

September 11, 2023

Nicole Del Fiorentino
Manager
Housing and Community Services
City of Santa Rosa
90 Santa Rosa Avenue
Santa Rosa, CA 95404

RE: Burbank Avenue Apartments ("Project")
Request for Assignment of Funding Awards

Ms. Del Fiorentino:

As you know, Waterstone Residential, LLC ("Waterstone") and Burbank Housing Development Corporation ("BHDC") as well as their respective affiliates are partners in WSA Burbank Housing Partners I, LP ("Partnership"). Following the Project's receipt of the Accelerator award, Waterstone was notified by its accounting firm that the nature of the HCD program would cause a significant tax liability for Waterstone if the Accelerator loan was converted to a grant because of its status as a for-profit entity. Waterstone cannot incur such a liability for its role in the Project.

Therefore, as we've discussed, Waterstone will no longer be a partner in the Project. As a result, Waterstone respectfully requests that all SRHA funding awards previously granted to Waterstone or the Partnership be assigned to BHDC. HCD and the construction lender have approved similar requests and the Project will be able to proceed into construction following SRHA's approval of the assignments. Please know that although BHDC will take the lead in the development activities moving forward, Waterstone will continue to support the Project as a party to the Development Management Agreement.

Thanks in advance for your consideration. Please let me know if you need any additional information from us.

Best regards,



Peter Schellinger
Waterstone Residential, LLC

