



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: April 2, 2021

HCR21-045

SUBJECT: Radisson Hotel Affordable Housing Loan Recommendation, Preliminary Bond Authorization, and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing

COUNCIL DISTRICT(S): 5

ORIGINATING DEPARTMENT: Real Estate Division

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

REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$4,500,000 to a to-be-formed California Limited Partnership, an entity of Affirmed Housing Group, Inc., and take the initial steps to issue up to \$32,500,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and renovation of the Rancho Bernardo Radisson Hotel Conversion, located at 11520 West Bernardo Court, San Diego, which will consist of 175 affordable rental housing units for seniors age 55 and older that will remain affordable for 55 years and three unrestricted manager's units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The RB Radisson Hotel Conversion project will convert a former hotel into affordable rental apartments that will serve seniors age 55 and older with income of 40 percent to 60 percent of San Diego's Area Median Income.
- Extensive resident services and case management will be provided by San Ysidro Health and EnGAGE.
- The developer will be Affirmed Housing Group (Affirmed).
- Affirmed is seeking a Housing Commission residual receipts loan and preliminary approvals to issue up to \$32.5 million in tax-exempt Multifamily Housing Revenue Bonds.
- RB Radisson Hotel Conversion has an estimated total development cost of \$49,695,414 (\$279,188/unit).
- Staff recommends that the Housing Commission:
 - Approve a Housing Commission residual receipts loan of up to \$4,500,000 to a to-be formed California limited partnership formed by Affirmed Housing Group, Inc., to finance the proposed acquisition and new construction of RB Radisson Hotel Conversion,
 - Issue a bond inducement resolution for up to \$32.5 million in tax-exempt Multifamily Housing Revenue Bonds
 - Authorize an application to the California Debt Limit Allocation Committee.
 - Approve the financing team of Orrick, Herrington & Sutcliffe LLP as Bond Counsel and Ross Financial as Financial Advisor.
 - Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing.



REPORT

DATE ISSUED: March 25, 2021

REPORT NO: HCR21-045

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 2, 2021

SUBJECT: Radisson Hotel Affordable Housing Loan Recommendation, Preliminary Bond Authorization, and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing

COUNCIL DISTRICT: 5

REQUESTED ACTIONS

Seven-day advance notice of San Diego Housing Commission Hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(a)(b) for Staff Recommendation No. 1.

Preliminary Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings are scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on April 2, 2021, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that these hearings not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.

Approve a proposed residual receipts loan in an amount not to exceed \$4,500,000 to a to-be-formed California Limited Partnership, and entity of Affirmed Housing Group, Inc., and take the initial steps to issue up to \$32,500,000 in Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and renovation of the Rancho Bernardo Radisson Hotel Conversion, located at 11520 West Bernardo Court, San Diego, which will consist of 175 affordable rental housing units for seniors age 55 and older that will remain affordable for 55 years and three unrestricted manager's units.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (Housing Commission) take the following actions as described in this report:

- 1) Approve a Housing Commission residual receipts loan of up to \$4,500,000 to, a to-be formed California limited partnership, formed by Affirmed Housing Group, Inc., (Affirmed), to finance the proposed acquisition and new construction of RB Radisson Hotel Conversion, located at 11520 West Bernardo Court, San Diego, which will consist of 175 affordable rental housing units for seniors age 55 and older that will remain affordable for 55 years and three unrestricted manager's units.

The Housing Commission's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission General Counsel's approval.

- 2) Authorize the President and Chief Executive Officer (President & CEO), or designee:
 - a. To execute any and all documents necessary to effectuate the transaction and implement the project in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel.
 - b. To adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$4,500,000 maximum loan amount may not increase.
 - c. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of the General Counsel.
- 3) Take the initial steps to issue Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds and taxable bonds to facilitate the acquisition and renovation of an affordable housing development at 11520 West Bernardo Court in the Rancho Bernardo Community, which will consist of 175 studio units affordable for 55 years for low-income seniors earning from 40 percent to 60 percent of the San Diego Area Median Income and three unrestricted manager's unit.
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$32,500,000 in tax-exempt Multifamily Housing Revenue Bonds supporting the development of RB Radisson Hotel Conversion Apartments by a to-be-formed California Limited Partnership, and entity of Affirmed Housing Group, Inc.;
 - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$32,500,000 for RB Radisson Hotel Conversion Apartments; and
 - c. Approve the financing team of Orrick, Herrington & Sutcliffe LLP as Bond Counsel and Ross Financial as Financial Advisor;
- 4) Authorize the President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.
- 5) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$32,500,000 to facilitate the development of RB Radisson Hotel Conversion 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
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 requested from the Housing Commission

The Development

The Radisson Hotel community will serve seniors age 55 and older with low income. The proposed project includes 175 affordable units, of which 44 units would receive help to pay their rent through Project-Based Housing Vouchers awarded by the Housing Commission. Extensive services will be provided to residents all of the units.

Site and construction improvements will convert 178 existing guest rooms into 175 affordable studios for seniors and three two-bedroom manager's 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 towards the main entrance. While the jacuzzi will likely be maintained, the main pool area is expected to be demolished and reconfigured as a garden area residents.

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

Extensive resident services and case management will be provided by San Ysidro Health (Lead Service Provider) and EnGAGE). ConAm Management Corp. will be the property manager. Affirmed Housing Group is the sole developer.

March 25, 2021

RB Radisson Bond & Loan Recommendation and Preliminary Bond Authorization

Page 4

San Ysidro Health (SYH) is a nonprofit organization committed to providing high-quality, compassionate, accessible, and affordable health care services. SYH has 50 years of experience providing health care services, including medical and dental clinics, behavioral health centers, HIV centers, WIC nutrition centers, mobile medical units, school-based health centers, chiropractic services, pediatric developmental clinic, teen clinic, senior health center and Program for All Inclusive Care for the Elderly (PACE) to more than 107,000 patients. SYH has 42 program sites across San Diego County. SYH will provide a voluntary mini-day program with food service and activities. SYH services will not be paid out of the operating budget, rather SYH will receive payment through their normal programs.

EnGAGE will provide all affordable units will receive services outlined below, on-site: Programs and Services to the residents of the Community for a minimum of 84 hours annually including but not 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, Agent shall provide one Full Time Equivalent (“FTE”) Service Coordinator with responsibilities including but not limited to : (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.)

Developer’s Request

Affirmed Housing Group Inc., 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 Vouchers Housing Vouchers (PBV) for the RB Radisson Hotel Conversion project.

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 LDC Table 131-05B, and ground floor commercial is required in LDC 131-0540. The affordable housing density bonus program and AB 1763 provide the tools to maximize the density on the site over the 177 hotels 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, Assembly Bill 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

RB Radisson Hotel Conversion 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

RB Radisson Hotel Conversion will be constructed in conformance with the California Tax Credit Allocation Committee's (TCAC) 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. The RB Radisson will be built to Greed Point Rated "Build it Green" certification.

Accessibility

TCAC 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 is currently operating as a hotel. The building will be vacant at the time of the sale to the developer and will not require any tenant relocation.

Development Team

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 a managing general partner (nonprofit), and an investor limited partner that will be named later.

