

ITEM 1

REQUEST FOR HOUSING AUTHORITY ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Housing Commission		DATE: 7/13/2017	
SUBJECT: Preliminary Bond Authorization for Civita II Family Apartments					
PRIMARY CONTACT (NAME, PHONE): Ted Miyahara, 619-578-7548			SECONDARY CONTACT (NAME, PHONE): ,		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE): The proposed funding sources and uses approved by this action are not included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will increase the FY 2018 budget by \$155,000. Please refer to staff report for further information.					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Davis, Jeff	07/13/2017	
		CFO			
		DEPUTY CHIEF	Graham, David	07/18/2017	
		COO			
		CITY ATTORNEY	Slegers, Nathan	07/18/2017	
		COUNCIL PRESIDENTS OFFICE	Demorest, Erin	07/19/2017	
PREPARATION OF:	<input checked="" type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	
That the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.					
Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Civita II Family Apartments, a 203-unit multifamily affordable rental housing development, located in the Mission Valley community, which will remain affordable for 55 years. Please see staff report for all Housing Authority Recommendations.					

STAFF RECOMMENDATIONS: Approve requested actions.	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	7
COMMUNITY AREA(S):	
ENVIRONMENTAL IMPACT:	This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. Please refer to staff report for further information.
CITY CLERK INSTRUCTIONS:	Please docket this item for the Regular Housing Authority meeting of August 1, 2017. This item has a companion City Council action.

**HOUSING AUTHORITY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 7/13/2017

ORIGINATING DEPARTMENT: Housing Commission

SUBJECT: Preliminary Bond Authorization for Civita II Family Apartments

COUNCIL DISTRICT(S): 7

CONTACT/PHONE NUMBER: Ted Miyahara/619-578-7548

DESCRIPTIVE SUMMARY OF ITEM:

Take the initial steps to issue Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to fund the acquisition and development of Civita II Family Apartments, a 203-unit multifamily affordable rental housing development, located in the Mission Valley community, which will remain affordable for 55 years.

STAFF RECOMMENDATION:

Approve requested actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

Civita II Family Apartments is a proposed development located in the Quarry Falls Specific Plan area more commonly referred to as Civita. The specific plan encompasses approximately 225 acres within the Mission Valley Community Plan area. The development is bounded by I-805 to the east, Friars Road to the south, Mission Center Road to the west and Serra Mesa Community Plan boundary to the north. Civita is permitted to develop a maximum of 4,780 residential units and 900,000 square feet of combined commercial, retail and office. Land uses will include approximately 17.5 acres of public park, civic uses, open space and trails. Civita broke ground on the first phase of the project in 2010 and the build-out is anticipated to occur over approximately 15 years.

Please refer to staff report for further information.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

N/A

FISCAL CONSIDERATIONS:

The proposed funding sources and uses approved by this action are not included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will increase the FY 2018 budget by \$155,000.

Please refer to staff report for further information.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

This project was presented at the Mission Valley Planning Group meeting on April 5, 2017.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include Chelsea Investment Corporation, the Mission Valley community and residents. Development of the property is expected to have a positive impact on the community by increasing the inventory of affordable housing in the City of San Diego for low and very-low income households.

Davis, Jeff

Originating Department

Graham, David

Deputy Chief/Chief Operating Officer



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: July 20, 2017

REPORT NO: HAR17-025

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of August 1, 2017

SUBJECT: Preliminary Bond Authorization for Civita II Family Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

Take the initial steps to issue Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to fund the acquisition and development of Civita II Family Apartments, a 203-unit multifamily affordable rental housing development, located in the Mission Valley community, which will remain affordable for 55 years.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.

1. Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Civita II Family Apartments, a 203-unit multifamily affordable rental housing development, located in the Mission Valley community, which will remain affordable for 55 years:
 - a) Issue a bond inducement resolution (Declaration of Official Intent) for up to \$62,000,000 in Multifamily Housing Revenue Bonds for the development of Civita II Family Apartments by Civita II 4% CIC, L.P.;
 - b) Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$62,000,000 for Civita II Family Apartments;
 - c) Approve the financing team of Quint and Thimmig LLP as Bond Counsel and Ross Financial as Financial Advisor; and
2. Authorize the Housing Commission President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	Russell Parkway and Friars Road San Diego, CA 92108
Council District	7
Community Plan Area	Mission Valley Community Planning Group
Development Type	New Construction
Construction Type	Type III over Type I
Parking Type	Subterranean Parking (three levels) & Above Ground Parking (two levels)
Housing Type	Mixed-use Multifamily
Lot Size	Approximately 2.57 acres, 111,949 square feet
Units	203
Density	119 dwelling units per acre; separate 103 unit property on subject site
Affordable Unit Mix	104 two-bedroom units, 97 three-bedroom units, and 2 three-bedroom manager’s units
Gross Building Area	185,390 square feet
Net Rentable Area	179,306 square feet

The Development

Civita II Family Apartments is a proposed development located in the Quarry Falls Specific Plan area more commonly referred to as Civita. The specific plan encompasses approximately 225 acres within the Mission Valley Community Plan area. The development is bounded by I-805 to the east, Friars Road to the south, Mission Center Road to the west and Serra Mesa Community Plan boundary to the north. Civita is permitted to develop a maximum of 4,780 residential units and 900,000 square feet of combined commercial, retail and office. Land uses will include approximately 17.5 acres of public park, civic uses, open space and trails. Civita broke ground on the first phase of the project in 2010 and the build-out is anticipated to occur over approximately 15 years.

Civita is subject to the City of San Diego’s Inclusionary Affordable Housing Ordinance. The Master Developer, Sudberry Properties, has elected to set aside 10 percent of the total number of developed units for affordable housing. To date, 150 affordable senior housing units have been built, 103 affordable senior housing units are in the predevelopment stage, and 203 affordable family units (subject property) are in the predevelopment stage.

Civita II Family Apartments is a proposed 203-unit new construction affordable rental housing development. The proposed development is located on a 2.57-acre parcel at the intersection of Russell Parkway and Friars Road (Attachment 2). The development will consist of five levels of Type III Modified wood frame over five levels of Type I concrete podium structure that includes residential units, parking and commercial. The 7-story building consists of three levels of subterranean parking, two levels of above-ground parking with retail, and five levels of residential units. The development incorporates 104 two-bedroom units and 99 three-bedroom units, along with the following proposed amenities: laundry rooms on each floor, community room, outdoor courtyard and tot lot.

Project Sustainability

Civita II Family Apartments will comply with the California Tax Credit Allocation Committee’s (TCAC) minimum energy efficiency standards.

Development Team

During the 15-year tax credit compliance period, Civita II Family Apartments will be owned by a Civita II 4% CIC, L.P., a California limited partnership (a single-asset limited partnership) that will include: CIC Civita II, LLC, a California Limited Liability Company as the Administrative General Partner, a to-be-determined Managing General Partner and a tax-credit investor limited partner. Chelsea Investment Corporation (CIC) is the developer of the project and will be the managing member of CIC Civita II, LLC (i.e., the Administrative General Partner). A statement for public disclosure for Chelsea Investment Corporation is included in Attachment 3.

Chelsea Investment Corporation is an award-winning, for-profit, real estate development firm located in San Diego. The firm specializes in the development of affordable housing. Since 1987, Chelsea has developed more than 8,000 rental units in California, Arizona, and New Mexico. Their developments include rehabilitation and new construction of senior, multifamily, and special needs rental housing.

Table 2 - Development Team Summary

ROLE	FIRM/CONTRACT
Owner	Civita II 4% CIC, LP
Administrative General Partner	CIC Civita II, LLC, a California Limited Liability Company
Managing General Partner	To-be-determined
Investor Limited Partner	To-be-determined
Developer	Chelsea Investment Corporation
Architect	KTGY Group, Inc.
General Contractor	Emmerson Construction, Inc.
Property Management	ConAm Management
Construction Lender and Permanent Lender	To-be-determined
Land Owner/Seller	Quarry Falls, LLC

Financing Structure

Civita II Family Apartments has an estimated total development cost of \$99,859,721 and an estimated total per unit cost of \$491,919 per unit. It will be financed with a combination of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, Master Developer cash and improvement loans and land note, a developer fee contribution, and deferred contractor fee.

There will be no Housing Commission loan on this project. The Housing Commission is the conduit bond issuer only.

Estimated permanent sources and uses of financing are provided in Table 3. A full project pro forma is also provided as Attachment 4.

Table 3 – Civita II Family Apartments Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Permanent Loan	\$19,850,000	Acquisition Costs	\$10,150,001
4% Tax-Credit Equity	\$42,497,152	Hard Costs	\$58,676,830
		Hard Cost Contingency	\$2,933,842
Master Developer Loan	\$12,422,030	Soft Costs	\$6,824,914
Master Developer Land Note	\$10,150,001	Financing Costs	\$8,124,015
Developer Fee Contribution	\$8,996,278	Reserves	\$653,841
Deferred Contractor Fee	\$2,058,836	Developer Fee	\$12,496,278
Soft Loan Interest	\$3,885,424		
Total Development Cost	\$99,859,721	Total Development Cost	\$99,859,721

Developer Fee

\$12,496,278 – Gross Developer Fee

- \$ 8,996,278 – Minus Developer Fee Contribution

\$ 3,500,000 – Net Cash Developer Fee (paid from development sources)

The net cash developer fee shall be \$3,500,000 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer will defer a portion of the developer fee.

The proposed fee structure is pursuant to the Request for Approval of Updated Developer Fees, approved by the Housing Commission Board on March 10, 2017 (HCR17-022) and the Housing Authority of the City of San Diego on April 25, 2017 (HAR17-011).

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

Development Cost Per Unit	\$99,859,721 ÷ 203 units =	\$491,919
Land Cost Per Unit	\$10,150,001 ÷ 203 units=	\$50,000
Gross Building Square Foot Hard Cost	\$61,610,672 ÷ 185,390 sq. ft. =	\$333
Net Rentable Square Foot Hard Cost	\$61,610,672 ÷ 179,306 sq. ft. =	\$344

Development Cost Factors

- Large Units – the development proposes two and three bedroom units only.
- Mixed use development - Ground-floor commercial space is a component of the project. Development cost of the ground floor commercial space is not included in total development cost however, it adds complexity to project design and increases development cost.
- Parking – the project will include three levels of subterranean parking and two levels of structured parking.

