



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: April 25, 2019

REPORT NO: HAR19-010

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of May 14, 2019

SUBJECT: Preliminary Bond Authorization for 14th and Commercial Apartments

COUNCIL DISTRICT: 3

REQUESTED ACTIONS

Take initial steps for the Housing Authority of the City of San Diego to issue up to \$101,000,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of 14th and Commercial Apartments, a 326-unit affordable rental housing development, (including 93 units for low- and very low-income tenants, plus 230 units for very low- and low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego), in a transit-oriented, two-building, high-rise development to be located at 1402 Commercial Street, San Diego, that will remain affordable for 55 years.

STAFF RECOMMENDATIONS

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 14th and Commercial Apartments, a 326-unit affordable rental housing development, (including 93 units for low- and very low-income tenants, plus 230 units for very low- and low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego), in a transit-oriented, two-building, high-rise development to be located at 1402 Commercial Street, San Diego, that will remain affordable for 55 years:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$101,000,000 in Multifamily Housing Revenue Bonds for the acquisition and new construction of 14th and Commercial Apartments by 14th and Commercial 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 \$101,000,000 for 14th and Commercial Apartments;
 - c. Approve the financing team of Orrick, Herrington & Sutcliffe LLP as Bond Counsel and Ross Financial as Bond Financial Advisor; and

- 2) Authorize the San Diego Housing Commission (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 the advice of General Counsel and/or the Bond Counsel.

SUMMARY

A Development Summary is at Attachment 1.

Background

The proposed new construction development at 1402 Commercial Street is affordable rental housing, featuring two contiguous residential high-rise towers. The developers determined that two of their necessary financing sources could not be restricted against the same units. Thus, the developers have bifurcated the development, using a condominium overlay, into two legally separate, financeable, affordable projects without crossover subsidy from either of the two incompatible funding sources.

The two projects are called 14th and Commercial Apartments (14th and Commercial), which consists of 326 units, and 14C VHHP Apartments (14C VHHP), which consists of 81 units. The two projects will each be owned by legally separate partnerships, with two separate Housing Commission loans and two separate Multifamily Housing Revenue Bond issuances that will both close simultaneously. The developers will complete a condominium plan that will detail the two projects' legal separation. The total combined development will be located within two contiguous on-site high-rise buildings: a 14-story building and a seven-story building. Distributed within the two rental complexes will be 270 permanent supportive housing units with federal Project-Based Housing Vouchers issued by the Housing Commission for low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego. Because of the separate financing structures, the proposed two loans and two bond issuances are being processed under two separate companion reports (HAR19-010 and HAR19-013).

Table 1 –Development Details

Address	1402 Commercial Street, San Diego
Council District	3
Community Plan Area	East Village Neighborhood of the Downtown Community Plan Area.
Developers	SVDP Management Inc. and Chelsea Investment Corporation.
Development Type	New construction of two buildings.
Construction Type	High-rise.
Parking Type	14th and Commercial: 65 spaces. 14C VHHP: 16 spaces. The proposed two buildings will share a podium surface level parking facility.
Housing Type (Affordable Units)	14th and Commercial: 230 units of permanent supportive housing for very low- and low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego plus 93 units for low-/very low-income persons. 14C VHHP: 40 units of permanent supportive housing for very low- and low-income individuals experiencing homelessness with an identified disability and 40 units for low- and very low-income persons, all, residing within the City of San Diego

Lot Size	1.07 acre, 46,500 square feet.
Units (407 units total)	14th and Commercial: 326 (323 affordable units, plus three managers' units). 14C VHHP: 81 (80 affordable units, plus one manager's unit).
Density	381 dwelling units per acre (407 units in both projects ÷ 1.07 acres).
Unit Mix	14th and Commercial: 281 studios units, 17 one-bedrooms, 25 two-bedrooms, and 3 managers' units. 14C VHHP: 76 studio units, 4 one-bedrooms, and 1 manager's unit.
Gross Building Area	14th and Commercial: 237,174 square feet. 14C VHHP: 53,481 square feet.
Net Rentable Area	14th and Commercial: 130,760 square feet (residential units). 14C VHHP: 29,450 square feet (residential units).
Commercial/Retail Space	14th and Commercial: 12,240 square feet. 14C VHHP: 2,760 square feet.
Project Based Housing Vouchers (270 PBV total)	14th and Commercial: 230 federal Project-Based Housing Vouchers (PBV). 14C VHHP: 40 PBV.

The Development

The developments' site is located on a currently vacant lot at the northeast corner of 14th and Commercial Streets in the East Village neighborhood of the Downtown Community Plan (Attachment 2 - Site Maps). The 14th and Commercial development is proposed to provide 323 affordable rental housing units and three managers' units, including studios, one-bedroom units, and two-bedroom units. The apartments will range from 350 square feet for studios to 830 square feet for two-bedroom units. Site amenities will include: approximately 1,000 square feet of community rooms on each of the residential floors, eight community kitchens, laundry facilities, and bicycle parking. Level two will have recreational activities, fitness, and multipurpose rooms. Level eight will have an exterior smoking area, a dog run area, and a community garden. There will be a second-floor courtyard, a third-floor outdoor gathering area, and a tot lot. Security features will include: 24-hour on-site security guard service, building entry access controls, entry door dead-bolt locks, on-site tenant services staff, and monitored security cameras. Unit amenities will include: a kitchenette, cabinets, microwave oven, refrigerator, and a private bathroom. For 14th and Commercial, approximately 12,240 square feet of commercial space is proposed, which will house on-site property management, social service staff, and resident-related amenity spaces. However, neither the Housing Commission's loan funds nor the Multifamily Housing Revenue Bond proceeds can be used for commercial space financing nor for furnishings.

Housing First

The proposed 14th and Commercial development will provide 230 affordable units for very low- and low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego. PBV would provide rental subsidies for these units. The development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission's homelessness action plan. This action plan is rooted in the national "Housing First" model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed. The current phase of HOUSING FIRST – SAN DIEGO, which launched on July 1, 2017, included \$30 million over three years to support the development of affordable rental housing with supportive services for individuals experiencing homelessness.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City of San Diego (City) to participate in a Coordinated Entry System (CES), and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen homeless individuals for the most appropriate housing options based on who is most in need. The developer and service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

Developer's Request

SVDP Management Inc. (SVDPM) and Chelsea (the co-developers) submitted an application in response to the Housing Commission's August 1, 2017, Permanent Supportive Housing Notice of Funding Availability (NOFA). On February 6, 2019, Housing Commission staff provided a preliminary recommendation of award for an up to \$11,750,000 residual receipts loan and 270 federal Project-Based Vouchers (PBV), for the combined development of 407 units at 1402 Commercial Street. . The co-developers propose to apply for and obtain: a CDLAC allocation of authority to issue tax-exempt private equity bonds, a California Tax Credit Allocation Committee (CTCAC) approval for 4 percent tax credits, and third-party financing, as described in this report.

The Property

The property has been owned by SVDPM since November 30, 2007. The site is near the San Diego Central Library, Father Joe's Villages' campus, and the 12th & Imperial Trolley Station. Father Joe's Villages previously operated one of the three City of San Diego Temporary Bridge Shelters at this location.

Appraisal

On January 4, 2018, the land was appraised by Lea & Company at \$24,600,000.

Prevailing Wages

The development proposes to use U.S. Department of Housing and Urban Development (HUD) federal PBVs, administered by the Housing Commission, which will require the project to pay Davis-Bacon prevailing wages. The proposed use of State Housing and Community Development Affordable Housing and Sustainable Communities program (AHSC) funds will require payment of state prevailing wages. The higher of the federal or state prevailing wages will apply.

Relocation

The co-developers' relocation consultant has determined that there is no relocation requirement for persons who were residing at the City of San Diego Temporary Bridge Shelter.

Accessibility

The CTCAC requires wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment. The project will be 100 percent accessible for visitors. The same units can satisfy both of these accessibility requirements. In addition, these accessible units will satisfy the federal HOME Investment Partnerships Program (HOME) and PBV accessibility requirement of wheelchair accessibility in 5 percent of the units, plus an additional 2 percent of the units accessible to residents with visual and/or hearing impairment. The development will include Universal Design features.

Project Sustainability

The development will be designed to achieve a Leadership in Energy and Environmental Design (LEED) Gold certification. It will also comply with the CTCAC minimum energy efficiency construction standards for new construction. Sustainable features will include: Energy Star-rated efficient appliances, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, high-efficiency heating and cooling, energy-efficient windows, and light-emitting diode (LED) lighting. Water conservation will be promoted via drought-tolerant landscaping, and low-flow water fixtures in the kitchens and bathrooms.

Development Team

For 14th and Commercial, the proposed borrower will be 14th and Commercial CIC L.P., a single-asset California limited partnership. The limited partnership will include SVDPM as the Managing General Partner, CIC 14th and Commercial L.L.C. as the Administrative General Partner, and a to-be-selected tax credit Investor Limited Partner (Attachment 3 - Organization Chart).

The nonprofit SVDPM, dba Father Joe's Villages, will be a co-developer. SVDPM has constructed and rehabilitated five permanent affordable housing buildings, a Federally Qualified Health Center, dining facilities, resource and training centers with supportive services space, and temporary shelters. SVDPM currently owns and operates 360 affordable housing units, including permanent supportive housing units. The Housing Commission has worked with SVDPM and Chelsea on 16th and Market, a 12-story, 136-unit affordable housing community; Boulevard Apartments, a four-story, 24-unit affordable housing community; Villa Harvey Mandel, a six-story 90-unit affordable housing community; and 15th and Commercial, a 12-story, mixed-use property with affordable housing, transitional housing, a child development center, and underground parking. SVDPM is in full compliance on its previous Housing Commission-funded loans.

The other co-developer is Chelsea, an award-winning, for-profit corporation headquartered in Carlsbad, California. Chelsea will be providing development consulting services to SVDPM, offering technical expertise related to organizing, financing, and construction management. Established in 1992, it specializes in the financing and development of affordable housing. Chelsea and its affiliates have approximately 9,600 rental units under ownership in four states. Chelsea has substantial development experience in a wide range of housing developments. Along with its affiliates, Chelsea provides financial, engineering, development, asset management, construction, and property management services. Chelsea has developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds. Chelsea is in full compliance on its previous Housing Commission funded loans.

Based upon the co-developers' past experience and performance, Housing Commission staff has determined that the co-developers have the capacity to successfully complete the two proposed projects at 1402 Commercial Street.

Supportive Services

The developments' tenant supportive services will be provided by SVDPM. The tenants will have access to an array of services and resources offered at the nearby Father Joe's Villages' campus in downtown San Diego. Since 1950, Father Joe's Villages has delivered assistance to persons experiencing homelessness. Using evidence-based practices, Father Joe's Villages' experienced staff will provide case management, life skills, and access to mental health plus substance use services.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developers	SVDPM and Chelsea
Owner/Borrower	14th and Commercial: 14 th and Commercial CIC L.P. 14C VHHP: 14th and Commercial CIC VHHP L.P.
Managing General Partner	SVDPM
Administrative General Partner	14th and Commercial: CIC 14 th and Commercial L.L.C. 14C VHHP: CIC II 14 th and Commercial L.L.C.
Tax Credit Investor Limited Partner	To be selected
Architect	Joseph Wong Design, San Diego, CA
General Contractor	Level 10 Construction,
Property Management	Hyder & Company, San Marcos, CA
Supportive Services Provider	SVDPM
Construction and Permanent Lender	To be selected

Property Management

This development will be managed by Hyder & Company (Hyder). Hyder operates in multiple California areas with 88 properties containing approximately 6,100 residential units and approximately 15,000 tenants. Hyder has extensive experience in managing affordable housing.

FINANCING STRUCTURE

The 14th and Commercial development has an estimated total development cost of \$150,744,360 (\$462,406/unit). Financing will include a combination of sources as described in Table 3. The developers' current pro forma is included as Attachment 4 and is summarized below.

