

EXECUTIVE SUMMARY

MEETING DATE: June 21, 2024

HCR24-054

SUBJECT: Loan Recommendation for Market Street Apartments

COUNCIL DISTRICT: 4

ORIGINATING DEPARTMENT: Real Estate Division

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

REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$4,000,000 to a to-be-formed limited partnership to facilitate the acquisition and new construction of Market Street Apartments at 4588 Market Street in the Chollas Valley neighborhood of San Diego, which will consist of 137 rental housing units that will remain affordable for 55 years for seniors with income of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Market Street Apartments is a proposed 138-unit, new construction, affordable rental housing development for seniors aged 55 and older with income up to 60 percent of San Diego's Area Median Income, currently \$72,720 per year for a two-person household.
- The development is leasing the County of San Diego's vacant former Central Regional Family Resource Center's 2.62 acres to develop and operate affordable housing. The lease will be for 59 years with two 20-year extensions.
- Neighborhood House Association (NHA), an experienced childcare provider, will be the proposed tenant to lease 6,900 square feet of commercial space on-site and provide childcare services to families in the neighborhood, regardless of whether they are residents within the development.
- EnGAGE will provide communitywide services geared toward low-income senior residents.
- San Ysidro Health (SYH) will provide services to frail, elderly residents eligible for the Program of All-Inclusive Care for the Elderly (PACE).
- A Metropolitan Transit System bus stop is within a half mile of the property. A Garden Market is 0.4 of a mile away from the property, and a Food4Less grocery is 0.9 of a mile away.
- The San Diego Housing Commission's loan funds will restrict affordability of 137 units for 55 years.
- The rent and occupancy restrictions will apply as required by the Housing Commission, the California Tax Credit Allocation Committee, and by other lenders. The same units may be counted as the tax credit-restricted units and the Housing Commission loan's restricted units. The more stringent of the funding source's affordability/rent restrictions will take precedence during the term of their applicability.
- The estimated total development cost is \$71,460,534 (\$517,830/unit).
- The developer is Affirmed Housing Group.

REPORT

DATE ISSUED: June 13, 2024

REPORT NO: HCR24-054

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 21, 2024

SUBJECT: Loan Recommendation for Market Street Apartments

COUNCIL DISTRICT: 4

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.

REQUESTED ACTION

Approve a proposed residual receipts loan in an amount not to exceed \$4,000,000 to a to-be-formed limited partnership to facilitate the acquisition and new construction of Market Street Apartments at 4588 Market Street in the Chollas Valley neighborhood of San Diego, which will consist of 137 rental housing units that will remain affordable for 55 years for seniors with income of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions:

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$4,000,000 to a to-be-formed limited partnership to facilitate the acquisition and new construction of Market Street Apartments at 4588 Market Street in the Chollas Valley neighborhood of San Diego, which will consist of 137 rental housing units that will remain affordable for 55 years for seniors (aged 55 and older) with income of 30 percent to 60 percent of San Diego's Area Median Income (AMI) and one unrestricted manager's unit.

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's General Counsel's approval.

- 2) Authorize the Housing Commission's President and Chief Executive Officer (President and CEO), or designee, to:
 - a) Execute all necessary documents and instruments 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, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.

- b) 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 \$4,000,000 maximum Housing Commission loan amount may not increase.
- c) Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President and CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals and delegation of authority by the Housing Commission upon advice of the General Counsel.

SUMMARY

Table 1 – Development Details

Address	4588 Market Street, San Diego
Council District	4
Community Plan Area	Chollas Valley Community Plan Area
Developer	Affirmed Housing Group (Affirmed)
Development Type	Acquisition and New Construction
Construction Type	Along Market Street, the construction type is four stories of wood-framed (Type V) over one level of concrete podium. Along F Street, it is one level of wood-framed over one level of concrete podium. The middle section of the building is three levels of wood-framed over one level of concrete podium.
Parking Type	There will be a parking garage below the affordable units, with 90 parking spaces (80 spaces for residents and 10 spaces for commercial tenants).
Local Amenities	<u>Mass Transit</u> Market Street and 45 th Street Bus stop Metropolitan Transit System (MTS) Route 5 (0.5 mile from property) 54 TH Street Trolley Station at Euclid Avenue & 54 th Street (1.5 miles from property) <u>Grocery:</u> Food4Less Grocery - 312 Euclid Ave. (0.9 miles from property) Fresh Garden Market - 4291 Market St. (0.4 miles from property) Manolo Farmers Market - 5075 Federal Blvd. (1.3 miles from property)
Housing Type	Multifamily affordable housing for low-income seniors
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	2.62 acres (114,127 square feet)
Units	138 (137 units restricted/affordable)
Density	53.67 dwelling units per acre (138 units ÷ 2.62 acres = 52.67)
Unit Mix	137 affordable one-bedroom rental units and one unrestricted two-bedroom manager's unit.
Gross Building Area	509,619 square feet
Net Rentable Area	442,980 square feet
Affordable Units in Service) by Council District	Council District 4 includes 3,238 affordable rental housing units currently in service, which represents 12.1 percent of the 26,722 affordable rental housing units in service citywide.

The Development

Market Street Apartments is a proposed 138-unit, new construction, affordable rental housing development for seniors aged 55 and older. The development is leasing the County of San Diego's vacant former Central Regional Family Resource Center's 2.62 acres to develop and operate affordable housing. The lease will be for 59 years with two 20-year extensions. The development will be at 4588 Market Street in San Diego's Chollas Valley neighborhood, south of State Route 94 and east of Highway 805 (Attachment 1 – Site Map). Market Street Apartments will have a total of 138 units, including 137 affordable one-bedroom units and one unrestricted two-bedroom manager's unit. There will be one 5-story building with the first level being parking and the remaining levels being residential and/or commercial space. The affordability level will range from 30 percent to 60 percent of San Diego's Area Median Income (AMI). Site amenities will include: a community room, outdoor community space, computer room, and laundry room. Unit amenities will include: a stove and a refrigerator.

Proposed Commercial Space

Neighborhood House Association (NHA), an experienced childcare provider, will be the proposed tenant to lease 6,900 square feet of commercial space on-site and provide childcare services to families in the neighborhood, regardless of whether they are residents within the development. NHA offer discounted rates for parents based on income. There is a Memo of Understanding in place with NHA. The developer's goal is to allow neighborhood families to continue working with nearby childcare available. NHA has operated senior centers for over 30 years and currently operates 200 state-licensed childcare centers. They have valuable programs, including shuttle services, mobility partnerships with MTS, and an NHA-operated, full-service kitchen in Kearny Mesa, which provides meals to all childcare and senior sites. The Housing Commission loan proceeds will not be used for construction of the commercial space. Affirmed will build the shell of the commercial space, while the tenant improvements will be the responsibility of NHA and will be completed at a later date.

Resident Services

Market Street Apartments' residents will have access to a range of dedicated permanent supportive housing and general community services from multiple providers.

EnGAGE will provide communitywide services geared toward low-income senior residents. There is an MOU in place with EnGAGE. EnGAGE has been serving seniors for 23 years, with over 40 communities currently operating in Southern California. EnGAGE will provide services at this community, including wellness classes, artist workshops, and computer skills trainings.

San Ysidro Health (SYH) will provide services to PACE-eligible, frail, elderly residents. There is an MOU in place with SYH. SYH will facilitate the PACE application process for residents so that each frail and elderly resident is enrolled in the PACE program and can benefit from the services provided by SYH at no extra cost to the residents or the developer. SYH PACE services include medical, dental, optometry, behavioral health, and transportations to and from PACE services. SYH can also conduct classes and workshops in this development. SYH was established in 1969 and now offers care to hundreds of thousands of people across San Diego County. Project New Village (PNV) will be the community garden operator. PNV was established in 1994 and successfully operates several community gardening efforts in this area.

Developer's Request

In response to the Housing Commission's Fiscal Year 2024 Notice of Funding Availability (NOFA), Affirmed Housing Group (Affirmed) applied for a loan for the Market Street Apartments development. On March 15, 2024, Housing Commission staff provided a preliminary recommendation of award for a residual receipts loan of up to \$4,000,000, subject to Housing Commission Board approval, for the Market Street Apartments development. While the project does not currently have vouchers, if the developer plans to apply for vouchers in the future, the developer will have to follow the NOFA's guidelines, including, but not limited to, rescinding the \$4,000,000 loan and reapplying for that loan and/or vouchers.

