

BRJE Phase II Housing Partners, L.P.

44 Montgomery Street, #1300

San Francisco, CA 94104

January 31, 2022

City of Santa Rosa, Housing & Community Services
Ms. Nicole Rathbun, Interim Housing & Community Service Manager
90 Santa Rosa Avenue
Santa Rosa, CA 95404

**RE: 3575 Mendocino Avenue – Phase 2
Santa Rosa, CA 95403**

Dear City of Santa Rosa, Housing & Services:

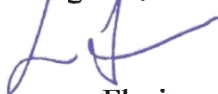
BRJE Phase II Housing Partners, L.P., the developer of 3575 Mendocino, Phase II, is requesting an allocation of HOME funds from the City of Santa Rosa Housing and Community Services department to close the funding gap in order to advance the project to construction by the second quarter of this year.

3575 Mendocino, Phase II received a maximum allocation of \$20,963,480 of 9% CAA disaster tax credits in September of 2021 as well as a commitment of \$2,436,753 of CDBG-DR funds from Sonoma County. The tax credits have a mandatory construction commencement date of April 10th, 2022, with a discretionary extension period ending July 8th 2022. If the project does not commence construction prior to July 8th, the partnership will lose the \$20MM in disaster tax credits and subsequently the CDBG-DR funds.

At the time of the CDBG-DR and disaster tax credit application in May 2021, the construction costs for the project were estimated at \$16,218,515. Since then, construction costs have inflated rapidly along with all other consumer goods and materials, with the latest construction estimate at \$18,716,110. The project was able to absorb approximately \$1MM of this \$2.5MM cost increase due to aggressive value engineering measures and a preexisting escalation contingency held for this purpose. Unfortunately, this degree of rapid inflation is more than could have been foreseen and was budgeted. The project team has examined all possible value engineering options, pressed on our lender and investor for highly competitive pricing, and examined all possible funding sources that fit the required TCAC timeline, and has determined the only feasible route to construction is an allocation of HOME funds from the City of Santa Rosa.

We appreciate the City's consideration of our application, which is submitted concurrently with this letter. If you have any questions regarding the evaluation, please contact Nick Wilder at (650) 465 0077.

Best Regards,



Lawrence Florin
BRJE Phase II Housing Partners, L.P.



Ann Silverberg
BRJE Phase II Housing Partners, L.P.