Table 3 – 14th and Commercial Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	\$6,540,523	Property acquisition:	\$ 19,736,216	\$60,541
State Dept. of Housing & Community Development Affordable Housing & Sustainable Communities loan	17,950,000	Construction costs \$83,726,320 Contingency + 4,186,316 Total construction \$87,912,636	\$87,912,636	\$269,671
County of San Diego Mental Health Services Act loan	20,000,000	Financing costs	\$13,312,111	\$40,835
County of San Diego No Place Like Home Program loan	15,989,280	Other soft costs	\$5,651,941	\$17,337
Developer's Land Contribution loan	14,736,216	City permits and impact fees	\$5,629,177	\$17,267
Housing Commission Proposed loan	6,150,000	Reserves	\$2,437,484	\$7,477
Developer's fee contribution and Deferred developer's fee	11,894,795 703,993	Developer's fee	16,064,795	\$49,279
Accrued interest on soft loans	2,074,019			
State Affordable Housing Program grant and Infill Infrastructure grant	5,250,000			
Four percent tax credit equity	49,455,534			
Total Development Cost	\$150,744,360	Total Development Cost (TDC)	\$150,744,360	\$462,406

The Housing Commission's \$6,150,000 residual receipts loan will be funded with \$1,500,000 of HOME Investment Partnerships program (HOME) funds, awarded by HUD to the City of San Diego and administered by the Housing Commission, and \$4,650,000 of the City of San Diego's Affordable Housing Fund (Inclusionary Housing Fee and Housing Impact Fee, also known as Linkage Fee), which

is administered by the Housing Commission. The total amount of funding sources shall not exceed \$6,150,000. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized at Attachment 5.

The co-developers propose financing with a combination of tax-exempt bonds, 4 percent tax credits, proposed loan funds from the State Department of Housing & Community Development, proposed loan funds from the County of San Diego, a developer land note, deferred and contributed developer fee funds, and a proposed Housing Commission residual receipts loan. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developers' Fee

\$16,064,795 – gross developer fee
-11,894,795 – developer fee contribution to the project
- 703,993 – deferred developer fee
\$3,466,007 – net cash developer fee

The net cash developer fee shall be \$3,466,007 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee. On April 25, 2017, the Housing Authority approved the "*Request for Approval of Updated Developer Fees*" (HAR 17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: "*Developer fee for 4% tax credits: in project costs 15% of eligible basis....*" For this 14th and Commercial development the developers are proposing a \$16,064,795 total developer fee which complies with HAR17-011. The fee proposed is consistent with the *Request for Approval of Updated Developer Fees* (HAR17-011) approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 – 14th and Commercial Key Performance Indicators

Development Cost Per Unit	$\$150,744,360 \div 326 \text{ units} =$	\$462,406
Housing Commission Subsidy Per Unit	$\$6,150,000 \div 326 \text{ units} =$	\$18,865
Acquisition Cost Per Unit	$\$19,736,216 \div 326 \text{ units} =$	\$60,541
Gross Building Square Foot Hard Cost	$\$87,912,636 \div 237,174 \text{ sq. ft.} =$	\$371
Net Rentable Square Foot Hard Cost	$\$87,912,636 \div 130,760 \text{ sq. ft.} =$	\$672

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to the subject 14th and Commercial development.

Table 5 – 14th and Commercial Comparable Development Projects

Project Name	Year	Unit Mix	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – 14th and Commercial (14 stories)	2019	281 studio units, 17 ones, 25 twos, + 3 mgr.	326	Yes	\$150,744,360	\$462,406	\$18,865	\$371
Park & Market (34 stories)	2017	101 studios, 31 ones, 26 twos, 8 threes, + 1 mgr.	426	Yes	\$283,061,481	\$558,638	\$0 (bonds only)	\$425
Atmosphere I & II (12 stories)	2014	41 studios, 42 ones, 76 twos, 46 threes, + 3 mgr.	205	Yes	\$83,831,588	\$408,935	\$14,634	\$330
Celadon I & II (17 stories)	2015	143 living units, 31 studios, 74 ones + 2 mgr.	250	Yes	\$82,015,087	\$328,060	\$0 (bonds only)	\$302
Ten Fifty B (23 stories)	2010	68 studios, 57 ones, 34 twos, 69 threes, + 1 mgr.	229	Yes	\$88,682,000	\$387,258	\$0 (bonds only)	\$447

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing 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 the 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 CDLAC application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution 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 application to CDLAC on May 17, 2019, and apply for a bond allocation at CDLAC's July 17, 2019, meeting and, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. However, the loan closing must occur within 18 months of the Housing Commission's proposed approval.

The developer will be seeking a CDLAC bond allocation of approximately \$101,000,000. 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's ordinance on bond disclosure. The up to \$101,000,000 bond allocation that will be sought from CDLAC is approximately 1.44 percent higher than the estimated \$99,850,000 amount for which the 14th and Commercial development is being underwritten. This increased amount represents a bond contingency to account for possible increases in the bond amount due to increases in construction costs, and/or changes 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. Housing Commission staff will return later 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 6.

Staff recommends assigning Orrick, Herrington & Sutcliffe as Bond Counsel and Ross Financial as Financial Advisor 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 selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, the 14th and Commercial development will serve individuals and families experiencing homelessness with incomes from 25 percent to 50 percent of San Diego Area Median Income. There will be 230 units of supportive housing for very low- and low- income households experiencing homelessness with an identified disability, residing within the City of San Diego, plus 93 units for low- and very low- income tenants. On February 6, 2019, Housing Commission staff committed 270 federal PBV's for the combined two developments of 407 units at 1402 Commercial Street. That commitment will be contingent upon a subsidy layering review and execution of an Agreement to Enter into Housing Assistance Payment. Under this PBV program, the tenants' rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for the project's residents.

Under the Housing Commission loan, the 14th and Commercial development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit and bond regulatory agreements, that will restrict affordability of 323 units for 55 years. The HOME program's funds will have affordability and rent restrictions for 20 years. Under the proposed loan and bond financing, 14th and Commercial will have 323 units restricted to households with incomes from 25 percent (\$17,050/year for a living unit, one-person household) to 50 percent (\$43,800/year for a two-bedroom, three-person household) of the San Diego Area Median Income (AMI). The remaining three units will be unrestricted managers' units. Table 6 summarizes the affordability:

Table 6 – 14th and Commercial Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Gross Rents
Studio units/one bath (350 square feet)	25% AMI	60	\$426
Studio units/one bath (350 square feet)	30% AMI	59	\$511
Studio/one bath (350 square feet)	35% AMI	49	\$596
Studio/one bath (350 square feet)	40% AMI	22	\$681
Studio/one bath (350 square feet)	50% AMI	91	\$851
One bedroom/one bath (570 square feet)	50% AMI	17	\$912
Two bedroom/one bath (830 square feet)	50% AMI	25	\$1,095
Subtotal residential units		323	
Managers' units (one & two bedrooms)	--	3	--
Total Units		326	

There will be 25 total HOME Investment Partnerships (HOME) restricted units. The same units may be counted as the tax credit restricted units and the HOME restricted units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses proposed for approval by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2019 Housing Commission Budget. Approving this action will not change the FY 2019 total budget.

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

- Affordable Housing Fund – up to \$4,650,000
- HOME – up to \$1,500,000
- Bond Issuance Fees - \$252,500 (\$101,000,000 x .0025)

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

- Loans – up to \$6,150,000
- Rental Housing Finance Program Administrative Costs - \$252,500

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the 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, nor 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 .0025 bond amount issuer fee (estimated at \$252,500 with a \$101,000,000 bond issue) and the Housing Commission's ongoing annual Bonds administration fee (estimated as \$10,000 at permanent financing conversion), as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

Development Schedule

The estimated development timeline is as follows:

<u>Milestones</u>	<u>Estimated Dates</u>
<ul style="list-style-type: none"> • Housing Authority consideration • City Council IRS-required TEFRA hearing • CDLAC bond application & CTCAC tax credit application • CDLAC allocation meeting & CTCAC allocation meeting • Housing Commission final bond authorization • Housing Authority final bond authorization • Estimated bond issuance and escrow/loan closing • Estimated start of construction work • Estimated completion of construction work 	<ul style="list-style-type: none"> • May 14, 2019 • May 14, 2019 • May 17, 2019 • July 17, 2019 • July 26, 2019 • September 10, 2019 • November 2019 • December 2019 • December 2021

PREVIOUS COUNCIL and/or COMMITTEE ACTION

In November 2017, the 407-unit 1402 Commercial Street combined development received discretionary design review from Civic San Diego.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 8, 2017, the Downtown Community Planning Committee voted 11-5 in support of Civic San Diego's granting design review approval. The developers report that those in opposition supported concerns that there is an overconcentration of permanent supportive housing units in the East Village neighborhood.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include SVDPM and Chelsea as the co-developers, the Housing Authority as bond issuer, the County of San Diego as a lender, the State Department of Housing and Community Development as a lender, and the East Village neighborhood. The 14th and Commercial development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood and create 323 new affordable rental homes for persons experiencing homelessness and other low-income persons.

STATEMENT FOR PUBLIC DISCLOSURE

Developer Disclosure Statements for SVDPM and Chelsea are provided at Attachment 7

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Development within the Downtown Community Planning area is covered under the following documents, all referred to as the "Downtown FEIR": Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the former Redevelopment Agency ("Former Agency") and the City Council on March 14, 2006 (Resolutions R-04001 and R-301265, respectively); subsequent addenda to the FEIR certified by the Former Agency on August 3, 2007 (Former Agency Resolution R-04193), April 21, 2010 (Former Agency Resolution R-04510), and August 3, 2010 (Former Agency Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115); and, the Final Supplemental Environmental Impact Report for the Downtown San Diego Mobility Plan certified by the City Council on June 21, 2016 (Resolution R-310561). Development within the Downtown Community Planning area is also covered under the following documents, all referred to as the "CAP FEIR": FEIR for the City of San Diego Climate Action Plan (CAP), certified by the City Council on July 12, 2016 (City Council Resolution R-310596). The Downtown FEIR and CAP FEIR are both "Program EIRs" prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168. The information contained in the Downtown FEIR and the CAP FEIR reflects the independent judgement of the City of San Diego as the lead agency. The Downtown FEIR and CAP FEIR are located on the City of San Diego's website:

([https://www.sandiego.gov/planning/programs/ceqa#Final CEQA Documents](https://www.sandiego.gov/planning/programs/ceqa#Final%20CEQA%20Documents)). Consistent with best practices suggested by Section 15168, a Downtown 15168 Consistency Evaluation ("Evaluation") will be completed to evaluate the project's consistency with the findings of the Downtown FEIR and CAP FEIR. If the evaluation concludes that the environmental impacts of the project were adequately addressed in the Downtown FEIR and CAP FEIR, the project within the scope of the development program described within both documents for the purposes of CEQA; and, that none of the conditions listed in Section 15162 exist, no further environmental documentation will be required under CEQA. 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.

National Environmental Policy Act

Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review under NEPA. The Housing Commission received final NEPA clearance and authorizations to use grant funds from HUD on June 30, 2018, and August 14, 2018, respectively.