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

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group
Owner/Borrower	To-Be-Formed formed Limited Partnership
Managing General Partner	Affirmed Housing Group
Administrative General Partner	To be selected
Tax Credit Investor Limited Partner	To be selected
Architect	Basis Architecture & Consulting

General Contractor	To be selected
Property Management	ConAm
Construction and Permanent Lender	To be selected
Tenant Services Provider	Engage

Property Management

The RB Radisson Hotel Conversion 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

RB Radisson Hotel Conversion has an estimated total development cost of \$49,695,414 (\$279,188/unit). Financing will include a combination of federal 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, a Housing Commission loan, a loan from the Federal Home Loan Bank's Affordable Housing Program, deferred developer fee and working capital.

Table 3 – RB Radisson Hotel Conversion SH, LP Estimated Permanent Sources and Uses

Financing Sources		Financing Uses		Per Unit
Permanent Loan (FHA)	\$25,856,534	Acquisition	\$27,900,000	\$156,742
SDHC Loan	\$4,500,000	Construction	\$10,543,500	\$59,233
FHLB AHP	\$1,250,000	Architecture	\$750,000	\$4,213
Release of Working Capital	\$246,680	Financing & Legal	\$1,892,640	\$10,633
Federal Tax credits	\$16,876,534	Soft costs	\$2,554,354	\$14,350
Deferred Developer Fee	\$965,666	City permits and impact fees	\$1,448,920	\$8,140
		Developer's fee	\$4,060,000	\$22,809
		Reserves	546,000	\$3,067
Total Sources	49,695,414	Total Uses	\$49,695,414	\$279,188

The Housing Commission's proposed \$4,500,000 residual receipts loan will be funded with \$4,000,000 of HOME Investment Partnerships program (HOME) funds, awarded by HUD to the City of San Diego and administered by the Housing Commission, and \$500,000 from the City of San Diego's Housing Trust Fund, which the Housing Commission administers.. The total amount of funding sources shall not exceed \$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 proposed loan terms are summarized at Attachment 5.

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

-\$965,666 – deferred developer fee

\$3,094,334– net cash developer fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report at its Attachment 1 states: “Developer fee for 4% tax credits: in project costs 15% of eligible basis....” For the RB Radisson Hotel Conversion development the developers are proposing a \$4,060,000 total developer fee which complies with HAR17-011. The net cash developer fee shall be \$3,094,334 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

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 – RB Radisson Hotel Conversion Key Performance Indicators

Development Cost Per Unit	$\$49,695,414 \div 178 \text{ units} =$	\$279,188
Housing Commission Subsidy Per Unit	$\$4,500,000 \div 178 \text{ units} =$	\$25,281
Acquisition Cost Per Unit	$\$27,900,000 \div 178 \text{ units} =$	\$156,742
Gross Building Square Foot Hard Cost	$\$10,543,500 \div 84,420 \text{ sq. ft.} =$	\$125
Net Rentable Square Foot Hard Cost	$\$10,543,500 \div 73,056 \text{ sq. ft.} =$	\$144

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 RB Radisson Hotel Conversion 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 – RB Radisson Hotel Conversion	2021	175 Studios 3 mgr. units	178	Yes	\$49,695,414	\$279,188	\$25,281	\$125
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

Proposed Housing Bonds

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

The developer plans to submit a bond allocation application to CDLAC on May 13, 2021, for an August 11, 2021, bond allocation meeting (dates are subject to CDLAC's discretion); however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$32,500,000 in tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure.

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

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

AFFORDABLE HOUSING IMPACT

RB Radisson Hotel Conversion 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.

Under the subject proposal the rent of 44 units will be partially subsidized by revenue from HUD Project-Based Vouchers (PBV) that the Housing Commission administers. Under the terms of these PBV's tenants will pay no more than 30 percent of their income toward their rent, and the units will remain affordable to seniors earning income levels at or below 30 percent of San Diego's Area Median Income (AMI). The remaining 131 affordable units will charge rents affordable to tenants earning no more than 60 percent of San Diego's AMI.

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
Studio (with PBVs)	40%	44	\$1,453
Studio	50%	88	\$1,011
Studio	60%	43	\$1,213
Manager	-	3	-
Total Units	-	178	-

FISCAL CONSIDERATIONS

The proposed funding sources and uses proposed for approval by this proposed 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

HOME Funds – up to \$4,000,000

Housing Trust Funds – up to \$500,000

Bond Issuer Fee – \$32,500,000 X 0.0025 = \$81,250

Underwriting Fee - \$60,000

Legal Fee - \$25,000

Total Funding Sources – up to \$4,666,250

Funding uses approved by this action

Loans up to \$4,500,000

Administrative costs - \$166,250

Total Funding Uses - up to \$4,666,250

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
SDHC Board Loan Approval Preliminary Bond Authorization	4/2/2021
CDLAC Application Submission	5/13/21
CDLAC Allocation	8/11/21
SDHC Board Final Bond Authorization	9/2021
Housing Authority Final Bond Authorization	9/2021
Close Construction Financing	2/15/2022
Estimated Start of Construction	2/15/2022
Estimated Completion of Construction	3/15/2023

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The project is by-right. The Developer has contacted Council District 5 and has received their general support. Affirmed plans to present the project as an informational item at the next meeting of the Rancho Bernardo Community Planning Board.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include Affirmed housing Group as the developer, San Ysidro Health and EnGAGE as the service providers, the San Diego Housing Commission as a lender, 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 6

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Development within the Downtown Community Planning area is covered under the following documents, all referred to as the "Downtown FEIR": Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the former Redevelopment Agency ("Former Agency") and the City Council on March 14, 2006 (Resolutions R-04001 and R-301265, respectively); subsequent addenda to the FEIR certified by the Former Agency on August 3, 2007 (Former Agency Resolution R-04193), April 21, 2010 (Former Agency Resolution R-04510), and August 3, 2010 (Former Agency Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115); and, the Final Supplemental Environmental Impact Report for the Downtown San Diego Mobility Plan certified by the City Council on June 21, 2016 (Resolution R-310561). Development within the Downtown Community Planning area is also covered under the following documents, all referred to as the "CAP FEIR": FEIR for the City of San Diego Climate Action Plan (CAP), certified by the City Council on July 12, 2016 (City Council Resolution R-310596). The Downtown FEIR and CAP FEIR are both "Program EIRs" prepared in compliance with California Environmental Quality Act (CEQA) September 26, 2019 Guidelines Section 15168. The information contained in the Downtown FEIR and the CAP FEIR reflects the independent judgement of the City of San Diego as the lead agency. The Downtown FEIR and CAP FEIR are located on the City of San Diego's website: ([https://www.sandiego.gov/planning/programs/ceqa#Final CEQA Documents](https://www.sandiego.gov/planning/programs/ceqa#Final%20CEQA%20Documents)). Consistent with best practices suggested by Section 15168, a Downtown 15168 Consistency Evaluation ("Evaluation") will be completed to evaluate the project's consistency with the findings of the Downtown FEIR and CAP

March 25, 2021

RB Radisson Bond & Loan Recommendation and Preliminary Bond Authorization

Page 11

FEIR. If the evaluation concludes that the environmental impacts of the project were adequately addressed in the Downtown FEIR and CAP FEIR, the project within the scope of the development program described within both documents for the purposes of CEQA; and, that none of the conditions listed in Section 15162 exist, no further environmental documentation will be required under CEQA. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process.

