Final Bond Authorization, and Tax Equity and Fiscal Responsibility Act
Resolution for Tizon (formerly Radisson Hotel Affordable Housing)

COUNCIL DISTRICT(S): 5

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Notes in an amount not to exceed \$24,926,225 to facilitate the acquisitions and renovation of the Tizon Apartments (formerly known as Rancho Bernardo Radisson Hotel Conversion) at 11520 West Bernardo Court, San Diego, which will consist of 175 rental housing units that will remain affordable for 55 years for seniors age 62 and older earning between 40 percent and 60 percent of the San Diego Area Median Income (AMI) and three unrestricted managers' units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 2, 2021, the Housing Commission Board of Commissioners approved taking certain preliminary steps to authorize the issuance of up to \$32,500,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the acquisition and renovation of Tizon Apartments.
- Site and construction improvements will convert 178 existing guest rooms into 175 affordable studios for seniors and three two-bedroom managers' units.
- An extensive community room with game area, TV lounge and community kitchen will be created within both of the existing convention meeting space areas near the lobby area.
- The existing convention meeting space will also be utilized to provide property management and social service offices.
- Extensive resident services and case management will be provided by San Ysidro Health (Lead Service Provider) and EnGAGE.
- The developer is the for-profit Affirmed Housing Group.
- Tizon Apartments proposes to use U.S. Department of Housing and Urban Development federal project-based housing vouchers and HOME Investment Partnerships Program funds, which will require the payment of Davis-Bacon prevailing wages.
- Total development cost is estimated at \$50,377,343 (\$283,019 per unit).
- A Housing Commission loan of up to \$4,500,000 was previously approved on April 2, 2021.
- If approved by the Housing Commission and Housing Authority, estimated construction start will be in February 2022, with estimated completion of construction by March 2023.



REPORT

DATE ISSUED: November 4, 2021

REPORT NO: HCR21-102

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 Resolution for
Tizon (formerly Radisson Hotel Affordable Housing)

COUNCIL DISTRICT: 5

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Notes, in an amount not to exceed \$24,926,225 to facilitate the acquisition and renovation of the Tizon Apartments (formerly known as Rancho Bernardo Radisson Hotel Conversion) at 11520 West Bernardo Court, San Diego, which will consist of 175 rental housing units that will remain affordable for 55 years for seniors age 62 and older earning between 40 percent and 60 percent of the San Diego Area Median Income (AMI) and three unrestricted managers' units.

STAFF RECOMMENDATIONS

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

Housing Authority:

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Notes in an amount not to exceed \$24,926,225 to facilitate the acquisition and renovation of Tizon Apartments (formerly known as Rancho Bernardo Radisson Hotel Conversion) at 11520 West Bernardo Court in the Rancho Bernardo Community, which will consist of 175 studio units affordable for 55 years for seniors age 62 and older earning between 40 percent and 60 percent of the San Diego Area Median Income (AMI) and three unrestricted managers' 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:

Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Notes in an amount not to exceed \$24,926,225 to facilitate the development of Tizon Apartments.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

Address	11520 West Bernardo Court
Council District	District 5
Community Plan Area	Rancho Bernardo Community Planning Board
Developers	RB Radisson Hotel Conversion SH, L.P. c/o Affirmed Housing Group, Inc.
Development Type	Acquisition & Rehabilitation
Construction Type	Type 1 Three-story wood frame slab on grade
Parking Type	166 surface parking spaces
Mass Transit	Bus stop for line 945 is 300 ft from property along W. Bernardo Road
Housing Type	Acquisition and rehabilitation
Lot Size	3.61 Acres, 157,252 square feet
Units	178 (175 affordable and 3 manager's units)
Density	49 dwelling units per acre (178 units /3.61 acres)
Gross Building Area	84,420 square feet
Net Rentable Area	73,056 square feet
Commercial/Retail Space	4,000 square feet of community space
Project Based Housing Vouchers (PBV)	44 PBVs from the Housing Commission (not for permanent supportive housing for individuals experiencing homelessness)

The Development

The Tizon Apartments community will serve seniors age 62 and older with low income. The proposed project will be located at 11520 West Bernardo Court in Council District 5 (Attachment 2 – Site Map) and includes 175 affordable units, of which 44 units would receive help to pay their rent through Project-Based Housing Vouchers (PBVs) awarded by the Housing Commission. Extensive services will be provided to all of the residents.

Site and construction improvements will convert 178 existing guest rooms into 175 affordable studios for seniors and three two-bedroom managers' units. Several areas that previously supported hotel operations on the first floor will be converted into apartments, which will allow the creation of two-bedroom units for the on-site management team. The existing facility includes ample common area space such as a large lobby, business center, fitness center, restaurant (both indoor and outdoor space) and significant convention meeting space. An extensive community room with game area, TV lounge and community kitchen will be created within both of the existing convention meeting space areas near the lobby area on the first floor toward the main entrance. While the jacuzzi will likely be maintained, the main pool area will be filled in with concrete and the developer will create an urban garden area in that space.

The existing convention meeting space will also be utilized to provide property management and social service offices. The existing lobby space will be used to provide mailboxes and a welcome area for the property. The business center will be converted into a computer room for residents. The restaurant space will continue to provide for food preparation for the future senior residents. San Ysidro Health will

provide food services three to five days a week for the residents. An existing large laundry room on the first floor will continue to operate as the community's laundry room.

Services

Resident services and case management will be provided by EnGAGE. San Ysidro Health will be providing in-kind services on an as-needed basis. ConAm Management Corp. will be the property manager. Affirmed Housing Group is the sole developer.

EnGAGE will provide all affordable units with the services on-site. Programs and services to the residents of the community will include but not be limited to: classes, programs and events in adult education, health and wellness, lifelong learning, art and creativity and community building, intergenerational programming, community outreach and resource referrals. In addition, EnGAGE shall provide one full-time equivalent (FTE) Service Coordinator with responsibilities including but not limited to: providing tenants with information about available services in the community, assisting tenants to access services through referral and advocacy, and organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.)

Developer's Request

Rancho Bernardo Senior Housing, L.P. and Affirmed Housing Group submitted an application in response to the Housing Commission's Notice of Funding Availability (NOFA) for Traditional Capital Funds and Vouchers (non-permanent supportive housing). On January 8, 2021, Housing Commission staff provided a preliminary recommendation of award for a residual receipts loan of up to \$4,500,000 and 44 Project-Based Housing Vouchers (PBV) for the RB Radisson Hotel Conversion project. On April 2, 2021, the Housing Commission Board of Commissioners approved a not-to-exceed \$4,500,000 loan.

The Property

The site's low-income multifamily residential use allows for affordable housing by-right and has a ground floor commercial requirement that can be eliminated by using a development incentive. Multifamily affordable residential uses are permitted by-right in the CV-1-1 zone, per Land Development Code (LDC) Table 131-05B, and ground floor commercial is required in LDC 131-0540. The affordable housing density bonus program and Assembly Bill (AB) 1763 enable the project to maximize the density on the site over the 177 hotel suites that were approved in the site's existing development permit: PCD 86-0630. Affirmed Housing will utilize the City's 100 percent density bonus program in LDC section 143.0720(i)(7) to allow for up to 210 dwelling units within the 3.61-acre site. In addition, AB 1763 provides an option for 100 percent affordable projects within a half mile of a major transit station to develop with no maximum residential density. Affordable housing density bonus projects qualify for a specific number of development incentives and an unlimited number of waivers. One of the development incentives or waivers can be requested to eliminate the ground floor commercial requirement.

Appraisal

A January 26, 2021, appraisal of the subject site, conducted by Integra Realty Resources, valued the subject property at \$29,030,000.

Prevailing Wages

The Tizon Apartments project proposes to use U.S. Department of Housing and Urban Development (HUD) Project-Based Housing Vouchers, as well as HOME Investment Partnerships Program funds, which will require the project to pay federal Davis-Bacon prevailing wages.

Project Sustainability

Tizon Apartments will be constructed in conformance with the California Tax Credit Allocation Committee's (CTCAC) minimum energy efficiency standards. The project will feature upgraded HVAC units, low-flow water fixtures, native landscaping and low-flow irrigation, recycled trash areas, LED lighting, and a solar photovoltaic and/or solar hot water heating system. Tizon Apartments will be built to Greed Point Rated "Build it Green" certification.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment. In the event HOME funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements.

Relocation

The site was previously utilized as a hotel and ceased operations on November 1st, 2021. There will be no tenant relocation required as the building is unoccupied.

Development Team

Rancho Bernardo Senior Housing, L.P. is a partnership in which Affirmed Housing Group will act as the General Partner and development lead. Affirmed will obtain all necessary funding; oversee all development activities, including but not limited to selection of the development team; direction of all the entitlements, design, and construction related to the project; and management of the limited partnership for the life of the project. The partnership will also include Community Advancement Development Corporation (CADC) as the Managing General Partner, and Raymond James Tax Credit Funds, Inc. as the tax credit investor limited partner (Attachment 3 – Organizational Chart).

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 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 compliance on its previous Housing Commission-funded loans.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group
Owner/Borrower	Rancho Bernardo Senior Housing, L.P.
Managing General Partner	Community Advancement Development Corporation (CADC)
Administrative General Partner	AHG Rancho Bernardo Senior, LLC
Tax Credit Investor Limited Partner	Raymond James Tax Credit Funds, Inc.
Architect	Basis Architecture & Consulting
General Contractor	HA Builder Group
Property Management	ConAm
Construction and Permanent Lender	Orix Real Estate Capital, LLC, dba Lument Capital
Tenant Services Provider	EnGAGE and San Ysidro Health

Property Management

Tizon Apartments will be managed by ConAm Management Corporation (ConAm). ConAm is a nationwide management company with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It was established in 1975 and is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments.

FINANCING STRUCTURE

The Tizon Apartments project has an estimated total development cost of \$50,377,343 (\$283,019/unit). The developer's Pro Forma is included as Attachment 4 as well as summarized below. Financing will include a combination of federal 4 percent tax credits, tax-exempt Multifamily Housing Revenue Notes, a Housing Commission loan, deferred developer fee and working capital.