Respectfully submitted,

J.P. Correia

J.P. Correia
Senior Real Estate Project Manager
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

- Attachments:
1. Development Summary
 2. Site Maps
 3. Organization Chart
 4. Developers' Project Pro Forma
 5. Proposed Loan Terms
 6. Multifamily Housing Revenue Bond Program
 7. Developers' Disclosure Statements
 - a. SVDPM
 - b. Chelsea

Hard copies are available for review during business hours at the security information desk in the main lobby and 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 "Governance & Legislative Affairs" section of San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 –Development Details

Address	1402 Commercial Street, San Diego
Council District	3
Community Plan Area	East Village Neighborhood of the Downtown Community Plan Area.
Developers	SVDP Management Inc. and Chelsea Investment Corporation.
Development Type	New construction of two buildings.
Construction Type	High rise.
Parking Type	14th and Commercial: 65 spaces. 14C VHHP: 16 spaces. The proposed two buildings will share a podium surface level parking facility.
Housing Type (Affordable)	14th and Commercial: 230-units supportive housing for homeless and special needs persons plus 93-units for low/very-low income persons. 14C VHHP: 40-units supportive housing for chronically homeless veterans plus 40-units for other low/very-low income veterans.
Lot Size	1.07 acre, 46,500 square feet.
Units (407-units total)	14th and Commercial: 326 (323-units affordable, plus three managers' units). 14C VHHP: 81 (80-units affordable, plus one manager's unit).
Density	381 dwelling units per acre (407 units in both projects ÷ 1.07 acres).
Unit Mix	14th and Commercial: 281 Single room occupancy (SRO) units, 17 one-bedrooms, 25 two-bedrooms, and 3 managers' units. 14C VHHP: 76 SRO units, 4 one-bedrooms, and 1 manager's unit.
Gross Building Area	14th and Commercial: 237,174 square feet. 14C VHHP: 53,481 square feet.
Net Rentable Area	14th and Commercial: 130,760 square feet (residential units). 14C VHHP: 29,450 square feet (residential units).
Commercial/Retail Space	14th and Commercial: 12,240 square feet. 14C VHHP: 2,760 square feet.
Project Based Housing Vouchers (270 PBV total)	14th and Commercial: 230 federal Project-Based Housing Vouchers (PBV). 14C VHHP: 40 PBV.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developers	SVDP and Chelsea
Owner/Borrower	14th and Commercial: 14 th and Commercial CIC L.P. 14C VHHP: 14th and Commercial CIC VHHP L.P.
Managing General Partner	SVDP
Administrative General Partner	14th and Commercial: CIC 14 th and Commercial L.L.C. 14C VHHP: CIC II 14 th and Commercial L.L.C.
Tax Credit Investor Limited Partner	To be selected
Architect	Joseph Wong Design, San Diego, CA
General Contractor	Emmerson Construction Inc. (a Chelsea affiliate)
Property Management	Hyder & Company, San Marcos, CA
Supportive Services Provider	SVDP
Construction and Permanent Lender	To be selected

Table 3 – 14th and Commercial Apartments Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	\$6,540,523	Property acquisition:	\$ 19,736,216	\$60,541
State Dept. of Housing & Community Development Affordable Housing & Sustainable Communities loan	17,950,000	Construction costs \$83,726,320 Contingency + 4,186,316 Total construction \$87,912,636	\$87,912,636	\$269,671
County of San Diego Mental Health Services Act loan	20,000,000	Financing costs	\$13,312,111	\$40,835
County of San Diego No Place Like Home Program loan	15,989,280	Other soft costs	\$5,651,941	\$17,337
Developer's Land Contribution loan	14,736,216	City permits and impact fees	\$5,629,177	\$17,267
Housing Commission Proposed loan	6,150,000	Reserves	\$2,437,484	\$7,477
Developer's fee contribution and Deferred developer's fee	11,894,795 703,993	Developer's fee	16,064,795	\$49,279
Accrued interest on soft loans	2,074,019			
State Affordable Housing Program grant and Infill Infrastructure grant	5,250,000			
Four percent tax credit equity	49,455,534			
Total Development Cost	\$150,744,360	Total Development Cost (TDC)	\$150,744,360	\$462,406

Table 4 – 14th and Commercial Apartments Key Performance Indicators

Development Cost Per Unit	\$150,744,360 ÷ 326 units =	\$462,406
Housing Commission Subsidy Per Unit	\$6,150,000 ÷ 326 units =	\$18,865
Acquisition Cost Per Unit	\$19,736,216 ÷ 326 units =	\$60,541
Gross Building Square Foot Hard Cost	\$87,912,636 ÷ 237,174 sq. ft. =	\$371
Net Rentable Square Foot Hard Cost	\$87,912,636 ÷ 130,760 sq. ft. =	\$672

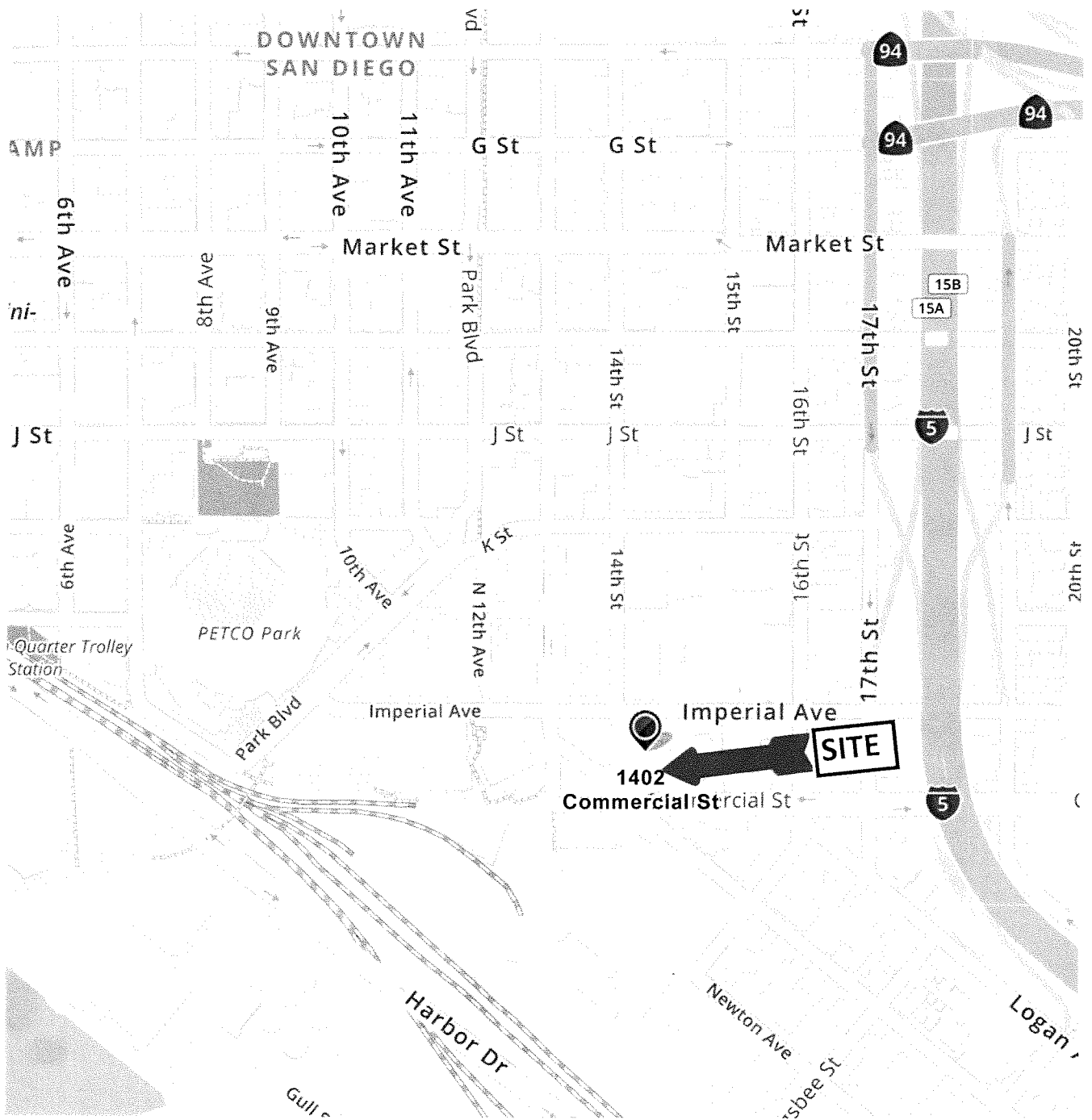
Table 5 – 14th and Commercial Apartments Comparable Development Projects

Project Name	Year	Unit Mix	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – 14th and Commercial (14 stories)	2019	281 SRO units, 17 ones, 25 twos, + 3 mgr.	326	Yes	\$150,744,360	\$462,406	\$18,865	\$371
Park & Market (34 stories)	2017	101 studios, 31 ones, 26 twos, 8 threes, + 1 mgr.	426	Yes	\$283,061,481	\$558,638	\$0 (bonds only)	\$425
Atmosphere I & II (12 stories)	2014	41 studios, 42 ones, 76 twos, 46 threes, + 3 mgr.	205	Yes	\$83,831,588	\$408,935	\$14,634	\$330
Celadon I & II (17 stories)	2015	143 living units, 31 studios, 74 ones + 2 mgr.	250	Yes	\$82,015,087	\$328,060	\$0 (bonds only)	\$302
Ten Fifty B (23 stories)	2010	68 studios, 57 ones, 34 twos, 69 threes, + 1 mgr.	229	Yes	\$88,682,000	\$387,258	\$0 (bonds only)	\$447

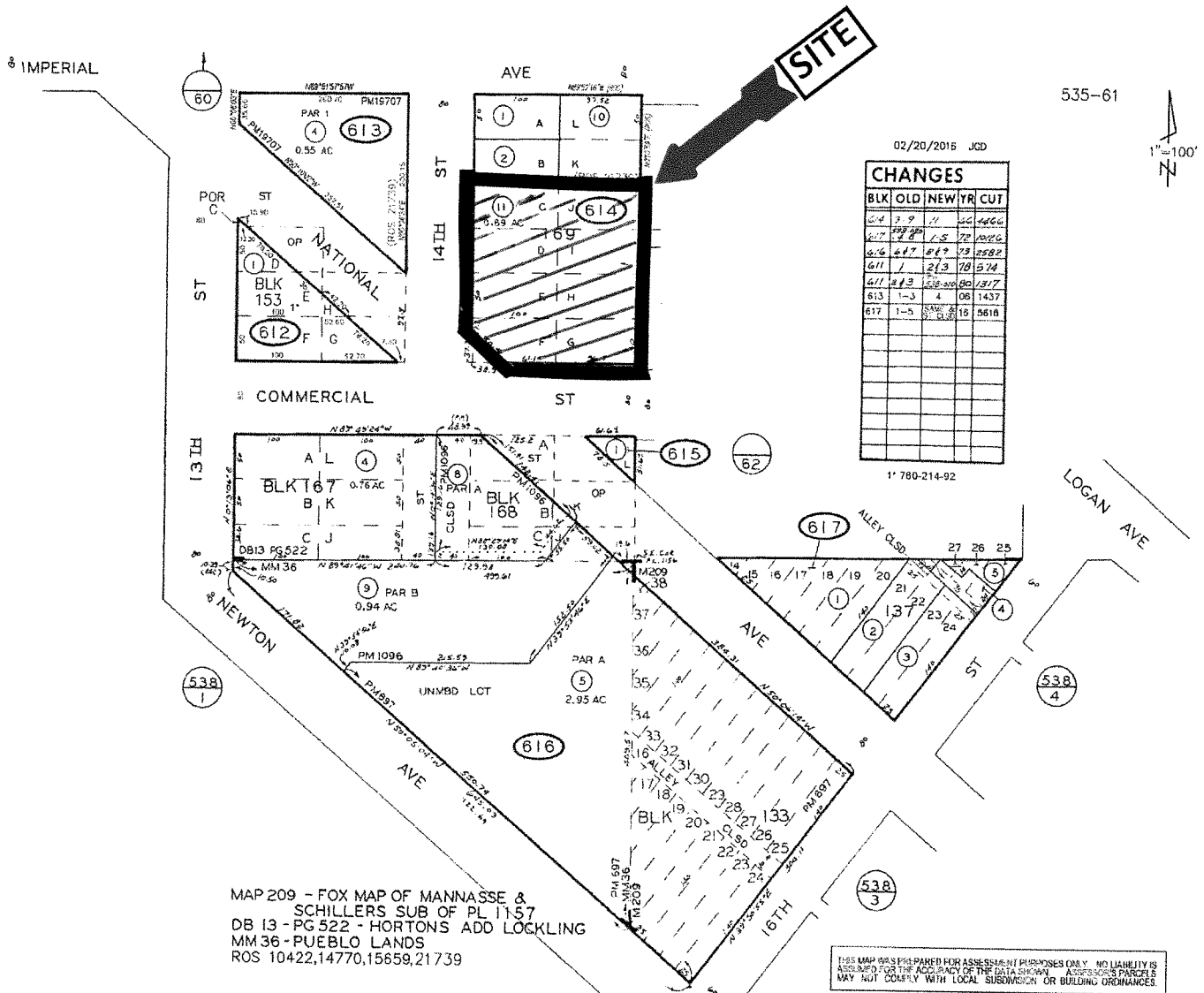
Table 6 – 14th and Commercial Apartments Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Gross Rents
Single room occupancy units/one bath (350 square feet)	25% AMI	60	\$426
Single room occupancy units/one bath (350 square feet)	30% AMI	59	\$511
Single room occupancy/one bath (350 square feet)	35% AMI	49	\$596
Single room occupancy/one bath (350 square feet)	40% AMI	22	\$681
Single room occupancy/one bath (350 square feet)	50% AMI	91	\$851
One bedroom/one bath (570 square feet)	50% AMI	17	\$912
Two bedroom/one bath (830 square feet)	50% AMI	25	\$1,095
Subtotal residential units		323	
Managers' units (one & two bedrooms)	--	3	--
Total Units		326	