National Environmental Policy Act

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

Respectfully submitted,



Colin Miller
Vice President of Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

- Attachments:
1. Development Summary
 2. Site Maps
 3. Organization Chart
 4. Developers' Project Pro Forma
 5. Proposed Loan Terms
 6. Developers' Disclosure Statement
 - a. Affirmed Housing Group

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

Development Summary – RB Radisson Hotel Conversion

Table 1 –Development Details

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Commercial/Retail Space	4,000 square feet of community space
Project Based Housing Vouchers (PBV)	44 PBVs requested from the Housing Commission

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group
Owner/Borrower	To-Be-Formed formed Limited Partnership
Managing General Partner	Affirmed Housing Group
Administrative General Partner	To be selected
Tax Credit Investor Limited Partner	To be selected
Architect	Basis Architecture & Consulting
General Contractor	To be selected
Property Management	ConAm
Construction and Permanent Lender	To be selected
Tenant Services Provider	Engage

Table 3 –Estimated Sources and Uses of Financing

Financing Sources		Financing Uses		Per Unit
Permanent Loan (FHA)	\$25,856,534	Acquisition	\$27,900,000	\$156,742
SDHC Loan	\$4,500,000	Construction	\$10,543,500	\$59,233
FHLB AHP	\$1,250,000	Architecture	\$750,000	\$4,213
Release of Working Capital	\$246,680	Financing & Legal	\$1,892,640	\$10,633
Federal Tax credits	\$16,876,534	Soft costs	\$2,554,354	\$14,350
Deferred Developer Fee	\$965,666	City permits and impact fees	\$1,448,920	\$8,140
		Developer's fee	\$4,060,000	\$22,809
		Reserves	546,000	\$3,067
Total Sources	49,695,414	Total Uses	\$49,695,414	\$279,188

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$49,695,414 \div 178 \text{ units} =$	\$279,188
Housing Commission Subsidy Per Unit	$\$4,500,000 \div 178 \text{ units} =$	\$25,281
Acquisition Cost Per Unit	$\$27,900,000 \div 178 \text{ units} =$	\$156,742
Gross Building Square Foot Hard Cost	$\$10,543,500 \div 84,420 \text{ sq. ft.} =$	\$125
Net Rentable Square Foot Hard Cost	$\$10,543,500 \div 73,056 \text{ sq. ft.} =$	\$144

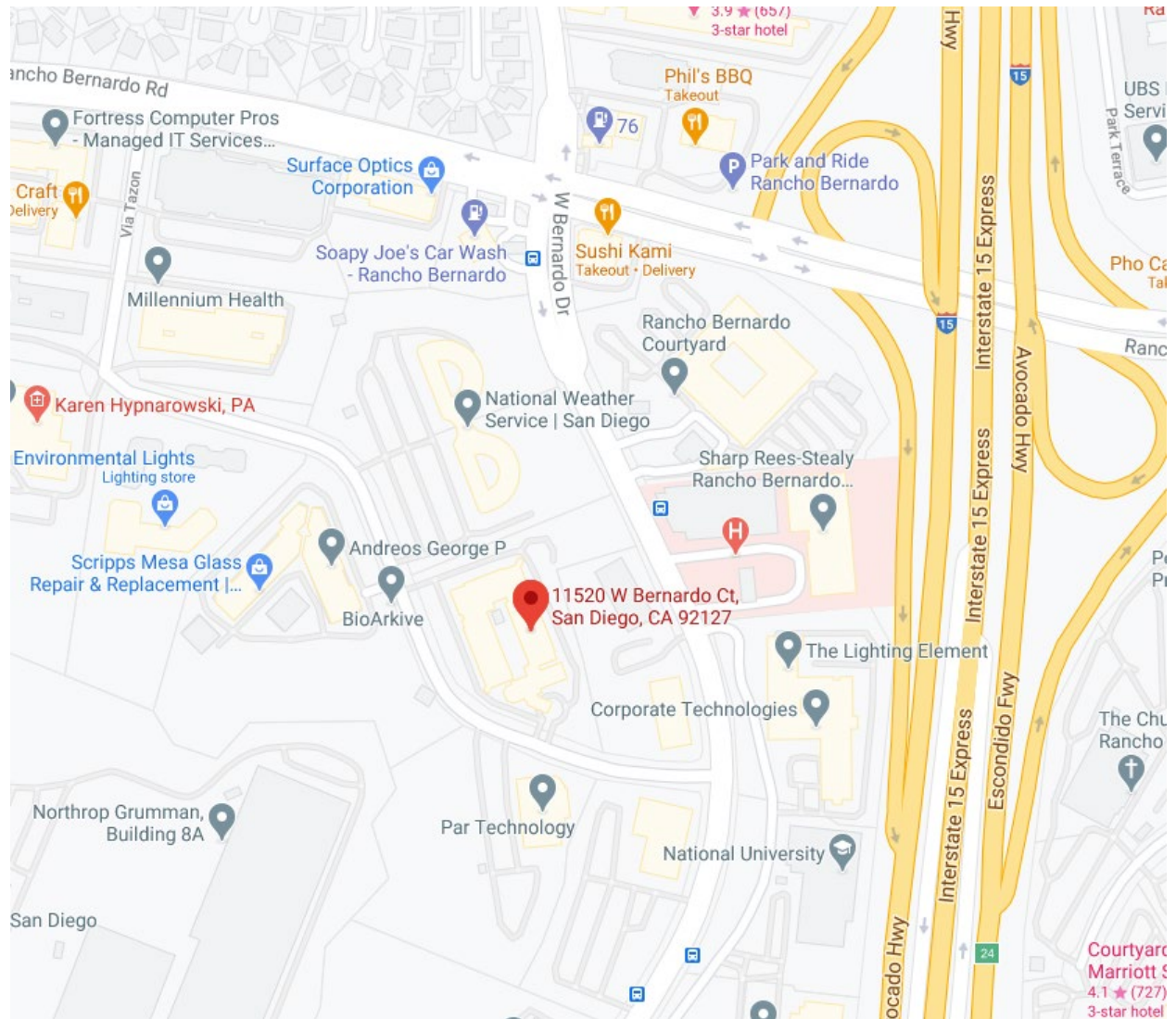
Table 5 – Comparable Development Projects

Project Name	Year	Unit mix	Units	Prevailing Wage	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – RB2021 Radisson Hotel Conversion		175 Studios 3 mgr. units	178	Yes	\$49,695,414	\$279,188	\$25,281	\$125
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

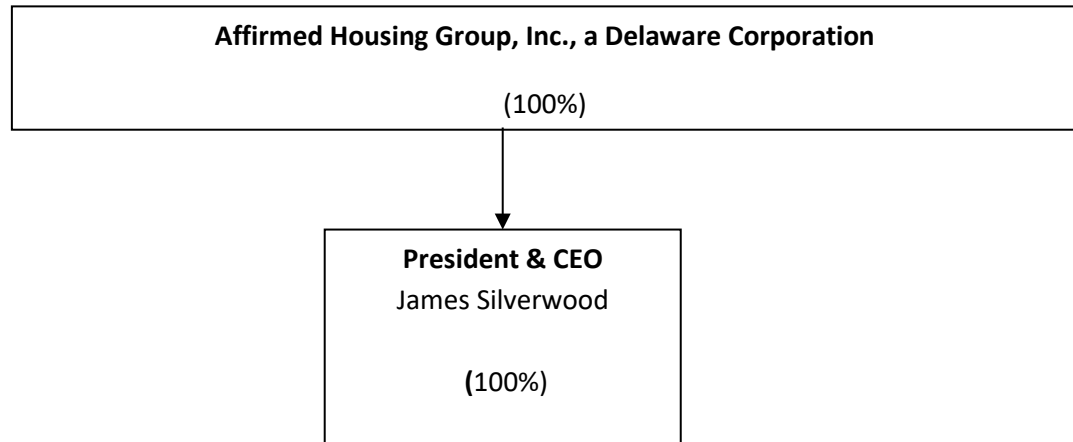
Unit Type	AMI	Number of Units	Gross Rents
Studio (with PBVs)	40%	44	\$1,453
Studio	50%	88	\$1,011
Studio	60%	43	\$1,213
Manager	-	3	-
Total Units	-	178	-