- Master Developer costs for infrastructure – the project is part of a master planned community. Cost for new infrastructure, roads, sewer, water and other development impact fees are passed along from the Master Developer to the various lots within the community.

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable rental housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City of San Diego impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other recent developments of the same construction type.

Table 5 – Comparable Development Projects with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq. Ft.
Subject – Civita II Family	2017	III Over I	203	\$99,859,721	\$491,919	\$0	\$333
Mesa Verde	2016	V Over I	90	\$33,972,543	\$377,473	\$106,667	\$207
Villa Encantada	2016	V Over I	67	\$26,197,399	\$391,005	\$111,940	\$190
Trolley Residential	2015	V Over I	52	\$23,010,008	\$442,500	\$60,000	\$225
Atmosphere II	201	I	105	\$41,350,650	\$398,811	\$0	\$359

Proposed Housing Bonds

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

The developer plans to submit a bond allocation application to CDLAC in October 2017 for a December 2017 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$62,000,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego’s (City) ordinance on bond disclosure. The up to \$62,000,000 bond allocation that will be sought from CDLAC is approximately 10 percent higher than the \$55,980,408 amount for which the development is being underwritten. This increased amount represents a bond

July 20, 2017

Preliminary Bond Authorization for Civita II Family Apartments

Page 6

contingency to account for possible increases in the bond amount due to increases in construction costs, and/or decreases in the assumed interest rate, and/or the loss of other planned funding sources. The bond amount that is ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance.

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

Staff recommends assigning Ross Financial as Financial Advisor and Quint and Thimmig, LLP as Bond Counsel to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are designated on a rotating basis from the firms selected under the program through a competitive Request for Proposal process.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
• Housing Authority for preliminary consideration	• August 1, 2017
• City Council IRS-required TEFRA hearing	• August 1, 2017
• CDLAC bond application	• October 13, 2017
• TCAC 4% tax credit application	• October 13, 2017
• CDLAC and TCAC allocation meetings	• December 13, 2017
• Housing Commission proposed final bond authorization	• February 2018
• Housing Authority proposed final bond authorization	• February 2018
• Estimated bond issuance and escrow closing	• March 2018
• Estimated start of construction	• March 2018
• Estimated completion of construction	• April 2020

Prevailing Wages

Prevailing wages are not applicable to the proposed development because no Federal or State funds will be used.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Civita II Family Apartments would restrict:

- 21 of the units to households at or below 50 percent of San Diego Area Median Income (AMI), currently \$45,450 per year for a family of four; and
- 180 of the units to households at or below 60 percent of AMI, currently \$54,540 per year for a family of four.
- 2 of the units set aside as unrestricted manager units.

Civita II Family Apartments will be affordable for a 55-year term. Table 6 summarizes the affordability:

Table 6 – Civita II Family Apartments Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents	Estimated Market Rents
2-bedroom	TCAC	50% AMI	11	\$1,023	\$2,300
2-bedroom	TCAC	60% AMI	93	\$1,228	\$2,300
3-bedroom	SDHC	50% AMI	10	\$1,136	\$2,900
3-bedroom	TCAC	60% AMI	58	\$1,418	\$2,900
3-bedroom	SDHC	60% AMI	29	\$1,364	\$2,900
3-bedroom-Manger	N/A	N/A	2	-	-
Total			203		

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are not included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will increase the FY 2018 budget by \$155,000.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$155,000

Funding uses approved by this action will be as follows:

Housing Commission Rental Housing Finance Program Administration Costs - \$155,000

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

This project was presented at the Mission Valley Planning Group meeting on April 5, 2017.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Chelsea Investment Corporation, the Mission Valley community and residents. Development of the property is expected to have a positive impact on the community by increasing the inventory of affordable housing in the City of San Diego for low and very-low income households.

ENVIRONMENTAL REVIEW

This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process.

July 20, 2017

Preliminary Bond Authorization for Civita II Family Apartments

Page 8

The proposed actions are approval of preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Tina Kessler

Tina Kessler
Housing Programs Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Developer Disclosure Statement
4) Project Pro Forma
5) Multifamily Housing Revenue Bond Program

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 – Development Details

Address	Russell Parkway and Friars Road San Diego, CA 92108
Council District	7
Community Plan Area	Mission Valley Community Planning Group
Development Type	New Construction
Construction Type	Type III over Type I
Parking Type	Subterranean Parking (three levels) & Above Ground Parking (two levels)
Housing Type	Multifamily
Lot Size	Approximately 2.57 acres, 111,949 square feet
Units	203
Density	79 dwelling units per acre
Affordable Unit Mix	104 two-bedroom units, 97 three-bedroom units, and 2 two-bedroom manager’s unit
Gross Building Area	185,390 square feet
Net Rentable Area	179,306 square feet

Table 2 - Development Team Summary

ROLE	FIRM/CONTRACT
Owner	Civita II 4% CIC, LP
Administrative General Partner	CIC Civita II, LLC, a California Limited Liability Company
Managing General Partner	To-be-determined
Limited Partner	To-be-determined
Developer	Chelsea Investment Corporation
Architect	KTGY Group, Inc.
General Contractor	Emmerson Construction, Inc.
Property Management	ConAm Management
Construction Lender and Permanent Lender	To-be-determined
Land Owner/Seller	Quarry Falls, LLC

Table 3 – Civita II Family Apartments Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts
Permanent Loan	\$19,850,000	Acquisition Costs	\$10,150,001
4% Tax-Credit Equity	\$42,497,152	Hard Costs	\$58,676,830
		Hard Cost Contingency	\$2,933,842
Master Developer Loan	\$12,422,030	Soft Costs	\$6,824,914
Master Developer Land Note	\$10,150,001	Financing Costs	\$8,124,015
Developer Fee Contribution	\$8,996,278	Reserves	\$653,841
Deferred Contractor Fee	\$2,058,836	Developer Fee	\$12,496,278
Soft Loan Interest	\$3,885,424		
Total Development Cost	\$99,859,721	Total Development Cost	\$99,859,721

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$99,859,721 \div 203 \text{ units} =$	\$491,919
Land Cost Per Unit	$\$10,150,001 \div 203 \text{ units} =$	\$50,000
Gross Building Square Foot Hard Cost	$\$61,610,672 \div 185,390 \text{ sq. ft.} =$	\$333
Net Rentable Square Foot Hard Cost	$\$61,610,672 \div 179,306 \text{ sq. ft.} =$	\$344

Table 5 – Comparable Development Projects with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit.	Gross Hard Cost Per Sq. Ft.
Subject – Civita II Family	2017	III Over I	203	\$99,859,721	\$491,919	\$0	\$333
Mesa Verde	2016	V Over I	90	\$33,972,543	\$377,473	\$106,667	\$207
Villa Encantada	2016	V Over I	67	\$26,197,399	\$391,005	\$111,940	\$190
Trolley Residential	2015	V Over I	52	\$23,010,008	\$442,500	\$60,000	\$225
Atmosphere II	2014	I	105	\$41,350,650	\$398,811	\$0	\$359

Table 6 – Civita II Family Apartments Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Number of Units	Proposed Gross Rents	Estimated Market Rents
2-bedroom	TCAC	50% AMI	11	\$1,023	\$2,300
2-bedroom	TCAC	60% AMI	93	\$1,228	\$2,300
3-bedroom	SDHC	50% AMI	10	\$1,136	\$2,900
3-bedroom	TCAC	60% AMI	58	\$1,418	\$2,900
3-bedroom	SDHC	60% AMI	29	\$1,364	\$2,900
3-bedroom-Manger	N/A	N/A	2	-	-
Total			203		

PROJECT STIE





SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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

1. Name of CONTRACTOR: **Chelsea Investment Corporation**
2. Address and Zip Code: **6339 Paseo del Lago
Carlsbad, CA 92011**
3. Telephone Number: **760-456-6000**
4. Name of Principal Contact for CONTRACTOR: **Cheri Hoffman, President**
5. Federal Identification Number or Social Security Number of CONTRACTOR:
EIN No. 90-0151442
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:

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:
Original formation date: July 30, 1986
Restructured: February 23, 2004
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
 - If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

<u>Corporation:</u> Name, Address and Zip Code	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
The Schmid Family Trust	100% Interest
James J. Schmid 6339 Paseo del Lago Carlsbad, CA 92011	Co-Trustee 760-456-6000 x104
Lynn Harrington Schmid 6339 Paseo del Lago Carlsbad, CA 92011	Co-Trustee 760-456-6000 x133

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): **None**

Name, Address and
Zip Code

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:

James J. Schmid **Sole Director/Chief Executive Officer/ Treasurer
(and Co-Trustee of Schmid Family Trust which has
100% interest)**

Cheri Hoffman **President**
6339 Paseo del Lago
Carlsbad, CA 92011
760-456-6000 x106

Charles A. Schmid **Vice President (son of James J. Schmid)**
6339 Paseo del Lago
Carlsbad, CA 92011
760-456-6000 x102

Lynn Harrington Schmid **Secretary (wife of James J. Schmid and Co-Trustee
of Schmid Family Trust which has 100% interest)**

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.

CIC Management, Inc. ("CICM") **Asset Management Company for
6339 Paseo del Lago** **Chelsea-affiliated companies**
Carlsbad, CA 92011

James J. Schmid Sole Director & Treasurer of CICM

William R. Peavey President of CICM

Lynn Harrington Schmid Secretary of CICM

Emmerson Construction, Inc. General Contractor for Chelsea-affiliated
("Emmerson") properties located in San Diego County
6339 Paseo del Lago
Carlsbad, CA 92011

Charles A. Schmid Director & President of Emmerson

James J. Schmid Director & Secretary of Emmerson

Frontera Construction Corporation Sub-Contractor for Emmerson & Finish
("Frontera") Tech (landscaping, etc.)