ATTACHMENT 2A - SITE MAP

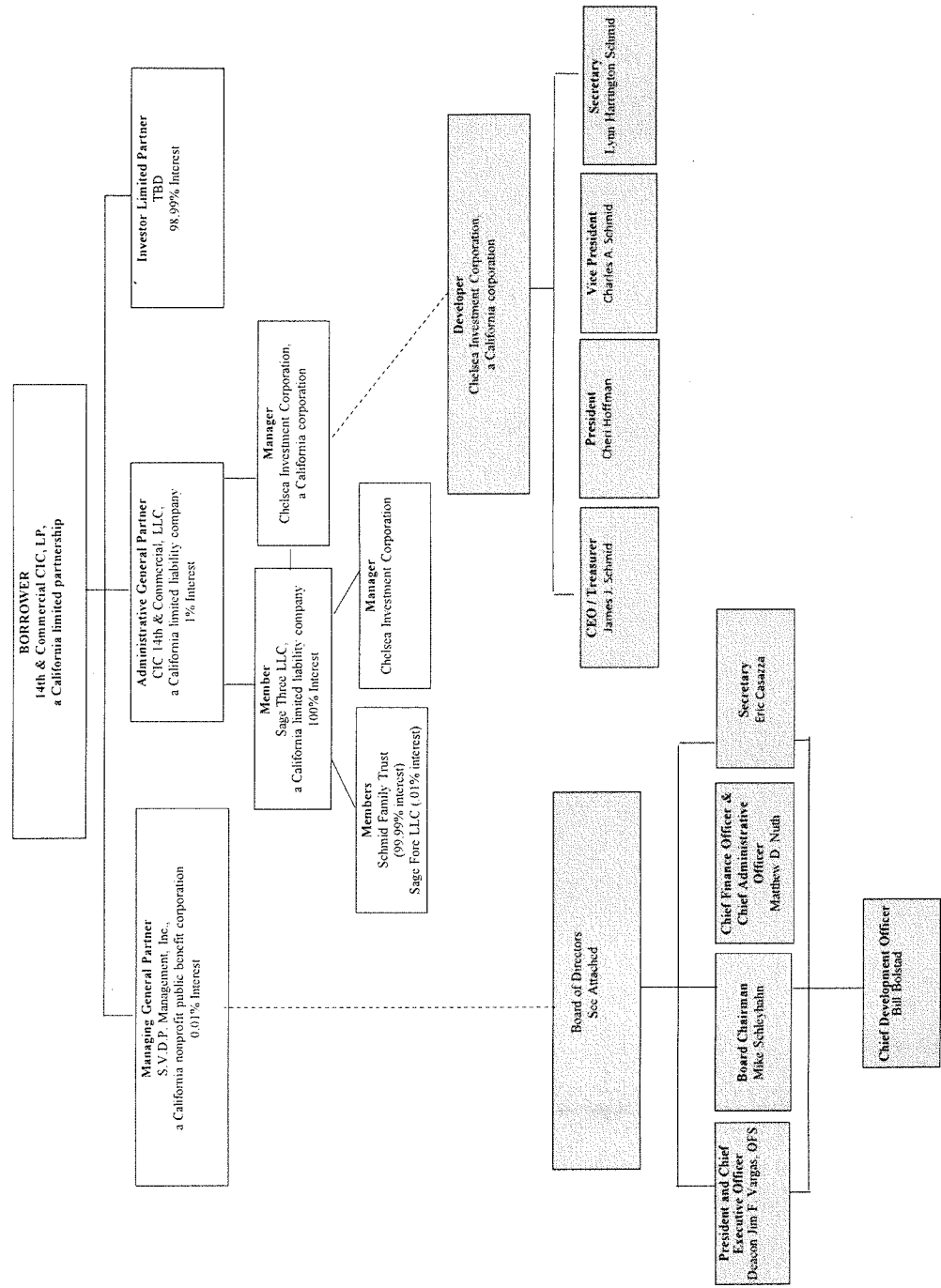


ATTACHMENT 2B - SITE MAP



ATTACHMENT 3 – ORGANIZATION CHART

14th & Commercial CIC, LP



OPERATING BUDGET & INCOME ANALYSIS
14th and Commercial 4% component

SDHC

Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent	Annual Overhang
0BR/1BA	LIHTC	25%	60	350	21,000	\$ 426	\$ 47	\$ 379	\$ 272,655	\$ 942
0BR/1BA	LIHTC	70%	0	350	0	\$ -	\$ 47	\$ -	\$ -	\$ 942
0BR/1BA	LIHTC	60%	0	350	0	\$ 1,022	\$ 47	\$ 975	\$ -	\$ 942
0BR/1BA	LIHTC	50%	91	350	31,850	\$ 851	\$ 47	\$ 804	\$ 878,378	\$ 942
0BR/1BA	LIHTC	40%	22	350	7,700	\$ 681	\$ 47	\$ 634	\$ 167,402	\$ 942
0BR/1BA	LIHTC	35%	49	350	17,150	\$ 596	\$ 47	\$ 549	\$ 322,790	\$ 942
0BR/1BA	LIHTC	30%	59	350	20,650	\$ 511	\$ 47	\$ 464	\$ 328,398	\$ 942
1BR/1BA	LIHTC	25%	0	570	0	\$ 1,480	\$ 57	\$ 1,403	\$ -	\$ 1,128
1BR/1BA	LIHTC	70%	0	570	0	\$ -	\$ 57	\$ -	\$ -	\$ 1,128
1BR/1BA	LIHTC	60%	0	570	0	\$ 1,095	\$ 57	\$ 1,038	\$ -	\$ 1,128
1BR/1BA	LIHTC	50%	17	570	9,690	\$ 912	\$ 57	\$ 855	\$ 174,458	\$ 1,128
1BR/1BA	LIHTC	40%	0	570	0	\$ 730	\$ 57	\$ 673	\$ -	\$ 1,128
1BR/1BA	LIHTC	35%	0	570	0	\$ 639	\$ 57	\$ 582	\$ -	\$ 1,128
1BR/1BA	LIHTC	30%	0	570	0	\$ 547	\$ 57	\$ 490	\$ -	\$ 1,369
2BR/1BA	LIHTC	25%	0	830	0	\$ 1,751	\$ 75	\$ 1,676	\$ -	\$ 1,369
2BR/1BA	LIHTC	70%	0	830	0	\$ -	\$ 75	\$ -	\$ -	\$ 1,369
2BR/1BA	LIHTC	60%	0	830	0	\$ 1,314	\$ 75	\$ 1,239	\$ -	\$ 1,369
2BR/1BA	LIHTC	50%	25	830	20,750	\$ 1,095	\$ 75	\$ 1,020	\$ 305,886	\$ 1,369
2BR/1BA	LIHTC	40%	0	830	0	\$ 876	\$ 75	\$ 801	\$ -	\$ 1,369
2BR/1BA	LIHTC	35%	0	830	0	\$ 766	\$ 75	\$ 691	\$ -	\$ 1,369
2BR/1BA	LIHTC	30%	0	830	0	\$ 657	\$ 75	\$ 582	\$ -	\$ 1,369
1BR/1BA	LIHTC	MGR	2	570	1,140	\$ -	\$ 57	\$ -	\$ -	\$ 2,100
2BR/1BA	LIHTC	MGR	1	830	830	\$ -	\$ 75	\$ -	\$ -	\$ -
Total Rents / Residential					326	131,280			2,449,959	1,172,985
Construction Square Feet					130,780					

RA Overhang				1,172,985
Income from Operations	General Cond	PUPM		
Laundry	Insurance	\$ 10.00		39,120
Other Income (App. Fees, Late, etc.)	Contractor Fee	\$ 15.00		58,680
Garage	Design and Est.	\$ -		0
Cable & Highspeed Data Income		\$ -		0
Telephone Income		\$ -		0
Sub-Total		\$ 25.00		3,720,743
Less: Vacancies @		5%		186,037
Commercial Income		0		0
Less: Vacancies @		0%		0
Total Income				3,534,706

Operating Expenses				
Admin	\$ 853.11			278,115
Management Fee	\$ 682.00			222,332
Utilities	\$ 1,138.69			371,214
Payroll	\$ 1,277.66			416,516
Repair & Maintenance	\$ 1,439.00			469,114
Insurance	\$ 313.00			102,038
Taxes (HOA, CFD)	\$ 46.81			15,260
Other	\$ -			0
Total Expenses	\$ 5,750			1,874,589

Net Operating Income				1,660,117
Reserves				163,000
Services	\$500.00/unit			714,000
Issuer's and Admin Fee	\$4,200/unit			61,076
Mandatory Debt Service (AHSC & NPLH & MHP)	0.125% x Perml.loanPrincipal+\$150/unit			222,345
Net Income Available for Debt Service	0.420%			499,696
DSC TEST				1.15

plus \$4k HHSA f

Loan Sizing		Tranche A
Loan Amount	6,540,523	
Interest	5.75%	
Term	18	
Amortization	35	
Debt Service Coverage	1.15	
Monthly Payment	36,202	
Annual Payment	434,422	
Cash Flow After D/S	65,274	