Site Map



AFFIRMED HOUSING GROUP, INC.**CURRENT OWNERSHIP STRUCTURE:**

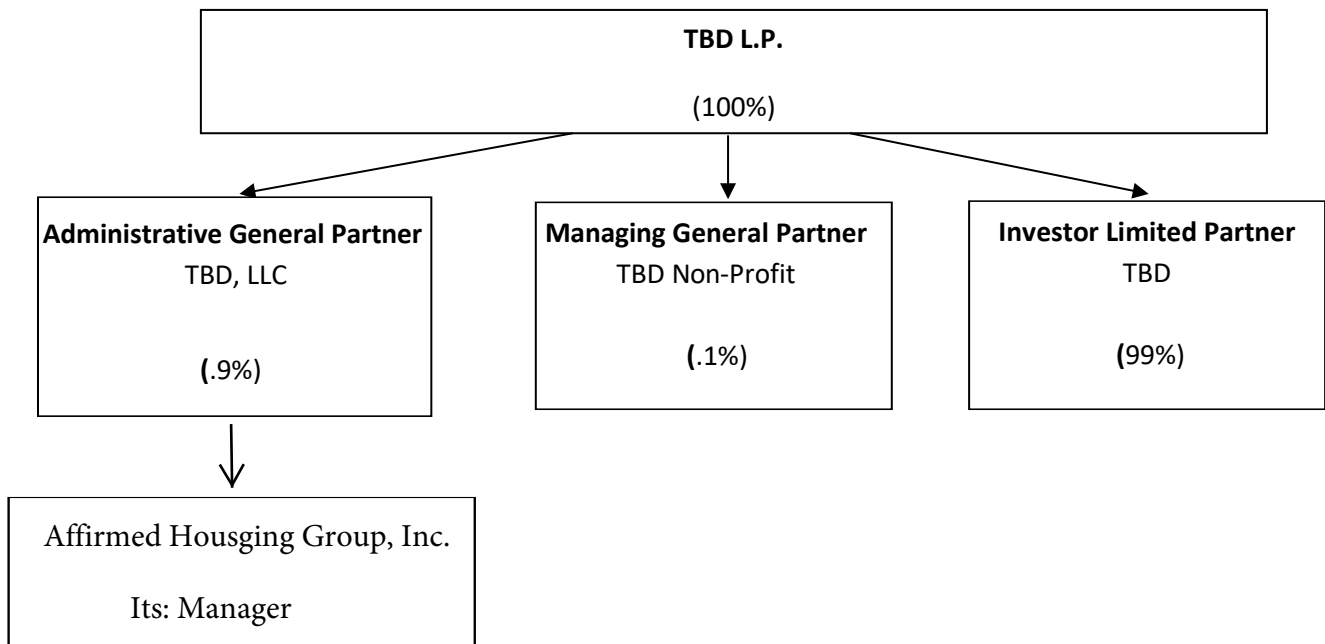
Affirmed Housing Group, Inc., a Delaware for-profit corporation is the 100% ownership entity of the affordable housing project. James Silverwood is President and CEO and has 100% ownership.

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

1. James Silverwood
President/CEO
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N.
San Diego, CA 92128
2. Jimmy Silverwood
Executive Vice President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N.
San Diego, CA 92128

AFFIRMED HOUSING GROUP, INC.**FUTURE OWNERSHIP STRUCTURE:**

Affirmed Housing Group, Inc., a Delaware for-profit corporation, (AHG) will form a Limited Partnership that will be the 100% ownership entity of the affordable housing project. AHG will create a single-purpose entity that will own .9% interest, the Investor Limited Partner will have 99% interest in the limited partnership, and the Managing General Partner will own .1% of the limited partnership.

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

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

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

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 + FHLB AHP

Adaptive Reuse of Existing Hotel

2/12/2021

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Permanent Loan (FHA)	\$ 25,856,534	145,261	52.0%
SDHC Capital (HOME/CDBG)	\$ 3,600,000	20,225	7.2%
SDHC Capital (Non Federal)	\$ 900,000	5,056	1.8%
FHLB AHP	\$ 1,250,000	7,022	2.5%
Release of Working Capital	\$ 246,680	1,386	0.5%
Deferred Developer Fee	\$ 965,666	5,425	1.9%
Federal Tax Credit Equity	\$ 16,876,534	94,812	34.0%
TOTAL SOURCES	\$ 49,695,414	279,188	100.0%

USES

Land/Acquisition Cost	\$ 27,900,000	156,742	56.1%
Total Rehabilitation Costs	\$ 9,585,000	53,848	19.3%
Hard Cost Subtotal	\$ 9,585,000	53,848	19.3%
Construction Contingency	\$ 958,500	5,385	1.9%
Architecture & Engineering	\$ 750,000	4,213	1.5%
Construction Interest & Fees	\$ 1,239,560	6,964	2.5%
Capitalized Reserves	\$ 546,000	3,067	1.1%
Taxes & Insurance	\$ 300,000	1,685	0.6%
Construction Services	\$ 30,000	169	0.1%
Escrow & Title	\$ 70,000	393	0.1%
Legal Fees/Cost of Issuance	\$ 653,080	3,669	1.3%
Devel Impact Fees & Permits	\$ 1,448,920	8,140	2.9%
Tax Credit Fees	\$ 160,000	899	0.3%
Misc. Soft Costs	\$ 1,677,882	9,426	3.4%
Soft Cost subtotal	\$ 6,875,442	38,626	13.8%
Soft Cost Contingency	\$ 316,472	1,778	0.6%
Developer Fee	\$ 4,060,000	22,809	8.2%
TOTAL USES	\$ 49,695,414	279,188	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$25,856,534
Permanent Loan Interest Rate	2.90%
Permanent Loan Term (yr.)	40
Permanent Loan Amort (yr.)	40
Net Operating Income	\$1,344,318
Debt Service	\$1,167,583
Debt Coverage Ratio	1.15
Construction Loan Amt (TE)	\$25,856,534
Construction Loan Interest Rate	2.90%
Construction Loan Term (mo.)	24
Loan to Value	52.03%

INCOME

Type	Qty.	%AMI	Net Income	Total Income
Studio Reg PBV	44	40%	\$ 1,453	\$ 63,932
Studio	88	50%	\$ 1,011	\$ 88,968
Studio	43	60%	\$ 1,213	\$ 52,159
2BR MGR	3		\$ -	\$ -
TOTAL	178			\$ 205,059
Annual Residential Income				\$ 2,120,676
Excess PBV Income				\$ 340,032
Other Income				\$ 24,680
Total Gross Annual Income				\$ 2,485,388
Vacancy @	5.0%			\$ (123,035)
TOTAL NET ANNUAL INCOME				\$ 2,362,353

