

July 18, 2019

Mr. Jim Simon
Ms. Suzy Kim
RSG, Inc.
309 West 4th Street
Santa Ana, CA 92701

RE: 250 Cleaveland Rd., Pleasant Hill, CA

Dear Jim & Suzy:

Following up on our meetings and discussions over the past several months, Habitat for Humanity East Bay/Silicon Valley ("Habitat") has reviewed the potential development opportunity at 250 Cleaveland Rd. in Pleasant Hill, CA - APN 149-130-016-4 (the "Property"), and we are very interested in developing the Property for affordable ownership housing.

We are proposing the following development concept for the City and Oversight Board's review, as follows:

- Habitat will develop the Property as seven (7) Townhouses / flats in three story building(s) similar to Habitat's Central Commons project in Fremont (see attached preliminary site plan and building elevations).
- Habitat will negotiate in good faith a DDA with the City of Pleasant Hill outlining acceptable terms for acquiring the Property, including that the City of Pleasant Hill will provide the property to Habitat at no cost.
- Habitat has begun its due diligence and is aware that the Property resides in a 100 year event flood plain which will need to be mitigated. Habitat estimates it will take approximately two years to obtain the necessary entitlements and gap financing approvals to build up to seven (7) units on the Property.
- Habitat will require a predevelopment loan of \$400,000 during the entitlement phase to gain the project entitlements. This loan will be subordinated to the project construction loan, and will become "silent" second mortgage (up to \$40,000 per unit) for the term of the affordable housing deed restriction on the property, after which the loan will be forgiven.
- Habitat proposes to offer all seven (7) the units to qualified families earning below 120% AMI, based upon gap financing allocations. Some of the units will serve Low Income families (<80% AMI) and some Moderate Income families (<120 AMI). Final mix of Low and Moderate homes will depend on secured gap financing.

- The City of Pleasant Hill will not require prevailing wages for development and construction.

Please let us know if you require additional information prior to the meetings with the City Council currently scheduled for on September 9, 2019 and the Oversight Board on September 23, 2019.

Regards,

A handwritten signature in blue ink that reads "Rob Simonds". The signature is fluid and cursive, with the first name "Rob" and last name "Simonds" clearly legible.

Rob Simonds
Sr. Project Manager
Habitat for Humanity EBSV

cc: Hamid Taeb – Habitat EBSV Director of R.E. Development