The Property

The property is at 4588 Market Street, San Diego, south of Highway 94 and east of Highway 805. The site area is 2.62 acres and is currently improved with one one-story building, which will be demolished by the County of San Diego prior to construction. The property is within the Chollas View Community Plan Area in southeastern San Diego in a mixed-use neighborhood. Surrounding uses include an elementary school, food truck parking lot, and single-family homes.

Appraisal

An appraisal of the subject site, with an October 25, 2023, effective date, valued the property at \$10,170,000. The appraisal was obtained by the developer and was conducted by Kinetic Valuation Group Inc.

Prevailing Wages

If the proposed use of federal HOME Investment Partnerships program funds exceeds the 11-unit federal threshold, federal prevailing wages shall apply. If the development receives an award from the California Department of Housing and Community Development's (HCD) Multifamily Housing Program, state prevailing wages will also apply. If this is the case, the higher of state and federal prevailing wages will apply.

Project Sustainability

Market Street Apartments will be constructed in conformance with the requirements of the California Sustainability Code, Title 24, and California Tax Credit Allocation Committee (CTCAC) minimum energy efficiency standards, requirements, and certifications. This development will target LEED Silver certification or equivalent and meet, or where possible, exceed Title 24 and CTCAC energy requirements.

Relocation

The property is vacant. No relocation will be necessary.

Development Team

During the tax credit compliance period, Market Street Apartments will be owned by a to-be-formed California limited partnership (a single-asset limited partnership) consisting of a to-be-determined Administrative General Partner, a to-be-determined Managing General Partner, and a to-be-selected tax credit limited partner (Attachment 2 – Organization Chart).

The developer, Affirmed, is a for-profit that develops and operates affordable and supportive housing. Headquartered in San Diego, Affirmed has developed affordable communities throughout California for close to 30 years and has successfully completed projects on physically and environmentally challenged sites. Affirmed has acquired the technical and financial capability to navigate complex financing sources to build quality, large-scale developments and has gained expertise in both new construction and acquisition/rehab developments. To date, Affirmed has developed/completed 70 affordable communities nationwide and has secured approximately \$2.8 billion in total financing. Affirmed has extensive experience developing a number of affordable housing properties in San Diego.

Based upon the developer's past experience and past performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Market Street Apartments project.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Developer	Affirmed Housing Group (Affirmed)
Owner/Borrower	To be formed
Administrative General Partner	To be determined
Managing General Partner	To be determined
Tax Credit Investor Limited Partner	To be selected
Architect	Dahlin
General Contractor	HA Builder Group LLC
Property Management	Solari Enterprises Inc. (Solari)
Construction and Permanent Lender	To be determined
Tenant Services Providers	EngAGE, San Ysidro Health, Project New Village

Property Management

Market Street Apartments will be managed by Solari Enterprises, Inc. It is a full-service property management organization specializing in multifamily affordable housing. Solari manages a total of 161 developments throughout California. Solari's portfolio includes affordable housing developed for families, seniors, persons with special needs, persons with HIV/AIDS, single-room occupancy residents, supportive housing with specific populations such as veterans and previously unhoused households, as well as a business park and commercial properties throughout California. Solari manages several projects in San Diego and has experience working with the Housing Commission.

FINANCING STRUCTURE

Market Street Apartments has an estimated total development cost of \$71,460,534 (\$517.830/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 3 and summarized below.

Table 3 – Estimated Permanent Sources and Uses of Financing

Permanent Loan	\$11,219,757	Land Acquisition Cost	\$10,270,000	\$74,420
State of California Department of Housing & Community Development MHP Loan	11,899,118	Construction Costs (42,765,000) + Contingency (2,883,900) <u>Total Construction Costs</u>	45,648,900	330,789
Proposed Housing Commission Loan	4,000,000	Financing Costs	5,530,000	40,072
County of San Diego Donated Loan	4,000,000	Development Fees & Permits	2,375,746	17,216
County of San Diego Donated Land Value	10,170,000	Other Soft Costs	2,092,954	15,166
State Tax Credits Equity	7,401,660	Architect. & Engineering	2,000,000	14,493
9% Federal Tax Credits Equity	22,769,999	Contingency Soft Costs	599,934	4,347
		Reserves	443,000	3,210
		Developer's Fee	2,500,000	18,116
Total Sources	\$71,460,534	Total Uses	\$71,460,534	\$517,830

The Housing Commission's proposed \$4,000,000 residual receipts loan may be partly funded with the City of San Diego Affordable Housing Fund program funds and U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) funds awarded to the City of San Diego, which the Housing Commission administers. The total amount of Housing Commission funding sources shall not exceed \$4,000,000. 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 in Attachment 4.

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, such proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developer Fee

\$ 2,500,000 - net cash developer's fee.

The proposed fee complies with the Housing Commission's developer fee guidelines.

Development Cost Key Performance Indicators

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

Table 4 – Key Performance Indicators

Total Development Cost Per Unit	$\$71,460,534 \div 138 \text{ units} =$	\$517,830
Housing Commission Subsidy Per Unit	$\$4,000,000 \div 138 \text{ units} =$	\$28,986
Acquisition Cost Per Unit	$\$10,270,000 \div 138 \text{ units} =$	\$74,420
Gross Building Square Foot Hard Cost	$\$42,765,000 \div 509,619 \text{ sq. ft.} =$	\$83.92

Net Rentable Square Foot Hard Cost	$\$42,765,000 \div 442,980 \text{ sq. ft.} =$	\$96.54
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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.

Table 5 – Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Market Street Apartments	2024	138	\$71,475,534 (without prevailing wage)	\$517,939	\$28,986	\$84
Cortez Hill	2023	88	\$44,138,657 (with prevailing wage)	\$501,576	\$56,818	\$514
Kindred	2024	126	\$90,122,469 (with prevailing wage)	\$715,258	\$60,759	\$360
Rancho Bernardo Transit Village	2023	100	\$90,943,122 (with prevailing wage) (with commercial space)	\$909,431	\$0	\$331

AFFORDABLE HOUSING IMPACT

Affordability

The Market Street Apartments development will be subject to Housing Commission Declaration of Covenants and Restrictions, the applicable regulatory agreements as required by the tax credits, by the County's loan, and by the State HCD funds. The Housing Commission's funds will restrict affordability of 137 units for 55 years. The rent and occupancy restrictions will apply as required by the Housing Commission, CTCAC, and by other lenders. The same units may be counted as the tax credit-restricted units and the Housing Commission loan's restricted units. The more stringent of the funding source's affordability/rent restrictions will take precedence during the term of their applicability.

Table 6 Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedrooms for seniors (590 sq. ft.)	30% (\$36,400/year for two-person household)	14	\$852
One bedrooms for seniors (590 sq. ft.)	40% (\$48,500/year for two-person household)	28	\$1,136
One bedrooms for seniors (590 sq. ft.)	50% (\$60,600/year for two-person household)	42	\$1,420

One bedrooms for seniors (590 sq. ft.)	60% (\$72,720/year for two-person household)	53	\$1,704
Subtotal One Bedroom Units	--	137	--
Manager's two bedrooms unit (850 sq. ft.)	--	1	
Total Units	--	138	--

FISCAL CONSIDERATIONS

The funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2025 Housing Commission Budget.

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

- Housing Commission Loan Funds (HOME and AHF) – up to \$4,000,000
- Total Funding Sources – up to \$4,000,000

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

- Housing Commission Loan – up to \$4,000,000
- Total Funding Uses – up to \$4,000,000

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

Estimated Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
• Submit funding applications to State HCD • CTCAC 9% tax credit applications • CTCAC allocation meeting • Estimated escrow/loan closing • Estimated start of construction work • Estimated completion of construction work	• July 2024 • March 2025 • June 2025 • December 2025 • December 2025 • June 2027

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On February 26, 2024, Affirmed presented the proposed development as an informational item to the Chollas Valley Community Planning Group. No vote was taken.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed as the developer, the County of San Diego as a lender, EnGAGE as a services provider, San Ysidro Health as a services provider, Project New Village as a service provider,

Neighborhood House as the proposed tenant for the childcare commercial space, and the Housing Commission as a lender. Market Street Apartments is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and rehabilitate and/or create 137 affordable rental homes for seniors.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Affirmed reported that it is committed to advancing equity and inclusion throughout the development and operation of the project. The Housing Commission included a requirement for prospective applicants for tax credits to include a narrative and specific example of activities and initiatives that support equity assurance. Affirmed's submittal was reviewed and approved as it demonstrates a commitment to advancing racial equity and inclusion (REI) throughout the project. .