Charles A. Schmid Director/President/Treasurer of Frontera

James J. Schmid Director & Secretary of Frontera

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 statements.**
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:

Federal LIHTC Equity	43%	42,493,353
State LIHTC Equity	0%	0
Solar LIHTC Equity	0%	0
Permanent Loan	20%	19,850,000
Developer Fee Contribution	10%	8,995,160
Master Developer Gap Funding	12%	12,418,526
Master Developer Improvement Note	9%	10,150,001
Soft Loan Interest	4%	3,885,038
Deferred Contractor Fee	2%	<u>2,058,836</u>
Total Development Sources	100%	<u>99,850,914</u>

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

a. Name, Address & Zip Code of Bank/Savings & Loan: **Equity will be funded by tax credit investor.**

Amount: \$ 55,980,408 (Estimated)

b. By loans from affiliated or associated corporations or firms: **Developer Fee Contribution and Deferred Contractor Fee**

Chelsea Investment Corporation

Amount: \$ 8,995,160

Emmerson Construction, Inc.

Amount: \$ 2,058,836

c. By sale of readily salable assets/including marketable securities: **None**

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

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

US Bank National Association
4747 Executive Dr., 3rd Fl.
San Diego, CA 92121

Paul Shipstead, Vice President
858-334-0704
paul.shipstead@usbank.com

American West Bank
FKA Security Business Bank
5901 Priestly Dr., Suite 160
Carlsbad, CA 92008

Catherine M.. Niemann, Operations Mgr.
Specialty Business Lines
760-448-8307
cniemann@securitybusinessbank.com

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

Yes No

If yes, 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 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:

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond
-----------	---------------------	--------------------	----------------	----------------

See attached Experience Report.

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

a. Name and addresses of such contractor or builder: **Emmerson Construction, Inc., 6339 Paseo del Lago, Carlsbad, CA 92011**

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?
 Yes No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ 270,000,000

General description of such work: Construction of affordable family and senior housing projects.

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. **See attached Resume and List of Projects.**

- 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>
--	-----------------	---------------	---------------------------------

See attached List of Projects

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
------------------------	---------------	--------------------

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: **(See Attached Resume)**

Emmerson Construction, Inc. (ECI) is an affiliate of Chelsea Investment Corporation (CIC). ECI serves as general contractor and/or construction manager generally on projects where CIC is an owner. ECI employs a full-time Construction Project Manager and an Office Manager/Contract Administrator, each of whom have several years and many mills of dollars worth of experience. All work is subcontracted, enabling ECI staff to effectively manage multiple jobs. Depending on workload, some management and administrative functions are occasionally out-sourced to construction management firms.

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 X 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: **In addition to financials for Chelsea Investment Corporation, please see attached financials for Emmerson Construction, Inc.**

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

Yes No

If yes, explain:

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.

The project will have adequate insurance coverage at commencement of construction. Broker is Cavignac & Associates, 450 B St., Suite 1800, San Diego, CA 92101 619-234-6848

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: **None**

Government Entity
Making Complaint

Date

Resolution

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: **None**

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:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
----------------------------	----------------------------	-----------------------	-------------------------------	-------------------------	----------------------------

Emmerson Construction Contractor's State License Board	Contractor's	775773	3/2/2000	Current	No
---	---------------------	---------------	-----------------	----------------	-----------

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. **None**

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.

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:

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
2010	Verbena Apts. (RDA)	Current	\$6,801,000
2011	Estrella del Mercado (SDHC)	Current	\$7,000,000
2012	Terramar (SDHC)	Current	\$2,500,000
2014	Independence Point (SDHC)	Current	\$2,035,000
2015	Trolley Park Residential (SDHC)	Current	\$3,400,000

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: **See attached References documents.**

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

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. **See attached CIC Brochure.**

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

Construction Project Manager and Superintendent have not been assigned at this time. See attached Emmerson Resume for bios of construction personnel.

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 1st day of June, 2017, at San Diego, California.

CONTRACTOR

By:

Signature

Title

CERTIFICATION

The CONTRACTOR, Chelsea Investment Corp, 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: Cheri Hoffman

By: _____

Title: President

Title: _____

Dated: 6/1/10

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 _____

*

See attached Jurat

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

Signature of Notary

Name of Notary

SEAL

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

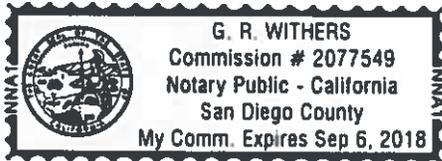
1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____

Signature of Document Signer No. 1 Signature of Document Signer No. 2 (if any)

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 Diego

Subscribed and sworn to (or affirmed) before me
 on this 1st day of June, 2017,
 by Cheri Hoffman
 (1) _____
 (and (2) _____),
 Name(s) of Signer(s)



proved to me on the basis of satisfactory evidence
 to be the person(s) who appeared before me.
 Signature G. R. Withers
 Signature of Notary Public

Seal
 Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document Statement For
 Title or Type of Document: Public Disclosure Document Date: _____
 Number of Pages: _____ Signer(s) Other Than Named Above: _____

Chelsea Investment Corporation (fka CSC)
Balance Sheet
March 31, 2017

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 2,533,315
Project Cost Receivable	2,829,194
Developer Fees Receivable - Short Term	1,619,768
Due From Related Parties	123,126
Prepaid Expenses	56,648
Accounts Receivable	9,761
Interest Receivable	1,979
Notes Receivable - Short Term	-
Total Current Assets	<u>7,173,790</u>
Land, Building and Equipment	
Office Furniture & Equipment	220,582
Leasehold Improvements	182,094
Automobiles	132,329
Tools & Other Equipment	31,432
Accumulated Depreciation	(330,417)
Total Land, Building and Equipment	<u>236,021</u>
Other Assets	
Investments	818,885
Notes Receivable - Long Term	210,144
Deferred Income Tax Assets	21,000
Developer Fees Receivable - Long Term	-
Partnership Fees Receivable	-
Total Other Assets	<u>1,050,029</u>
TOTAL ASSETS	<u><u>\$ 8,459,840</u></u>

LIABILITIES AND OWNER'S EQUITY

Current Liabilities	
Accounts Payable	\$ 42,172
Line of Credit	1,500,000
Accrued Expenses	249,808
Due to Affiliates	41
Total Current Liabilities	<u>1,792,021</u>
Long-term Liabilities	
Unearned Income	160,686
Investment	105
Total Long-term Liabilities	<u>160,791</u>
Total Liabilities	<u>1,952,813</u>
Owner's Equity	
Controlling Interest	
Common Stock	100
Additional Paid in Capital	2,967,000
Distributions	(220,449)
Retained Earnings	4,606,289
Current Year Profit (Loss)	(845,912)
Total Controlling Interest	<u>6,507,027</u>
Noncontrolling Interest	-
Total Owner's Equity	<u>6,507,027</u>
TOTAL LIABILITIES AND OWNER'S EQUITY	<u><u>\$ 8,459,840</u></u>

Chelsea Investment Corporation (fka CSC)
Statement of Income & Expense
For The Three Months Ending March 31, 2017

INCOME	
Developer Fees	\$ 601,251
Total Income	<u>601,251</u>
OPERATING EXPENSES	
Salaries & Wages	875,565
Consulting and professional fees	143,410
Other	116,656
Insurance	90,439
Rent	72,963
Payroll Taxes	69,759
Contributions	20,750
Telephone	10,531
Repairs & Maintenance	7,685
Office Expenses	6,962
Utilities	6,363
Training & Seminars	3,454
Meals & Entertainment	3,061
Bad Debt Expense	1,700
Fees-Other	792
Travel	(3,016)
Total Operating Expenses	<u>1,427,075</u>
PROFIT (LOSS) BEFORE DEPRECIATION	(825,824)
Depreciation	17,038
OPERATING INCOME	<u>(842,861)</u>
OTHER INCOME (EXPENSE)	
Interest Income	387
Interest Expenses	(3,437)
Total Other Income (Expense)	<u>(3,051)</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	(845,912)
NET INCOME (LOSS)	<u><u>\$ (845,912)</u></u>



Finance
Development
Management

6339 Paseo del Lago
Carlsbad, CA 92011
Tel (760) 456-6000
Fax (760) 456-6001
www.chelseainvestco.com

Chelsea Investment Corporation ("Chelsea") is a real estate company focused on the financing and development of affordable housing. Incorporated in 1986 by James J. Schmid, who still serves as CEO, Chelsea is a vertically integrated company with asset management and construction affiliates.

Having developed nearly 10,000 units at a total cost of over \$1.7 billion, Chelsea meets and exceeds the level of experience necessary to develop affordable housing in today's complex financing environment. Chelsea has financed infill, rural, inclusionary, senior, redevelopment, acquisition-rehabilitation, and special needs projects with a variety of non-profit partners, such as Lea County Housing, Inc., Father Joe's Villages/St. Vincent de Paul, Serving Seniors, Comite de Bien Estar, Housing Development Partners, Pacific Southwest Community Development Corporation, Imperial Valley Housing Authority, Weingart Center Associates, and Southern California Housing Collaborative.

Of the rental homes developed, 2,303 are located in urban infill environments, 3,815 are located in suburban environments, and 1,951 are located in rural areas. Approximately 3,249 have satisfied inclusionary obligations, 1,904 units are senior projects and approximately 1,000 units are supportive housing. Additionally, while Chelsea has primarily focused on new construction projects, the company has developed over 1,000 units through acquisition and rehabilitation. Virtually all projects have been developed with soft residual receipts loans through public-private partnerships with the federal, state or local government.

Chelsea has successfully integrated AHP, MHP, CDBG, HOME, IIG, TOD, MHSA and redevelopment housing set-aside funds into many projects, in addition to the 4% and 9% low income housing tax credits and tax exempt bond financing. In one project alone, Chelsea utilized loan and grant subsidies from 14 different funding sources.