Table 3 – Tizon Apartments Estimated Permanent Sources and Uses

Financing Sources		Financing Uses		Per Unit
Permanent Loan (FHA)	\$28,572,660	Acquisition	\$28,000,000	\$157,303
SDHC Loan	4,017,167	Construction	10,783,794	60,583
Federal Tax credits	17,006,309	Architecture	790,000	4,438
Release of Working Capital	298,374	Financing & Legal	1,201,458	6,750
Deferred Developer Fee	482,833	Taxes and Insurance	641,400	3,603
		Soft costs	2,785,361	15,648
		City permits and impact fees	1,543,330	8,670

		Developer's fee	4,060,000	22,809
		Reserves	572,000	3,213
Total Sources	50,377,343	Total Uses	\$50,377,343	\$283,019

The Housing Commission's residual receipts loan will be funded with HOME Investment Partnerships program (HOME) funds, awarded by HUD to the City of San Diego and administered by the Housing Commission, and the City of San Diego's Housing Trust Fund, which the Housing Commission administers. The total amount of funding sources shall not exceed the Housing Commission Board approved amount of \$4,500,000. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability.

The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developers' Fee

\$4,060,000 – gross developer fee

- 482,822 – deferred developer fee

\$3,577,167 – 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 \$4,060,000 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 that are used to evaluate proposed developments and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Tizon Apartments Key Performance Indicators

Development Cost Per Unit	$\$50,377,343 \div 178 \text{ units} =$	\$283,019
Housing Commission Subsidy Per Unit	$\$4,017,167 \div 178 \text{ units} =$	\$22,568
Acquisition Cost Per Unit	$\$28,000,000 \div 178 \text{ units} =$	\$157,303
Gross Building Square Foot Hard Cost	$\$10,783,794 \div 84,420 \text{ sq. ft.} =$	\$128
Net Rentable Square Foot Hard Cost	$\$10,783,794 \div 73,056 \text{ sq. ft.} =$	\$148

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5. These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to the Tizon Apartments development.

Table 5 – RB Radisson Hotel Conversion Comparable Development Projects

Project Name	Year	Unit mix	Units	Prevailing Wage	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – Tizon Apartments	2021	175 Studios 3 mgr. units	178	Yes	\$50,377,343	\$283,019	\$22,568	\$128
West Park	2019	91 Studios & 1 mgr. unit	92	Yes	\$15,593,274	\$331,772	\$76,453	\$457
New Palace	2017	79 Studios & 1 mgr. unit	80	Yes	\$21,804,349	\$272,555	\$38,750	\$230
Zephyr	2017	79 Studios, 5 One Br. & 1 mgr. unit	85	Yes	\$27,225,500	\$320,300	\$35,294	\$180
Benson	2020	82 Studios & 1 mgr. unit	83	Yes	\$24,706,411	\$297,668	\$58,554	\$329

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTESProposed Housing Revenue Notes

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 April 2, 2021, prior to submitting an application to CDLAC, the proposed development was presented to the Housing Commission (Report HCR21-045). A bond inducement resolution was obtained prior to application submittal to CDLAC. On May 25, 2021, an application was submitted to CDLAC for a \$24,926,225 bond allocation. On August 11, 2021, CDLAC approved a \$24,926,225 bond allocation, and CTCAC approved an allocation of 4 percent tax credits.

The developer proposes that the notes be issued through a tax-exempt private placement note issuance. The notes will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The financing amount that will ultimately be set will be based upon development costs, revenues, and interest rates prevailing at the time of the notes 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/Note Authorization

The notes will be issued in one series. The series will be a \$24,926,225 tax-exempt note (Series 2022 A).

The tax-exempt debt, will be sold through a private placement, purchased initially by Orix Real Estate Capital, LLC, dba Lument Capital. Lument Capital is a “qualified institutional buyer” within the meaning of the U.S. securities laws. At closing, Lument Capital will sign an “Investor’s Letter” certifying, among other things, that it is buying the notes for its own account and not for public distribution. Because the notes are being sold through a private placement, an Official Statement will not be used. In addition, the notes will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated.

Transfer of the notes to any subsequent noteholder will comply with Housing Commission policy number PO300.301. Moreover, any subsequent noteholder would be required to represent to the Housing Authority that they are a qualified institutional buyer or accredited investor who is buying the notes 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 notes.

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/note 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 notes will be issued pursuant to an Indenture between the Housing Authority and a to-be-selected Trustee. Based upon instructions contained in the Indenture, or similar document, the Trustee will disburse notes proceeds for eligible costs, collect project revenues and make payments to the noteholder. Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the notes 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 notes 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 on the note 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 note 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 44 PBVs for Tizon Apartments, which are for senior (62+) households with low income earning up to 80 percent AMI. The recommendation for these vouchers is contingent upon completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the Project Based 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 Tizon Apartments' 44 voucher-assisted units. The PBV units are all studio units. The tenants will be selected from the Housing Commission's low-income PBV Wait List. Supportive Services will be provided by Engage to the residents. San Ysidro Health will be providing in-kind services on an as-needed basis.

Affordability

Tizon Apartments will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit and bond regulatory agreements, which will restrict affordability of 175 units for 55 years. The rent and occupancy restrictions required by the CTCAC will be applicable.

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
Studio (with PBVs)	40%	44	\$1,526
Studio	50%	88	\$1,061
Studio	60%	43	\$1,273
Manager	-	3	-
Total Units	-	178	-

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action are included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget. Approving this action will not change the FY 2022 total budget.

Funding sources approved by this action will be as follows

Bond Issuer Fee – \$24,926,225 X 0.0025 = \$62,316

Total Funding Sources – up to \$62,316

Funding uses approved by this action

Administrative costs - \$62,316

Total Funding Uses - up to \$62,316

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
Housing Commission Board Final Bond Authorization	November 12, 2021
Housing Authority Final Bond Authorization	December 7, 2021
Close Construction Financing	February 15, 2022
Estimated Start of Construction	February 15, 2022
Estimated Completion of Construction	March 15, 2023

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The project is by-right. Affirmed presented to the Rancho Bernardo Community Council Land Use Committee on 4/6/21 and to the Rancho Bernardo Community Planning Board on 5/20/21. The presentations were informational as the entitlements/project is only subject to ministerial approval.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include Affirmed Housing Group as the developer, San Ysidro Health and EnGAGE as the service providers, the Housing Commission as a lender and administrator of Multifamily Housing Revenue Bonds, and the Rancho Bernardo Community Planning Board. 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 175 new affordable rental homes for low-income seniors in San Diego.

STATEMENT FOR PUBLIC DISCLOSURE

Developer Disclosure Statements for Affirmed Housing Group are provided at Attachment 7.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The developer engaged the City of San Diego in a preliminary review process with the San Diego Development Services Department (DSD), which concluded that the project may proceed by-right using a Process One ministerial review. Pursuant to CEQA Section 15300.1 CEQA does not apply for the development because ministerial projects are not considered a “project” under CEQA. No discretionary approvals are required for the project. To the extent these actions are considered a project, the project would be exempt under CEQA because it does not have the potential for causing a significant effect on the environment pursuant to State CEQA Guidelines Section 15301 (Existing Facilities), which allows the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use; and Section 15302 (Replacement or Reconstruction), which allows the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. The exceptions listed in CEQA Section 15300.2 would not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

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

November 4, 2021

Final Bond Authorization and Tax Equity and Fiscal Responsibility Act Resolution for Tizon

Page 11

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 approvals were obtained from the City of San Diego on April 28, 2021 and November 1, 2021.

Respectfully submitted,



Jennifer Kreutter

Director of Real Estate Finance Operations

Real Estate Division

Approved by,



Jeff Davis

Deputy Chief Executive Officer

San Diego Housing Commission

Attachments:

1. Development Summary
2. Site Map
3. Organization Chart
4. Developers' Project Pro Forma
5. Multifamily Housing Revenue Bond Program
6. Financial Advisor's Analysis
7. Developers' Disclosure Statement

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

Development Summary

Table 1 –Development Details

Address	11520 West Bernardo Court
Council District	District 5
Community Plan Area	Rancho Bernardo Community Planning Board
Developers	RB Radisson Hotel Conversion SH, L.P. c/o Affirmed Housing Group, Inc.
Development Type	Acquisition & Rehabilitation
Construction Type	Type 1 Three-story wood frame slab on grade
Parking Type	166 surface parking spaces
Housing Type	Acquisition and rehabilitation
Lot Size	3.61 Acres, 157,252 square feet
Units	178 (175 affordable and 3 manager's units)
Density	49 dwelling units per acre (178 units /3.61 acres)
Gross Building Area	84,420 square feet
Net Rentable Area	73,056 square feet
Commercial/Retail Space	4,000 square feet of community space
Project Based Housing Vouchers (PBV)	44 PBVs from the Housing Commission (not for permanent supportive housing for individuals experiencing homelessness)

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group
Owner/Borrower	Rancho Bernardo Senior Housing, L.P.
Managing General Partner	Community Advancement Development Corporation (CADC)
Administrative General Partner	AHG Rancho Bernardo Senior, LLC
Tax Credit Investor Limited Partner	Raymond James Tax Credit Funds, Inc.
Architect	Basis Architecture & Consulting
General Contractor	HA Builder Group
Property Management	ConAm
Construction and Permanent Lender	Orix Real Estate Capital, LLC, dba Lument Capital
Tenant Services Provider	EnGAGE and San Ysidro Health

Table 3 –Estimated Sources and Uses of Financing

Financing Sources		Financing Uses		Per Unit
Permanent Loan (FHA)	\$28,572,660	Acquisition	\$28,000,000	\$157,303
SDHC Loan	4,017,167	Construction	10,783,794	60,583
Federal Tax credits	17,006,309	Architecture	790,000	4,438
Release of Working Capital	298,374	Financing & Legal	1,201,458	6,750
Deferred Developer Fee	482,833	Taxes and Insurance	641,400	3,603
		Soft costs	2,785,361	15,648
		City permits and impact fees	1,543,330	8,670
		Developer's fee	4,060,000	22,809
		Reserves	572,000	3,213
Total Sources	50,377,343	Total Uses	\$50,377,343	\$283,019