STATEMENT for PUBLIC DISCLOSURE

The Developer's Disclosure Statement is Attachment 5.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The proposed activity to approve a proposed residual receipts loan to facilitate the acquisition and new construction of Market Street Apartments, has been reviewed for consistency with and is covered in the Final Program Environmental Impact Report (PEIR) for the Southeastern San Diego and Encanto Neighborhoods Community Plan Updates (Project No. 386029/SCH No. 2014051075) which was certified by City Council Resolution No. R-310077 on December 2, 2015. This activity is a subsequent discretionary action within the scope of the development program analyzed in the PEIR and is not considered to be a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. An Environmental Assessment will be processed in accordance with the requirements of the National Environmental Policy Act (NEPA). The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development. Final authorization to utilize grant funds is expected to be received from HUD prior to beginning construction.

Respectfully submitted,



Jennifer Kreutter
Vice President, Multifamily Housing Finance
Real Estate Division
San Diego Housing Commission

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

June 13, 2024

Loan Recommendation for Market Street Apartments

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Attachments:

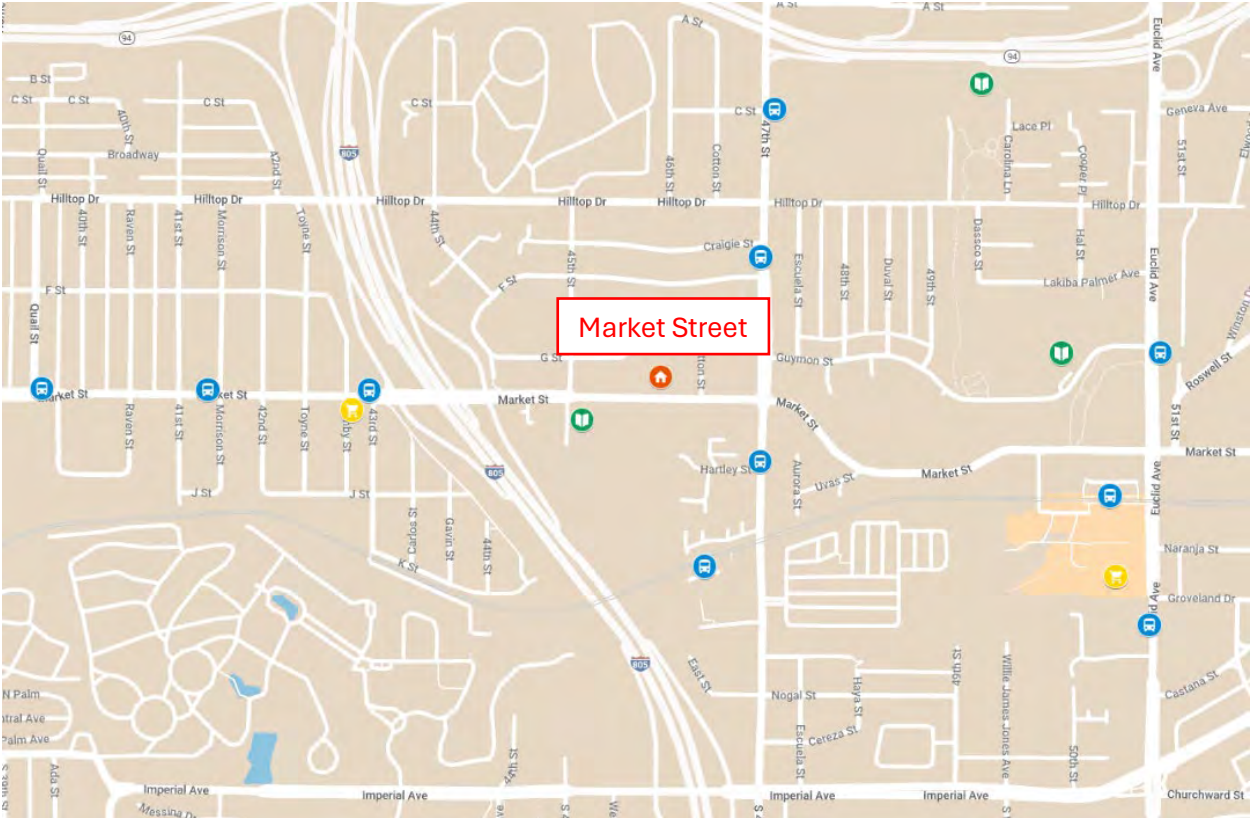
- 1) Site Map
- 2) Organization Chart
- 3) Developer's Project Pro forma
- 4) Proposed Loan Terms
- 5) Developer's Disclosure Statement

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at

www.sdhc.org.

Attachment 1 – Site Map

Market Street

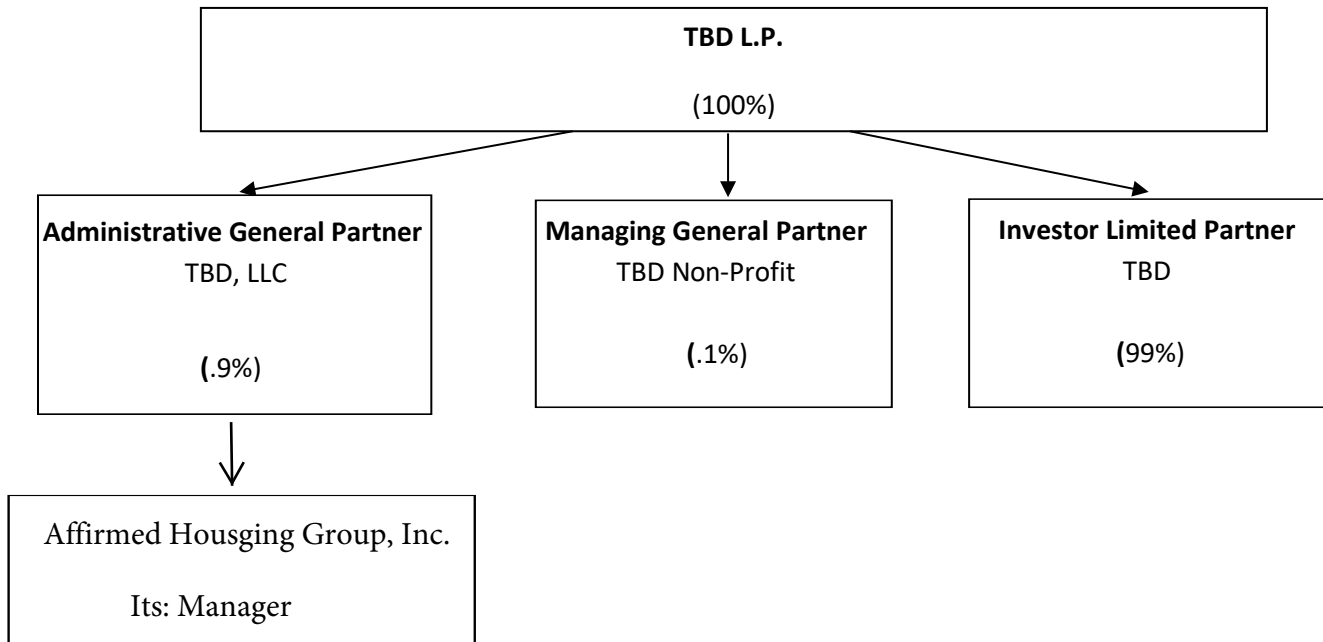


ATTACHMENT 2 - ORGANIZATION CHART

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
CEO
Affirmed Housing Group 13520
Evening Creek Dr. N, #160 San
Diego, CA 92128
2. Jimmy Silverwood
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.