- To date, Chelsea has developed 100 affordable communities throughout California, New Mexico and Arizona.
- Total tax credit equity of over \$652 million.
- Total permanent loan and tax-exempt bond proceeds of over \$329 million.
- Annually included among the Top 50 Affordable Housing Developers in the country by Affordable Housing Finance magazine.
- 2015 Builder of the Year - Building Industry Association of San Diego
- Chelsea and its communities have been recognized in many categories, including awards for preservation of affordable housing, housing for the developmentally disabled, and supportive housing.



Executives

James J. Schmid Founder / CEO

During his nearly 40-year career, Jim's responsibilities have included project acquisition, financing, design, construction, marketing and property management of commercial, industrial and residential projects throughout the country. For the last twenty five years, he has focused on development of affordable housing. A respected authority in all aspects of real estate development and management, Jim is a former lecturer for the MSRE degree program at University of San Diego, Past Chairman of the San Diego Building Industry Association, and sought after panelist and speaker. He is a passionate advocate for the creation and preservation of safe, accessible, and affordable housing; his service to the industry has recently been acknowledged by his induction into the Building Industry of San Diego Hall of Fame.

In addition to growing Chelsea to a company of over 60 employees and a development portfolio of \$1.7 billion, Jim is an attorney with an advanced degree in tax law. As CEO, he is responsible for strategic management of Chelsea and its affiliates.

Cheri Hoffman President

Cheri Hoffman has been part of the Chelsea Investment Corporation development team since 1994. She has participated in the financing and development of more than 40 affordable apartment communities involving over \$800 million in financing. With projects in San Diego, Imperial, Yuma and Sacramento counties, Cheri is an authority in financial modeling incorporating tax credits, tax exempt bonds, HOME financing, Proposition 46 financing, Proposition 1C financing (including the Multifamily Housing Program), USDA Financing and Affordable Housing Program financing. Her experience includes financing, acquisition, rehabilitation and special needs projects, and she is involved with the early project feasibility analysis and obtaining and closing project financing. Cheri received her degree in Accounting from California State University in Fullerton and continued her education with finance studies at California Polytechnic University in Pomona.

Charles Schmid Chief Operating Officer

Charles has been with Chelsea since 1986, and also serves as President of Chelsea's affiliated general contractor, Emmerson Construction, Inc. He applies experience with real estate finance, development and management to facilitate the needs of both companies. Charles, a licensed general contractor, has supervised the construction of more than 5,400 units in Southern California and Arizona. With a degree from the University of California, San Diego, he has a thorough understanding of the life cycle of apartment development, from feasibility analysis through lease-up.

Jerry Hannon Director of Special Business Lines

Jerry Hannon has been part of the Chelsea team since 2004. In addition to serving as Chief Financial Officer for Chelsea's affiliated Border Communities Capital Company and managing the investing and oversight of Chelsea's New Market Tax Credits portfolio, he has experience in creating and maintaining

foreign insurance captives. Jerry holds a Bachelor's Degree in Accounting and prior to joining Chelsea was employed in public accounting, working largely in the real estate and construction industry.

Shannon Vanderhei
Capital Transactions Manager

Shannon Vanderhei has been a real estate professional for over 15 years while working for real estate development, syndication, lending and property management companies. Her experience includes acquisitions, dispositions, financing, property management, asset management, construction, rehabilitation, and due diligence. Her role at Chelsea Investment Corporation includes financing and financial modeling of projects along with managing the closing and conversion transactions. Shannon earned a B.B.A. in Real Estate and Marketing from the University of Wisconsin at Milwaukee.

Nkechi Odu
General Counsel

With a background of representing lenders and equity investors in the financing of affordable housing and developments throughout the country, Nkechi provides advice across the spectrum of our operations and is closely involved with closing new transactions, conversions, and other transactional matters. She earned her Juris Doctor from NYU School of Law and received her B.S. degree from the University of Florida, where she graduated with honors.

Tim Baker
Senior Project Manager

Tim Baker has over 25 years of experience in developing and financing affordable housing and commercial real estate. His overall scope as Senior Project Manager at Chelsea is to manage the development of specific projects from pre-construction through completion and lease-up and to serve in a supervisory role by assisting the project management team. Tim holds a BA degree in History with a Minor in Business from University of Notre Dame, an MBA from University of San Diego, and a Master of City Planning with a Concentration in Housing and Project Development from UC Berkeley.

Adam Gutteridge
Director of Development

Adam oversees Chelsea's project management professionals and runs the Asset Management department, which is responsible for some 6,000 units in over 60 properties. He has 14 years of experience in affordable housing development, most recently as Vice President of Asset Management with Vitus Group, where he managed the design and construction of over 30 acquisition-rehabilitation projects financed with a mix of tax-exempt bonds, low income housing tax credits and HUD and USDA RD loan proceeds. Adam earned a BS in Business with an emphasis in Finance from the University of Florida, where he graduated with honors.

Tim M. Gray
Chief Financial Officer

Tim has over 25 years of professional accounting experience and oversees the fiscal reporting activities and development of financial and tax strategies for both Chelsea and Emmerson. He obtained his CPA while working with Ernst & Young and PricewaterhouseCoopers and holds a Certified Construction Industry Financial Professional designation. Tim has been involved in over 300 communities during all stages of development, construction and property management. He earned a BS in Accounting from San Diego State University.

Kursat Misirlioglu, CEDFP
Director of Project Finance

As a versatile and creative strategist, Kursat Misirlioglu brings over 15 years' experience in financial engineering and risk analysis to Chelsea's development team. In addition to managing the modeling, financing strategies, and investment underwriting of the Chelsea portfolio, Kursat is an expert in regulatory requirements and sustainable energy initiatives. He holds an MSBA from San Diego State University and a BA in Finance & Accounting from Bogazici University.

Deborah Bucksbaum
Chief Legal Officer

As Chief Legal Officer and a member of Chelsea's development team, Deborah handles legal and management issues across all business lines. She joined Chelsea after over 25 years of law firm practice during which she represented clients in a broad range of industries, helping them navigate and resolve complex business matters. Deborah first became involved with affordable housing policy as a board member of a large social services agency, Jewish Family Service of San Diego, with which she continues to serve. Deborah earned her Juris Doctor from Georgetown University Law Center and received her BA degree, with honors, from University of California, Santa Barbara.



Management Team

Jeanne Blake
Project Manager

Jeanne Blake has been an affordable housing development professional for over a decade, working with both non-profit and for-profit developers. Her experience includes family, mixed-use and special needs housing, and as a Project Manager, she leads each project from conception to completion. Her responsibilities include due diligence, entitlements, design team management, loan closing, and funding applications; Jeanne has successfully secured a wide variety of local, state, federal and private financing sources.

Bob Cummings
Project Manager
Chelsea Investment Corporation

Bob has over 22 years of real estate development experience. Previous to Chelsea, he was the San Diego Division President for Barratt American for 5 years. Prior to Barratt, he was with K. Hovnanian Homes for 12 years and was their San Diego Area President. Bob also worked 5 years at Patrick Development after his service as a Naval Flight Officer, flying the carrier based S-3 Viking jet. He received his MBA from the University of San Diego and his BS from the United States Naval Academy, Annapolis. He was the 2010 Chairman of the San Diego Building Industry Association.

Randy Slabbers
Project Manager
Chelsea Investment Corporation

Randy Slabbers joined Chelsea with over 15 years of experience in both affordable housing and market rate real estate development. In the affordable sector, Randy has managed over 1,600 units at various stages of development from acquisition, entitlement, financing construction, and through to lease up. As a real estate agent, he has negotiated and secured land acquisitions providing for the development of over 400 units in Los Angeles. Randy comes to us with an education in business economics from Cal Poly State University in San Luis Obispo and is currently CA State licensed as a real estate agent.

Chris Earl
Project Manager
Chelsea Investment Corporation

Chris has 30 years of real estate development experience. His project experience includes master planned communities, multi-family, commercial, mixed-use, urban infill, redevelopment, podiums, family and senior affordable communities, and inclusionary housing. He managed the development and construction of thousands of homes for America's top builders throughout the western United States, in positions as a Construction Manager, Vice President of Construction, Project Manager, Director of Entitlements and Forward Planning and Division Manager for Centex, Lennar, Richmond American, and KB HOME. Chris earned a B.A. in Urban Studies and Planning from the University of California San Diego and is a licensed general contractor in the state of California. He works closely with government, developers, LIHTC equity investors and lenders to achieve project funding and design excellence.

Ron Brockhoff
Project Manager
Chelsea Investment Corporation

Ron Brockhoff has performed real estate development management, construction management and project management services on more than \$250 million of housing over his 28 years in the business. Prior to joining Chelsea Investment Corporation, Ron was director of Pardee Homes' Multi-Family Division in San Diego County. Ron Currently serves as Project Manager and is responsible for entitlements and project management of complex construction projects.

Ron received his Bachelor's degree in Business Administration with an emphasis on Real Estate Development from San Diego State University.

Robin Pelton
Project Manager, New Mexico Division
Chelsea Investment Corporation

Robin Pelton has a long history in property management and the development business configurations. Her asset and property management expertise covers lease-up to sustained occupancy, capital needs assessments, corrective and preventive maintenance, due diligence, construction and property renovation and employee supervision and training. Additionally, Robin is responsible for regulatory compliance and reporting to regulatory agencies, lenders, investors and partners. Her wide range of experience is instrumental in assisting both the CEO and CFO with the outstanding growth of the company.

William R. Peavey
Outside Director
Chelsea Investment Corporation

Mr. Peavey has over 40 years of experience as a CEO, CFO and Board member with technology companies from start-up to \$125 million in revenues. He has taken one semiconductor company (Brooktree Corporation, later acquired by Conexant) from start-up through its IPO and served as their public company CFO for more than 2 years, advised on another IPO, sold a company to a public company as CEO, and has participated as a CFO/CEO, Board member, advisor and investor for many San Diego technology companies. He also co-founded and sold a technology company to Cirrus Logic. He has significant hands on experience in real estate transactions, international operations, mergers, acquisitions and divestitures, human resource management, budgeting and financing. Most recently he served as President and CEO of Nurlogic Design, Inc, a mixed signal and analog intellectual property company for the semiconductor industry which was sold in 2003 to Artisan Components, a public company later acquired by ARM Holdings plc. Since 2003 he has been a consultant advising early stage technology companies including RF Magic, Symwave, Ethertronics, Synticity, IO Semiconductor and others. Mr. Peavey received his BA from Stanford University and his MBA from San Diego State University and is a licensed CPA.