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$50,377,343 \div 178 \text{ units} =$	\$283,019
Housing Commission Subsidy Per Unit	$\$4,017,167 \div 178 \text{ units} =$	\$22,568
Acquisition Cost Per Unit	$\$28,000,000 \div 178 \text{ units} =$	\$157,303
Gross Building Square Foot Hard Cost	$\$10,783,794 \div 84,420 \text{ sq. ft.} =$	\$128
Net Rentable Square Foot Hard Cost	$\$10,783,794 \div 73,056 \text{ sq. ft.} =$	\$148

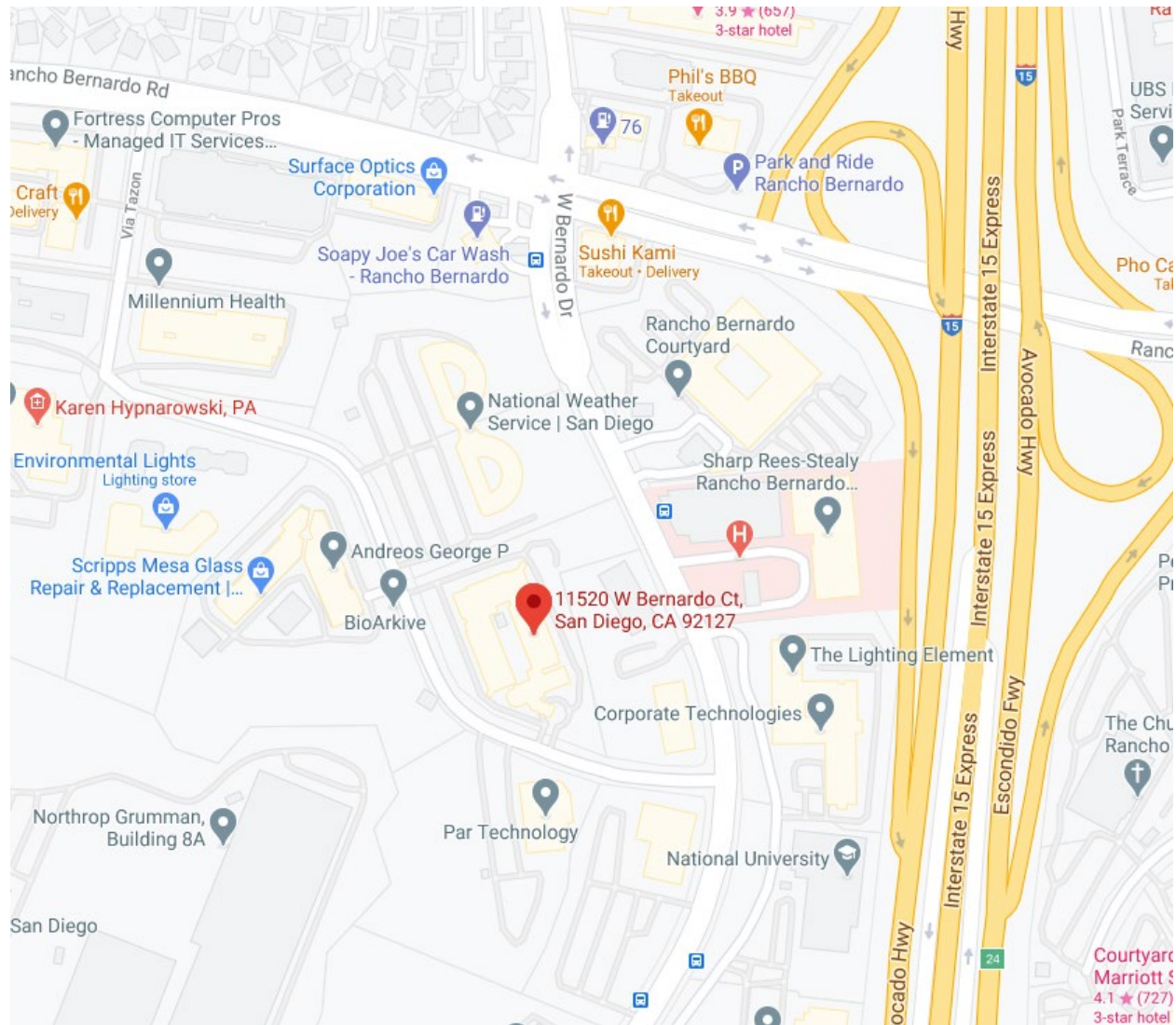
Table 5 – Comparable Development Projects

Project Name	Year	Unit mix	Units	Prevailing Wage	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – Tizon Apartments	2021	175 Studios 3 mgr. units	178	Yes	\$50,377,343	\$283,019	\$22,568	\$128
West Park	2019	91 Studios & 1 mgr. unit	92	Yes	\$15,593,274	\$331,772	\$76,453	\$457
New Palace	2017	79 Studios & 1 mgr. unit	80	Yes	\$21,804,349	\$272,555	\$38,750	\$230
Zephyr	2017	79 Studios, 5 One Br. & 1 mgr. unit	85	Yes	\$27,225,500	\$320,300	\$35,294	\$180
Benson	2020	82 Studios & 1 mgr. unit	83	Yes	\$24,706,411	\$297,668	\$58,554	\$329

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
Studio (with PBVs)	40%	44	\$1,526
Studio	50%	88	\$1,061
Studio	60%	43	\$1,273
Manager	-	3	-
Total Units	-	178	-

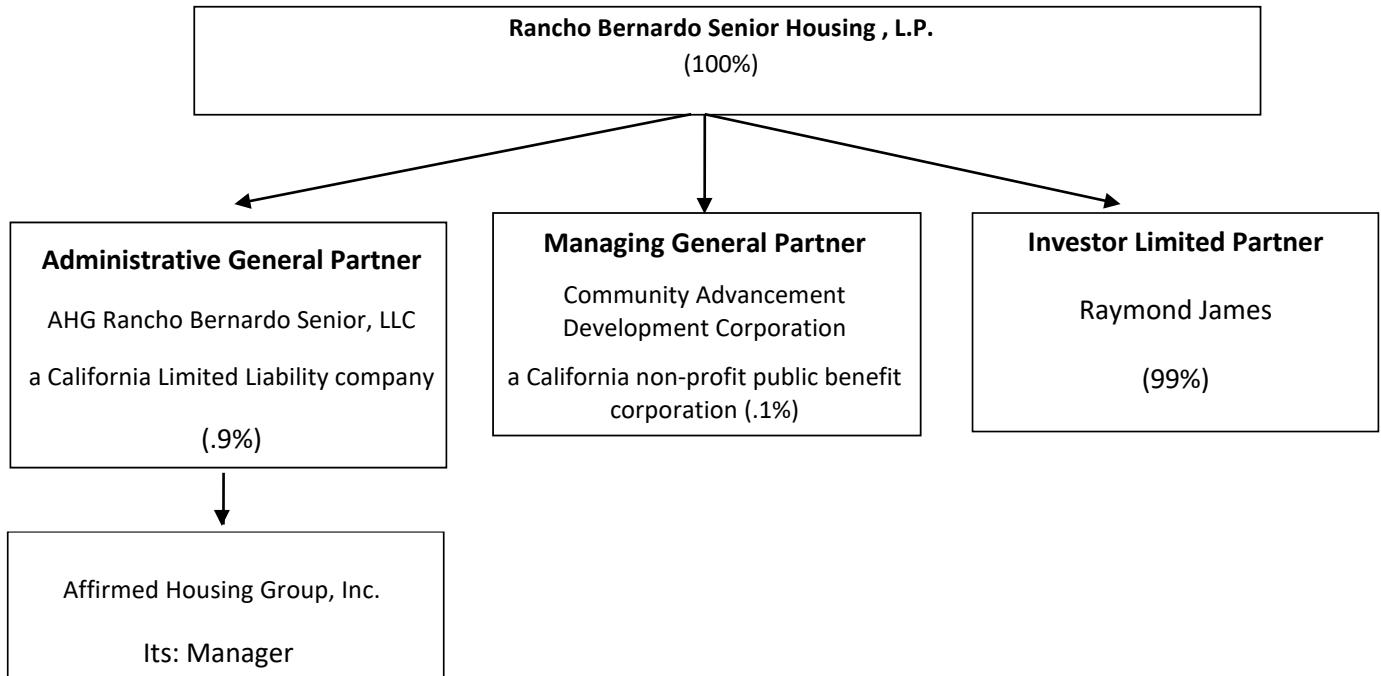
Site Map



Rancho Bernardo Senior Housing DEVELOPMENT SITE
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. AHG Rancho Bernardo Senior, LLC, a California single purpose entity filed with the state will be the Administrative General Partner, owning .9% interest; Community Advancement Development Corporation, a California nonprofit public benefit corporation, will act as the Managing General Partner and will own .1% interest and the Investor Limited Partner will have 99% interest in the limited partnership.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

- | | |
|--|--|
| <p>1. James Silverwood
President
Affirmed Housing Group, Inc. 13520
Evening Creek Dr. N, #160 San
Diego, CA 92128</p> | <p>3. Shonda Herold
Senior Project Manager
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160 San
Diego, CA 92128</p> |
| <p>2. Jimmy Silverwood
Executive Vice President
Affirmed Housing Group, Inc. 13520
Evening Creek Dr. N, #160 San Diego,
CA 92128</p> | <p>4. Randall Simmrin
Executive Director
Community Advancement
Development Corporation
310 S. Twin Oaks Valley Rd. #107-287
San Marcos, CA 92078</p> |

Affirmed Housing Group, Inc. (AHG) will act as the Administrative General Partner in the development of the affordable housing project. Affirmed's role of 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.