PROJECTED SOURCES AND USES OF FUNDS
14th and Commercial 4% component

	Pre-Dev	Close	Construction Period								Construction Subtotal	Stabilization 6 mos	Conversion	8609	Total
			Quarter 1 10%	Quarter 2 10%	Quarter 3 10%	Quarter 4 20%	Quarter 5 20%	Quarter 6 10%	Quarter 7 10%	Quarter 8 10%					
SOURCES OF FUNDS															
1 Federal LIHTC Equity		4,945,553	-	-	-	-	-	-	-	-	4,945,553	-	-	494,555	49,455,534
2 State LIHTC Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Solar Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Construction Loan	0	6,990,073	8,199,412	11,554,395	8,716,342	16,869,284	17,232,116	9,194,698	9,362,187	9,364,772	97,503,569	3,207,234	(100,710,504)	6,540,523	15,989,280
6 Permanent Loan (Tranche A)		-	-	-	-	-	-	-	-	-	-	-	-	703,993	14,736,216
7 NPLH		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Deferred Developer Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Land Contribution / Note		14,736,216.2	-	-	-	-	-	-	-	-	14,736,216	-	-	17,950,000.00	11,694,795
10 ARSC		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Developer Fee Contribution (\$4,230,000 payable)		4,312,500	-	-	-	775,000	-	-	-	775,000	5,862,500	-	-	\$11,894,795	6,150,000
12 SDHC loan		-	-	-	-	-	-	-	-	-	-	-	-	287,500	2,074,019
14 Soft Loan Interest		-	174,115	182,240	182,240	186,115	188,053	191,928	193,865	193,865	1,492,423	581,566	-	-	20,000,000
SHMHP		-	-	-	-	-	-	-	-	-	-	-	-	-	5,250,000
15 AHP and IIG		2,000,000	-	-	-	-	-	-	-	-	5,250,000	-	-	-	20,000,000
16 Total Sources of Funds	-	32,984,343	11,623,527	11,736,626	8,898,583	17,630,399	17,420,169	9,386,626	9,576,052	10,333,638	129,789,962	3,788,831	16,871,013	494,555	150,744,361
17		-	-	-	-	-	-	-	-	-	-	-	-	-	-
18		-	-	-	-	-	-	-	-	-	-	-	-	-	-
USES OF FUNDS															
20 ACQUISITION		-	-	-	-	-	-	-	-	-	-	-	-	-	-
21 Land Cost		19,736,216.22	-	-	-	-	-	-	-	-	-	-	-	-	19,736,216
28 Total Land / Acquisition		19,736,216	-	-	-	-	-	-	-	-	-	-	-	-	-
29		-	-	-	-	-	-	-	-	-	-	-	-	-	-
NEW CONSTRUCTION															
49 General Requirements		-	312,039	312,039	312,039	624,078	624,078	312,039	312,039	312,039	3,120,389	-	-	-	3,120,389
51 Site Work		-	2,481,057	2,481,057	-	-	-	-	-	-	4,962,115	-	-	-	4,962,115
53 Vertical		-	6,230,827	6,230,827	6,230,827	12,461,654	12,461,654	6,230,827	6,230,827	6,230,827	62,308,271	-	-	-	62,308,271
54 DIVE	0.30%	-	18,048	18,048	13,086	26,171	26,171	13,086	13,086	13,086	140,782	-	-	-	140,782
55 Construction Contingency	5.00%	-	452,099	452,099	327,798	655,595	655,595	327,798	327,798	327,798	3,526,578	-	-	-	3,526,578
56 General Conditions	3.00%	-	356,326	356,326	356,326	712,652	712,652	356,326	356,326	356,326	3,563,262	-	-	-	3,563,262
57 Insurance	2.00%	-	197,008	197,008	144,802	289,603	289,603	144,802	144,802	144,802	1,552,428	-	-	-	1,552,428
58 Contractor Fee	3.15%	-	276,304	276,304	203,084	406,168	406,168	203,084	203,084	203,084	2,177,280	-	-	-	2,177,280
59 Design and Escalation Contingencies	3.00%	-	301,422	301,422	221,546	443,093	443,093	221,546	221,546	221,546	2,375,215	-	-	-	2,375,215
60 Total New Construction	-	-	10,625,130	10,625,130	7,809,507	15,619,015	15,619,015	7,809,507	7,809,507	7,809,507	83,726,318	-	-	-	83,726,318
61		-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARCHITECTURAL															
62 Building		1,355,263	42,352	42,352	42,352	84,704	84,704	42,352	42,352	42,352	464,079	-	-	-	464,079
63 Landscape		45,003	993	993	993	1,986	1,986	993	993	993	5,245	-	-	-	5,245
64 Energy Consultant		65,488	2,046.51	2,046.51	2,046.51	4,093.02	4,093.02	2,046.51	2,046.51	2,046.51	22,511.56	-	-	-	22,511.56
65 MEPFS design and Precon - Level 10		-	-	-	-	-	-	-	-	-	81,860	-	-	-	81,860
66 MEPFS design and Precon - Level 10		-	-	-	-	-	-	-	-	-	717,138	-	-	-	717,138
69 Total Architectural	-	-	45,391	45,391	45,391	90,782	90,782	45,391	45,391	45,391	2,546,022	-	-	-	2,546,022
70		-	-	-	-	-	-	-	-	-	-	-	-	-	-
SURVEY & ENGINEERING															
71 Civil		148,919	3,285	3,285	3,285	6,570	6,570	3,285	3,285	3,285	175,199	-	-	-	175,199
72 ALTA		-	-	-	-	-	-	-	-	-	-	-	-	-	-
73 Staking	0	-	6,007	6,007	6,007	12,014	12,014	6,007	6,007	6,007	48,059	-	-	-	48,059
74 Structural Testing	0	-	15,519	15,519	15,519	31,038	31,038	15,519	15,519	15,519	124,152	-	-	-	124,152
75 Soils	0	-	12,315	12,315	12,315	24,630	24,630	12,315	12,315	12,315	98,521	-	-	-	98,521
76 Other - grease trap, noise, fire, shoring, external, pole, dry sill	0	407,369	-	-	-	-	-	-	-	-	407,369	-	-	-	407,369
77 Other - Preconstruction Services ECI and Level 10	0	-	-	-	-	-	-	-	-	-	399,690	-	-	-	399,690
78 Other - Misc Consultants	0	128,157	-	-	-	-	-	-	-	-	128,157	-	-	-	128,157
79 Other - Misc Consultants	0	-	-	-	-	-	-	-	-	-	399,690	-	-	-	399,690
80 Total Survey & Engineering	-	-	37,127	37,127	37,127	74,254	74,254	37,127	37,127	37,127	1,381,148	-	-	-	1,381,148
81		-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONTINGENCY COSTS															
82 Hard Cost Contingency	5%	-	531,256	531,256	390,475	780,951	780,951	390,475	390,475	390,475	4,185,316	-	-	-	4,185,316
83 Soft Cost Contingency	5%	-	22,244.80	22,244.80	33,367	66,734	66,734	33,367	33,367	33,367	350,529	-	-	-	350,529
84 Total Contingency	-	-	553,501	553,501	423,842	847,685	847,685	423,842	423,842	423,842	4,535,845	-	-	-	4,535,845
85		-	-	-	-	-	-	-	-	-	-	-	-	-	-
86		-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION PERIOD EXPENSES															
87 Construction Loan Interest		-	72,270.56	175,863.77	268,587.86	409,566.86	569,664.61	743,702.97	842,073.30	941,453.38	4,062,583	3,066,928.60	-	-	7,129,512
88 IC Bond Loan Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-
89 Soft Loan Interest		-	174,115.37	182,240.37	182,240.37	364,480.74	364,480.74	182,240.37	182,240.37	182,240.37	1,822,403.74	581,566.11	-	-	2,074,019
90 Origination Fee	1.00%	-	-	-	-	-	-	-	-	-	1,007,105	-	-	-	1,007,105
94 Lender Inspection Fees		-	6,007	6,007	6,007	12,014	12,014	6,007	6,007	6,007	48,059	-	-	-	48,059
95 Taxes During Construction		-	-	-	-	-	-	-	-	-	6,007	-	-	-	6,007
97 Insurance During Construction		6,007	-	-	-	-	-	-	-	-	6,007	-	-	-	6,007
98 Title and Recording Fees		600,737	-	-	-	-	-	-	-	-	600,737	-	-	-	600,737
99 Title and Recording Fees		40,049	-	-	-	-	-	-	-	-	40,049	-	-	-	40,049
99 Construction Mgmt. and Monitoring	0.80%	-	94,616	94,616	94,616	189,232	189,232	94,616	94,616	94,616	756,929	-	-	-	756,929
100 Predisbursement Loan Interest		-	-	-	-	-	-	-	-	-	797,453	-	-	-	797,453
101 Other PM Monitoring		-	7,609	7,609	7,609	15,218	15,218	7,609	7,609	7,609	60,875	-	-	-	60,875
103 Total Construction Period Expense	-	-	354,619	466,337	579,061	703,915	885,350	1,043,864	1,144,171	1,243,552	8,872,220	3,648,525	-	-	12,520,745
104		-	-	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING EXPENSES															
105 Loan Origination Fees	0.50%	-	-	-	-	-	-	-	-	-	-	-	32,703	-	32,703
108 Title and Recording Fees		-	-	-	-	-	-	-	-	-	-	-	8,010	-	8,010
111 Other - Issuer Fee	0.250%	-	-	-	-	-	-	-	-	-	251,776	125,888	-	-	377,664

PROJECTED SOURCES AND USES OF FUNDS
14th and Commercial 4% component

	Pre-Dev	Close	Construction Period								Conversion	Stabilization 6 mos	8609	Total
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8				
			10%	10%	10%	20%	20%	10%	10%	10%				
113	Total Permanent Financing													
114														
115	LEGAL FEES													
116	Construction Lender Legal													
117	Permanent Lender Legal													
118	Sponsor Legal	0												
119	Organizational Legal													
120	Other Legal (Issuer Legal, Bond Counsel)													
121	Other:													
122	Other: GP Legal													
123	Total Legal Fees													
124														
125	CAPITALIZED RESERVES													
126	Operating Reserve													
129	Transition Reserve													
132	Total Reserves													
133														
134	REPORTS & STUDIES													
135	Market Study													
137	Appraisal													
138	Environmental													
139	Other: Lender Deposit													
140	Other: Investor Deposit													
141	Other: Seismicity/Reduction													
142	Other: Phase I													
143	Total Reports & Studies													
144														
145	OTHER													
146	TOAC App./Alloc./Monitoring Fees													
147	CD/LAC/CDIAC Fees													
148	Local Permit Fees													
149	Local Development Impact Fees													
152	Furnishings													
153	Final Cost Audit Expense													
154	Marketing													
155	MGP Services Fee													
156	SDHC Ap. Orig. Servicing, Legal, Const Review													
157	Accounting/Financial/Admin													
158	Other: Transit Passes													
160	Total Other Costs													
161														
162	DEVELOPER COSTS													
163	Developer Fee													
164	Consultant/Processing Agent													
165	Project Administration													
170	Total Developer Costs													
171														
173	Total Uses of Funds													

OPERATIONAL CASH FLOW
14th and Commercial 4% component
Revision Date: 6/12/18

	1	2	3	4	5	6	7	8	9	10	11	12
Gross Revenue	3,720,743	3,813,762	3,909,106	4,006,834	4,107,004	4,209,679	4,314,921	4,422,794	4,533,364	4,646,698	4,762,866	4,881,938
Vacancy	(186,037)	(190,688)	(195,455)	(200,342)	(205,350)	(210,484)	(215,746)	(221,140)	(226,668)	(232,335)	(238,143)	(244,097)
Net Revenue	3,534,706	3,623,074	3,713,651	3,806,492	3,901,654	3,999,195	4,099,175	4,201,655	4,306,696	4,414,364	4,524,723	4,637,841
Operating Expenses	1,874,589	1,940,200	2,008,107	2,078,390	2,151,134	2,226,424	2,304,349	2,385,001	2,468,476	2,554,872	2,644,293	2,736,843
Net Operating Income	1,660,117	1,682,874	1,705,544	1,728,102	1,750,520	1,772,772	1,794,827	1,816,654	1,838,220	1,859,491	1,880,430	1,900,998
Replacement Reserves	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000
Resident Services	714,000	731,850	750,146	768,900	788,122	807,825	828,021	848,722	869,940	891,688	913,980	936,830
Cash Available to Debt Service	783,117	788,024	792,398	796,202	799,398	801,946	803,806	804,932	805,281	804,803	803,449	801,168
Principal and Interest	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422
Issuer's and Admin Fee	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076
Mandatory Soft Loan Payments	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345
Managing GP Fee	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	12,801	13,121
Net Project Cash Flow	55,274	59,931	64,049	67,590	70,517	72,790	74,366	75,203	75,254	74,472	72,806	70,204
DSCR	1.15	1.16	1.17	1.18	1.19	1.19	1.20	1.20	1.20	1.20	1.20	1.19
Distributions												
LP Fee	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382
Deferred Developer fee	47,774	52,206	56,092	59,395	62,076	64,095	65,411	65,979	65,753	64,696	62,726	59,822
Cash Available After Deferred Fee Payment	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Distribution	0	0	0	0	0	0	0	0	0	0	0	0
Cash reserve per SDHC	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available After Deferred Fee Pmt	0	0	0	0	0	0	0	0	0	0	0	0
AHSC	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%	39.59%
SDHC loan	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%	13.56%
NPLH	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%	35.27%
IIG	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%	7.17%
AHP	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%
Cash Flow Available After Soft Loan Loans	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Admin Fee (90% of Cash Flow)	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available after Partnership Admin Fee	0	0	0	0	0	0	0	0	0	0	0	0
LP Distribution	0	0	0	0	0	0	0	0	0	0	0	0
GP Distribution	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Cash Flow After Partnership Distribution	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW
14th and Commercial 4% component
Revision Date: 6/12/18