Zion Patton
Director of Construction
Emmerson Construction, Inc.

Zion has more than 25 years of building experience in the affordable and market rate multi-family housing sectors. He has been responsible for the construction of multiple affordable housing and student housing projects throughout central and southern California, with project values ranging from \$10 to \$120 million, and with units in excess of 300. In his career, Zion has been responsible for the completion of more than 2,500 units. He leads Emmerson's Project Managers and also has overall responsibility for estimating and preconstruction services.

Janice Patterson
Senior Project Manager
Emmerson Construction, Inc.

Janice Patterson joined Emmerson Construction, Inc. after working in the construction industry over 25 years. As Senior Project Manager, she leads her field and office construction teams and collaborates with the Development Project Managers, Architects, Consultants and City and Government entities. The scope of her responsibilities includes purchasing the offsite and onsite work, implementing the plans and specifications with quality, energy efficient and durable construction products and practices for multiple projects simultaneously. Janice obtains building permits, prepares and maintains budgets and construction schedules for tactical field operations to ensure strategic goals are met.



References

Lending Institutions

Bank of America
Charmaine Atherton
Vice President
333 S. Hope Street, 20th Floor
Los Angeles, CA 90071
213-621-4816
charmaine.atherton@baml.com

Citi Community Capital
Richard Gerwitz
Managing Director
444 S. Flower Street, 29th Fl.
Los Angeles, CA 90071
213-486-7138
richard.gerwitz@citi.com

Rabobank
Debi Engelbrecht
Vice President
618 W. Main Street
Visalia, CA 93291
559-735-2275
debi.engelbrecht@rabobank.com

US Bank
Kyle M. Hansen
Executive Vice President
800 Nicollet Mall - 3rd Floor
Minneapolis, MN 55402
612-303-3685
kyle.hansen@usbank.com

Tax Credit Investors

The Richman Group
David Salzman
President
599 West Putnam Ave.
Greenwich, CT 06830
203-869-0900
salzmand@richmancapital.com

Municipal Capital Appreciation Fund
Richard Corey
Principal
320 Park Avenue
New York, NY 10022
212-508-9415
rgc@mcapadvisersllc.com

Union Bank
Johanna Gullick
Managing Director
200 Pringle Avenue
Walnut Creek, CA 94596
310-551-8967
johanna.gullick@unionbank.com

Raymond James
Kevin Kilbane
Vice President
880 Carillon Parkway
St. Petersburg, FL 33716
440-409-0144
Kevin.Kilbane@RaymondJames.com

Chelsea Investment Corporation Schedule of All Projects Developed

As of May 2017

Property Name	Address	City	State	Units	Year	Project Cost	
1	Chelsea Garden Apartments	1237 Graves Ave	El Cajon	CA	120	1987	\$7,200,000
2	Brianna Court Apartments	1225 Graves Ave	El Cajon	CA	105	1988	\$6,300,000
3	Hatfield Homes	1050 N. Imperial Ave	Brawley	CA	48	1993	\$6,000,000
4	El Centro Family Housing	602 West Adams Ave.	El Centro	CA	8	1993	\$934,083
5	Paul Mirabile Center	3550 E St.	San Diego	CA	350	1994	\$9,000,000
6	Rivera I	2151 Rockwood Ave	Calexico	CA	52	1994	\$4,000,000
7	Rivera II	2151 Rockwood Ave	Calexico	CA	82	1995	\$4,400,000
8	Village Place	233 East 4th Street	San Diego	CA	46	1995	\$1,780,264
9	Woodsong Village	299 N. Texas St.	Fairfield	CA	122	1996	\$5,232,676
10	Warwick Square	780 S. Lyon St.	Santa Ana	CA	500	1996	\$20,000,000
11	Fox Creek Apartments	3225 Harbor Street	Pittsburg	CA	126	1997	\$6,031,405
12	De Anza Hotel	233 East 4th Street	Calexico	CA	94	1997	\$6,529,619
13	Hotel San Carlos	106 E. First St.	Yuma	AZ	60	1997	\$3,675,780
14	Las Casitas	541 N. 6th Ave	San Luis	AZ	76	1997	\$5,283,805
15	Toussaint Teen Center	1404 5th Ave	San Diego	CA	34	1998	\$4,159,542
16	Greenback Manor	7500 Greenback Lane	Citrus Heights	CA	156	1999	\$6,490,152
17	Hidden Creek	1032 Mohr Lane	Concord	CA	130	1999	\$12,304,647
18	Bienestar Phase I	690 N. 10th Ave	San Luis	AZ	92	1999	\$6,224,693
19	Villa Serena	1231 Medical Center Drive	Chula Vista	CA	132	1999	\$8,485,905
20	Martha's Village	83791 Date Ave	Indio	CA	53	2000	\$8,945,730
21	Regency Centre	4765 Home Avenue #101	San Diego	CA	100	2000	\$6,143,092
22	Seabreeze Farms	12759 Seabreeze Farms Drive	San Diego	CA	38	2000	\$5,447,961
23	St. Regis Park	1025 Broadway	Chula Vista	CA	119	2000	\$9,519,326
24	Teresina	1251 Santa Cora Ave	Chula Vista	CA	440	2000	\$46,000,000
25	Villa de Las Flores	2201 Meadow Drive	Calexico	CA	80	2000	\$8,056,156
26	Torrey Highlands	13370 Torrey Meadows Drive	San Diego	CA	76	2001	\$10,008,399
27	Brawley Family	1690 C Street	Brawley	CA	80	2002	\$9,608,527
28	Calexico Family	2301 Andrade Avenue	Calexico	CA	80	2002	\$10,350,976
29	Market Square Manor	525 14th St	San Diego	CA	200	2002	\$19,200,000
30	Villa Andalucia	6591 Rancho del Sol Way	San Diego	CA	32	2002	\$4,448,082
31	Villa Glen	6984 Torrey Santa Fe Road	San Diego	CA	26	2002	\$4,211,407
32	Villa Harvey Mandel	72 17th St.	San Diego	CA	90	2002	\$12,322,496
33	Villa Lara	2371 Myrtle Road	Imperial	CA	80	2002	\$9,745,753
34	Windwood Village	12730 Briarcrest Place	San Diego	CA	92	2002	\$13,935,905
35	Countryside	1751 Adams Avenue	El Centro	CA	72	2003	\$9,152,334
36	Holtville Gardens	950 Holt Avenue	Holtville	CA	81	2003	\$9,401,000
37	Imperial Gardens	2385 Myrtle Road	Imperial	CA	81	2003	\$8,791,535
38	Mariposa	4651 Red Bluff Place	Carlsbad	CA	106	2003	\$17,024,465
39	Rancho Buena Vista	2155 Corte Vista	Chula Vista	CA	150	2003	\$23,332,333
40	Rancho del Norte	16775 Saintsbury Glen	San Diego	CA	119	2003	\$23,289,688
41	Westmorland Family	181 South G Street	Westmorland	CA	65	2003	\$9,722,791
42	Brawley Gardens	221 Best Road	Brawley	CA	81	2004	\$11,874,645
43	Brawley Elks Senior	995 Willard Avenue	Brawley	CA	81	2004	\$10,768,525
44	Heber Woods	1137 Dogwood Road	Heber	CA	81	2004	\$14,604,979
45	Fairbanks Ridge	16016 Babcock Street	San Diego	CA	204	2005	\$48,323,282
46	The Crossings	13533 Zinnia Hills Place	San Diego	CA	108	2005	\$21,961,706
47	16th & Market	640 16th St.	San Diego	CA	136	2006	\$69,440,235
48	Bienestar Phase II	690 N. 10th Ave	San Luis	AZ	64	2006	\$7,234,000
49	City Heights	4065 43rd Street	San Diego	CA	150	2006	\$32,734,405
50	Hunters Pointe	7270 Calle Plata	Carlsbad	CA	168	2006	\$43,105,494
51	Villa Dorada	1081 Meadow Drive	Calexico	CA	80	2006	\$15,963,000
52	Villa Paloma	15 West Hawk Street	Heber	CA	72	2006	\$16,000,000
53	Glen Ridge	3555 Glen Avenue	Carlsbad	CA	78	2007	\$21,721,038
54	The Landings	2122 Burdock Way	Chula Vista	CA	92	2007	\$28,189,278
55	Villa Esperanza	651 East Bonita Place	Calipatria	CA	72	2007	\$14,480,496
56	Willow Glen	1625 Scarlet Ash Avenue	Sacramento	CA	135	2007	\$28,560,688
57	Beachwind Court	624 12th Street	Imperial Beach	CA	15	2008	\$4,100,000
58	Boulevard	3137 El Cajon Blvd	San Diego	CA	24	2008	\$11,034,744
59	Courtyard Terraces	4321 52nd Street	San Diego	CA	88	2008	\$24,865,716
60	Tierra Del Cielo	144 Brenda St.	Somerton	AZ	33	2008	\$6,263,645
61	Cedar Creek	8616 Fanita Drive	Santee	CA	48	2009	\$14,998,042
62	Silver Sage	9757 Marilla Drive	Lakeside	CA	80	2009	\$24,000,000
63	15th & Commercial	1501 Imperial Ave	San Diego	CA	140	2010	\$56,665,263
64	City Place	1401 S Street	Bakersfield	CA	70	2010	\$20,700,000
65	Oakridge	10 Willowood Drive	Oakdale	CA	41	2010	\$5,331,824
66	The Landings II	1768 Java Way	Chula Vista	CA	143	2010	\$47,676,250
67	Verbena	3774 Beyer Blvd.	San Ysidro	CA	80	2010	\$26,657,460