ATTACHMENT 3 - DEVELOPER'S PROJECT PROFORMA

Market Street Seniors

4588 Market Street, San Diego, Ca

138 Affordable Homes- Low Income Senior

3 & 5 stories, 2 and 4 stories of wood over 1 level concrete podium

9% tax credits + MHP + SDHC+ County

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Tranche B Loan	\$ 11,219,757	81,303	15.7%
MHP Funds	\$ 11,899,118	86,225	16.7%
San Diego Housing Commisio	\$ 4,000,000	28,986	5.6%
County donated land value	\$ 10,170,000	73,696	14.2%
County of San Diego	\$ 4,000,000	28,986	5.6%
Federal Tax Credit Equity	\$ 22,769,999	165,000	31.9%
State Tax Credit Equity	\$ 7,401,660	53,635	10.4%
TOTAL SOURCES	\$ 71,460,534	517,830	#####

USES

Land/Acquisition Cost	\$ 10,270,000	74,420	14.4%
Total New Construction Co	\$ 42,765,000	309,891	59.8% JAL
Hard Cost Subtotal	\$ 42,765,000	309,891	59.8%
Construction Contingency	\$ 2,883,900	20,898	4.0%
Architecture & Engineering	\$ 2,000,000	14,493	2.8%
Construction Interest & Fee	\$ 5,530,000	40,072	7.7%
Capitalized Reserves	\$ 443,000	3,210	0.6%
Taxes & Insurance	\$ 355,319	2,575	0.5%
Cost of Issuance	\$ -	-	0.0%
Construction Services	\$ 70,000	507	0.1%
Escrow & Title	\$ 60,000	435	0.1%
Legal Fees	\$ 332,400	2,409	0.5%
Devel Impact Fees & Perm	\$ 2,375,746	17,216	3.3%
Tax Credit Fees	\$ 254,000	1,841	0.4%
Misc. Soft Costs	\$ 1,021,235	7,400	1.4%
Soft Cost subtotal	\$ 12,441,700	90,157	17.4%
Soft Cost Contingency	\$ 599,934	4,347	0.8%
Developer Fee	\$ 2,500,000	18,116	3.5%
TOTAL USES	\$ 71,460,534	517,830	#####

INCOME

Type	Qty.	%AMI	Net Income	Total Income
1BR	14	30%	\$ 721	\$ 10,094
1BR	28	40%	\$ 980	\$ 27,440
1BR	42	50%	\$ 1,238	\$ 51,996
1BR	53	60%	\$ 1,497	\$ 79,341
2BR MGR	1		\$ -	\$ -
TOTAL	138			\$ 168,871
Annual Residential Income				\$ 2,026,452
Excess PBV Income				\$ -
Other Income				\$ 21,592
Total Gross Annual Income				\$ 2,048,044
Vacancy @ 5.0%				\$ (101,323)
INCOME				\$ 1,946,721

EXPENSES

Administrative	\$ 1,232	\$ 170,000
Management	\$ 705	\$ 97,282
Utilities	\$ 888	\$ 122,600
Payroll	\$ 1,206	\$ 166,454
Total Insurance:	\$ 507	\$ 70,000
Maintenance	\$ 871	\$ 120,200
Other: Agency Monitoring	\$ 11	\$ 1,566
Subtotal	\$ 5,421	\$ 748,102
Resident Services	\$ 362	\$ 50,000
Replacement Reserves	\$ 250	\$ 34,500
Real Estate Taxes	\$ 59	\$ 8,133
Other: County/SDHC Mor	\$ 158	\$ 21,735
ANNUAL EXPENSES		\$ 862,470

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$11,219,757
Permanent Loan Interest Rat	7.00%
Permanent Loan Term (yr.)	17
Permanent Loan Amort (yr.)	35
Net Operating Income	\$1,075,172
Debt Service	\$910,114
Debt Coverage Ratio	1.18
Construction Loan Amount	\$46,675,454
Construction Loan Interest R	7.00%
Construction Loan Term (mo	360
Loan to Value	65.32%

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	90.87%
Federal Tax Credits Requ	\$2,500,000
Federal Tax Credit Pricing	\$0.92
State Tax Credits Reques	\$8,316,472
State Tax Credit Pricing	\$0.89
LP Interest	99.00%
Applicable Rate	9.00%
50% Test	N/A

CONFIDENTIAL

CONSTRUCTION & PERMANENT FINANCING
Market Street Seniors

Construction Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Int. Reserve
Construction Loan Amount	360	7.00%	46,675,454	5,050,000
Tax Credit Equity (Fed)			4,397,725	
San Diego Housing Commision	360	4.00%	4,000,000	
County donated land value			10,170,000	
County of San Diego		3.00%	4,000,000	
Costs Deferred Until Perm			2,217,355	
Total Funds for Construction			71,460,534	

Permanent Financing				
Name of Lender/Source	Term (months)	Interest Rate	Amount of Funds	Debt Service
Tranche B Loan	204	7.00%	11,219,757	860,138
MHP Funds	660	0.42%	11,899,118	49,976
San Diego Housing Commision	660	4.00%	4,000,000	
County donated land value	660	0.00%	10,170,000	
County of San Diego	660	3.00%	4,000,000	
Total Permanent Financing			41,288,875	
Federal Tax Credit Equity			22,769,999	
State Tax Credit Equity			7,401,660	
Total Sources of Project Funds			71,460,534	

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PROPOSED BASIS LIMITS CALCULATIONS AND BOOSTS

Market Street Seniors

Basis Limits Used: **TCAC 2022** County: **SAN DIEGO**
 Application Type: **9%** Housing Type: **Senior**

Unit Size	Unit Basis Limit	No. of Units	(Basis) X (No. of Units)
SRO/STUDIO	\$353,173	0	\$0
1	\$407,205	137	\$55,787,085
2	\$491,200	1	\$491,200
3	\$628,736	0	\$0
4+	\$700,451	0	\$0
TOTAL UNADJUSTED THRESHOLD BASIS LIMIT:		138	\$56,278,285
			Yes/No
(a)	Plus (+) 20% basis adjustment for projects required to pay state or federal prevailing wages.	Yes	\$11,255,657
(b)	Plus (+) 7% basis adjustment for new construction projects which are required to provide parking beneath residential units (but not "tuck under" parking).	Yes	\$5,627,829
(c)	Plus (+) 2% basis adjustment for projects where a day care center is part of the development.	Yes	\$1,125,566
(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: 	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:	\$1,837,684
(h)	Plus (+) 10% basis adjustment for projects wherein at least 95% of the project's upper floor units are serviced by an elevator.	Yes	\$5,627,829
(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.	No	\$0
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: 137 Total Affordable Units @ 50% to 35% of AMI: 70	51%	\$0
(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: 137 Total Affordable Units @ 35% of AMI or Below: 14	10%	\$0
TOTAL ADJUSTED THRESHOLD BASIS LIMIT:			\$81,752,850

HIGH COST TEST

Total Eligible Basis

Percentage of the Adjusted Threshold Basis Limit 70.232%

UNADJUSTED THRESHOLD BASIS - 39% TEST

Total of (a), (b), (c), (d), & (h) cannot exceed 39% 42.000%

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DEVELOPMENT BUDGET

Market Street Seniors

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Tranche B Loan	MHP Funds	San Diego Housing Commision	County donated land value	County of San Diego	-	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
LAND COST/ACQUISITION												
County donated land value	10,170,000	10,170,000	-	-	-	-	-	-	-	-		
Capitilized Ground rent	100,000	100,000	-	-	-	-	-	-	-	-		
Demolition & Abatement		-	-	-	-	-	-	-	-	-		
Total Land Cost or Value	10,270,000	10,270,000	-									
Existing Improvements Value	-	-	-	-	-	-	-	-	-	-		-
Off-Site Improvements		-	-	-	-	-	-	-	-	-	-	-
Total Acquisition Cost	-	-	-								-	-
Total Land Cost / Acquisition Cost	10,270,000	10,270,000	-								-	-
REHABILITATION												
Abatement/Demolition		-	-	-	-	-	-	-	-	-		
Structures	-	-	-	-	-	-	-	-	-	-	-	-
General Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Profit	-	-	-	-	-	-	-	-	-	-	-	-
Prevailing Wages	-	-	-	-	-	-	-	-	-	-	-	-
General Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Rehabilitation Costs	-	-	-								-	-
Total Relocation Expenses		-	-	-	-	-	-	-	-	-	-	-
NEW CONSTRUCTION												
Site Work	2,000,000	2,000,000	-	-	-	-	-	-	-	-	2,000,000	-
Structures	36,100,000	35,857,244	242,756	-	-	-	-	-	-	-	35,857,244	-
General Requirements	1,400,000	1,388,343	11,657	-	-	-	-	-	-	-	1,388,343	-
Contractor Overhead	1,500,000	1,486,879	13,121	-	-	-	-	-	-	-	1,486,879	-
Contractor Profit	1,500,000	1,500,000	-	-	-	-	-	-	-	-	1,500,000	-
Demolition & Abatement		-	-	-	-	-	-	-	-	-		
Prevailing Wages												
General Liability Insurance/ Bond Prem	265,000	265,000	-	-	-	-	-	-	-	-	265,000	-
Solar (incl in structures)		-	-	-	-	-	-	-	-	-	-	-
Other: Site Security	-	-	-	-	-	-	-	-	-	-	-	-
Total New Construction Costs	42,765,000	42,497,466	267,534								42,497,466	-