EXPENSES

Administrative	\$ 725	\$ 129,000
Management	\$ 664	\$ 118,118
Utilities	\$ 1,096	\$ 195,000
Payroll	\$ 1,342	\$ 238,867
Total Insurance:	\$ 191	\$ 34,000
Maintenance	\$ 885	\$ 157,500
Other: Agency Monitoring Fees	\$ 45	\$ 8,000
Subtotal	\$ 4,947	\$ 880,485
Resident Services	\$ 225	\$ 40,000
Replacement Reserves	\$ 350	\$ 62,300
Real Estate Taxes	\$ 51	\$ 9,000
Legal/Insurance Reserve:	\$ -	\$ -
Other: SDHC Monitoring Fees	\$ 147	\$ 26,250
ANNUAL EXPENSES		\$ 1,018,035

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$1,982,210
Federal Tax Credit Pricing	\$0.86
State Tax Credits Requested	N/A
State Tax Credit Pricing	N/A
LP Interest	99.00%
Applicable Rate	4.00%
50% Test	54.35%

CONFIDENTIAL

PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS

Radisson Hotel Conversion

Basis Limits Used:	TCAC 2021	County:	SAN DIEGO
Application Type:	4%	Housing Type:	Senior

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:	\$1,174,800
(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:			\$101,750,321

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit

41.741%

UNADJUSTED THRESHOLD BASIS - 39% TEST

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

30.000%

CONFIDENTIAL

CONSTRUCTION & PERMANENT FINANCING
Radisson Hotel Conversion

Construction Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Int. Reserve
Construction Loan (TE FHA)	24	2.90%	25,856,534	975,000
SDHC Capital (HOME/CDBG)			3,420,000	
SDHC Capital (Non Federal)			855,000	
Tax Credit Equity (Fed)			16,539,003	
Release of Working Capital			246,680	
Costs Deferred Until Perm			2,778,197	
Total Funds for Construction			49,695,414	

Permanent Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Debt Service
Permanent Loan (FHA)	480	2.90%	25,856,534	1,092,941
SDHC Capital (HOME/CDBG)	660	3.00%	3,600,000	
SDHC Capital (Non Federal)	660	3.00%	900,000	
FHLB AHP			1,250,000	
Release of Working Capital			246,680	
Deferred Developer Fee			965,666	
Total Permanent Financing			32,818,880	
Federal Tax Credit Equity			16,876,534	
Total Sources of Project Funds			49,695,414	

CONFIDENTIAL

DEVELOPMENT BUDGET

Radisson Hotel Conversion

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Permanent Loan (FHA)	SDHC Capital (HOME/CDBG)	SDHC Capital (Non Federal)	FHLB AHP	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		-	-	-	-	-	-	-	-	-		
Land Carry Cost		-	-	-	-	-	-	-	-	-		
Total Land Cost or Value	3,940,000	3,940,000	-									
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	27,900,000	27,900,000	-								-	23,960,000
REHABILITATION												
Site Work	150,000	150,000	-	-	-	-	-	-	-	-	150,000	
Structures	7,800,000	7,800,000	-	-	-	-	-	-	-	-	7,800,000	-
General Requirements	385,000	385,000	-	-	-	-	-	-	-	-	385,000	-
Contractor Overhead	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
Contractor Profit	350,000	350,000	-	-	-	-	-	-	-	-	350,000	-
Solar/Solar Hot Water	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
General Liability Insurance	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Rehabilitation Costs	9,585,000	9,585,000	-								9,585,000	-
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 (HOME/CDBG)	SDHC Capital (Non Federal)	FHLB AHP	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)	500,000	500,000	-	-	-	-	-	-	-	-	500,000	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-
Total Architectural Costs	500,000	500,000	-								500,000	-
Total Survey and Engineering	250,000	250,000	-	-	-	-	-	-	-	-	250,000	-
CONST. INTEREST & FEES												
Construction Loan Interest (Tax-Exempt)	675,000	675,000	-	-	-	-	-	-	-	-	675,000	-
Origination Fee (FHA)	264,560	264,560	-	-	-	-	-	-	-	-	264,560	-
Cost of Issuance	483,080	483,080	-	-	-	-	-	-	-	-		-
Taxes	150,000	150,000	-	-	-	-	-	-	-	-	150,000	-
Insurance	150,000	150,000	-	-	-	-	-	-	-	-	150,000	-
Title and Recording	70,000	70,000	-	-	-	-	-	-	-	-	70,000	-
Construction Service Fees (Bank)	30,000	30,000	-	-	-	-	-	-	-	-	30,000	-
Other: Const Mgmt & Deputy Services	150,000	150,000	-	-	-	-	-	-	-	-	150,000	
Other: HUD Fees	1,046,882	1,046,882	-	-	-	-	-	-	-	-	1,046,882	

Total Const. Interest & Fees	3,019,522	3,019,522	-								2,536,442	-
PERMANENT FINANCING												
Loan Origination Fee	-	-	-	-	-	-	-	-	-	-		
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-	-	-		
Title and Recording	-	-	-	-	-	-	-	-	-	-		
Taxes	-	-	-	-	-	-	-	-	-	-		
Insurance	-	-	-	-	-	-	-	-	-	-		
Other: SDHC Fees	90,000	90,000	-	-	-	-	-	-	-	-		
Other: Interest Prior to Conversion	300,000	300,000	-	-	-	-	-	-	-	-		
Total Perm. Financing Costs	390,000	390,000	-									
LEGAL FEES												
Lender Legal Pd. by Applicant	45,000	45,000	-	-	-	-	-	-	-	-	50,000	-
Other : Partnership & Transaction	125,000	125,000	-	-	-	-	-	-	-	-	50,000	-
Total Attorney Costs	170,000	170,000	-								100,000	-
RESERVES												
Rent Reserves	-	-	-	-	-	-	-	-	-	-		
Transition Reserve	-	-	-	-	-	-	-	-	-	-		
*3- Month Operating Reserve	546,000	546,000	-	-	-	-	-	-	-	-		
Other:	-	-	-	-	-	-	-	-	-	-		
Total Reserve Costs	546,000	546,000	-									

DEVELOPMENT BUDGET

Radisson Hotel Conversion

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Permanent Loan (FHA)	SDHC Capital (HOME/CDBG)	SDHC Capital (Non Federal)	FHLB AHP	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	958,500	958,500	-								958,500	-
OTHER PROJECT COSTS												
TCAC App/Allocation/Monitoring	160,000	160,000	-	-	-	-	-	-	-	-		
Environmental Audit	35,000	35,000	-	-	-	-	-	-	-	-	35,000	-
Local Dev. Impact Fees	1,174,800	1,174,800	-	-	-	-	-	-	-	-	1,174,800	-
Permit Processing Fees	274,120	274,120	-	-	-	-	-	-	-	-	274,120	-
Marketing/PM Lease Up Fees	75,000	75,000	-	-	-	-	-	-	-	-		
Furnishings, Fixtures, Equipment	178,000	178,000	-	-	-	-	-	-	-	-	178,000	-
Market Study	10,000	10,000	-	-	-	-	-	-	-	-	10,000	-
Accounting/Reimbursables	45,000	45,000	-	-	-	-	-	-	-	-	45,000	-
Soft Cost Contingency	316,472	316,472	-	-	-	-	-	-	-	-	316,472	-
PSH Lease-Up Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other: Financial Consulting	-	-	-	-	-	-	-	-	-	-		
Other: Entitlements Consulting	40,000	40,000	-	-	-	-	-	-	-	-	40,000	-
Other:	-	-	-	-	-	-	-	-	-	-		
Total Other Costs	2,308,392	2,308,392	-								2,073,392	-
SUBTOTAL PROJECT COST	45,635,414	45,635,414	-	-	-	-	-	-	-	-	16,011,334	23,960,000
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis							16,011,334	23,960,000
DEVELOPER COSTS												
Developer Overhead/Profit	4,060,000	4,060,000	-	-	-	-	-	-	-	-	2,401,700	1,658,300
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	-	-	-	-	-	-	-	-	2,401,700	1,658,300
TOTAL PROJECT COSTS	49,695,414	49,695,414	-								18,413,034	25,618,300
Bridge Loan Expense During Construction											-	-
Total Eligible Basis											18,413,034	25,618,300