								As of May 2017
68	Estrella del Mercado	1985 National Avenue	San Diego	CA	92	2011	\$43,952,391	
69	Las Brisas	2001 North 8th Street	El Centro	CA	72	2011	\$17,466,776	
70	Pacific Sun	17462 Keelson Ln	Huntington Beach	CA	6	2011	\$2,919,586	
71	Park Terramar	13481 Silver Ivy Lane	San Diego	CA	21	2011	\$7,629,054	
72	Villa Del Sol	1080 Meadow Drive	Calexico	CA	52	2011	\$10,364,674	
73	Villa Fortuna	235 North Best Avenue	Brawley	CA	76	2011	\$14,853,397	
74	El Quintero	444 Rockwood Avenue	Calexico	CA	54	2012	\$8,829,460	
75	Emperor Estates	350 North M Street	Dinuba	CA	62	2012	\$13,971,843	
76	Vista Terrace	987 Postal Way	Vista	CA	48	2012	\$12,889,647	
77	Fairbanks Commons	15870 Camino San Bernardo	San Diego	CA	165	2012	\$50,498,137	
78	Iris	641 North Vulcan Avenue #104	Encinitas	CA	20	2012	\$8,236,665	
79	Casa Hermosa	920 East Michigan Drive	Hobbs	NM	88	2013	\$11,623,225	
80	Cesar Chavez	84851 Bagdad Avenue	Coachella	CA	56	2013	\$14,160,350	
81	CL Dellums	644 14th St	Oakland	CA	73	2013	\$9,735,963	
82	Fairbanks Square	16050 Potomac Ridge Road	San Diego	CA	100	2013	\$28,389,669	
83	Versa	2355 Via Alta Drive	San Diego	CA	150	2013	\$56,635,792	
84	Alpha Square	550 14th Street	San Diego	CA	203	2014	\$42,674,921	
85	Independence Point	327 South Willie James Jones Ave	San Diego	CA	32	2014	\$13,418,899	
86	Las Palmeras	470 W. Wall Road	Imperial	CA	56	2014	\$13,630,100	
87	Mill Creek Courtyard	1303 S Street	Bakersfield	CA	62	2014	\$16,705,820	
88	Villa Primavera	1060 Meadow Drive	Calexico	CA	48	2014	\$13,312,518	
89	Westminster Manor	1730 3rd Avenue	San Diego	CA	152	2014	\$53,574,906	
90	Trolley Residential	4985 Market Street	San Diego	CA	52	2015	\$23,170,105	
91	Torrey Vale	6525 Rancho Del Sol Way	San Diego	CA	28	2015	\$11,089,378	
92	Rancho Del Sol	6711 Torenia Trail	San Diego	CA	96	2015	\$24,619,631	
93	Mill Creek Village	508 18th Street	Bakersfield	CA	63	2015	\$22,824,645	
94	Ouchi Courtyard	5003 Imperial Ave	San Diego	CA	45	2015	\$20,561,073	
TOTAL COMPLETE					8,929		\$1,597,683,867	
95	Duetta	1715 Orion Avenue	Chula Vista	CA	87	2016	\$27,200,305	
96	Volta	1734 Solstice Avenue	Chula Vista	CA	123	2016	\$31,022,945	
97	Mesa Verde	7785 Mission Gorge Road	San Diego	CA	90	2016	\$34,500,000	
98	Fairbanks Terrace	16325 Paseo Del Sur	San Diego	CA	83	2016	\$25,900,000	
99	Roselawn Manor	800 S. Roselawn Ave	Artesia	NM	63	2016	\$14,700,000	
100	Parkside Terrace	300 E. White St	Hobbs	NM	65	2016	\$14,700,000	
101	Quarry Creek	2965 Lusino Way	Carlsbad	CA	64	2016	\$20,067,403	
102	Villa Storia	4250 Corte Sol	Oceanside	CA	38	2016	\$12,042,945	
103	Weitzel	402 N. Weitzel Street	Oceanside	CA	32	2017	\$19,198,312	
TOTAL UNDER CONSTRUCTION					645		\$199,331,910	
TOTAL COMPLETE AND UNDER CONSTRUCTION					9,574		\$1,797,015,777	



6339 PASEO DEL LAGO
CARLSBAD, CA 92011
PHONE: (760) 456-6020

WWW.CHELSEAINVESTCO.COM/EMMERSON/

HISTORY

Emmerson Construction, Inc. (ECI) was formed in 2000 to construct residential and commercial projects, with a specialization in affordable multifamily housing. ECI's team of experienced professionals work together to achieve the common goal of providing enhanced value, consistent quality, efficient scheduling, and risk mitigation.

EXPERIENCE

- 59 general contractor contracts completed: 4743 units; \$569M
- 9 general contractor ongoing projects: 555 units; \$99M
- 6 construction management ongoing and completed contracts: 585 units; \$77M
- Total company production: 5,433 units; \$688M

AREAS OF EXPERTISE

General Contractor

ECI is committed to delivering products and services of exceptional quality while always focusing on schedule, safety, and budget. Building structures commonly consist of reinforced or post-tensioned concrete slabs with wood frame construction, stucco exteriors, and several completed projects feature podium decks. The buildings exceed Title 24 standard energy efficiency standards and over a dozen projects have been certified LEED Gold or Platinum.

Construction Management

ECI also offers construction management services to third-party general contractors. Under this arrangement, ECI provides owners with project oversight, budget and schedule review, quality assurance, and related services.

TEAM MEMBERS

PRESIDENT - Charles Schmid

Charles began his career in multifamily housing development 1986, and applies experience with real estate finance, and management in his role as President of Emmerson. As a licensed general contractor, he has supervised the construction of more than 45,000 units in California and Arizona. Charles has a degree from UC, San Diego, and a thorough understanding of the life cycle of apartment development, from feasibility analysis through lease-up. Recent projects range from rural development of 80 units to urban and suburban San Diego projects of more than 200 units.

CHIEF FINANCIAL OFFICER - Tim Gray

Tim has over 25 years of professional accounting experience with a primary focus on the construction industry. He obtained his CPA while working with Ernst & Young and PricewaterhouseCoopers and holds a CCIFP designation. Tim has managed accounting teams of up to 50 employees and has been involved in over 300 communities during all stages of development, construction and property management. He currently serves on several construction associations including CFMA-Treasurer, ABC-Director, and ICCIFP-Secretary.

(CONTINUED) ►

DIRECTOR OF CONSTRUCTION - Zion Patton

Zion has more than 25 years of experience constructing affordable and market rate multi-family housing. Contract values have ranged from \$10 to \$120 million and include projects in excess of 300 units. He has completed more than 2,500 new construction units and the rehabilitation of over 900 units. Zion also has expertise in developing and implementing renovation protocols that facilitate complete renovation on a highly expedited basis while maintaining quality and efficiency without displacing tenants.

SENIOR PROJECT MANAGER - Janice Patterson

Previously with Barratt American as Project Manager, Janice's project experience included subdivisions from 8 to 175 homes built in multiple phases and multifamily projects. During her time at Emmerson, Janice has completed more than 10 family and senior apartment projects from two to five stories. Her completed projects at Emmerson have a combined contract value of approximately \$100 million.

PROJECT MANAGER - Theresa DeMarco

Theresa has been in the construction industry for over 20 years. In addition to multifamily construction, she has extensive renovation and tenant improvement experience. She was previously with Crown Acquisitions as a Project Manager, where she managed multifamily construction projects and was responsible for implementing project management software and establishing in-house protocols for construction operations. As a general contractor, Theresa has designed and completed extensive multifamily remodeling projects on complexes with 280-320 units.

PROJECT MANAGER - Martin Apicella

Martin joined the Emmerson team after working ten years as Project Manager at KBS, a top construction firm in Virginia. A veteran of the US Army, Martin holds a BS degree in Construction Management and Real Estate from Virginia Tech and studied Architecture at Technical University of Darmstadt in Germany. His wide-ranging experience includes construction of a 400-unit luxury residential building, transformation of a historic naval industrial facility into 45,000 sf mixed-use complex, and the adaptive reuse of a Lucky Strike tobacco factory into 131 luxury apartments. Martin is a LEED AP BD+C.

PROJECT MANAGER - Khalid Malik

Khalid has over 25 years of experience in construction management, including projects in Saudi Arabia and United Arab Emirates such as a theme park, shopping mall, 400-bed hospital, and 1400-unit master planned community, at costs from \$15 to \$226 million. He has a BS degree in Civil Engineering from University of Engineering and Technology, Lahore - Pakistan and a Master's degree in Project Management from Colorado Technical University, Colorado Springs. Khalid's accreditations include PMP, PSP, and LEED AP BD+C.

ASSISTANT PROJECT MANAGER - Haley Blair

Haley has worked in the construction industry since 2010. Her multifamily building experience includes on-grade construction, podium structures, and renovations. She received her Master's degree in Real Estate from the University of San Diego, and her undergraduate degree from UC Davis.

PROJECT COORDINATORS - James Mavis, Jane Thayer, Cecilia Kiehl, Nancy Hajireza, Cody Lopez.

CONTROLLER - Jackie Barrett

ACCOUNTING STAFF - Manizha Nejati, Tim McConnaughay, Hiral Sompura, and Joann Marlette.

SUPERINTENDENTS - Caesar Oliver, Rich Welby, Eddie Yopez, Dave Stanley, Terry Christensen, Tim Hines, Jim Millet.

ASSISTANT SUPERINTENDENTS - Steve Stewart, Tyler Blair, Fernando Morales, Kimberlee Plumlee, Ralph Cox.