	13	14	15	16	17	18	19	20	21	22	23	24	25
Gross Revenue	5,003,986	5,129,086	5,257,313	5,388,746	5,523,464	5,661,551	5,803,080	5,948,167	6,096,871	6,249,293	6,405,525	6,565,663	6,729,805
Vacancy	(250,199)	(256,454)	(262,866)	(269,437)	(276,173)	(283,078)	(290,154)	(297,408)	(304,844)	(312,465)	(320,276)	(328,283)	(336,490)
Net Revenue	4,753,787	4,872,631	4,994,447	5,119,308	5,247,291	5,378,473	5,512,925	5,650,759	5,792,028	5,936,828	6,085,249	6,237,380	6,393,315
Operating Expenses	2,832,633	2,931,775	3,034,387	3,140,590	3,250,511	3,364,279	3,482,029	3,603,900	3,730,036	3,860,588	3,995,708	4,135,558	4,280,302
Net Operating Income	1,921,154	1,940,857	1,960,060	1,978,718	1,996,780	2,014,194	2,030,906	2,046,859	2,061,991	2,076,241	2,089,541	2,101,822	2,113,012
Replacement Reserves	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000
Resident Services	960,251	984,257	1,008,863	1,034,085	1,059,937	1,086,435	1,113,596	1,141,436	1,169,972	1,199,221	1,229,202	1,259,932	1,291,430
Cash Available to Debt Service	797,903	793,600	788,197	781,633	773,843	764,759	754,310	742,422	729,019	714,019	697,339	678,890	658,582
Principal and Interest	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422	434,422
Issuers' and Admin Fee	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076	61,076
Mandatory Soft Loan Payments	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345	222,345
Managing GP Fee	13,449	13,785	14,130	14,483	14,845	15,216	15,597	15,987	16,386	16,796	17,216	17,646	18,087
Net Protect Cash Flow	66,612	61,972	56,224	49,307	41,155	31,700	20,871	8,593	5,210	2,019	(37,720)	(56,599)	(77,348)
DSCR	1.18	1.17	1.16	1.15	1.13	1.11	1.08	1.06	1.03				
Distributions													
LP Fee	10,683	11,014	11,344	0	41,155	31,700	20,871	8,593	0	0	0	0	0
Deferred Developer fee	55,919	50,958	44,880	49,307									
Cash Available After Deferred Fee Payment	0	0	0	0	0	0	0	0	5,210	2,019	(37,720)	(56,599)	(77,348)
Sponsor Distribution													
Cash reserve per SDHC	35.0%												
Cash Available After Deferred Fee Pmt	0	0	0	0	0	0	0	0	2,605	(10,310)	(18,860)	(28,299)	(38,674)
AHSC	50.00%												
SDHC loan	39.59%												
NPLH	13.56%												
IIG	35.27%												
AHP	7.17%												
Cash Flow Available After Soft Loan Loans	4.41%												
Partnership Admin Fee (90% of Cash Flow)													
Cash Flow Available after Partnership Admin Fee	90.00%	0	0	0	0	0	0	0	(3,868)	(15,310)	(28,007)	(42,025)	(57,431)
LP Distribution		0	0	0	0	0	0	0	(426)	(1,684)	(3,081)	(4,623)	(6,317)
GP Distribution	99.00%	0	0	0	0	0	0	0	(4)	(17)	(31)	(47)	(64)
Remaining Cash Flow After Partnership Distribution	1.00%	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW

14th and Commercial 4% component

Revision Date: 6/12/18

	26	27	28	29	30
Gross Revenue	6,898,050	7,070,501	7,247,264	7,428,445	7,614,156
Vacancy	(344,902)	(353,525)	(362,363)	(371,422)	(380,708)
Net Revenue	6,553,147	6,716,976	6,884,901	7,057,023	7,233,449
Operating Expenses	4,430,113	4,585,167	4,745,648	4,911,746	5,083,657
Net Operating Income	2,123,034	2,131,809	2,139,253	2,145,278	2,149,792
Replacement Reserves	163,000	163,000	163,000	163,000	163,000
Resident Services	1,323,716	1,356,809	1,390,729	1,425,497	1,461,135
Cash Available to Debt Service	636,318	612,000	585,524	556,780	525,657
Principal and Interest	434,422	434,422	434,422	434,422	434,422
Issuer's and Admin Fee	61,076	61,076	61,076	61,076	61,076
Mandatory Soft Loan Payments	222,345	222,345	222,345	222,345	222,345
Managing GP Fee	18,539	19,003	19,478	19,965	20,464
Net Project Cash Flow	(100,064)	(124,845)	(151,797)	(181,028)	(212,650)

DSCR

Distributions					
LP Fee	7,500				
Deferred Developer fee	100% of Avail Cashflow				
Cash Available After Deferred Fee Payment	(100,064)	(124,845)	(151,797)	(181,028)	(212,650)
Sponsor Distribution					
Cash reserve per SDHC	35.0%	(17,511)	(21,848)	(26,565)	(31,680)

Cash Available After Deferred Fee Pmt	(50,032)	(62,423)	(75,899)	(90,514)	(106,325)
AHSC	38.55%	0	0	0	0
SDHC loan	13.56%	0	0	0	0
NPLH	35.27%	0	0	0	0
IIG	7.17%	0	0	0	0
AHP	4.41%	0	0	0	0

Cash Flow Available After Soft Loan Loans

Partnership Admin Fee (90% of Cash Flow)					
Cash Flow Available after Partnership Admin Fee	(82,553)	(102,998)	(125,233)	(149,348)	(175,436)
LP Distribution	(74,297)	(92,698)	(112,709)	(134,413)	(157,892)
GP Distribution	(8,255)	(10,300)	(12,523)	(14,935)	(17,544)
Remaining Cash Flow After Partnership Distribution	(8,173)	(10,197)	(12,396)	(14,785)	(17,368)
	(83)	(103)	(125)	(149)	(175)
	0	0	0	0	0



ATTACHMENT 5
PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

14th and Commercial CIC L.P.
1402 Commercial Street San Diego, CA 92101. (Project)
April 19, 2019

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment terms summary. The commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners (“Board of Commissioners”) and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan (“Housing Commission Loan”) to 14th and Commercial CIC L.P., (“Borrower”), a California limited partnership for 14th & Commercial Street Project (“Project”) with respect to the proposed new construction and permanent financing of a 326-unit development (with 323 affordable units and three unrestricted manager’s unit) located at 14th & Commercial Street, San Diego. Closing must occur within eighteen (18) months of the Board of Commissioners approval of the Housing Commission Loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided the Housing Commission Loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission Loan. In addition, Exhibit A includes the Borrower’s pro forma which models financial projections of the Project.

The terms of the Housing Commission’s proposed financing shall be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$6,150,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate**- 3 percent simple interest.
3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Payments** - Annual payments on the loan shall equal the 50% percent of the Project’s residual cash. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50%



percent of the Project's residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

- (i) The year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year. "Limited Partnership Fees" shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans.

5. Affordability-

- a. Restricted units must remain affordable for 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
- b. The affordability shall be as follows:

Unit Type	AMI	Affordable Units
Studio	25%	60
Studio	30%	59
Studio	35%	49
Studio	40%	22
Studio	50%	91
One Bedroom	50%	17
Two Bedroom	50%	25
Subtotal		323
Manager Units		
One Bedroom	N/A	2
Two Bedroom	N/A	1
Subtotal		3
TOTAL		326



6. **Alternate Funding**- If the Borrower does not secure 4 percent tax credits in the California Tax Credit Allocation Committee's (CTCAC) second funding round of 2019, then borrower shall make application for 4% credits in the CTCAC first funding round of 2020. Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community Development, County of San Diego, Federal Home Loan Bank, etc. along with tax exempt bonds and 4% tax credits, Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.
7. **Appraised Value** - The purchase price of land and improvements shall not exceed the \$24,600,000 appraised value as shown in the Lea & Company, January 4, 2018 appraisal report. In the event that the developer, Chelsea Investment Corporation, or its affiliate, acquires the land prior to Housing Commission Loan closing, 100% of any net sales proceeds resulting from a subsequent sale to the tax credit limited partnership shall be structured as a Seller Carryback Loan. Borrower will submit an updated appraisal report with an effective date that is no more than 90 days before the closing.
8. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission Loan with endorsements, as acceptable to the Housing Commission's legal counsel.
9. **Construction Costs Third-Party Review** -Prior to loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
10. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder.
 - a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.
 - b. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
 - c. Subcontractors – the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the Project. Those bids will



be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.

- d. Change orders at or in excess of \$50,000 shall have Housing Commission prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.
- e. Agreement Changes - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.
- f. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.

- 11. **Tax Credit Equity**- Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.
- 12. **First Mortgage**- Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.
- 13. **Cost Certification** - The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certifications completed/finalized.
- 14. **Cost Savings and/or Additional Proceeds at Escrow Closing** - In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, then upon the construction loan closing, the excess funds shall be used as follows:
 - a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
 - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 15 below.
 - c. Other Public Lenders - If the Project financing includes other public lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in



conformance with the other public lenders' agreements.

- d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

15. Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing - In the event that the Borrower obtains funds in excess of those shown

as sources in Exhibit A Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:

- a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
- b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- c. Third, payment towards the Borrower's deferred developer fee. A deferred developer fee is currently modeled in the pro forma (Attachment A).
- d. Fourth, cost savings shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) will be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.

16. Developer Fee

- a. Maximum Fee \$4,170,000 paid from Development Sources with the excess Developer Fee calculated per TCAC and SDHC guidelines.
- b. Additional developer fee provisions
 - i. If for any reason the Borrower does not collect the entire developer fee paid from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$4,170,000 shall be given priority over Housing Commission residual receipt payments.
 - ii. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally: because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

17. Due Diligence - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review, and a relocation plan for the commercial tenants in the existing buildings that will be demolished upon commencement of construction of the Project.

- a. The Borrower shall provide the Housing Commission with an updated



appraisal within 90 days of the estimated escrow closing date.

18. **Environmental Requirements** - Currently HOME funds are planned for this Project. Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds constitute a portion of the funding for the Project, and a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the Project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.
19. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:
- a) **Underwriting Fee** - a flat underwriting fee in the amount of **\$60,000** will be charged as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of the Project and is to be paid at close of escrow.
 - b) **Legal Fee**- the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000** and are to be paid at the close of escrow.
 - c) **Compliance Affordability Monitoring Fee**- compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows: \$155 X 323 (Project units to be affordability monitored) = **\$50,065** per year. Additional training and assistance is currently at \$100 per hour.
 - d) **Asset Management Fee**- the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
 - e) **Third-Party Construction Review** - the Housing Commission requires a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing



Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.

20. **Fees for Asset Management** (amounts not to exceed)-

- a. As detailed in paragraph 4 (above), the year 1 “Limited Partnership Fees” shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. “Limited Partnership Fees” include Asset management fees (19(d)) related to the investor and general partner’s management of the Project.
- b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
- c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission’s President and CEO or his designee.

21. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds, beyond this Letter of Intent’s \$6,150,000, will be provided for the Project in any Housing Commission’s future Notices of Funds Available.

22. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. Borrower should be familiar with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.

23. **HOME Investment Partnerships (HOME) Funds** -

Currently there are HOME funds planned for the Project. It is estimated that the Project will have approximately (25) HOME restricted units. The Housing Commission reserves the right to adjust the amount of HOME units as deemed necessary.

- a. HOME program regulations will be applicable.
- b. HOME funds may not be used to fund any of the following:
 - i) Any reserves are not eligible for HOME funds (including but not limited to operating reserves).
 - ii) Offsite improvements are not eligible for funding with HOME funds.
 - iii) Furnishings costs are not eligible for funding with HOME funds.
 - iv) Commercial space improvements are not eligible for funding with HOME funds.



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

24. **Insurance** - Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake insurance, in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the private insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

25. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$6,150,000**) will be disbursed as follows:

- Up to 75 percent (**\$4,612,500**) at escrow closing.
 - Up to 15 percent (**\$922,500**) to be distributed at 50 percent construction completion,
 - Up to 5 percent (**\$307,500**) to be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
 - Up to 5 percent (**\$307,500**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.
- b. A portion of the HOME program funds must be withheld until issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
- c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

26. **Loan Payments** – Annual hard payments will not be required. Annual residual receipts payments at 50 percent of cash flow is required.

- a. Starting at the end of the first year after Project completion, the Housing



Commission will split its share of residual cash flow with Housing Commission-approved public lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1, in the year immediately following the calendar year in which construction is completed.

- b. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid.

27. Management of the Development -

- a. Management Plan - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.
- b. Approval of Management Fee - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
- d. Manager's Units - Experienced on-site management is required. There shall be three manager's units.
- e. Marketing Plan - to ensure compliance with HOME regulations and with federal fair housing requirements prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.

28. Maximum Resident Service Expenses & Case Management -

- a. For the calculation of Housing Commission's residual receipts the attached pro forma's operating expense budget models maximum allowable resident supportive services expenses at \$714,000 per year (with a 2 percent annual escalator). The Borrower will provide a detailed breakout of these costs on an annual basis. Increasing this amount will require prior Housing Commission approval.

29. Annual Budget Submittal -three months prior to the end of each calendar year, the borrower shall submit an annual budget for Housing Commission review and prior approval.