Radisson Hotel Conversion

Rancho Bernardo, San Diego

175 Senior Apts; 30-60% AMI; 3 MGR Apts

4% Tax Credit Equity + FHA 221(d)(4) + SDHC Capital + 25% Reg PBV

Adaptive Reuse of Existing Hotel

11/2/2021

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Permanent Loan (FHA)	\$ 28,572,660	160,521	56.7%
SDHC Capital	\$ 4,017,167	22,568	8.0%
Release of Working Capital	\$ 298,374	1,676	0.6%
Deferred Developer Fee	\$ 482,833	2,713	1.0%
Federal Tax Credit Equity	\$ 17,006,308	95,541	33.8%
TOTAL SOURCES	\$ 50,377,343	283,019	100.0%

USES

Land/Acquisition Cost	\$ 28,000,000	157,303	55.6%
Total Rehabilitation Costs	\$ 9,984,995	56,095	19.8%
Hard Cost Subtotal	\$ 9,984,995	56,095	19.8%
Construction Contingency	\$ 798,799	4,488	1.6%
Architecture & Engineering	\$ 790,000	4,438	1.6%
Construction Interest & Fees	\$ 1,201,458	6,750	2.4%
Capitalized Reserves	\$ 572,000	3,213	1.1%
Taxes & Insurance	\$ 641,400	3,603	1.3%
Construction Services	\$ 30,000	169	0.1%
Escrow & Title	\$ 55,000	309	0.1%
Legal Fees/Cost of Issuance	\$ 582,730	3,274	1.2%
Devel Impact Fees & Permits	\$ 1,543,330	8,670	3.1%
Tax Credit Fees	\$ 95,000	534	0.2%
Misc. Soft Costs	\$ 1,691,129	9,501	3.4%
Soft Cost subtotal	\$ 7,202,047	40,461	14.3%
Soft Cost Contingency	\$ 331,502	1,862	0.7%
Developer Fee	\$ 4,060,000	22,809	8.1%
TOTAL USES	\$ 50,377,343	283,019	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$28,572,660
Permanent Loan Interest Rate	2.90%
Permanent Loan Term (yr.)	40
Permanent Loan Amort (yr.)	40
Net Operating Income	\$1,518,699
Debt Service	\$1,289,182
Debt Coverage Ratio	1.18
Construction Loan Amt (TE)	\$24,926,225
Construction Loan Interest Rat	2.90%
Construction Loan Term (mo.)	24
Loan to Value	49.48%

INCOME

Type	Qty.	%AMI	Net Income	Total Income
Studio Reg PBV	44	40%	\$ 1,526	\$ 67,144
Studio	88	50%	\$ 1,061	\$ 93,368
Studio	43	60%	\$ 1,273	\$ 54,739
2BR MGR	3		\$ -	\$ -
TOTAL	178			\$ 215,251
Annual Residential Income				\$ 2,225,556
Excess PBV Income				\$ 357,456
Other Income				\$ 24,680
Total Gross Annual Income				\$ 2,607,692
Vacancy @		5.0%		\$ (129,151)
TOTAL NET ANNUAL INCOME				\$ 2,478,541

EXPENSES

Administrative	\$ 697	\$ 124,000
Management	\$ 720	\$ 128,160
Utilities	\$ 1,096	\$ 195,000
Payroll	\$ 1,346	\$ 239,532
Total Insurance:	\$ 191	\$ 34,000
Maintenance	\$ 801	\$ 142,500
Other: Agency Monitoring Fees	\$ 45	\$ 8,000
Subtotal	\$ 4,894	\$ 871,192
Resident Services	\$ 225	\$ 40,000
Replacement Reserves	\$ 300	\$ 53,400
Real Estate Taxes	\$ 51	\$ 9,000
Legal/Insurance Reserve:	\$ -	\$ -
Other: Agency Monitoring Fees (\$ 147	\$ 26,250
ANNUAL EXPENSES		\$ 999,842

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$2,020,952
Federal Tax Credit Pricing	\$0.85
State Tax Credits Requested	N/A
State Tax Credit Pricing	N/A
LP Interest	99.00%
Applicable Rate	4.00%
50% Test	51.09%

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS

Radisson Hotel Conversion

Basis Limits Used: **TCAC 2021**
Application Type: **4%**

County: **SAN DIEGO**
Housing Type: **At Risk and Non-Targeted**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$260,566	175	\$45,599,050
1	\$300,430	0	\$0
2	\$362,400	3	\$1,087,200
3	\$463,872	0	\$0
4+	\$516,782	0	\$0
TOTAL UNITS:		178	
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:			\$46,686,250
			Yes/No
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	Yes	\$9,337,250
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	No	\$0
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	No	\$0
(d)	Plus (+) 2% basis adjustment for projects where 100 percent of the units are for Special Needs populations.	No	\$0
(e)	Plus (+) up to 10% basis adjustment for projects applying under Section 10325 or Section 10326 of these regulations that includes Item (e) Features. If yes, enter total % boost: 0%	No	\$0
(f)	Plus (+) the lesser of the associated costs or up to a 15% basis adjustment for projects requiring seismic upgrading of existing structures, and/or projects requiring toxic or other environmental mitigation as certified by the project architect/ engineer +costs. If Yes, select type: Seismic Upgrading	No	\$0
(g)	Plus (+) local development impact fees required to be paid to local government entities. Certification from local entities assessing fees also required.	Yes Please Enter Amount:	\$1,259,800
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	Yes	\$4,668,625
(i)	Plus (+) 10% basis adjustment for a project that is: (i) in a county that has an unadjusted 9% threshold basis limit for a 2-bedroom unit equal to or less than \$400,000; AND (ii) located in a census tract designated on the TCAC/HCD Opportunity Area Map as Highest or High Resource.	Yes	\$4,668,625
4% Projects			
(j)	Plus (+) 1% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted between 35% and 50% of AMI. Affordable Units: 175 Total Affordable Units @ 50% to 35% of AMI: 132	75%	\$35,214,771
(k)	Plus (+) 2% basis adjustment for each 1% of project's Low-Income and Market Rate Units restricted at or below 35% of AMI. Affordable Units: 175 Total Affordable Units @ 35% of AMI or Below: 0	0%	\$0
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$101,835,321

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit

42.413%

UNADJUSTED THRESHOLD BASIS - 39% TEST

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

30.000%

CONSTRUCTION & PERMANENT FINANCING
Radisson Hotel Conversion

<i>Construction Financing</i>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Int. Reserve</i>
Construction Loan (TE FHA)	24	2.90%	24,926,225	912,000
Construction Loan (TAXABLE FHA)	24	2.90%	3,646,435	
SDHC Capital	24	4.00%	4,017,167	
Tax Credit Equity (Fed)			15,305,678	
Costs Deferred Until Perm			2,481,838	
Total Funds for Construction			50,377,343	

<i>Permanent Financing</i>				
<i>Name of Lender/Source</i>	<i>Term (months)</i>	<i>Interest Rate</i>	<i>Amount of Funds</i>	<i>Debt Service</i>
Permanent Loan (FHA)	480	2.90%	28,572,660	1,279,182
SDHC Capital	660	4.00%	4,017,167	10,000
Release of Working Capital			298,374	
Deferred Developer Fee		2.00%	482,833	
Total Permanent Financing			33,371,034	
Federal Tax Credit Equity			17,006,308	
Total Sources of Project Funds			50,377,343	

DEVELOPMENT BUDGET

Radisson Hotel Conversion

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Permanent Loan (FHA)	SDHC Capital		Release of Working Capital	-	Deferred Developer Fee	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
LAND COST/ACQUISITION												
Land Value	3,940,000	3,940,000	-	-	-	-	-	-	-	-		
Land Carry Cost + Misc. Fees	100,000	100,000	-	-	-	-	-	-	-	-		
Land Carry Cost		-	-	-	-	-	-	-	-	-		
Total Land Cost or Value	4,040,000	4,040,000	-									
Existing Improvements Value	23,960,000	23,960,000	-	-	-	-	-	-	-	-		23,960,000
Off-Site Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Total Acquisition Cost	23,960,000	23,960,000	-								-	23,960,000
Total Land Cost / Acquisition Cost	28,000,000	28,000,000	-								-	23,960,000
REHABILITATION												
Site Work	170,000	170,000	-	-	-	-	-	-	-	-	170,000	
Structures	8,098,445	8,098,445	-	-	-	-	-	-	-	-	8,098,445	-
General Requirements	537,227	537,227	-	-	-	-	-	-	-	-	537,227	-
Contractor Overhead	175,153	175,153	-	-	-	-	-	-	-	-	175,153	-
Contractor Profit	477,460	477,460	-	-	-	-	-	-	-	-	477,460	-
Other: Solar/FFE	300,000	300,000	-	-	-	-	-	-	-	-	300,000	-
General Liability Insurance/Bond Prem.	226,710	226,710	-	-	-	-	-	-	-	-	226,710	-
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Rehabilitation Costs	9,984,995	9,984,995	-								9,984,995	-
Total Relocation Expenses	-	-	-	-	-	-	-	-	-	-	-	-
NEW CONSTRUCTION												
Site Work	-	-	-	-	-	-	-	-	-	-	-	-
Structures	-	-	-	-	-	-	-	-	-	-	-	-
General Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Profit	-	-	-	-	-	-	-	-	-	-	-	-
Demolition & Abatement	-	-	-	-	-	-	-	-	-	-		
Prevailing Wages												
General Liability Insurance/ Bond Prem	-	-	-	-	-	-	-	-	-	-	-	-
Solar	-	-	-	-	-	-	-	-	-	-	-	-
Other: Site Security	-	-	-	-	-	-	-	-	-	-	-	-
Total New Construction Costs	-	-	-								-	-