PROJECT SUMMARY

**Civita II Family 4%
4% Tax Credit Model**

PROJECT DEAL STRUCTURE

Development Costs:			
Land Value	1		10,150,000
Offsite Allocation		\$50,000/unit	61,610,672
Direct Construction Costs		\$1.10/sq ft	4,476,856
Development Impact & Permit Fees			12,496,278
TCAC Developer Fee		\$64,807/unit	11,125,914
Soft Costs		\$491,920/unit	99,859,721
Total Development Costs			
Sources:			
4% LIHTC Equity	43%	\$209,346/unit	42,497,152
Perm Loan		\$97,783/unit	19,850,000
C Bond		\$0/unit	0
Contribution of Developer Fee		\$44,317/unit	8,996,278
Deferred Developer Fee		\$0/unit	0
Master Developer Gap Funding			12,422,031
Master Developer Improvement Note		\$50,000/unit	10,150,001
Deferred Contractor Fee		\$10,142/unit	2,058,836
Soft Loan Interest		\$19,140/unit	3,885,424
Total Sources			99,859,721
Total Developer Fee			12,496,278
Contribution of Fee			(8,996,278)
Total Developer Fee-Paid from Development Sources			3,500,000

FINANCING ASSUMPTIONS

4% Tax Credit Rate	3.25%	
Annual Federal Tax Credits		4,047,753
4% Federal Tax Credit Price	\$	1.0500
SDHC Monitoring Issuer Fee		\$272/unit
Operating Expenses		\$4,461/unit
CAM		\$929/unit
MAD		\$213/unit
HOA Expense		\$572/unit
Replacement Reserves/Unit/Year		\$250/unit
Vacancy Rate		5.00%
DCR		1.15
Perm Loan Amort		35
Perm Loan Term		17
Interest Rate - Permanent Loan		5.35%
Interest Rate - Construction Loan		3.50%
50% Test		57.41%
Bond Allocation /Construction Loan		55,987,389
Construction Only		36,137,389
Construct-to-Perm		19,850,000
Prevailing Wage (Y/N)		N

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	Totals
	0.00%	0.00%	51.23%	48.77%	
Mkt	0	0	0	0	0
60%	0	0	94	90	184
50%	0	0	10	7	17
40%	0	0	0	0	0
30%	0	0	0	0	0
Mgr.	0	0	0	2	2
Totals	0	0	104	99	203

PROJECT TIMING AND CREDIT DELIVERY

Tax Credit Allocation	December-17
Construction Begin - Initial Closing	March-18
Construction Complete	April-20
Lease Up Complete	August-20
Conversion/Stabilization	December-20
8609	March-21
Estimated 1st Year Credit Delivery (2019)	0
Estimated 2nd Year Credit Delivery (2020)	0
Estimated 3rd Year Credit Delivery (2021)	0

TAX CREDIT & BASIS CALCULATION

Civita II Family 4%

4% Tax Credit Model

0.00%

0.00%

100.00%

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	NON BASIS ELIGIBLE	30% ELIGIBLE BASIS	70% ELIGIBLE BASIS
ACQUISITION				
Land Cost	\$ 1	\$ 1	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Land Lease Rent Prepayment	\$ -		XXXXXXXXXXXXX	XXXXXXXXXXXXX
Legal & Carrying Costs	\$ -		XXXXXXXXXXXXX	XXXXXXXXXXXXX
Demolition	\$ -		XXXXXXXXXXXXX	XXXXXXXXXXXXX
Verifiable Carrying Costs	\$ -		XXXXXXXXXXXXX	XXXXXXXXXXXXX
Existing Improvement Costs	\$ 10,150,000		\$ -	\$ 10,150,000
Other:	\$ -		XXXXXXXXXXXXX	XXXXXXXXXXXXX
TOTAL LAND/AQUISITION COSTS	\$ 10,150,001	\$ 1	\$ -	\$ 10,150,000
REHABILITATION				
Off-site Improvements	\$ -			\$ -
Environmental Remediation	\$ -			\$ -
Site Work	\$ -			\$ -
Structures	\$ -			\$ -
General Requirements	\$ -			\$ -
Contractor Overhead	\$ -			\$ -
Contractor Profit	\$ -			\$ -
Contractor General Liability Insurance	\$ -			\$ -
Other:	\$ -			\$ -
TOTAL REHABILITATION COSTS	\$ -			\$ -
RELOCATION				
Relocation Admin	\$ -	\$ -	\$ -	\$ -
Permanent Relocation Expense	\$ -	\$ -	\$ -	\$ -
TOTAL RELOCATION COSTS	\$ -	\$ -	\$ -	\$ -
NEW CONSTRUCTION				
Off-site Improvements/Demo	\$ -	\$ -	-	-
Site Work	\$ -	\$ -	-	-
Parking Garage	\$ 22,458,451	\$ -	-	22,458,451
Vertical	\$ 29,012,453	\$ -	-	29,012,453
General Requirements	\$ 2,058,836	\$ -	-	2,058,836
Contractor Overhead	\$ 3,088,254	\$ -	-	3,088,254
Contractor Profit	\$ 2,058,836	\$ -	-	2,058,836
Contractor General Liability Insurance	\$ -	\$ -	\$ -	\$ -
Other:	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
TOTAL CONSTRUCTION	\$ 58,676,830	\$ -	\$ -	\$ 58,676,830
ARCHITECTURAL FEES				
Building	\$ 786,038	\$ -	-	786,038
Landscape	\$ 80,802	\$ -	-	80,802
Energy Consultant	\$ 46,699	\$ -	-	46,699
Other:	\$ -	\$ -	-	-
Other:	\$ -	\$ -	-	-
Other:	\$ -	\$ -	-	-
TOTAL ARCHITECTURAL COSTS	\$ 913,539	\$ -	\$ -	\$ 913,539
SURVEY & ENGINEERING				
Civil	\$ 63,290	\$ -	-	63,290
ALTA	\$ 12,500	\$ -	-	12,500
Staking	\$ 29,480	\$ -	-	29,480
Structural Testing	\$ 42,880	\$ -	-	42,880
Soils	\$ 32,428	\$ -	-	32,428
Other:	\$ 115,511	\$ -	-	115,511
Other:	\$ -	\$ -	-	-
TOTAL SURVEY & ENGINEERING	\$ 296,089	\$ -	\$ -	\$ 296,089
CONTINGENCY COSTS				
Hard Cost Contingency	\$ 2,933,842	\$ -	-	2,933,842
Soft Cost Contingency	\$ 409,551	\$ -	-	409,551
TOTAL CONTINGENCY COSTS	\$ 3,343,393	\$ -	\$ -	\$ 3,343,393
CONSTRUCTION PERIOD EXPENSES				
Construction Loan Interest	\$ 3,360,343	\$ 969,764	-	2,390,579
C Bond Loan Interest	\$ -	\$ -	-	-
Soft Loan Interest	\$ 3,885,424	\$ -	-	2,914,068
Origination Fee	\$ 559,874	\$ 139,968	-	419,905
Credit Enhancement & Application Fee	\$ -	\$ -	-	-
Owner Paid Bonds	\$ -	\$ -	-	-
Lender Inspection Fees	\$ 18,000	\$ -	-	18,000
Taxes During Construction	\$ 7,500	\$ -	-	7,500
Other:	\$ -	\$ -	-	-
Insurance During Construction	\$ 200,000	\$ -	-	200,000
Title and Recording Fees	\$ 40,000	\$ -	-	40,000
Construction Mgmt. and Monitoring	\$ -	\$ -	-	-
Predevelopment Loan Interest	\$ 20,000	\$ -	-	20,000
Other: SDHC Ap. Orig. Servicing, Legal, Const Review	\$ -	\$ -	-	-
Other: Bond Performance Deposit	\$ -	\$ -	-	-
Other:	\$ -	\$ -	-	-
TOTAL CONSTRUCTION PERIOD EXPENSE	\$ 8,091,140	\$ 1,109,732	\$ -	\$ 6,010,052
PERMANENT FINANCING EXPENSES				
Loan Origination Fees	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Credit Enhancement & Application Fee	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Title and Recording Fees	\$ 7,500	\$ 7,500	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Property Taxes	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Insurance	\$ 25,375	\$ 25,375	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other:	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other:	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
Other:	\$ -	\$ -	XXXXXXXXXXXXX	XXXXXXXXXXXXX
TOTAL PERMANENT FINANCING COSTS	\$ 32,875	\$ 32,875	XXXXXXXXXXXXX	XXXXXXXXXXXXX