ELIGIBLE AND QUALIFIED BASIS
Radisson Hotel Conversion

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	18,413,034	25,618,300
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:	18,413,034	25,618,300
Total Adjusted Threshold Basis Limit	101,750,321	
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	23,936,944	25,618,300
Applicable Fraction:	100%	100%
Qualified Basis	23,936,944	25,618,300
Total Qualified Basis	49,555,244	
**Total Credit Reduction:	-	0
Total Adjusted Qualified Basis:	49,555,244	

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

**to be calculated in "Points System"

CONFIDENTIAL

BASIS AND CREDITS
Radisson Hotel Conversion

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	23,936,944	25,618,300
Applicable Percentage - 30% PV (4%, varies)	4.00%	4.00%
Project's Applicable Percentage:	4.00%	4.00%
Subtotal Annual Federal Credit:	957,477.77	1,024,732.00
Total Combined Annual Federal Credit:		1,982,210 <---- \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	49,695,414	
Permanent Financing	32,818,880	
Funding Gap	16,876,534	0.860 Equity Pricing
Federal Tax Credit Factor **	0.85	99.00% LP Interest
Total Credits Necessary for Feasibility	19,822,098	
Annual Federal Credit Necessary for Feasibility	1,982,210	
Maximum Annual Federal Credits	1,982,210	
Equity Raised From Federal Credit	16,876,534	
Remaining Funding Gap	-	

BASIS AND CREDITS: STATE

Determination of State Credit

NC/Rehab	Acquisition
18,413,034	-

Factor Amount *
Maximum Total State Credit

30%	13%
5,523,910	-

Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor **	-	99.00% Equity Pricing
Maximum Total State Credit	5,523,910	LP Interest
State Credit Necessary for Feasibility	-	
Equity Raised from State Credit	-	
Remaining Funding Gap	-	

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	\$ 809	\$ 35,596	\$ -	\$ 809	40%	\$ 1,453	\$ 644	\$ 28,336
Studio	88	\$ 1,011	\$ 88,968	\$ -	\$ 1,011	50%	\$ -	\$ -	\$ -
Studio	43	\$ 1,213	\$ 52,159	\$ -	\$ 1,213	60%	\$ -	\$ -	\$ -
2BR MGR	3	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	175	Total Rent	\$ 176,723				Total Tranche B:		\$ 28,336

Aggregate Monthly Rents for All Units:	\$ 176,723
Aggregate Annual Rents for All Units:	\$ 2,120,676

Avg Affordability	49.94%
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Total Affordable Plus Manager Units:	178
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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:	\$ 2,145,356		

Excess PBV Income	\$ 340,032
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Total Gross Annual Income	\$ 2,485,388
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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

CONFIDENTIAL

ANNUAL RESIDENTIAL OPERATING EXPENSES
Radisson Hotel Conversion

Administrative	Advertising:	2,000	Per Unit 11
	Legal:	10,000	56
	Accounting/Audit:	12,000	67
	Security:	70,000	393
	General Office Costs:	35,000	197
	Total Administrative:	129,000	725
Management	Total Management Fee:	118,118	664
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):	89,440	502
	Maintenance Personnel:	91,520	514
	Other: Payroll Burden/Taxes	57,907	325
	Total Payroll/Payroll Taxes:	238,867	1,342
	Total Insurance:	34,000	191
Maintenance	Painting:	7,500	42
	Repairs:	30,000	169
	Trash Removal:	50,000	281
	Exterminating:	10,000	56
	Grounds:	40,000	225
	Other: Elevator	15,000	84
	Other: Cleaning & Building Supplies	5,000	28
	Total Maintenance:	157,500	885
Other Expenses	Other: Fire Monitor	8,000	45
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Total Other:	8,000	45

Total Expenses

Total Annual Residential Operating Expenses:	880,485
Total Number of Units in the Project:	178
Total Annual Operating Expenses Per Unit:	4,947
Total 3-Month Operating Reserve:	546,000
Legal/Insurance Reserve:	
Total Annual Service Amenities Budget (Res Serv Coordinator):	40,000
Total Annual Reserve for Replacement:	62,300
Total Annual Real Estate Taxes:	9,000
Other: SDHC Monitoring Fees	26,250
TOTAL:	1,018,035

4,900 min per unit

225 per unit

350 per unit

150 / afford. unit

5,719 per unit

477 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:	-

CONFIDENTIAL

15-YEAR CASH FLOW PROJECTION

Radisson Hotel Conversion

	Inflation Factor	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035	Year 14 2036	Year 15 2037
Rental Income	2.5%	2,120,676	2,173,693	2,228,035	2,283,736	2,340,830	2,399,350	2,459,334	2,520,817	2,583,838	2,648,434	2,714,645	2,782,511	2,852,073	2,923,375	2,996,460
PBV INCOME IF APPLICABLE	2.5%	340,032	348,533	357,246	366,177	375,332	384,715	394,333	404,191	414,296	424,653	435,270	446,151	457,305	468,738	480,456
TOTAL GROSS POTENTIAL REVENUE		2,460,708	2,522,226	2,585,281	2,649,913	2,716,161	2,784,065	2,853,667	2,925,009	2,998,134	3,073,087	3,149,914	3,228,662	3,309,379	3,392,113	3,476,916
Vacancy @	5.0%	123,035	126,111	129,264	132,496	135,808	139,203	142,683	146,250	149,907	153,654	157,496	161,433	165,469	169,606	173,846
Other Income	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		2,362,353	2,421,411	2,481,947	2,543,995	2,607,595	2,672,785	2,739,605	2,808,095	2,878,297	2,950,255	3,024,011	3,099,611	3,177,102	3,256,529	3,337,942
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%	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
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%	118,118	122,252	126,531	130,959	135,543	140,287	145,197	150,279	155,538	160,982	166,617	172,448	178,484	184,731	191,196
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%	89,440	92,570	95,810	99,164	102,634	106,227	109,945	113,793	117,775	121,898	126,164	130,580	135,150	139,880	144,776
Maintenance Personnel:	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
Other: Payroll Burden/Taxes	3.5%	57,907	59,934	62,032	64,203	66,450	68,776	71,183	73,674	76,253	78,922	81,684	84,543	87,502	90,564	93,734
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%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198	80,935
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: SDHC 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%	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
TOTAL EXPENSES		1,018,035	1,051,088	1,085,289	1,120,677	1,157,294	1,195,183	1,234,388	1,274,955	1,316,931	1,360,365	1,405,308	1,451,813	1,499,933	1,549,726	1,601,250
Cash Flow Prior to Debt Service (NOI)		1,344,318	1,370,323	1,396,658	1,423,318	1,450,301	1,477,602	1,505,216	1,533,140	1,561,366	1,589,890	1,618,703	1,647,799	1,677,168	1,706,803	1,736,693
DEBT SERVICE - Permanent Loan (FHA)		1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583	1,157,583
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		176,735	202,741	229,075	255,736	282,718	310,019	337,634	365,557	393,784	422,307	451,121	480,216	509,586	539,220	569,110
Percent of Gross Revenue	8% Max	7.18%	8.04%	8.86%	9.65%	10.41%	11.14%	11.83%	12.50%	13.13%	13.74%	14.32%	14.87%	15.40%	15.90%	16.37%
25% Debt Service Test	Yr 1-3 Max	15.14%	17.36%	19.62%	21.90%	24.21%	26.55%	28.92%	31.31%	33.73%	36.17%	38.64%	41.13%	43.64%	46.18%	48.74%
Debt Coverage Ratio	1.15 Min	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.31	1.34	1.36	1.39	1.41	1.44	1.46	1.49
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
Accrued Management Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fee - Ending Bal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Deferred Developer Fee		151,735	176,991	202,553	228,417	254,580	281,037	307,783	334,810	362,115	389,688	417,523	445,610	473,942	502,507	531,295
Deferred Fee	965,666	151,735	176,991	202,553	228,417	249,479	-	-	-	-	-	-	-	-	-	-
2.0%	16,279	13,064	9,275	4,892	-	-	-	-	-	-	-	-	-	-	-	-
balance	830,210	666,283	473,005	249,479	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		-	-	-	-	5,101	281,037	307,783	334,810	362,115	389,688	417,523	445,610	473,942	502,507	531,295
Annual RR Payment to SDHC	50.00% \$	- \$	- \$	- \$	- \$	2,550 \$	140,519 \$	153,891 \$	167,405 \$	181,057 \$	194,844 \$	208,761 \$	222,805 \$	236,971 \$	251,253 \$	265,648
Annual RR Payment to Affirmed	50.00% \$	- \$	- \$	- \$	- \$	2,550 \$	140,519 \$	153,891 \$	167,405 \$	181,057 \$	194,844 \$	208,761 \$	222,805 \$	236,971 \$	251,253 \$	265,648