DEVELOPMENT BUDGET

Radisson Hotel Conversion

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Permanent Loan (FHA)	SDHC Capital		Release of Working Capital	-	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, GPR, etc)	540,000	540,000	-	-	-	-	-	-	-	-	540,000	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-
Total Architectural Costs	540,000	540,000	-								540,000	-
Total Survey and Engineering	250,000	250,000	-	-	-	-	-	-	-	-	250,000	-
CONST. INTEREST & FEES												
Construction Loan Interest (TE)	631,000	631,000	-	-	-	-	-	-	-	-	631,000	-
Origination Fee (FHA)	289,458	289,458	-	-	-	-	-	-	-	-	289,458	-
Cost of Issuance	397,730	397,730	-	-	-	-	-	-	-	-		-
Taxes	491,400	491,400	-	-	-	-	-	-	-	-	491,400	-
Insurance	150,000	150,000	-	-	-	-	-	-	-	-	150,000	-
Title and Recording	55,000	55,000	-	-	-	-	-	-	-	-	55,000	-
Construction Service Fees (Bank)	30,000	30,000	-	-	-	-	-	-	-	-	30,000	-
Other: Const Mgmt & Deputy Services	-	-	-	-	-	-	-	-	-	-	-	-
Other: HUD Fees	1,226,140	1,226,140	-	-	-	-	-	-	-	-	1,226,140	
Total Const. Interest & Fees	3,270,728	3,270,728	-								2,872,998	-

PERMANENT FINANCING

Loan Origination Fee	-	-	-	-	-	-	-	-	-	-		
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-	-	-		
Title and Recording	-	-	-	-	-	-	-	-	-	-		
Taxes	-	-	-	-	-	-	-	-	-	-		
Insurance	-	-	-	-	-	-	-	-	-	-		
Other: SDHC Fees	86,250	86,250	-	-	-	-	-	-	-	-		
Other: Interest Prior to Conversion	281,000	281,000	-	-	-	-	-	-	-	-		
Total Perm. Financing Costs	367,250	367,250	-	-	-	-	-	-	-	-		
LEGAL FEES												
Lender Legal Pd. by Applicant	60,000	60,000	-	-	-	-	-	-	-	-	60,000	-
Other : Partnership & Transaction	125,000	125,000	-	-	-	-	-	-	-	-	50,000	-
Total Attorney Costs	185,000	185,000	-	-	-	-	-	-	-	-	110,000	-
RESERVES												
Rent Reserves	-	-	-	-	-	-	-	-	-	-		
Transition Reserve	-	-	-	-	-	-	-	-	-	-		
*3- Month Operating Reserve	572,000	572,000	-	-	-	-	-	-	-	-		
Other:	-	-	-	-	-	-	-	-	-	-		
Total Reserve Costs	572,000	572,000	-	-	-	-	-	-	-	-		

DEVELOPMENT BUDGET

Radisson Hotel Conversion

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Permanent Loan (FHA)	SDHC Capital		Release of Working Capital	-	Deferred Developer Fee	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
Total Appraisal Costs	8,000	8,000	-	-	-	-	-	-	-	-	8,000	-
Total Hard Cost Contingency	798,799	798,799	-								798,799	-
OTHER PROJECT COSTS												
TCAC App/Allocation/Monitoring	95,000	95,000	-	-	-	-	-	-	-	-		
Environmental Audit	35,000	35,000	-	-	-	-	-	-	-	-	35,000	-
Local Dev. Impact Fees	1,259,800	1,259,800	-	-	-	-	-	-	-	-	1,259,800	-
Permit Fees	283,530	283,530	-	-	-	-	-	-	-	-	283,530	-
Marketing/PM Lease Up Fees	78,919	78,919	-	-	-	-	-	-	-	-		
Furnishings, Fixtures, Equipment	211,820	211,820	-	-	-	-	-	-	-	-	211,820	-
Market Study	10,000	10,000	-	-	-	-	-	-	-	-	10,000	-
Accounting/Reimbursables	35,000	35,000	-	-	-	-	-	-	-	-	35,000	-
Soft Cost Contingency	331,502	331,502	-	-	-	-	-	-	-	-	331,502	-
PSH Lease-Up Fees		-	-	-	-	-	-	-	-	-	-	-
Other: Financial Consulting	-	-	-	-	-	-	-	-	-	-		-
Other: Entitlements Consulting	-	-	-	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-	-		-
Total Other Costs	2,340,571	2,340,571	-								2,166,652	-
SUBTOTAL PROJECT COST	46,317,343	46,317,343	-	-	-	-	-	-	-	-	16,731,444	23,960,000
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis							16,731,444	23,960,000
DEVELOPER COSTS												
Developer Overhead/Profit	4,060,000	4,060,000	-	-	-	-	-	-	-	-	2,509,716	1,550,284
Consultant/Processing Agent	-	-	-	-	-	-	-	-	-	-	-	-
Project Administration	-	-	-	-	-	-	-	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-	-	-	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-	-	-	-	-	-	-	-
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
Total Developer Costs	4,060,000	4,060,000	-	-	-	-	-	-	-	-	2,509,716	1,550,284
TOTAL PROJECT COSTS	50,377,343	50,377,343	-								19,241,160	25,510,284
Bridge Loan Expense During Construction											-	-
Total Eligible Basis											19,241,160	25,510,284

ELIGIBLE AND QUALIFIED BASIS
Radisson Hotel Conversion

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	19,241,160	25,510,284
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:	19,241,160	25,510,284
Total Adjusted Threshold Basis Limit		101,835,321
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	25,013,508	25,510,284
Applicable Fraction:	100%	100%
Qualified Basis	25,013,508	25,510,284
Total Qualified Basis		50,523,792
**Total Credit Reduction:	-	0
Total Adjusted Qualified Basis:		50,523,792

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

**to be calculated in "Points System"

BASIS AND CREDITS
Radisson Hotel Conversion

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	25,013,508	25,510,284
Applicable Percentage - 30% PV (4%, varies)	4.00%	4.00%
Project's Applicable Percentage:	4.00%	4.00%
Subtotal Annual Federal Credit:	1,000,540	1,020,411
Total Combined Annual Federal Credit:		2,020,952 <--- \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	50,377,343	
Permanent Financing	33,371,034	
Funding Gap	17,006,309	0.850 Equity Pricing
Federal Tax Credit Factor **	0.84	99.00% LP Interest
Total Credits Necessary for Feasibility	20,209,517	
Annual Federal Credit Necessary for Feasibility	2,020,952	
Maximum Annual Federal Credits	2,020,952	
Equity Raised From Federal Credit	17,006,308	
Remaining Funding Gap	0	

BASIS AND CREDITS: STATE

Determination of State Credit

	NC/Rehab	Acquisition
Adjusted Qualified Basis	19,241,160	-

Factor Amount *	30%	13%
Maximum Total State Credit	5,772,348	-

Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor **	-	99.00% Equity Pricing
Maximum Total State Credit	5,772,348	LP Interest
State Credit Necessary for Feasibility	-	
Equity Raised from State Credit	-	
Remaining Funding Gap	0	

PROJECT INCOME INFORMATION
Radisson Hotel Conversion

(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 Reg PBV	44	\$ 849	\$ 37,356	\$ -	\$ 849	40%	\$ 1,526	\$ 677	\$ 29,788
Studio	88	\$ 1,061	\$ 93,368	\$ -	\$ 1,061	50%	\$ -	\$ -	\$ -
Studio	43	\$ 1,273	\$ 54,739	\$ -	\$ 1,273	60%	\$ -	\$ -	\$ -
2BR MGR	3	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	175	Total Rent	\$ 185,463				Total Tranche B:		\$ 29,788

Aggregate Monthly Rents for All Units:	\$ 185,463
Aggregate Annual Rents for All Units:	\$ 2,225,556

Avg Affordability	49.94%
-------------------	--------

Total Affordable Plus Manager Units:	178
--------------------------------------	-----

Annual Income from Laundry Facilities	\$ 10,680	5.00 per unit per month
---------------------------------------	-----------	-------------------------

Annual Income from Vending Machines	-
-------------------------------------	---

Annual Interest Income	-
------------------------	---

Other Annual Income (Specify)	14,000
-------------------------------	--------

Total Miscellaneous Income:	\$ 24,680
-----------------------------	-----------

Total Annual Potential Gross Income:	\$ 2,250,236
--------------------------------------	--------------

Excess PBV Income	\$ 357,456
-------------------	------------

Total Gross Annual Income	\$ 2,607,692
---------------------------	--------------

Utility Allowances					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	-	-	-	-	-
Water Heating:	-	-	-	-	-
Cooking:	-	-	-	-	-
Lighting:	-	-	-	-	-
Electricity:	-	-	-	-	-
Water:*	-	-	-	-	-
AC	-	-	-	-	-
City's Fee	-	-	-	-	-
Total:	-	-	-	-	-

*Owner paid utilities

ANNUAL RESIDENTIAL OPERATING EXPENSES
Radisson Hotel Conversion

Administrative	Advertising:	2,000	Per Unit 11
	Legal:	5,000	28
	Accounting/Audit:	12,000	67
	Security:	70,000	393
	General Office Costs:	35,000	197
	Total Administrative:	124,000	697
Management	Total Management Fee:	128,160	720
Utilities	Fuel:	-	-
	Gas:	10,000	56
	Electricity:	95,000	534
	Water/Sewer:	90,000	506
	Total Utilities:	195,000	1,096
Payroll / Payroll Taxes	On-site Manager(s):	91,520	514
	Maintenance Personnel:	76,960	432
	Other: Payroll Burden/Taxes	71,052	399
	Total Payroll/Payroll Taxes:	239,532	1,346
	Total Insurance:	34,000	191
Maintenance	Painting:	7,500	42
	Repairs:	30,000	169
	Trash Removal:	35,000	197
	Exterminating:	10,000	56
	Grounds:	40,000	225
	Other: Elevator	15,000	84
	Other: Cleaning & Building Supplies	5,000	28
	Total Maintenance:	142,500	801
Other Expenses	Other: Fire Monitor	8,000	45
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Total Other:	8,000	45