30. Permanent Supportive Housing - The Project will have Project Based Vouchers (PBV) from the Housing Commission.

31. Prevailing Wage - It is anticipated that the Project will be subject to Federal Davis-Bacon prevailing wage rates because the anticipated twenty-five (25) HOME program restricted units exceed the 12 HOME unit federal threshold level.



32. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
33. **Reserves**: Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.
- a. Replacement Reserve -The attached proforma models an annual replacement reserve at **\$161,500 (\$500 per unit per year)**.
 - b. Operating Reserve - The attached proforma models a capitalized operating reserve at **\$380,834** at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's loan.
 - c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve funds and/or from the Project's replacement reserve funds.
 - d. Rent Up Reserve- The attached proforma models a capitalized rent up reserve of \$345,324 at close of financing.
34. **Section 3** - Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
35. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R), a Loan Agreement, and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
- a) The deed of trust and security instruments securing the construction and permanent loan.
 - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
 - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
36. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing



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Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to Project lease-up.

37. **Title (ALTA Lender's Policy)** - The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Commission Loan with endorsements acceptable to the Housing Commission.
38. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.
39. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by April 22nd, 2019, so that this letter of intent may be attached to the Housing Commission Board report.

ACKNOWLEDGED AND AGREED TO BY:
BORROWER, 14th and Commercial CIC L.P.,

By: _____

Print Name: _____

Title: _____

Date: _____

San Diego Housing Commission

By: _____

Print Name: _____

Title: _____



Date: _____

Attachment: Exhibit A Developer's Pro forma

ATTACHMENT 6
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 and 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: Members of the City Council may 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.



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ATTACHMENT 7A DISCLOSURE STATEMENT - SVDP

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure

1. Name of CONTRACTOR: S.V.D.P. Management, Inc. (dba Father Joe's Villages)
2. Address and ZIP Code: 3350 E Street, San Diego, CA 92102-3332
3. Telephone Number: 619-446-2100
4. Name of Principal Contact for CONTRACTOR: Mr. Bill Bolstad, Chief Development Officer
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0492304
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)
Nonprofit 501c3

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1992
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10 percent of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10 percent. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Al Aguirre	Director
Address: P.O. Box 9620 Rancho Santa Fe, CA 92607	
Name: Ernesto Arredonda	Director
Address: 10539 Stonyridge Ct. San Diego, CA 92131	
Name: Adriana Cabré	Director
Address: 5601 Shasta Daisy Trail San Diego, CA 92130	
Name: Eric Casazza	Secretary
Address: 2049 Freda Lane Cardiff, CA 92007	
Name: Jim DeLapa	Director
Address: 4453 Ocean Valley Lane San Diego, CA 92130	
Name: Steven Francis	Director
Address: 3350 E Street San Diego, CA 92102	
Name: Bob Leone	Director
Address: 700 W. Harbor Drive, Suite 2902 San Diego, CA 92101	
Name: Richard Norling	Director
Address: 6351 Lago Lindo Rancho Santa Fe, CA 92067	
Name: Jim O'Hara	Director
Address: 635 Camino de Orchidia Encinitas, CA 92024	
Name: Mike Schleyhahn	Vice Chair
Address: 155 27 th Street Del Mar, CA 92014	
Name: Kathleen Sellick	Director
Address: 3350 E Street	

San Diego, CA 92102	
Name: Jamie Seltineri	Director
Address: 933 Bay Circle Coronado, CA 92118	
Name: Bart Schubert	Director
Address: 3350 E Street San Diego, CA 92102	
Name: Joost H. van Adelsberg, Jr.	Treasurer
Address: 610 Cypress Hills Dr. Encinitas, CA 92024	
Name: Linc Ward	Director
Address: 10437 Sierra Vista Lane La Mesa, CA 91941	
Name: Steve Wehm	Director
Address: 11642 Wills Creek Road San Diego, CA 92131	
Name: Ed Witt	Chair
Address: 1265 Park Row La Jolla, CA 92037	

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.
Within the last 12 months, the Board of Directors has experienced the following changes: former Board member Jim Navarra concluded his term and no longer serves on the Board; Kathleen Sellick and Bart Schubert have joined the Board, and currently serve as voting members.
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.
Board members serve for 3-year terms. We do not foresee or anticipate any specific changes at this time.
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 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR);

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	N/A
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	N/A
Address:	

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 any nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: St. Vincent de Paul Village, Inc.	Partner agency; together with S.V.D.P. Management, comprises Father Joe's Villages
Address: 3350 E Street San Diego, CA 92102	
Name: Deacon Jim F. Vargas, OFS	President and CEO of St. Vincent de Paul Village, Inc. and S.V.D.P. Management, Inc.
Address: 2561 Via Viesta La Jolla, CA 92037	
Name: Diane Stumph	Chief Administrative Officer of St. Vincent de Paul Village, Inc. and S.V.D.P. Management, Inc.
Address: 5545 Toyon Rd. San Diego, CA 92115	

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.

Please see the attached Profit & Loss statement for the most recent 24 months, as well as our most recently completed audited financial statement.

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:

As detailed in the project pro forma, the funds to be obtained for the development include:

- Federal LIHTC Equity: \$46,544,747
- State LIHTC Equity: \$10,741,095
- Affordable Housing Program (AHP): \$2,000,000
- Permanent Loan (Tranche A): \$5,895,747
- Developer/MGP Land Note/Contribution: \$15,790,000
- Developer Fee Contribution: \$8,835,970

- Father Joe's Villages Capital Campaign: \$8,900,000
- San Diego Housing Commission: \$22,990,000
- Veterans Housing and Homelessness Prevention (VIHP): \$7,650,000
- No Place Like Home (NPLH): \$6,750,000
- Soft Loan Interest: \$2,642,600

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

a. In banks/savings and loans:

Name: Union Bank

Address: 1101 Market Street, San Diego, CA 92101

Amount: \$ 622,469

b. By loans from affiliated or associated corporations or firms:

Name: N/A

Address: N/A

Amount: \$ N/A

c. By sale of readily salable assets/including marketable securities:

Description	Market Value (\$)	Mortgages or Liens (\$)
Merrill Lynch	687,342	N/A

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

Name and Address	Contact Name
Name: Union Bank	Anel Califano
Address: 1101 Market Street San Diego 92101	619-230-3023

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:

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

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

- a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	N/A
Address: N/A	N/A

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☐ No

If yes, please explain, in detail, each such instance:
N/A

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

General description of such work:
N/A

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Project Name	N/A	
Project Owner Contact Information		
	Name	Address

Project Location		
Project Details		
Bonding Company Involved	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details	Location/Date	Outcome Details

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

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

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

Awarding Agency	Amount	Date Opened
N/A		

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

N/A

23. Does any member of the governing body of SDHC, 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 SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

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

☐ Yes ☒ No

If yes, explain:

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

- 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)]

Please see attached certificate.

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Please see attached certificate.

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

Please see attached certificate.

- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

N/A

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 SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of SDHC, 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which SDHC 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 state:

Government Complaint	Entity Making	Date	Resolution
N/A		N/A	N/A

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes ☒ No

If yes, please explain, in detail,

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:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A

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 SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with SDHC.

N/A

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

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 that would be familiar with your previous construction projects:

1. Name: Joseph Wong Design Associates; Joseph Wong
Address: 2359 Fourth Avenue, Suite 300 San Diego, CA 92101
Phone: (619) 233-6777
Project Name and Description: Architect on two former affordable and permanent supportive housing projects for Father Joe's Villages.
2. Name: Veterans Village of San Diego; Dave Siegler
Address: 4141 Pacific Hwy, SD, 92110
Phone: 619-393-2077
Project Name and Description: Numerous collaborative projects in support of homeless veterans over the course of two decades. Current relationships include partnership on the City's Interim Shelter and a Supportive Services for Veteran Families (SSVF) rapid re-housing program.

Name: Dr. David Folsom, Director, Division of Clinical Psychiatry, UCSD School of Medicine

Address: 9500 Gilman Drive, La Jolla, CA 92093

Phone: 619-846-1283

Project Name and Description: From 2008-2015, Dr. Folsom served as the Director of the UC San Diego Family Medicine Psychiatry Residency and the Medical Director of Father Joe's Villages' federally qualified health center. He is currently the Director, Division of Clinical Psychiatry and the Vice Chair for Clinical Affairs in the Department of Psychiatry at UCSD's School of Medicine.

39. Give a brief statement regarding 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.

N/A

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

Name	Experience
N/A	N/A

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 ("SDHC"), 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 SDHC, 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 SDHC, 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 SDHC, 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 10th day of May, 2017, at San Diego, California.

CONTRACTOR

By: 

Signature

Bill Bolstad, Chief Development Officer

Title

CERTIFICATION

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

By: Bill Bolstad

By: [Signature]

Title: Chief Development Officer

Title: Chief Development Officer

Dated: May 10, 2017

Dated: 5/10/17

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.

JURAT

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 10th day of MAY, 20 17

by WILLIAM BOLSTAD personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

[Signature]

Signature of Notary

SEAL



ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/19/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh & McLennan Agency LLC Marsh & McLennan Ins Agncy LLC PO Box 85638; CA Lic #0H18131 San Diego, CA 92186		CONTACT NAME: Joyce Flores PHONE (A/C, No, Ext): 858-587-7546 FAX (A/C, No): 858-210-3932 E-MAIL ADDRESS: Joyce.Flores@BarneyandBarney.com	
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A: Philadelphia Indemnity Insuranc	18058
		INSURER B: Tokio Marine Specialty Insuranc	23850
		INSURER C: Cypress Insurance Company (CA)	10855
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			PHPK1503269	06/01/2016	06/01/2017	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK1503269	06/01/2016	06/01/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			PUB542836	06/01/2016	06/01/2017	EACH OCCURRENCE \$1,000,000 AGGREGATE \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> Y <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	SVWC716313	12/01/2016	12/01/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
A	Professional Liability			PHPK1503269	06/01/2016	06/01/2017	\$2,000,000 Aggregate \$1,000,000 Ea Incident

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

CERTIFICATE HOLDER

CANCELLATION

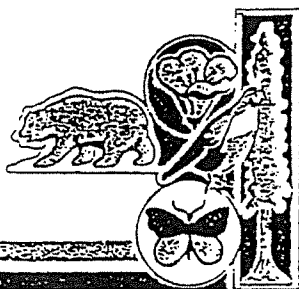
Evidence of Coverage

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

AUTHORIZED REPRESENTATIVE



1818787



State of California

OFFICE OF THE SECRETARY OF STATE

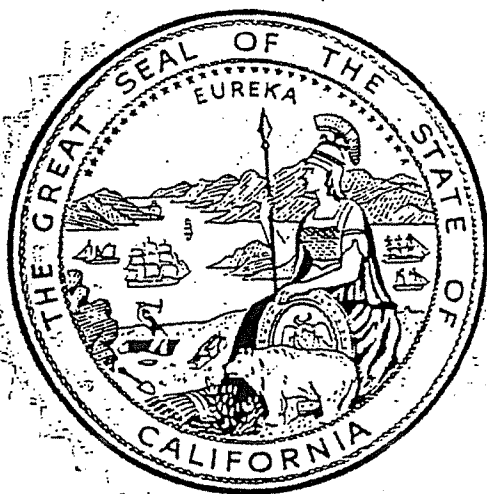
CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

APR - 6 1992



March Fong Eu

Secretary of State

ARTICLES OF INCORPORATION OF
S.V.D.P. MANAGEMENT, INC.

ENDORSED
FILED
In the Office of the Secretary of State
of the State of California

MAR 30 1992

I

The name of this corporation is S.V.D.P. Management, Inc. MARION FONG EU, Secretary of State

II

This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes.

III

The specific purpose of this corporation is to provide services to the homeless and needy.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: Barry M. Crane, 110 West "C" Street, Suite 2300, San Diego, California 92101.

V

A. This corporation is organized and operated exclusively for religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

VI

The property of this corporation is irrevocably dedicated to religious purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. That organization shall be the Roman Catholic Bishop of San Diego, a corporation sole, if it qualifies as a distributee under the provisions of this Article.