50% Test

DEVELOPMENT BUDGET	Project Costs	Excluded Cost	Aggregate Basis
Land Value	3,940,000	-	3,940,000
Existing Improvements Value	23,960,000	-	23,960,000
Site Work	150,000	-	150,000
Structures	7,800,000	-	7,800,000
General Requirements	385,000	-	385,000
Contractor Overhead	400,000	-	400,000
Contractor Profit	350,000	-	350,000
Solar/Solar Hot Water	400,000	-	-
General Liability Insurance	100,000	-	100,000
Contractor Contingency	-	-	-
Total Relocation Expenses	-	-	-
Design (incl ADA, GPR, etc)	500,000	-	500,000
Other:	-	-	-
Total Survey and Engineering	250,000	-	250,000
Construction Loan Interest (Tax-Exempt)	675,000	-	675,000
Origination Fee (FHA)	264,560	-	264,560
Cost of Issuance	483,080	483,080	-
Taxes	150,000	-	150,000
Insurance	150,000	-	150,000
Title and Recording	70,000	-	70,000
Construction Service Fees (Bank)	30,000	-	30,000
Other: Const Mgmt & Deputy Services	150,000	-	150,000
Other: HUD Fees	1,046,882	-	1,046,882
Loan Origination Fee	-	-	-
Credit Enhancement/Application Fee	-	-	-
Title and Recording	-	-	-
Taxes	-	-	-
Insurance	-	-	-
Other: SDHC Fees	90,000	90,000	-
Other: Interest Prior to Conversion	300,000	300,000	-
Lender Legal Pd. by Applicant	45,000	(5,000)	50,000
Other : Partnership & Transaction	125,000	75,000	50,000
Rent Reserves	-	-	-
Transition Reserve	-	-	-
*3- Month Operating Reserve	546,000	546,000	-
Other:	-	-	-
Total Appraisal Costs	8,000	-	8,000
Total Hard Cost Contingency	958,500	-	958,500
TCAC App/Allocation/Monitoring	160,000	160,000	-
Environmental Audit	35,000	-	35,000
Local Dev. Impact Fees	1,174,800	-	1,174,800
Permit Processing Fees	274,120	-	274,120
Marketing/PM Lease Up Fees	75,000	75,000	-
Furnishings, Fixtures, Equipment	178,000	-	178,000
Market Study	10,000	-	10,000
Accounting/Reimbursables	45,000	-	45,000
Soft Cost Contingency	316,472	-	316,472
PSH Lease-Up Fees	-	-	-
Other: Financial Consulting	-	-	-
Other: Entitlements Consulting	40,000	-	40,000
Other:	-	-	-
Developer Overhead/Profit	4,060,000	-	4,060,000
	49,695,414	1,724,080	47,571,334

Totals

Dev Cost check 49,695,414
TRUE

Construction Loan Amount (tax-exempt) \$ 25,856,534
Percent of Aggregate Basis 54.35%
Min. Loan Amount Required \$ 23,785,667

Bond Limit 26,164,234
Percent of Aggregate Basis 55.00%
Maximum Aggregate Basis Allowed 52,328,467
Allowable increase above calculated total 4,757,133

Construction Loan/Bond Allocation 98.82%



ATTACHMENT 5 PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

Rancho Bernardo Senior Housing LP
11520 West Bernardo Court, San Diego, CA 92127 (Project)
March 20, 2021

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment terms summary. This commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners (“Board of Commissioners”) and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan (“Housing Commission Loan”) to Rancho Bernardo Senior Housing LP a to-be formed California limited partnership, formed by Affirmed Housing Group, Inc., (Affirmed) (the borrower) for the RB Radisson Hotel Conversion (“Project”) with respect to the proposed acquisition and rehabilitation and permanent financing of a 178-unit development (with 175 affordable units and three unrestricted manager’s unit) located at 11520 West Bernardo Court in the City of San Diego. Closing must occur within eighteen (18) months of the Board of Commissioners approval of the Housing Commission Loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided the Housing Commission Loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission Loan. In addition, Exhibit A includes the Borrower’s pro forma which models financial projections of the Project.

The terms of the Housing Commission’s proposed financing shall be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$4,500,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate**- 4 percent simple interest.
3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Payments** - Annual payments on the loan shall equal the 50% percent of the Project’s residual cash. Provided, however, if the Housing Commission



approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50% percent of the Project's residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

- (i) The year 1 "Limited Partnership Fees" shall be capped at \$25,000. "Limited Partnership Fees" shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans.

5. **Affordability-**

- a. Restricted units must remain affordable for 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
- b. The affordability shall be as follows:

Unit Type	AMI	Affordable Units
Studio	40%	44
Studio	50%	88
Studio	60%	43
Manager Units		3
TOTAL		178

- 6. **Purchase Option** – The developer has committed to provide the Housing Commission with the option to purchase the property at the end of the 15-year tax-credit compliance period.
- 7. **Alternate Funding-** Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community



Development, County of San Diego, Federal Home Loan Bank, etc. along with tax exempt bonds and 4% tax credits, Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.

8. **Site Value** – The purchase price of land and improvements was \$27,400,000 as shown in the purchase and sale agreement executed April 9, 2020. In the event that the developer, Affirmed Housing, or its affiliate, transfers the land or prior to Housing Commission Loan closing, 100% of any net sales proceeds resulting from a subsequent sale to the tax credit limited partnership shall be structured as a Seller Carryback Loan. Borrower will submit an updated appraisal report with an effective date that is no more than 90 days before the closing.
9. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission Loan with endorsements, as acceptable to the Housing Commission's legal counsel.
10. **Construction Costs Third-Party Review** - Prior to loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
11. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder.
 - a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.
 - b. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
 - c. Subcontractors – the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the Project. Those bids will be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
 - d. Change orders at or in excess of \$50,000 shall have Housing Commission prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a



detailed explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.