DEVELOPMENT BUDGET

Market Street Seniors

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Tranche B Loan	MHP Funds	San Diego Housing Commision	County donated land value	County of San Diego	-	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES												
Design (incl ADA)	1,600,000	1,585,000	15,000	-	-	-	-	-	-	-	1,585,000	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-
Total Architectural Costs	1,600,000	1,585,000	15,000								1,585,000	-
Total Survey and Engineering	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
CONST. INTEREST & FEES												
Construction Loan Interest	2,650,000	2,591,402	58,598	-	-	-	-	-	-	-	2,591,402	-
Origination Fee	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	355,319	355,319	-	-	-	-	-	-	-	-	355,319	-
Title and Recording	60,000	60,000	-	-	-	-	-	-	-	-	60,000	-
Construction Service Fees (Bank)	70,000	70,000	-	-	-	-	-	-	-	-	70,000	-
Other: Construction Mgmt	218,000	218,000	-	-	-	-	-	-	-	-	218,000	-
Other: SDHC	134,235	134,235	-	-	-	-	-	-	-	-	134,235	-

Total Const. Interest & Fees	3,887,554	3,828,956	58,598								3,828,956	-
PERMANENT FINANCING												
Loan Origination Fee	80,000	80,000	-	-	-	-	-	-	-	-		
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-	-	-		
Title and Recording	-	-	-	-	-	-	-	-	-	-		
Taxes	-	-	-	-	-	-	-	-	-	-		
Insurance	-	-	-	-	-	-	-	-	-	-		
Other:	-	-	-	-	-	-	-	-	-	-		
Other: Interest Prior to Conversion	2,400,000	2,400,000	-	-	-	-	-	-	-	-		
Total Perm. Financing Costs	2,480,000	2,480,000	-									
LEGAL FEES												
Lender Legal Pd. by Applicant	144,000	144,000	-	-	-	-	-	-	-	-	85,000	-
Other : Partnership & Transaction	188,400	188,400	-	-	-	-	-	-	-	-	12,000	-
Total Attorney Costs	332,400	332,400	-								97,000	-
RESERVES												
Rent Reserves	-	-	-	-	-	-	-	-	-	-		
Transition Reserve (NPLH)	-	-	-	-	-	-	-	-	-	-		
*3- Month Operating Reserve	443,000	443,000	-	-	-	-	-	-	-	-		
Other:	-	-	-	-	-	-	-	-	-	-		
Total Reserve Costs	443,000	443,000	-									

DEVELOPMENT BUDGET

Market Street Seniors

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Tranche B Loan	MHP Funds	San Diego Housing Commision	County donated land value	County of San Diego	-	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
Total Appraisal Costs	15,000	15,000	-	-	-	-	-	-	-	-	15,000	-
Total Hard Cost Contingency	2,883,900	2,883,900	-								2,883,900	-
OTHER PROJECT COSTS												
TCAC App/Allocation/Monitoring	254,000	254,000	-	-	-	-	-	-	-	-		
Environmental Audit	20,000	20,000	-	-	-	-	-	-	-	-	20,000	-
Local Dev. Impact Fees	1,837,684	1,837,684	-	-	-	-	-	-	-	-	1,837,684	-
Permit Processing Fees	538,062	538,062	-	-	-	-	-	-	-	-	538,062	-
Marketing	20,000	20,000	-	-	-	-	-	-	-	-		
Furnishings, Fixtures, Equipment	483,000	483,000	-	-	-	-	-	-	-	-	483,000	-
Market Study	6,000	6,000	-	-	-	-	-	-	-	-	6,000	-
Accounting/Reimbursables	25,000	25,000	-	-	-	-	-	-	-	-	25,000	-
Soft Cost Contingency	599,934	599,934	-	-	-	-	-	-	-	-	599,934	-
Other: Financial Consulting	-	-	-	-	-	-	-	-	-	-		
Other: Lease-up fee	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
Other: Utility Connection	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Costs	3,883,680	3,883,680	-								3,609,680	-
SUBTOTAL PROJECT COST	68,960,534	68,619,402	341,132	-	-	-	-	-	-	-	54,917,002	-
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis							54,917,002	-
DEVELOPER COSTS												
Developer Overhead/Profit	2,500,000	2,500,000	-	-	-	-	-	-	-	-	2,500,000	-
Consultant/Processing Agent	-	-	-	-	-	-	-	-	-	-	-	-
Project Administration	-	-	-	-	-	-	-	-	-	-	-	-
Broker Fees Paid to a Related Party	-	-	-	-	-	-	-	-	-	-	-	-
Construction Oversight by Developer	-	-	-	-	-	-	-	-	-	-	-	-
Other: MGP Admission Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Developer Costs	2,500,000	2,500,000	-	-	-	-	-	-	-	-	2,500,000	-
TOTAL PROJECT COSTS	71,460,534	71,119,402	341,132								57,417,002	-
Bridge Loan Expense During Construction											-	-
Total Eligible Basis											57,417,002	-

ELIGIBLE AND QUALIFIED BASIS
Market Street Seniors

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	57,417,002	-
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:	29,639,225	-
Total Basis Reduction:	29,639,225	-
Total Requested Unadjusted Eligible Basis:	27,777,777	-
Total Adjusted Threshold Basis Limit	81,752,850	
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	100%	100%
Total Adjusted Eligible Basis:	27,777,777	-
Applicable Fraction:	100%	100%
Qualified Basis	27,777,777	-
Total Qualified Basis	27,777,777	
**Total Credit Reduction:	-	-
Total Adjusted Qualified Basis:	27,777,777	

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

**to be calculated in "Points System"

0%

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BASIS AND CREDITS**Market Street Seniors**

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	27,777,777	-
Applicable Percentage - 30% PV (4%, varies)	3.26%	3.15%
Project's Applicable Percentage:	9.00%	3.15%
Subtotal Annual Federal Credit:	2,500,000	-
Total Combined Annual Federal Credit:	2,500,000	<--- \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	71,460,534	
Permanent Financing	41,288,875	
Funding Gap	30,171,659	0.92000 Equity Pricing
Federal Tax Credit Factor **	0.910800000	99.00% LP Interest
Total Credits Necessary for Feasibility	33,126,547	
Annual Federal Credit Necessary for Feasibility	3,312,655	
Maximum Annual Federal Credits	2,500,000	
Equity Raised From Federal Credit	22,769,999	
Remaining Funding Gap	7,401,660	

BASIS AND CREDITS: STATE**Determination of State Credit**

	NC/Rehab	Acquisition
Adjusted Qualified Basis	27,777,777	-

Factor Amount *	30%	13%
Maximum Total State Credit	8,333,333	0

Determination of Minimum State Credit Necessary for Feasibility

State Tax Credit Factor **	0.89000000	0.890 Equity Pricing
Maximum Total State Credit	8,333,333	100.00% LP Interest
State Credit Necessary for Feasibility	8,316,472	
Equity Raised from State Credit	7,401,660	
Remaining Funding Gap	-	

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PROJECT INCOME INFORMATION
Market Street Seniors