Total Expenses

Total Annual Residential Operating Expenses:	871,192
Total Number of Units in the Project:	178
Total Annual Operating Expenses Per Unit:	4,894
Total 3-Month Operating Reserve:	572,000
Legal/Insurance Reserve:	
Total Annual Service Amenities Budget (Res Serv Coordinator):	40,000
Total Annual Reserve for Replacement:	53,400
Total Annual Real Estate Taxes:	9,000
Other: Agency Monitoring Fees (26,250
TOTAL:	999,842

4,900 min per unit

225 per unit

300 per unit

150 per affordable unit

5,617 per unit

468 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: Radisson Hotel Conversion
Proforma Type: 175 Senior Apts; 30-60% AMI; 3 MGR Apts
Location: Rancho Bernardo, San Diego

Month	Equity	Dev Fee	Description
0	25%	30%	Loan Closing
2	25%	0%	April 1, 2022
5	23%	0%	50% Completion
9	17%	20%	Construction Completion
10	0%	0%	Final Payment
13	0%	0%	100% Occupancy
17	8%	43%	Conversion to Perm
18	2%	7%	8609
19	0%	0%	Operations

PROJECTED TE CONSTRUCTION LOAN: \$ 24,926,225
LOAN-TO-VALUE: 49.48%
Interest Rate Construction - TE 2.90%

Loan Closing Date	2/15/2022
Construction Schedule (# mo)	9
Lease Up Schedule (# mo)	4
Conversion Schedule (# mo)	17

PROJECTED TAXABLE CONSTRUCTION LOAN: \$ 3,646,435
Interest Rate Construction - TAXABLE 2.90%

		Loan Closing			April 1, 2022		50% Completion		Construction Completion		Final Payment		100% Occupancy					
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		Total Budget	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	Mar-23	Apr-23	May-23
CONSTRUCTION USES:																		
Total Land Cost / Acquisition Cost	28,000,000	28,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Costs	9,984,995	0	599,100	998,500	998,500	998,500	998,500	998,500	1,098,349	1,098,349	1,098,349	1,098,349	0	0	0	0	0	0
Constr. Contingency @ 8.0%	798,799	0	47,928	79,880	79,880	79,880	79,880	79,880	87,868	87,868	87,868	87,868	0	0	0	0	0	0
Total Architectural Costs	540,000	479,797	6,689	6,689	6,689	6,689	6,689	6,689	6,689	6,689	6,689	6,689	0	0	0	0	0	0
Total Survey and Engineering	250,000	200,000	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	0	0	0	0	0	0
Construction Loan Interest (TE)	631,000	0	70,010	70,010	70,010	70,010	70,010	70,010	70,010	70,010	70,010	70,010	0	0	0	0	0	0
Origination Fee (FHA)	375,708	375,708	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Issuance	397,730	397,730	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	491,400	327,600	0	0	0	0	0	0	0	0	0	0	163,800	0	0	0	0	0
Insurance	150,000	150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Title and Recording	55,000	55,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Service Fees (Bank)	30,000	6,000	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	0	0	0	0	0	0
Other: Const Mgmt & Deputy Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: HUD Fees	1,226,140	1,226,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: Interest Prior to Conversion	281,000	0	0	0	0	0	0	0	0	0	0	0	70,010	70,010	70,010	70,010	0	0
Lender Legal Pd. by Applicant	60,000	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other : Partnership & Transaction	125,000	125,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Costs	572,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appraisal	8,000	8,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TCAC App/Allocation/Monitoring	95,000	95,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environmental Audit	35,000	35,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Dev. Impact Fees & Permit Fees	1,543,330	1,543,330	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Study/Marketing/FF&E/Misc.	300,739	25,000	0	0	0	0	0	0	0	132,870	132,870	0	10,000	0	0	0	0	0
Accounting/Reimbursables	35,000	7,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Cost Contingency	331,502	49,725	31,309	31,309	31,309	31,309	31,309	31,309	31,309	31,309	31,309	31,309	0	0	0	0	0	0
Developer Overhead/Profit - Paid	3,577,167	1,073,150	0	0	0	0	0	0	0	0	0	715,433	0	0	0	0	0	0
Deferred Developer Fee	482,833	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET	50,377,343	34,239,180	763,257	1,194,609	1,194,609	1,194,609	1,194,609	1,194,609	1,435,316	1,435,316	2,017,880	1,430,027	70,010	70,010	70,010	70,010	0	0
Compared to Development Budget Tab	BALANCED																	

SOURCES:

Permanent Loan (FHA)	28,572,660	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC Capital	4,017,167	3,414,592	0	0	0	0	401,717	0	0	0	0	200,858	0	0	0	0	0
Release of Working Capital	298,374	0	0	0	0	0	0	0	0	0	0	0	0	0	298,374	0	0
Deferred Developer Fee	482,833	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Tax Credit Equity	17,006,308	4,251,577	0	1,194,609	1,194,609	1,194,609	667,750	1,194,609	1,435,316	1,281,525	2,017,880	873,192	0	0	0	0	0
Total Monthly Sources	50,377,343	7,666,169	0	1,194,609	1,194,609	1,194,609	1,069,467	1,194,609	1,435,316	1,281,525	2,017,880	1,074,050	0	0	298,374	0	0
Compared to Uses on this tab	BALANCED																
LOAN BALANCE:																	

Cumulative Monthly Constr. Loan Balance (TE + TAX)	26,573,011	27,336,269	27,336,269	27,336,269	27,336,269	27,461,411	27,461,411	27,461,411	27,615,202	27,615,202	27,971,178	28,041,188	28,111,198	27,882,833	27,882,833	27,882,833
Remaining Balance Less Interest Reserve (TE + TAX)	1,087,649	394,401	464,411	534,420	604,430	549,297	619,307	689,317	605,535	675,545	389,578	389,578	389,578	687,952	687,952	687,952

Borrower: TBD
Project Name: Radisson Hotel Conversion
Proforma Type: 175 Senior Apts; 30-60% AMI; 3 MGR Apts
Location: Rancho Bernardo, San Diego

PROJECTED TE CONSTRUCTION LOAN: \$ 24,926,225
LOAN-TO-VALUE: 49.48%
Interest Rate Construction - TE 2.90%

PROJECTED TAXABLE CONSTRUCTION LOAN: \$ 3,646,435
Interest Rate Construction - TAXABLE 2.90%

		Conversion to		8609	Operations			
		16	17	18	19			
		Perm						
		<u>Total Budget</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>TOTAL</u>	
CONSTRUCTION USES:								
Total Land Cost / Acquisition Cost		28,000,000	0	0	0	0	28,000,000	100%
Direct Costs		9,984,995	0	0	0	0	9,984,995	100%
Constr. Contingency @	8.0%	798,799	0	0	0	0	798,799	100%
Total Architectural Costs		540,000	0	0	0	0	540,000	100%
Total Survey and Engineering		250,000	0	0	0	0	250,000	100%
Construction Loan Interest (TE)		631,000	0	0	0	0	630,087	100%
Origination Fee (FHA)		375,708	0	0	0	0	375,708	100%
Cost of Issuance		397,730	0	0	0	0	397,730	100%
Taxes		491,400	0	0	0	0	491,400	100%
Insurance		150,000	0	0	0	0	150,000	100%
Title and Recording		55,000	0	0	0	0	55,000	100%
Construction Service Fees (Bank)		30,000	0	0	0	0	30,000	100%
Other: Const Mgmt & Deputy Services		0	0	0	0	0	0	NA
Other: HUD Fees		1,226,140	0	0	0	0	1,226,140	100%
Other: Interest Prior to Conversion		281,000	0	0	0	0	280,039	100%
Lender Legal Pd. by Applicant		60,000	0	0	0	0	60,000	100%
Other : Partnership & Transaction		125,000	0	0	0	0	125,000	100%
Total Reserve Costs		572,000	0	572,000	0	0	572,000	100%
Appraisal		8,000	0	0	0	0	8,000	100%
TCAC App/Allocation/Monitoring		95,000	0	0	0	0	95,000	100%
Environmental Audit		35,000	0	0	0	0	35,000	100%
Local Dev. Impact Fees & Permit Fees		1,543,330	0	0	0	0	1,543,330	100%
Market Study/Marketing/FF&E/Misc.		300,739	0	0	0	0	300,739	100%
Accounting/Reimbursables		35,000	0	28,000	0	0	35,000	100%
Soft Cost Contingency		331,502	0	0	0	0	331,502	100%
Developer Overhead/Profit - Paid		3,577,167	0	1,524,261	264,323	0	3,577,167	100%
Deferred Developer Fee		482,833	0	0	0	482,833	482,833	100%
TOTAL BUDGET		50,377,343	0	2,124,261	264,323	482,833	50,375,468	1,875
Compared to Development Budget Tab		BALANCED						

SOURCES:

Permanent Loan (FHA)	28,572,660	0	28,572,660	0	0	28,572,660	100%
SDHC Capital	4,017,167	0	0	0	0	4,017,167	100%
Release of Working Capital	298,374	0	0	0	0	298,374	100%
Deferred Developer Fee	482,833	0	0	0	482,833	482,833	100%
Federal Tax Credit Equity	17,006,308	0	1,400,605	300,026	0	17,006,308	100%
Total Monthly Sources	50,377,343	0	29,973,265	300,026	482,833	50,377,343	100%
Compared to Uses on this tab	BALANCED						

LOAN BALANCE:

Cumulative Monthly Constr. Loan Balance (TE + TAX)	27,882,833	33,828	(1,875)	(1,875)
Remaining Balance Less Interest Reserve (TE + TAX)	687,952	28,536,957	24,926,225	24,926,225