TAX CREDIT & BASIS CALCULATION

Civita II Family 4%

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	0.00%		
		NON BASIS ELIGIBLE	30% ELIGIBLE BASIS	70% ELIGIBLE BASIS
LEGAL FEES				
Construction Lender Legal	\$ 60,000	\$ 15,000	\$ -	\$ 45,000
Permanent Lender Legal	\$ -	\$ -	\$ -	XXXXXXXXXXXXXX
Sponsor Legal	\$ 25,000	\$ -	\$ -	\$ 25,000
Organizational Legal	\$ 25,000	\$ 25,000	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other Legal (Trustee/Issuer Legal, Bond Legal)	\$ 100,000	\$ 100,000	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
CPA, Opinion	\$ -	\$ -	\$ -	\$ -
Other: GP Legal	\$ -	\$ -	\$ -	\$ -
TOTAL LEGAL	\$ 210,000	\$ 140,000	\$ -	\$ 70,000
CAPITALIZED RESERVES				
Operating Reserve	\$ 653,841	\$ 653,841	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Replacement Reserve	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Lease-up Reserve	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Transition Reserve	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other: Prepaid HOA	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Other:	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
TOTAL RESERVE COSTS	\$ 653,841	\$ 653,841	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
REPORTS & STUDIES				
Market Study	\$ 1,500	\$ -	\$ -	\$ 1,500
Relocation Plan (Draft)	\$ -	\$ -	\$ -	\$ -
Appraisal	\$ 4,690	\$ -	\$ -	\$ 4,690
Other: Lender Deposit	\$ 12,500	\$ -	\$ -	\$ 12,500
Other: Investor Deposit	\$ 12,500	\$ -	\$ -	\$ 12,500
Other: SDHC Fees	\$ 75,000	\$ -	\$ -	\$ 75,000
Other: Phase I & II	\$ 1,554	\$ -	\$ -	\$ 1,554
Other:	\$ -	\$ -	\$ -	\$ -
TOTAL REPORTS & STUDIES	\$ 107,744	\$ -	\$ -	\$ 107,744
OTHER EXPENSES				
TCAC App./Alloc/Monitoring Fees	\$ 236,135	\$ 236,135	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
CDLAC/CDIAC Fees	\$ 27,499	\$ 27,499	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Local Permit Fees	\$ 207,700	\$ -	\$ -	\$ 207,700
Local Development Impact Fees	\$ 3,460,670	\$ -	\$ -	\$ 3,460,670
CFD Prepayment	\$ 808,486	\$ 808,486	\$ -	XXXXXXXXXXXXXX
Syndicator/Investor Fees & Expenses	\$ -	\$ -	\$ -	\$ -
Furnishings	\$ -	XXXXXXXXXXXXXX	\$ -	\$ -
Final Cost Audit Expense	\$ 12,500	XXXXXXXXXXXXXX	\$ -	\$ 12,500
Marketing	\$ 75,000	\$ 75,000	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Financial Consulting	\$ -	XXXXXXXXXXXXXX	\$ -	\$ -
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -
Other: Accounting/Finance/Admin	\$ 60,000	\$ -	\$ -	\$ 60,000
Other: Trustee/Trustee Legal/FA Fees	\$ -	\$ -	\$ -	\$ -
Other: Service Fee	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
TOTAL OTHER COSTS	\$ 4,887,991	\$ 1,147,121	\$ -	\$ 3,740,870
DEVELOPER COSTS				
Developer Fee Limit - Per Application	\$ 12,496,278	\$ -	\$ -	\$ 12,496,278
Developer Fee Calculation	\$ 12,496,278	\$ -	\$ -	\$ 12,496,278
Developer Fee	\$ 12,496,278	\$ -	\$ -	\$ 12,496,278
Consultant/Processing Agent	\$ -	\$ -	\$ -	\$ -
Project Administration	\$ -	\$ -	\$ -	\$ -
Syndication Consultant	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
Guarantee Fees	\$ -	\$ -	\$ -	\$ -
Broker Fees Paid to Related Party	\$ -	\$ -	\$ -	\$ -
Construction Oversight & Mgmt	\$ -	\$ -	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
TOTAL DEVELOPER FEE	\$ 12,496,278	\$ -	\$ -	\$ 12,496,278
TOTAL COSTS	\$ 99,859,721	\$ 3,083,570	\$ -	\$ 95,804,795
TOTAL PROJECT AND BASIS COSTS				
	\$ 99,859,721		\$ -	\$ 95,804,795
Adjustment for Excess Basis				\$ -
Additional Amount Voluntarily Excluded From Basis				\$ -
Requested Undadjusted Eligible Basis				\$ 95,804,795
130% DIFFICULT DEVELOPMENT FACTOR?	Yes		\$ -	\$ 124,546,233
Credit Reduction			0.00%	\$ -
Total Adjusted Qualified Basis			\$ -	\$ 124,546,233
Annual Tax Credits	3.25%		\$ -	\$ 4,047,753
Tax Credits over 10 Years			\$ -	\$ 40,477,526
Tax Credit Price				\$ 1.0500
TAX CREDIT EQUITY	99.99%		\$ -	\$ 42,497,152
TOTAL EQUITY				\$ 42,497,152

OPERATING BUDGET & INCOME ANALYSIS

Civita II Family 4%
4% Tax Credit Model

203 units
2017 rents
4% Condo

Rent:	Income Level	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rent	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	60%	50%	555	555	0	1,023	43	980	0
1BR/1BA	50%	60%	555	555	0	853	43	810	0
2BR/1BA	60%	50%	94	770	72,380	1,228	58	1,170	1,319,760
2BR/1BA	50%	60%	10	770	7,700	1,023	58	965	115,800
3BR/2BA	60%	50%	90	1,040	93,600	1,363	80	1,283	1,385,640
3BR/2BA	50%	60%	7	1,040	7,280	1,136	80	1,056	88,704
3BR/2BA	MGR	2	1,040	2,080	0	0	0	0	0
Total Rents			203		183,040				2,909,904
Adjustment to units due to vairation of SF (3,734)									
Community Building/Office 2,350									
Net SF with Community 181,656									
Garage 157,088									
Net SF with Garage 338,744									
circulation									
decks									
Gross Scheduled Rent Collected from Tenants 2,909,904									
Laundry						\$ 10.00 Per unit/ Per month			24,360
Other Income (App. Fees, Late, etc.)						\$ 7.00 Per unit/ Per month			17,052
Sub-Total									2,951,316
Less: Vacancies @						5%			147,566
Rental Assistance - Section 8									0
Total Income									\$2,803,750
Total Expenses						\$ 4,461 Per Unit			905,624
CAM						\$ 929 Per Unit			188,519
MAD						\$ 213 Per Unit			43,239
HOA						\$ 572 Per Unit			116,116
Adjuster on CAM						Per Unit To be proposed to Sudbury 0			0
Total Operating Expenses						\$ 6,175 Per Unit			1,253,498
Net Operating Income									\$1,550,252
Reserves						\$250.00/unit			50,750
SDHC Monitoring Fees						\$150.00/unit			30,450
SDHC Issuer Fee						0.125%	122		24,813
Residual Cash Flow									1,444,239

Loan Sizing
DSCR 1.15
Rate 5.35%
Term 17
Amort 35
Rounded 19,850,000
Debt Service 1,255,854

Debt Service **1,255,854**
DSCR **1.15**
Residual Cash Flow 188,386

15 year Cashflow
 Civilia II Family 4%

Total Income, net vacancies	Initiation @	2.50%
Operating Expenses	Initiation @	3.50%
CAM		3.50%
HOA		3.50%
MAD		3.50%
<u>Net Operating Income</u>		
Principal and Interest	19,850,000	5.35%
SDHC Issue and Monitoring Fees		0.00%
Replacement Reserves		3.00%
LP Fee		3.00%
Managing GP Fee		3.00%
<u>Net Project Cash Flow</u>		DSCR
<u>Distributions:</u>		
Deferred Developer/Contractor Fee	75% of Avail Cashflow	4.00%
<u>Cash Available to Pay Soft Loans</u>		
Master Developer Improvement Note	25.0% of Avail Cashflow	3.50%
Master Developer Gap Funding	25.0% of Avail Cashflow	3.50%
<u>Cash Flow Available After Soft Loan Loans</u>		
<u>Cash Flow Available after LP</u>		
Partnership Admin Fee (90% of Cash Flow)		90.00%
<u>Cash Flow Available after Partnership Admin Fee</u>		
LP Distribution		99.99%
GP Distribution		0.01%

Remaining Cash Flow After Partnership Distribution

ATTACHMENT 5
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM
SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE
CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE THE CIVITA II FAMILY
APARTMENTS AND AUTHORIZING RELATED ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, construction, and equipping of multifamily affordable housing and for the provision of capital improvements in connection with and determined necessary to the multifamily affordable housing; and

WHEREAS, Chelsea Investment Corporation (Chelsea) has requested that the Authority issue and sell multifamily housing revenue bonds (Bonds) pursuant to the Act for the purpose of making a loan to Civita II 4% CIC, LP, a California limited partnership, or an affiliate of Chelsea (Borrower), to be used by the Borrower to finance the acquisition, construction, and equipping of “Civita II Family Apartments”, a multifamily affordable housing development to be located on an approximately 2.57 acre site at the corner of Russel Parkway and Friars Road, in San Diego, California, anticipated to include a total of 203 rental units, 201 of which will be income and rent restricted and occupied by very low or low-income tenants at affordable rents (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from proceeds of the Bonds, for expenditures (Reimbursable Expenditures)

made in connection with the Project within the period from the date sixty (60) days prior to the adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations (Treasury Regulations) require that the Authority declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority intends to authorize the issuance of the Bonds for the purpose of financing the costs of the Project (including reimbursement of the Reimbursable Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower, and the purchaser of the Bonds) in a principal amount not to exceed \$62,000,000; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of tax-exempt multifamily housing revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation of authority to issue such bonds within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of authority to issue tax-exempt multifamily housing revenue bonds among governmental units in the State of California having the authority to issue such bonds; and

WHEREAS, California Government Code section 8869.85 requires a local agency desiring an allocation of authority to issue tax-exempt multifamily housing revenue bonds to file an application with the California Debt Limit Allocation Committee (CDLAC) for such

allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority determines that it is necessary and desirable to provide financing for the Project (including reimbursement of the Reimbursable Expenditures) by the issuance and sale of the Bonds pursuant to the Act in a principal amount not to exceed \$62,000,000, subject to authorization of the issuance of the Bonds by resolution of the Authority at a subsequent meeting of the Authority.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation of the Authority, be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, reimburse any expenditure that was originally paid with the proceeds of any obligation of the Authority, or replace funds that are or will be used in such manner.

(c) As of the date of this Resolution, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority. The Bonds will be repaid solely from proceeds of the Bonds and amounts paid by the Borrower. No moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for the purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority declares its official intent to use proceeds of the Bonds to reimburse the Reimbursable Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained in this Resolution shall be construed to signify that the Project complies with applicable planning, zoning, subdivision, environmental, and building laws and ordinances or to suggest that the Authority, the City of San Diego (City), or any officer or agent of the City will grant any approval, consent, or permit that may be required in connection with the acquisition, construction, and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds for the Bonds to be issued by the Authority for the Project in an amount not to exceed \$62,000,000 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits, the provision of certificates, and the submittal of additional applications to CDLAC (if necessary), and any prior such actions taken by such officers and program managers are ratified, approved, and confirmed.

Section 4. Approval of Bond Counsel and Financial Advisor. The financing team of Quint & Thimmig LLP, as bond counsel, and Ross Financial, as financial advisor, is approved for the Project.

Section 5. Authority of President and Chief Executive Officer of Housing Commission. The President & Chief Executive Officer of the Housing Commission, or designee, is authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary or appropriate to implement the approvals provided for in this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Nathan Slegers
Deputy City Attorney

NLJS:dkr
July 13, 2017
Or.Dept: Housing Authority
Doc. No. 1539820