(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
1BR	14	\$ 721	\$ 10,094	\$ 54	\$ 775	30%		\$ -	\$ -
1BR	28	\$ 980	\$ 27,440	\$ 54	\$ 1,034	40%	\$ -	\$ -	\$ -
1BR	42	\$ 1,238	\$ 51,996	\$ 54	\$ 1,292	50%	\$ -	\$ -	\$ -
1BR	53	\$ 1,497	\$ 79,341	\$ 54	\$ 1,551	60%	\$ -	\$ -	\$ -
2BR MGR	1	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -

Affordable Units	137	Total Rent	\$ 168,871	Total Tranche B:	\$ -
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Aggregate Monthly Rents for All Units:	\$ 168,871
Aggregate Annual Rents for All Units:	\$ 2,026,452

Avg Affordability	49.78%
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Total Affordable Plus Manager Units:	138
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Annual Income from Laundry Facilities	\$ 11,592	7.00
Annual Income from Vending Machines	-	
Annual Interest Income	-	
Other Annual Income (Specify)	10,000	
Total Miscellaneous Income:	\$ 21,592	
Total Annual Potential Gross Income:	\$ 2,048,044	

Excess PBV Income	\$ -
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Total Gross Annual Income	\$ 2,048,044
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Utility Allowances					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	11	14	-	-	-
Water Heating:			-	-	-
Cooking: Electric	7	8	-	-	-
Lighting: Electric	26	32	-	-	-
Electricity: Electric			-	-	-
Water: Solar PV/Gas Boiler	-	-	-	-	-
AC: Electric			-	-	-
City's Fee	-	-	-	-	-
Total:	44	54	-	-	-

**assuming CUAC*

ANNUAL RESIDENTIAL OPERATING EXPENSES
Market Street Seniors

Administrative	Advertising:	3,000	Per Unit 22
	Legal (see below reserve)	20,000	145
	Accounting/Audit:	12,000	87
	Security:	100,000	725
	General Office Costs:	35,000	254
	Total Administrative:	170,000	1,232
Management	Total Management Fee:	97,282	705
Utilities	Fuel:		-
	Gas:	12,000	87
	Electricity:	60,000	435
	Water/Sewer:	50,600	367
	Total Utilities:	122,600	888
Payroll / Payroll Taxes	On-site Manager(s):	69,588	504
	Maintenance Personnel:	58,454	424
	Other: Payroll Burden/Taxes	38,412	278
	Total Payroll/Payroll Taxes:	166,454	1,206
	Total Insurance:	70,000	507
Maintenance	Painting:	3,000	22
	Repairs:	24,000	174
	Trash Removal:	12,000	87
	Exterminating:	8,000	58
	Grounds:	27,200	197
	Other: Elevator & fire monitoring	13,000	94
	Other: Cleaning & Building Supplies	33,000	239
	Total Maintenance:	120,200	871
Other Expenses	Other: Parcel Pending Monthly Cost	1,566	11
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Other:	-	-
	Total Other:	1,566	11

Total Expenses

Total Annual Residential Operating Expenses:	748,102
Total Number of Units in the Project:	138
Total Annual Operating Expenses Per Unit:	5,421
Total 3-Month Operating Reserve:	443,000
Car Share Maintenance 2 cars:	8,000
Total Annual Service Amenities Budget (from project expenses):	50,000
Total Annual Legal/Insurance Reserve	
Total Annual Reserve for Replacement:	34,500
Total Annual Real Estate Taxes:	8,133
Other: County/SDHC Monitoring Fees	21,735
TOTAL:	870,470

5,000 min per unit

per unit

250 per unit

158 per unit

6,308 per unit
526 per month

Commercial Income

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

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15-YEAR CASH FLOW PROJECTION

Market Street Seniors

	Inflation Factor	Year 1 2028	Year 2 2029	Year 3 2030	Year 4 2031	Year 5 2032	Year 6 2033	Year 7 2034	Year 8 2035	Year 9 2036	Year 10 2037	Year 11 2038	Year 12 2039	Year 13 2040	Year 14 2041	Year 15 2042
Rental Income	2.5%	2,026,452	2,077,113	2,129,041	2,182,267	2,236,824	2,292,744	2,350,063	2,408,815	2,469,035	2,530,761	2,594,030	2,658,881	2,725,353	2,793,486	2,863,324
PBV INCOME IF APPLICABLE	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS POTENTIAL REVENUE		2,026,452	2,077,113	2,129,041	2,182,267	2,236,824	2,292,744	2,350,063	2,408,815	2,469,035	2,530,761	2,594,030	2,658,881	2,725,353	2,793,486	2,863,324
Vacancy @	5.0%	101,323	103,856	106,452	109,113	111,841	114,637	117,503	120,441	123,452	126,538	129,701	132,944	136,268	139,674	143,166
Other Income	2.5%	21,592	22,132	22,685	23,252	23,834	24,429	25,040	25,666	26,308	26,965	27,640	28,331	29,039	29,765	30,509
Other Income Vacancy @	5.0%	1,080	1,107	1,134	1,163	1,192	1,221	1,252	1,283	1,315	1,348	1,382	1,417	1,452	1,488	1,525
TOTAL NET RENTAL INCOME		1,945,642	1,994,283	2,044,140	2,095,243	2,147,624	2,201,315	2,256,348	2,312,757	2,370,576	2,429,840	2,490,586	2,552,851	2,616,672	2,682,089	2,749,141
Advertising:	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856
Legal (see below reserve)	3.5%	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374
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%	100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	141,060	145,997	151,107	156,396	161,869
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%	97,282	100,687	104,211	107,858	111,633	115,541	119,585	123,770	128,102	132,586	137,226	142,029	147,000	152,145	157,470
Gas:	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
Electricity:	3.5%	60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774	84,636	87,598	90,664	93,837	97,122
Water/Sewer:	3.5%	50,600	52,371	54,204	56,101	58,065	60,097	62,200	64,377	66,631	68,963	71,376	73,874	76,460	79,136	81,906
On-site Manager(s):	3.5%	69,588	72,023	74,544	77,153	79,854	82,648	85,541	88,535	91,634	94,841	98,160	101,596	105,152	108,832	112,641
Maintenance Personnel:	3.5%	58,454	60,500	62,617	64,809	67,077	69,425	71,855	74,369	76,972	79,666	82,455	85,341	88,328	91,419	94,619
Other: Payroll Burden/Taxes	3.5%	38,412	39,757	41,148	42,589	44,079	45,622	47,219	48,871	50,582	52,352	54,185	56,081	58,044	60,075	62,178
Total Insurance:	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
Painting:	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856
Repairs:	3.5%	24,000	24,840	25,709	26,609	27,541	28,504	29,502	30,535	31,603	32,710	33,854	35,039	36,266	37,535	38,849
Trash Removal:	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
Exterminating:	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
Grounds:	3.5%	27,200	28,152	29,137	30,157	31,213	32,305	33,436	34,606	35,817	37,071	38,368	39,711	41,101	42,540	44,028
Other: Elevator & fire monitoring	3.5%	13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718	18,338	18,980	19,644	20,331	21,043
Other: Cleaning & Building Supplies	3.5%	33,000	34,155	35,350	36,588	37,868	39,194	40,565	41,985	43,455	44,976	46,550	48,179	49,865	51,611	53,417
Other: Parcel Pending Monthly Cost	3.5%	1,566	1,621	1,677	1,736	1,797	1,860	1,925	1,992	2,062	2,134	2,209	2,286	2,366	2,449	2,535
Car Share Maintenance 2 cars:	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:	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other:	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Legal/Insurance Reserve	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Amenities Budget	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
Other: County/SDHC Monitoring Fees	2.5%	21,735	22,278	22,835	23,406	23,991	24,591	25,206	25,836	26,482	27,144	27,823	28,518	29,262	30,071	30,884
Real Estate Taxes	2.0%	8,133	8,296	8,462	8,631	8,803	8,979	9,159	9,342	9,529	9,720	9,914	10,112	10,315	10,521	10,731
Replacement Reserve	0.0%	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
TOTAL EXPENSES		870,470	899,389	929,313	960,277	992,315	1,025,467	1,059,770	1,095,265	1,131,993	1,169,998	1,209,323	1,250,015	1,292,121	1,335,691	1,380,775
Cash Flow Prior to NOI		1,075,172	1,094,893	1,114,827	1,134,967	1,155,309	1,175,848	1,196,578	1,217,492	1,238,582	1,259,842	1,281,263	1,302,836	1,324,551	1,346,398	1,368,366
DEBT SERVICE - Tranche B Loan		860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138	860,138
MHP Funds		49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976	49,976
FORECASTED CASH AVAILABLE		165,058	184,780	204,713	224,853	245,195	265,734	286,464	307,378	328,468	349,728	371,149	392,722	414,437	436,284	458,252
Percent of Gross Revenue	8% Max	8.15%	8.90%	9.62%	10.30%	10.96%	11.59%	12.19%	12.76%	13.30%	13.82%	14.31%	14.77%	15.21%	15.62%	16.00%
25% Debt Service Test	Yr 1-3 Max	18.14%	20.30%	22.49%	24.71%	26.94%	29.20%	31.48%	33.77%	36.09%	38.43%	40.78%	43.15%	45.54%	47.94%	50.35%
Debt Coverage Ratio	1.15 Min	1.181	1.20	1.22	1.25	1.27	1.29	1.31	1.34	1.36	1.38	1.41	1.43	1.46	1.48	1.50
Partnership Management Fee	3.0%	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815
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		135,058	153,880	172,886	192,071	211,430	230,956	250,643	270,482	290,465	310,585	330,832	351,195	371,664	392,228	412,874
Deferred Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.0% balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		135,058	153,880	172,886	192,071	211,430	230,956	250,643	270,482	290,465	310,585	330,832	351,195	371,664	392,228	412,874
Annual Payment to SDHC, County & HCD	50.00% \$	67,529	76,940	86,443	96,036	105,715	115,478	125,321	135,241	145,233	155,293	165,416	175,597	185,832	196,114	206,437
Annual Payment to Affirmed	50.00% \$	67,529	76,940	86,443	96,036	105,715	115,478	125,321	135,241	145,233	155,293	165,416	175,597	185,832	196,114	206,437
Capitalized Ground Rent Reserve	\$	100,000	99,960	100,919	101,876	102,831	103,784	104,733	105,679	106,621	107,558	108,491	109,417	110,337	111,250	112,156
2%	\$	100,980	101,959	102,937	103,913	104,888	105,859	106,828	107,793	108,753	109,709	110,660	111,605	112,544	113,475	114,399
Capital Ground Rent Available for payment	\$	100,980	101,959	102,937	103,913	104,888	105,859	106,828	107,793	108,753	109,709	110,660	111,605	112,544	113,475	114,399
Ground rent to County (with 2%)	\$	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	1,243	1,268	1,294	1,319