15-YEAR CASH FLOW PROJECTION
Radisson Hotel Conversion

	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	Year 15 2038
Rental Income	2.5%	2,225,556	2,281,195	2,338,225	2,396,680	2,456,597	2,518,012	2,580,963	2,645,487	2,711,624	2,779,414	2,848,900	2,920,122	2,993,125	3,067,954	3,144,652
PBV INCOME IF APPLICABLE	2.5%	357,456	366,392	375,552	384,941	394,565	404,429	414,539	424,903	435,525	446,414	457,574	469,013	480,739	492,757	505,076
TOTAL GROSS POTENTIAL REVENUE		2,583,012	2,647,587	2,713,777	2,781,621	2,851,162	2,922,441	2,995,502	3,070,390	3,147,149	3,225,828	3,306,474	3,389,136	3,473,864	3,560,711	3,649,728
	Vacancy @															
Other Income	5.0%	129,151	132,379	135,689	139,081	142,558	146,122	149,775	153,519	157,357	161,291	165,324	169,457	173,693	178,036	182,486
	2.5%	24,680	25,297	25,929	26,578	27,242	27,923	28,621	29,337	30,070	30,822	31,592	32,382	33,192	34,022	34,872
TOTAL NET RENTAL INCOME		2,478,541	2,540,505	2,604,018	2,669,118	2,735,846	2,804,242	2,874,348	2,946,207	3,019,862	3,095,359	3,172,743	3,252,061	3,333,363	3,416,697	3,502,114
Advertising:	3.5%	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634	2,726	2,821	2,920	3,022	3,128	3,237
Legal:	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093
Accounting/Audit:	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	19,424
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	113,309
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	56,654
Total Management Fee:	3.5%	128,160	132,646	137,288	142,093	147,067	152,214	157,541	163,055	168,762	174,669	180,782	187,110	193,659	200,437	207,452
Gas:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Electricity:	3.5%	95,000	98,325	101,766	105,328	109,015	112,830	116,779	120,867	125,097	129,475	134,007	138,697	143,552	148,576	153,776
Water/Sewer:	3.5%	90,000	93,150	96,410	99,785	103,277	106,892	110,633	114,505	118,513	122,661	126,954	131,397	135,996	140,756	145,683
On-site Manager(s):	3.5%	91,520	94,723	98,039	101,470	105,021	108,697	112,501	116,439	120,514	124,732	129,098	133,616	138,293	143,133	148,143
Maintenance Personnel:	3.5%	76,960	79,654	82,441	85,327	88,313	91,404	94,603	97,915	101,342	104,889	108,560	112,359	116,292	120,362	124,575
Other: Payroll Burden/Taxes	3.5%	71,052	73,539	76,113	78,777	81,534	84,387	87,341	90,398	93,562	96,837	100,226	103,734	107,364	111,122	115,011
Total Insurance:	3.5%	34,000	35,190	36,422	37,696	39,016	40,381	41,795	43,257	44,772	46,339	47,960	49,639	51,376	53,175	55,036
Painting:	3.5%	7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876	10,222	10,579	10,950	11,333	11,730	12,140
Repairs:	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	48,561
Trash Removal:	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	56,654
Exterminating:	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Grounds:	3.5%	40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891	52,672	54,516	56,424	58,399	60,443	62,558	64,748
Other: Elevator	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	24,280
Other: Cleaning & Building Supplies	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093
Other: Fire Monitor	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	12,950
Other: Agency Monitoring Fees (2.5%	26,250	26,906	27,579	28,268	28,975	29,699	30,442	31,203	31,983	32,783	33,602	34,442	35,303	36,186	37,091
Real Estate Taxes	2.0%	9,000	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545	10,756	10,971	11,190	11,414	11,642	11,875
Replacement Reserve	0.0%	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400
TOTAL EXPENSES		959,842	991,170	1,023,585	1,057,125	1,091,830	1,127,739	1,164,895	1,203,341	1,243,122	1,284,284	1,326,876	1,370,947	1,416,548	1,463,734	1,512,560
Cash Flow Prior to Debt Service (NOI)		1,518,699	1,549,335	1,580,432	1,611,993	1,644,016	1,676,503	1,709,453	1,742,866	1,776,741	1,811,075	1,845,867	1,881,115	1,916,814	1,952,962	1,989,555
DEBT SERVICE - Permanent Loan (FHA)		1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182	1,279,182
SDHC Hard Debt Service Payment		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
FORECASTED CASH AVAILABLE		229,517	260,153	291,250	322,811	354,834	387,321	420,271	453,684	487,558	521,893	556,685	591,932	627,632	663,780	700,372
Percent of Gross Revenue	8% Max	8.89%	9.83%	10.73%	11.61%	12.45%	13.25%	14.03%	14.78%	15.49%	16.18%	16.84%	17.47%	18.07%	18.64%	19.19%
25% Debt Service Test	Yr 1-3 Max	17.80%	20.18%	22.59%	25.04%	27.52%	30.04%	32.60%	35.19%	37.82%	40.48%	43.18%	45.92%	48.68%	51.49%	54.33%
Debt Coverage Ratio	1.15 Min	1.18	1.20	1.23	1.25	1.28	1.30	1.33	1.35	1.38	1.40	1.43	1.46	1.49	1.51	1.54
Cash Available for Below the Line Expenses																
Service Amenities Budget	3.5%	40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891	52,672	54,516	56,424	58,399	60,443	62,558	64,748
Debt Coverage Ratio		1.15	1.17	1.19	1.22	1.24	1.26	1.29	1.31	1.34	1.36	1.39	1.41	1.44	1.47	1.49
Cash Available for Fees		189,517	218,753	248,401	278,462	308,933	339,814	371,101	402,793	434,886	467,377	500,261	533,534	567,189	601,222	635,625
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	30,252
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	7,563
Cash Available for Deferred Developer Fee		164,517	193,003	221,879	251,144	280,795	310,832	341,250	372,046	403,217	434,758	466,663	498,928	531,545	564,509	597,810
Deferred Fee	482,833	164,517	193,003	134,313	-	-	-	-	-	-	-	-	-	-	-	-
	2.0%	6,366	2,634	-	-	-	-	-	-	-	-	-	-	-	-	-
	balance	324,682	134,313	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		-	-	87,566	251,144	280,795	310,832	341,250	372,046	403,217	434,758	466,663	498,928	531,545	564,509	597,810
Annual RR Payment to SDHC	50.00%	\$ -	\$ -	\$ 43,783	\$ 125,572	\$ 140,398	\$ 155,416	\$ 170,625	\$ 186,023	\$ 201,608	\$ 217,379	\$ 233,332	\$ 249,464	\$ 265,773	\$ 282,254	\$ 298,905
Annual RR Payment to Affirmed	50.00%	\$ -	\$ -	\$ 43,783	\$ 125,572	\$ 140,398	\$ 155,416	\$ 170,625	\$ 186,023	\$ 201,608	\$ 217,379	\$ 233,332	\$ 249,464	\$ 265,773	\$ 282,254	\$ 298,905

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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

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

ROSS FINANCIAL

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

November 2, 2021

Mr. Colin Miller
Vice President, Multifamily Housing Finance
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Rancho Bernardo Senior Housing Project

Dear Mr. Miller:

The San Diego Housing Commission (the “Commission”) has retained Ross Financial as its independent municipal advisor, in part, to analyze the feasibility of issuing a tax-exempt government note (the “Note”) for the Rancho Bernardo Senior Housing (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 Lument (the “Lender”), (3) the market study performed by Raney Planning & Management 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 an adaptive reuse of an existing Radisson Hotel building and contain 178 total units consisting of 175 affordable studio apartments and three two-bedroom manager's units. The target population is seniors. While the initial approval by the Housing Commission targeted seniors aged 55 and older, the financing for the Development (involving FHA insured mortgage note under Section 221(d)4 of the National Housing Act) requires tenants to be aged 62 and older (except for children living with such tenant.)

The existing hotel campus consists of five stucco clad buildings arranged in a rectangular plan around a central courtyard. Four buildings are 3 stories in height, with concrete construction and mansard, flat and pitched roofs. The other building is single story, with wood-frame construction. The Development provides for 166 surface parking spaces.

The adaptive reuse will include reconfiguring room layouts to add kitchens, providing fully functional studio apartments of approximately 380 square feet. The kitchens will include a refrigerator, range/cooktop, sink and microwave. The three larger rooms of approximately 727 square feet will be reconfigured to become 2-bedroom manager units.

The interior of the hotel will be completely refinished to include new flooring and wall surfaces, redesigned bathrooms for accessibility and water efficiency, and upgraded mechanical, electric and plumbing systems.

The Development will include 5,000 square feet of common area and community amenity space, laundry, fitness center and meeting rooms. The site will receive updates to its landscaping, a pet relief station and accessibility standards.

Eighteen units will include mobility features and seven units will be equipped with communication features, such as audible/visual smoke alarms, doorbell and phone signalers.

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

RB HousingSho	Unit Mix	40% AMI**	50% AMI**	60% AMI**
Studio/1 Bath	175	44	88	43
2 Bedroom/1 Bath	3*			
Total Units	178	44	88	43

* Unrestricted manager's units

** AMI = Area Median Income

The forty-four 40% AMI units will be supported by non-PSH Project-Based Section 8 Vouchers.

Description of Project Site. The Development is located at 11520 West Bernardo Court on a 3.61 acre parcel, zoned CV-1-1.

The site sits in the Rancho Bernardo Market Area which includes that master-planned community of Rancho Bernardo in the northern hills of the Cities of San Diego and Poway. Adjacent land use is commercial in all directions.

Ownership of the Development/Borrower. The ownership entity for the Development will be AHG Rancho Bernardo Senior Housing, L.P., a single asset California limited partnership consisting of: (a) AHG Senior, LLC, created by Affirmed, which will serve as Administrative General Partner, (b) Community Advancement Development Corp., a California nonprofit public benefit corporation, which will serve as Managing General Partner and (c) a tax credit limited partnership entity created by Raymond James.

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 \$24,926,225 for the Development, along with a reservation of 4% Federal tax credits. On August 11, 2021, CDLAC awarded a private activity bond allocation in the requested amount and CTCAC reserved the requested 4% Federal tax credits. The CDLAC allocation expires on February 21, 2022.