- e. Agreement Changes - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.
 - f. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.
12. **Tax Credit Equity-** Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.
13. **First Mortgage-** Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.
14. **Cost Certification -** The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certification is completed/finalized.
15. **Cost Savings and/or Additional Proceeds at Escrow Closing -** In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, then upon the construction loan closing, the excess funds shall be used as follows:
- a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
 - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 15 below.
 - c. Other Public Lenders - If the Project financing includes other public lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.
 - d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.
16. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing -** In the event that the Borrower obtains funds in excess of those shown



as sources in Exhibit A Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:

- a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
- b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- c. Third, payment towards the Borrower's deferred developer fee. A deferred developer fee is currently modeled in the pro forma (Attachment A).
- d. Fourth, excess funds shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) will be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.
- e. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

17. Developer Fee-

- a. Maximum Fee \$3,094,334 paid from Development Sources with the excess Developer Fee calculated per TCAC and SDHC guidelines, not to exceed \$4,060,000.
- b. Additional developer fee provisions
 - i. If for any reason the Borrower does not collect the entire developer fee from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$965,666 shall be given priority over Housing Commission residual receipt payments.
 - ii. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally: because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

Due Diligence - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review, and a relocation plan for the commercial tenants in the existing buildings that will be demolished upon commencement of construction of the Project. The Borrower shall provide the Housing Commission with an updated appraisal within 90 days of the estimated escrow closing date.

- 18. Environmental Requirements** - Currently the Housing Commission does not intend to fund the Housing Commission Loan using any HOME funds. In the event the Housing Commission ultimately determines to funding (all or part) of



the Housing Commission Loan using any HOME funds, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds constitute a portion of the funding for the Project, and a final reservation of HOME funds shall occur only upon satisfactory completion of 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 NEPA. The parties agree that the provision of any HOME funds to the Project will be conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.

19. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:
- a) **Underwriting Fee** - a flat underwriting fee in the amount of **\$60,000** will be charged as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of the Project and is to be paid at close of escrow.
 - b) **Legal Fee** - the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000** and are to be paid at the close of escrow.
 - c) **Compliance Affordability Monitoring Fee** - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows: \$150 X 175 (Project units to be affordability monitored) = **\$26,250** per year. Additional training and assistance is currently at \$100 per hour.
 - d) **Asset Management Fee** - the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
20. **Fees for Asset Management** (amounts not to exceed)-
- a. As detailed in paragraph 4 (above), the year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. "Limited Partnership Fees" include Asset management fees (19(d)) related to the investor and general partner's management of the Project.



- b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
 - c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or his designee.
21. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds, beyond this Letter of Intent's \$4,500,000, will be provided for the Project in any Housing Commission's future Notices of Funds Available.
22. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. In the event the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then Borrower should be familiar with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.
23. **HOME Investment Partnerships (HOME) Funds** -
Currently there are no HOME funds planned for the Project. In the event the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then:
a. HOME program regulations will be applicable.
b. HOME funds may not be used to fund any of the following:
i) Any reserves are not eligible for HOME funds (including but not limited to operating reserves).
ii) Offsite improvements are not eligible for funding with HOME funds.
iii) Furnishings costs are not eligible for funding with HOME funds.
iv) Commercial space improvements are not eligible for funding with HOME funds.
c. The HOME IDIS funding system requires at least one HOME draw in a 12 month period and at least of small portion of the HOME funds must remain in the IDIS system until the Project is ready for occupancy.
24. **Insurance** - Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers



compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake insurance, in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the private insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

25. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$4,500,000**) will be disbursed as follows:

- Up to 75 percent (**\$3,375,000**) at escrow closing.
 - Up to 10 percent (**\$450,000**) to be distributed at 50 percent construction completion,
 - Up to 10 percent (**\$450,000**) to be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
 - Up to 5 percent (**\$225,000**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.
- b. In the event the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then a portion of the HOME program funds must be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
- c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

26. **Loan Payments** – Annual hard payments will not be required. Annual residual receipts payments at 50 percent of cash flow is required.

- a. Starting at the end of the first year after Project completion, the Housing Commission will split its share of residual cash flow with Housing Commission-approved public lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1 in the year immediately following the calendar year in which construction is completed.
- b. The Housing Commission defines residual receipts as the net cash flow of the



development after specified expenses and other debt service are paid.

27. **Management of the Development -**

- a. **Management Plan** - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.
- b. **Approval of Management Fee** - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
- d. **Manager's Units** - Experienced on-site management is required. There shall be one manager's units.
- e. **Marketing Plan** - In the event the Housing Commission ultimately determines to funding (all or part) of the Housing Commission Loan using any HOME funds, then to ensure compliance with HOME regulations and with federal fair housing requirements prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.

28. **Annual Budget Submittal** -three months prior to the end of each calendar year, the borrower shall submit an annual budget for Housing Commission review and prior approval.

29. **Project Based Vouchers**- The project will feature 44 Project Based Vouchers (PBV) from the Housing Commission.

30. **Prevailing Wage** - It is anticipated that the Project will be subject to Federal Davis-Bacon prevailing wage rates.

31. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.

32. **Reserves**: Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.

- a. Replacement Reserve -The attached proforma models an annual



- replacement reserve at \$62,300 (\$350 per unit per year).
- b. Operating Reserve - The attached proforma models a capitalized operating reserve at \$546,000 at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission Loan.
 - c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve funds and/or from the Project's replacement reserve funds.
33. **Section 3** - In the event the Housing Commission ultimately determines to funding (all or part) of the Housing Commission Loan using any HOME funds, then Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
34. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R), a Loan Agreement, and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
- a) The deed of trust and security instruments securing the construction and permanent loan.
 - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
 - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
35. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to project lease up.
36. **Title (ALTA Lender's Policy)** -The Borrower shall acquire, at its sole cost and



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expense, an ALTA Lender's Policy for the Commission Loan with endorsements acceptable to the Housing Commission.

37. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.

38. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by March ____, 2021 so that this letter of intent may be attached to the Housing Commission Board report.

ACKNOWLEDEED AND AGREED TO BY:

Affirmed Housing Group, Inc.,

By: _____

Print Name: _____

Title: _____

Date: _____

San Diego Housing Commission

By: _____

Print Name: _____

Title: _____

Date: _____

Attachment: Exhibit A Developer's Pro forma



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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

Statement for Public Disclosure

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

☒ A corporation (*Upload Articles of Incorporation*)

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

☐ A partnership known as (Name): _____

Check one:

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

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

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

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

☐ Other (*Please explain*): _____

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

August 7, 2007

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- 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

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:  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 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 INSURER A : Philadelphia Indemnity Insurance Co. NAIC # 18058 INSURER B : National Union Fire 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 OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY			PHPK2103425	03/01/2020	03/01/2021	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input 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/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	917119118	12/06/2019	12/06/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
D	2nd Excess Liability Follow form GL			USL005074202	03/01/2020	03/01/2021	\$10,000,000 aggregate \$10,000,000 occurrence

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

Evidence of Coverage.

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

CERTIFICATE HOLDER

CANCELLATION

Evidence of Coverage

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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

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.