ATTACHMENT 4
PROPOSED LOAN NON-BINDING COMMITMENT TERMS
SUMMARY

To-Be-Formed Limited Partnership
4588 Market Street Apartments,
San Diego, CA 92101 (Project)
June 10, 2024

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 a to-be-formed California limited partnership, formed by Affirmed Housing Group, (Affirmed) (the “Borrower”) for the Market Street Apartments (“Project”) with respect to the proposed acquisition and construction and the permanent financing of a 138-unit development (with 137 affordable units and one unrestricted manager’s unit) located at 4588 Market Street, in the City of San Diego. Closing must occur within twenty-four (24) months from the date of the San Diego Housing Commission’s NOFA Award Letter unless an extension is/has been granted by the President & CEO of the Housing Commission (or by their designee) in their 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 and shall prevail. Provided that the Housing Commission loan is approved by the San Diego Housing Commission Board of Commissioners and, if necessary, by the 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 \$4,000,000 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 residual receipts payments at 50 percent of the Project's residual cash flow is required. In addition to the 50 percent residual cash payment the Borrower shall also pay a fixed \$10,000 annual payment to the Housing Commission.

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. Residual payments and the fixed \$10,000 annual payment will begin on May 1 in the year immediately following the calendar year in which construction is completed. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid. 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 per year. "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-**

- (i) 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 55years, 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.
- (ii) The affordability shall be as follows:

Unit Type	AMI	Units
One-Bedroom Units	30%	14
One-Bedroom Units	40%	28
One-Bedroom Units	50%	42
One-Bedroom Units	60%	53
Manager's Unrestricted Unit	--	1
TOTAL		138

6. **Purchase Option** – The Borrower will provide the Housing Commission with the option to purchase the property's leasehold 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 or 9% 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 estimated value of the Project site was determined to be \$10,170,000 as of October 25, 2023. The land is owned by the County of San Diego and will be leased by the County to the Borrower.
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 Housing Commission Loan closing, a costs review may be obtained by the Housing Commission with a third-party consultant. If obtained, 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, \$100,000 shall have Housing Commission prior written approval. For proposed change orders over \$100,000, 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 Pro Forma, 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 16 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 Pro Forma, (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 Gross Developer's Fee of \$2,500,000 to be paid from Development Sources.
 - i. There will be a \$0 Deferred Developer Fee to be paid from the gross developer fee amount of \$2,500,000.
 - ii. There will be a maximum Net Cash Developer Fee of \$2,500,000, or as allowable by TCAC, to be paid from the gross developer fee of \$2,500,000.
- 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 shall be given priority over Housing Commission residual receipt payments.
 - ii. The Deferred Developer Fee 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.

18. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review.

19. **Environmental Requirements** - Currently HOME funds are planned for this Project. Notwithstanding any provision of this Letter, 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.

20. **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. The current annual affordability monitoring fee is as follows: $\$157.50 \times 138 \text{ units to be affordability monitored} = \textbf{\$21,735 fee}$ 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.
 - e) **Third-Party Construction Review** - the Housing Commission may require a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.
 - f) **Environmental Noticing Fee** - publishing/filing costs will be determined and paid at close of escrow.

21. **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 related to the investor and general partner’s management of the Project.
 - c. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
 - d. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission’s President and CEO or their designee.
22. **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 \$4,000,000, will be provided for the Project in any Housing Commission’s future Notices of Funds Available.
23. **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 shall comply with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.
24. **HOME Investment Partnerships (HOME) Funds** - HOME funds are currently planned to partly fund the Commission Loan. In the event the Housing Commission funds 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.

- c. The HOME IDIS funding system requires at least one HOME draw in a 12-month period and at least a small portion of the HOME funds must remain in the IDIS system until the Project is ready for occupancy.

25. **Insurance** - Borrower shall at all times during the term of the Housing Commission 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, flood 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 additional insureds for General Liability Insurance and in the General Contractor's Insurance policy and as loss payees for Property Insurance. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

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

- Up to 75 percent (**\$3,000,000**) at escrow closing.
 - Up to 10 percent (**\$400,000**) to be distributed at 50 percent construction completion,
 - Up to 10 percent (**\$400,000**) 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 (**\$200,000**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or their designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.
- b. In the event the Housing Commission funds (all or part) of the Housing Commission Loan using HOME funds, then a portion of the HOME funds shall be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.

- c. Housing Commission Loan proceeds shall be 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.

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 Unit - Experienced on-site management is required. There shall be one manager's unit.
- e. Marketing Plan - In the event the Housing Commission funds (all or part) of the Housing Commission Loan using 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. Maximum Resident Service Expenses & Case Management -

For the calculation of Housing Commission's residual receipts the attached pro forma's operating expense budget models an annual \$50,000 Service Amenities budget with a 3.5 percent annual escalator. Increasing this amount will require prior Housing Commission written approval.

29. 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.

30. Project Based Vouchers- This Project does not have any Federal Project Based Vouchers (PBV) from the Housing Commission.

31. Prevailing Wage - It is currently anticipated that the Project will not be subject to Federal Davis-Bacon prevailing wage rates, however, in case the number of HOME units is at least 12 units, Federal prevailing wages will apply.

32. Recourse - The Housing Commission Loan will be recourse until the timely completion of the construction, after which it will become non-recourse.

33. 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 **\$34,500 (\$250 per unit per year)**.
- b. Operating Reserve - The attached proforma models a 3-month capitalized operating reserve at **\$443,000** 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.

34. Section 3 - In the event the Housing Commission funds (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.

35. Security -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R) 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 in 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.

36. 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.

37. Title (ALTA Lender's Policy) - The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Housing Commission Loan with endorsements acceptable to the Housing Commission.

38. 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.

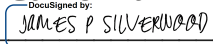
39. Exhibit A - Proforma - is attached hereto and is hereby incorporated.