In connection with the CDLAC/CTCAC application process, on April 9, 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 April 2, 2021, a TEFRA hearing, duly noticed, was held before the Housing Commission, with approval by the City Council targeted 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 acquisition and rehabilitation costs, and all soft costs, are estimated at \$50,377,343. 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 Note Proceeds	\$24,926,225	--
Taxable Loan	3,646,435	--
Permanent FHA Loan		\$28,572,660
SDHC Loan	4,017,167	4,017,167
Tax Equity – Federal and State	15,305,678	17,006,308
Deferred Costs	2,481,838	
Deferred Developer Fee		482,833
Release of Working Capital	--	298,374
Total	\$50,377,343	\$50,377,343*
Uses of Funds		
Land Value	\$4,040,000	\$4,040,000
Existing Improvements Value	23,960,000	23,960,000
Rehabilitation Costs	9,984,995	9,984,995
Architectural & Engineering	790,000	790,000
Contingency Costs (Hard and Soft)	1,130,301	1,130,301
Impact Fees and Permits	1,543,330	1,543,330
Financing Fees and Interest	3,637,978	3,637,978
Reserves	572,000	572,000
Misc. Soft Costs and Legal	658,739	658,739
Developer Fee**	4,060,000	4,060,000
Total	\$50,377,343	\$50,377,343

*Totals may not add due to rounding

** Cash portion of Developer Fee is \$3,577,167 (\$4,060,000 less \$482,833 deferred)

Description of Financing. The expectation (based on the most recent pro forma) is that the Housing Authority will issue the Note as a single tax-exempt series in the amount of \$24,926,225.

The Note will have the following features:

- It will be funded by Lument through its subsidiary, Orix Real Estate Capital, LLC (“Orix”);
- Orix will also fund a \$3,646,435 taxable loan directly to the Borrower;
- The Note and the taxable loan will be issued on a draw down basis, with interest payable only on the amounts drawn;
- The Note and taxable loan will be issued simultaneously with a 40-year FHA insured mortgage note under Section 221(d)4 of the National Housing Act. Payments under the FHA-insured mortgage note will be deemed to satisfy payments due under the Note.
- Following construction and lease-up (expected in 24 months after closing) (at “Conversion”), the Note and taxable loan will be terminated, and only the FHA-insured mortgage note will remain.
- The Note will pay interest at fixed rate, estimated at 2.9% in the current market.
- The Note is expected to close in mid-January 2022.

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 Note and its intention to hold the Note for its account. The Lender may transfer all or a portion of the Note only to transferees that execute a document with similar representations.

Housing Commission Financial Involvement. The Housing Commission has approved loan of \$4,500,000 of which \$4,017,167 is expected to be needed for construction based on the most recent pro forma (the “Housing Commission Loan”). The source of funding for the Housing Commission Loan will be \$100,000 from the City of San Diego’s Housing Trust Fund with remainder from HOME Investment Partnership program funds.

The Housing Commission Loan will be payable from the Development’s residual receipts with the following basic terms:

- Interest Rate: 4% simple interest
- Payments: 50% of residual cash flow after repayment of the non-subordinated portion of the deferred Developer Fee.
- Term: 55 years
- Affordability: 44 studio units at 40% AMI; 88 studio units at 50% AMI; and 43 studio units at 60% AMI
- Purchase Option: The Housing Commission will have an option to purchase the Development at the end of the 15-year tax credit compliance period

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

- Tax-Exempt Note 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
- Housing Commission's Loan Agreement and Declaration of Covenants, Conditions and Restrictions (the "Declaration") under which the units will be restricted for 55 years.

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:

	RB Senior
Assumptions	
Vacancy	5%
Revenue Escalation	2.5%
Operating Expense Escalation	3.5%
Cash Flow and Coverage	
Stabilized Net Income – First Full Year	\$2,478,541
Operating Expenses	(871,192)
Other Expenses ¹	(98,650)
Net Operating Income	\$1,508,699
FHA Permanent Loan ²	(1,279,182)
Debt Service Coverage ³	1.18x
Net Project Cash Flow	\$229,517
Service Amenities Budget	(40,000)
MGP and LP Fees	(25,000)
Cash Available for Deferred Developer Fee	164,517
Repayment of Deferred Developer Fee	(164,517)
Cash Available for Disbursement	0
50% to Housing Commission	0
50% to Borrower	0

¹ Other Expenses include Commission's annual fee at permanent (\$10,000) and monitoring fee of \$150 per unit

² Assumes a permanent FHA insured loan of \$28,572,860 amortized on a 40-year basis at a rate of 2.9%

³ Net operating income divided by FHA-insured loan debt service

Cash flow available for disbursement to the Housing Commission is expected to commence in the third year of stabilized occupancy.

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	2,225,556	2,281,195	2,338,225	2,396,680	2,456,597
2.50%	Rent Subsidy	357,456	366,392	375,552	384,941	394,565
	less 5% vacancy	(129,151)	(132,379)	(135,689)	(139,081)	(142,558)
2.50%	Miscellaneous Income	24,680	25,297	25,929	26,578	27,242
	Total Net Income	2,478,541	2,540,505	2,604,018	2,669,118	2,735,846
	Expenses					
3.50%	Operating Expenses	(871,192)	(901,684)	(933,243)	(965,906)	(999,713)
	Replacement Reserves	(53,400)	(53,400)	(53,400)	(53,400)	(53,400)
2.00%	Taxes	(9,000)	(9,180)	(9,364)	(9,551)	(9,742)
	Bond Monitoring Fee	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
2.50%	Agency Monitoring Fee	(26,250)	(26,906)	(27,579)	(28,268)	(28,975)
	Total Expenses + Reserves	(969,842)	(1,001,170)	(1,033,585)	(1,067,125)	(1,101,830)
	Net Operating Income	1,508,699	1,539,335	1,570,432	1,601,993	1,634,016
	Annual Bond Debt Service	(1,279,182)	(1,279,182)	(1,279,182)	(1,279,182)	(1,279,182)
	Debt Service Coverage	1.18x	1.20x	1.23x	1.25x	1.28x
	Available Cash Flow after Permanent Loan Debt Service	229,517	260,153	291,250	322,811	354,834
3.50%	Service Amenities Budget	(40,000)	(41,400)	(42,849)	(44,349)	(45,901)
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	164,517	193,003	221,879	251,144	280,795
	Repayment of Deferred Developer Fee	(164,517)	(193,003)	(125,313)	0	0
	Project Cash Flow after Payment of Deferred Developer Fee	0	0	96,566	251,144	280,795
	50% to SDHC	0	0	(48,283)	(125,572)	(140,398)
	50% to Borrower for Deferred Developer Fee	0	0	(48,283)	(125,572)	(140,398)

PUBLIC PURPOSE

The Note is expected to result in the long-term affordability of 175 studio units in the City of San Diego. Of these units, 44 units will be restricted and affordable to households earning 40% AMI, 88 units will be restricted and affordable to households earning 50% AMI, and 43 units will be restricted and affordable to households earning 60% AMI. Three units will be occupied by resident managers and be unrestricted.

The Note Regulatory Agreement, the Tax Credit Regulatory and Housing Commission's Declaration will require that these affordability levels be maintained for a period of 55 years.

BENEFITS AND RISKS TO THE COMMISSION

The Note provides a vehicle for financing a portion of the construction costs of the Development. As proposed, the Note will result in the long-term affordability of 175 studio units in the City of San Diego with units restricted to income levels described in "Public Purpose" above.

The Note does not pose undue financial risk to the Housing Authority. The Note is not a direct obligation of the Housing Authority or the City of San Diego. The Note will be funded by the Lender, which has indicated its intention to hold the Note for its own account. The Note is expected to be terminated in full following conversion.

The primary risk is construction and lease-up risk – that the Development is not rehabilitated 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 Note, the Commission would receive an issuer fee at Note closing of \$62,316, equal to 0.25% times the initial par amount of the Note. The Commission also would receive estimate annual fees of:

- \$31,158 to monitor the Note during the construction period (based on a par of \$24,926,225, and
- \$10,000 after conversion through the end of the 55-year CDLAC compliance period, plus (b) a per unit monitoring fee of \$150/unit.

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 Note. 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.

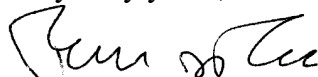
RECOMMENDATIONS

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

- The Note will achieve a public purpose by providing an aggregate of 175 affordable units, with all units restricted to income levels at 40%, 50% and 60% of AMI.
- The Note will be funded by a well-established, well-capitalized bank that is active in affordable housing and FHA lending. The Note 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 Note 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 Note.

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

Very truly yours,



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: 85 8-679-2828
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:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - 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.
 - 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.
 - 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.
 - 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. Ste. 160</u>	
<u>San Diego, CA 92128</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, Federal Home Loan Bank, San Diego Housing Commission (HOME/CDBG)

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: (Provided 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: Bank of California	John Peterson
Address: 4655 Executive Drive, Suite 380 San Diego, CA 92121	
Name: Citibank	Christopher D Meyers
Address: 740 Lomas Santa Fe Drive, Suite 210 Solana Beach, CA 92075	
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 bonds

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)



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 financials 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 Veterans 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. Bluewater (Entity - SDHC) Current

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 Dept.

Address: 1200 West 7th St., 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	



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 23 day of February, 20 21 at San Diego, California.

CONTRACTOR

By: _____

Signature

Title

CFO

CERTIFICATION

The CONTRACTOR, Affirmed Housing, 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: CFO Title: _____
Dated: 2/23/21 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 23rd day of February, 20 21
by Kelli J. Elliott-Crisostomo, Notary Public, personally known to me or proved to me on the basis of
satisfactory evidence to be the person(s) who appeared before me.



SEAL

[Signature]
Signature of Notary

Delaware

PAGE 1

The First State

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



4405102 8100

080401471

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

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

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

BY: 

(Incorporator)

NAME: Joel L. Incorvaia

(type or print)

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

updated 11.21.19

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

08/19/2020

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

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

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

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

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

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

Kristine Farmer

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. 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