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 **Tuesday June 11, 2024**, so that this letter of intent may be attached to the Housing Commission Board report.

ACKNOWLEDEED AND AGREED TO BY:

Market Street Housing, L.P. (To-Be-Formed LP),
a California limited partnership

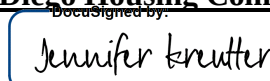
By: AHG Market Street, LLC (To-Be-Formed LLC),
a California limited liability company

Name:  JAMES P SILVERWOOD

Its: President Affirmed Housing

Date: 6/12/2024

San Diego Housing Commission

By:  Jennifer Kreutter

Name: Jennifer Kreutter

Its: Vice President of Real Estate Finance Operations

Date: 6/12/2024



ATTACHMENT 5 - DEVELOPER'S DISCLOSURE STATEMENT

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. 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: James 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:

X A corporation (Attach Articles of Incorporation)

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

 A partnership known as: _____
(Name)

Check one

- () General Partnership (Attach statement of General Partnership)
() Limited Partnership (Attach Certificate of Limited Partnership)

 A business association or a joint venture known as:

(Attach joint venture or business association agreement)

 A Federal, State or local government or instrumentality thereof.

 Other (explain)

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

August 7, 2007

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

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code _____	Position Title (if any) and percent of interest or description of character and extent of interest
-------------------------------------	--

James M. Silverwood
13520 Evening Creek Dr. N, Ste.160
San Diego, CA 92128
(858) 679-2828

CEO, 60% interest

Silverwood Descendants Trust-SD
13520 Evening Creek Dr. N, Ste.160
San Diego, CA 92128
(858) 679-2828

Trust, 40% interest

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, Address and
Zip Code

N/A (see section 8)

Position Title (if any) and
extent of interest

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: James P. Silverwood	President
Address: 13520 Evening Creek Dr. N, Ste.160 San Diego, CA 92128 (858) 679-2828	

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: Affirmed Housing Group, a CA Corp	Sister Company (combined group for reporting financials)
Address: 13520 Evening Creek Dr. N, Ste.160 San Diego, CA 92128 (858) 679-2828	

14. Provide 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 attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See attached financial statement (confidential information)

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, SDHC, County, HCD

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: Banc of California
Address: (Provide upon Request – See Financials)
Amount: \$ 5 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		

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

Name and Address	Contact Name
Name: Banc of California	Alice Harris
Address: 3 Mac Arthur Place	
Santa Ana, CA 92707	
Name: Citi Bank	Laura Walker
Address: 400 Spectrum Center Dr.	
Irvine, CA 92618	

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 X No

If yes, give 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 X No

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

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:

<u>Bond Type</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
N/A				

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:
Not Applicable.

a. Name and addresses of such contractor or builder:
N/A

- 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 X 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:
N/A

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state

whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

N/A

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
N/A			

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
N/A		

22. Provide a detailed and complete statement respecting 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 ("COMMISSION"), 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 COMMISSION, 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 X No

If yes, explain:

N/A

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

- 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 COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, 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 COMMISSION, 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 Commission 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 so state:

Government Entity
Making Complaint

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. If so, please explain the circumstances in detail. If none, please so state:
No.

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:

Governmental Description
Revocation

License

Date Issued

Status

Agency
(yes/no)

License

Number

(original)

(current)

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 COMMISSION.

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 COMMISSION.

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 COMMISSION, 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	Fairmont Family Housing, L.P. Bluewater (Entity – SDHC)	Current	\$9,468,500

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, 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, explain:

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

1. Name: Timothy Elliot, City of Los Angeles Development and Financing Dept.
Address: 1200 West 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 Park – 84 Units

39. Give a brief statement respecting 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.

NA

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

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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 9 day of May , 2024_, at San Diego, California.

CONTRACTOR

By:



Signature

President

Title

CERTIFICATION

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

By: 

By: _____

Title: President

Title: _____

Dated: 5/09/24

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.

ATTEST:

State of California

County of _____

Subscribed and sworn to before me this _____ day of _____, 20____.

Signature of Notary

Name of Notary

SEAL

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San DiegoOn May 9, 2024 before me, Vianney Ailyn Ruvalcaba-Gonzalez, Notary Public
Date Here Insert Name and Title of the Officerpersonally appeared James P. Silverwood
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer – Title(s): _____☐ Partner – ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: _____

Signer is Representing: _____



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/8/2023

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 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: PHONE (A/C, No, Ext): E-MAIL ADDRESS: constructioncerts@MarshMMA.com	FAX (A/C, No):
INSURED Affirmed Housing Group 13520 Evening Creek Drive North Suite 160 San Diego CA 92128	INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Indemnity Insurance Co. INSURER B: Texas Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:	NAIC # 18058 16543

COVERAGES **CERTIFICATE NUMBER:** 1015626516 **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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☒ LOC OTHER:	Y	N	PHPK2556340	6/1/2023	6/1/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY	N	N	PHPK2556340	6/1/2023	6/1/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000	N	N	PHUB864649	6/1/2023	6/1/2024	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000 \$ Follow Form GL
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N / A				PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	2nd Layer Excess \$2M xs \$3M Follow Form GL			JTI23XANN0245001	6/1/2023	6/1/2024	Limits: \$2,000,000 Occ \$2,000,000 Agg

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

CERTIFICATE HOLDER

CANCELLATION

Evidence of Coverage

. ZZ

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

AUTHORIZED REPRESENTATIVE

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Philadelphia Indemnity Insurance Company

PI-GLD-100 (12/16)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**GENERAL LIABILITY DELUXE ENHANCEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is 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 coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$1,000 per day	2
Key and Lock Replacement – Janitorial Services Client Coverage	\$10,000 limit	2
Additional Insured – Broadened Named Insured	Included	3
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	3
Additional Insured – Lessor of Leased Equipment	Included	3
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Transfer of Rights of Recovery Against Others To Us	Clarification	4
Liberalization	Included	5
Bodily Injury – includes Mental Anguish	Included	5

A. Non-Owned Watercraft**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE**

LIABILITY, Subsection **2. Exclusions**, Paragraph **g. (2)** is deleted in its entirety and replaced by the following:

- (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.

B. Supplementary Payments

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGE A AND B are amended as follows:

1. b. is deleted in its entirety and replaced by the following:

- 1. b.** Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these.

1. d. is deleted in its entirety and replaced by the following:

- 1. d.** All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

C. Key and Lock Replacement – Janitorial Services Client Coverage

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B is amended to include the following:

We will pay for the cost to replace keys and locks at the "clients" premises due to theft or other loss to keys entrusted to you by your "client," up to a \$10,000 limit per occurrence and \$10,000 policy aggregate.

We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your partners, members, officers, "employees", "managers", directors, trustees, authorized representatives or any one to whom you entrust the keys of a "client" for any purpose commit, whether acting alone or in collusion with other persons.

The following, when used on this coverage, are defined as follows:

a. "Client" means any entity for whom you perform services.

b. "Employee" means:

(1) Any natural person:

(a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you; or

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you.

(3) "Employee" does not mean:

(a) Any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(b) Any "manager," director or trustee except while performing acts coming within the scope of the usual duties of an "employee."

c. "Manager" means a person serving in a directorial capacity for a limited liability company.

D. Additional Insureds

SECTION II – WHO IS AN INSURED is amended as follows:

1. Each of the following is also an insured:

a. **Broadened Named Insured** – Any 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 organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.

b. **Managers, Landlords, 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 or rented 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; or

(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.

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

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 2. is amended as follows:

a. is amended to include:

This condition applies only when the “occurrence” or offense is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

b. is amended to include:

This condition will not be considered breached unless the breach occurs after such claim or “suit” is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

F. Unintentional Failure To Disclose Hazards

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 6. Representations is amended to include the following:

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.

G. Transfer of Rights of Recovery Against Others To Us

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer of Rights of Recovery Against Others To Us is deleted in its entirety and replaced by the following:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring “suit” or transfer those rights to us and help us enforce them.

Therefore, the insured can waive the insurer’s rights of recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

H. Liberalization

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, is amended to include the following:

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.

I. Bodily Injury – Mental Anguish

SECTION V – DEFINITIONS, Paragraph **3.** Is deleted in its entirety and replaced by the following:

“Bodily injury” means:

- a.** 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.

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