Dated: 12-27-91

Bruce M. Crane
Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

Bruce M. Crane

diocese\SVPDMQTT.ART



State of California

March Hong Fu
Secretary of State

P.O. Box 944230
Sacramento, CA 94244-0230
Phone: (916) 445-2020

STATEMENT BY DOMESTIC NONPROFIT CORPORATION

THIS STATEMENT MUST BE FILED WITH
CALIFORNIA SECRETARY OF STATE (SECTIONS 6210, 8210, 9660 CORPORATIONS CODE)

THE \$5 FILING FEE MUST ACCOMPANY THIS STATEMENT.

1. DUE DATE: JUNE 30, 1992

S.V.D.P. MANAGEMENT, INC.

1818787

DO NOT ALTER PREPRINTED NAME. IF ITEM 1 IS BLANK, PLEASE ENTER CORPORATE NAME

DO NOT WRITE IN THIS SPACE

PLEASE READ INSTRUCTIONS ON BACK OF FORM.

PLEASE TYPE OR USE BLACK INK WHICH WOULD BE SUITABLE FOR MICROFILMING.

THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT

2. STREET ADDRESS OF PRINCIPAL OFFICE (IF NONE, COMPLETE 3-3B) 1550 Market Street (DO NOT USE P.O. BOX NO.)	SUITE OR ROOM 2A.	San Diego, CA CITY AND STATE	2B. 92101 ZIP CODE
3. MAILING ADDRESS 1550 Market Street	SUITE OR ROOM 3A.	San Diego, CA CITY AND STATE	3B. 92101 ZIP CODE

THE NAMES OF THE FOLLOWING OFFICERS ARE:

4. Rev. Joseph Carroll CHIEF EXECUTIVE OFFICER	4A. 1550 Market Street BUSINESS OR RESIDENCE ADDRESS (DO NOT USE P.O. BOX)	4B. San Diego, CA CITY AND STATE	4C. 92101 ZIP CODE
5. David Williams SECRETARY	5A. 1550 Market Street BUSINESS OR RESIDENCE ADDRESS (DO NOT USE P.O. BOX)	5B. San Diego, CA CITY AND STATE	5C. 92101 ZIP CODE
6. Rev. Joseph Carroll CHIEF FINANCIAL OFFICER	6A. 1550 Market Street BUSINESS OR RESIDENCE ADDRESS (DO NOT USE P.O. BOX)	6B. San Diego, CA CITY AND STATE	6C. 92101 ZIP CODE

DESIGNATED AGENT FOR SERVICE OF PROCESS

(ONE AGENT IS REQUIRED BY CALIFORNIA STATUTORY PROVISION.
PLEASE READ ITEMS 7 AND 8 ON REVERSE SIDE OF FORM.)

7. NAME

James J. Holmberg, III

8. CALIFORNIA STREET ADDRESS IF AGENT IS AN INDIVIDUAL (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION

St. Vincent de Paul Village, 1550 Market Street

San Diego, CA 92101

9. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

6/17/92
DATE

President
TITLE

Rev. Joseph Carroll
TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT

SIGNATURE



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248164838
Aug. 24, 2010 LTR 4168C E0
33-0492304 000000 00
00015783
BODC: TE

S V D P MANAGEMENT INC
% JOE CARROLL
3350 E ST
SAN DIEGO CA 92102-3332



033854

Employer Identification Number: 33-0492304
Person to Contact: Mr. Brown
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Aug. 13, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1995.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

S.V.D.P. Management, Inc.

Statement of Activities

For The Year Ending December 31, 2016 and December 31, 2015

Unaudited

	Current YTD	Budget YTD	Variance Bud. & Act.	% Variance	Last YTD	Variance Cur. vs Last	% Variance	Annual Budget	Remaining Budget	% Remaining
Revenue:										
Capital Grant Revenue	242,056	100,000	142,055	1	560,794	(318,739)	(1)	100,000	(142,055)	(1)
Donation Income	181,219	115,509	65,710	1	118,739	62,481	1	115,509	(65,710)	(1)
Bequest Donation Income	12,549	-	12,549	N/A	-	12,549	N/A	-	(12,549)	N/A
Temp Restricted donation	47,528	-	47,528	N/A	-	47,528	N/A	-	(47,528)	N/A
Car Sales	2,628,993	2,280,000	348,993	0	2,127,365	501,628	0	2,280,000	(348,993)	(0)
Rental Income	3,288,185	3,277,440	10,745	0	3,183,775	104,410	0	3,277,440	(10,745)	(0)
Contract Income - Related NP's	1,686,145	1,682,206	3,939	0	1,719,219	(33,074)	(0)	1,682,206	(3,939)	(0)
Income - Limited Partners	108,189	105,307	2,882	0	302,424	(194,235)	(1)	105,307	(2,882)	(0)
Interest/Gains/Losses/Misc	1,090,147	192,695	897,452	5	41,879	1,048,268	25	192,695	(897,452)	(5)
Total Revenue	9,285,010	7,753,157	1,531,853	0	8,054,195	1,230,815	0	7,753,157	(1,531,853)	(0)
Operating Expenses										
Employee Expense	2,470,114	2,700,193	(230,080)	(0)	2,772,671	(302,557)	(0)	2,700,193	230,080	0
Fringe Benefit	215,583	216,480	(897)	(0)	235,700	(20,117)	(0)	216,480	897	0
Workers Compensation	32,839	75,547	(42,708)	(1)	70,934	(38,095)	(1)	75,547	42,708	1
Unemployment Expense	11,700	(2,035)	13,735	(7)	11,394	306	0	(2,035)	(13,735)	7
Contract Services	156,168	249,111	(92,943)	(0)	229,584	(73,416)	(0)	249,111	92,943	0
Advertising	375,950	350,907	25,043	0	354,546	21,404	0	350,907	(25,043)	(0)
Bldg & Equip Maint & Repair	63,459	138,824	(75,365)	(1)	103,827	(40,367)	(0)	138,824	75,365	1
Car Prep Expenses	245,092	30,000	215,092	7	49,172	195,921	4	30,000	(215,092)	(7)
Food	-	7	(7)	(1)	4	(4)	(1)	7	7	1
Insurance	78,707	58,791	19,916	0	64,931	13,776	0	58,791	(19,916)	(0)
Donations to others	165	1,950	(1,785)	(1)	1,950	(1,785)	(1)	1,950	1,785	1
Medical Supplies	661	382	279	1	311	350	1	382	(279)	(1)
Professional Services	679,378	536,696	142,682	0	482,073	197,305	0	536,696	(142,682)	(0)
Rent to LP's	201,667	220,000	(18,333)	(0)	220,000	(18,333)	(0)	220,000	18,333	0
Supplies	34,392	103,437	(69,046)	(1)	128,352	(93,960)	(1)	103,437	69,046	1
Vehicle Expense	3,255	6,175	(2,920)	(0)	5,633	(2,377)	(0)	6,175	2,920	0
Expenses Other	584,739	387,478	197,261	1	1,070,054	(485,315)	(0)	387,478	(197,261)	(1)
Timeshare & Property expense	19,439	16,658	2,781	0	16,347	3,092	0	16,658	(2,781)	(0)
Utilities	261,320	366,074	(104,754)	(0)	371,974	(110,654)	(0)	366,074	104,754	0
Expenses Before Depreciation	5,434,628	5,456,675	(22,047)	(0)	6,189,456	(754,828)	(0)	5,456,675	22,047	0
Net Operating Excess/(Deficit)	3,850,382	2,296,482	1,553,900	1	1,864,739	1,985,643	1	2,296,482	(1,553,900)	(1)
Bond Amortization	15,318	15,318	0	0	15,318	0	0	15,318	(0)	(0)
Depreciation	1,036,353	1,009,612	26,741	0	985,043	51,310	0	1,009,612	(26,741)	(0)
Interest Expense	445,883	365,798	80,085	0	390,076	55,806	0	365,798	(80,085)	(0)

S.V.D.P. Management, Inc.

Statement of Activities
For The Year Ending December 31, 2016 and December 31, 2015

Unaudited

	Current YTD	Budget YTD	Variance Bud. & Act.	% Variance	Last YTD	Variance Cur. vs Last	% Variance	Annual Budget	Remaining Budget	% Remaining
Total Depreciation and Interest	1,497,554	1,390,728	106,826	0	1,390,437	107,116	0	1,390,728	(106,826)	(0)
Revenue Over Expense Before Partner Agency Transactions	2,352,828	905,754	1,447,074	2	474,302	1,878,527	4	905,754	(1,447,074)	(2)
Partner Agency Transactions										
Net Auto Sales to MVK for Indio	-	-	-	N/A	14,505	(14,505)	(1)	-	-	N/A
Contribution to Martha's Village & Kitchen	-	-	-	N/A	200,000	(200,000)	(1)	-	-	N/A
Contribution to Village	800,000	800,000	(0)	(0)	-	800,000	N/A	800,000	0	0
Total Other (Income)/Expense Before LP Contribution	800,000	800,000	(0)	(0)	214,505	585,495	3	800,000	0	0
Net Excess Before LP Contributions	1,552,828	105,754	1,447,074	14	259,797	1,293,032	5	105,754	(1,447,074)	(14)
Net excess (deficit)	1,552,828	105,754	1,447,074	14	259,797	1,293,032	5	105,754	(1,447,074)	(14)

ATTACHMENT 7B
DISCLOSURE STATEMENT - CHELSEA

**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 28, 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:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

<u>Name, Address & Zip Code</u>	<u>Phone Number</u>	<u>Title and Percentage of Interest</u>
The Schmid Family Trust dated as of July 22, 1996	N/A	100% interest
James J. Schmid 6339 Paseo Del Lago Carlsbad, CA 92011	(760) 456-6000 x104	Co-Trustee
Lynn Harrington Schmid 6339 Paseo Del Lago Carlsbad, CA 92011	(760) 456-6000 x133	Co-Trustee

- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. 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. N/A
- c. 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. N/A
- d. 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%. (Attach extra sheet if necessary) N/A

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): N/A

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James J. Schmid	Sole Director / Chief Executive Officer (and Co-Trustee of Schmid Family Trust, which has 100% interest)
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Cheri Hoffman	President
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Charles A. Schmid	Vice President (son of James J. Schmid)
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Lynn Harrington Schmid	Secretary (wife of James J. Schmid and Co-Trustee of Schmid Family Trust, which has 100% interest)
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: CIC Management, Inc. ("CICM")	Property Management Company for Chelsea-affiliated properties
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: James J. Schmid	Sole Director and Treasurer of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: William R. Peavey	President of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Lynn Harrington Schmid	Secretary of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Emmerson Construction, Inc. ("Emmerson")	General Contractor/Construction Manager for Chelsea-affiliated properties
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Charles A. Schmid	Director and President of Emmerson
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	

Name: James J. Schmid	Director and Secretary of Emmerson
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	

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.

Please see enclosed 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: **The project will be developed with funds from a Housing Commission loan, 4% LIHTCs tax credits and tax exempt bonds.**

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

a. In banks/savings and loans: **Equity will be funded by tax credit investor**

b. By loans from affiliated or associated corporations or firms: **N/A**

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

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

Name and Address	Contact Name
Name: Wells Fargo	Mr. Paul Shipstead, Vice President
Address: 401 B Street, Suite 304	Phone: 619-699-3135
San Diego, CA 92101	E-Mail: paul.shipstead@wellsfargo.com
Name: AmericanWest Bank (f/k/a Security Business Bank)	Ms. Maria Kraus, Treasury Management Sales Analyst
Address: 5901 Priestly Drive, Suite 160	Phone: (760) 929-9863
Carlsbad, CA 92008	E-Mail: maria.kraus@awbank.net

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. **N/A**

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

Please refer to Project Sponsor 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:

Name and Address	Affiliation
Name: Emmerson Construction, Inc.	Construction Manager
Address: 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: **N/A**

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: **\$85,372,441**

General description of such work:

Construction of affordable multifamily rental housing communities.

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. (Attach extra sheet if necessary). **Please see attached resume.**

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

Identification of Contract or Development	Location	Amount	Date to be Completed
Please see attached resume.			

- e. Outstanding construction-contract bids of such contractor or builder: **N/A**

22. Provide a detailed and complete statement regarding 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: **(Please see attached resume)**

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), 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 SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain: **N/A**

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:

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:

N/A

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

The project will have adequate insurance coverage at commencement of construction.

- 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 SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, 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 SDHC, 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 SDHC 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 state: **None**

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?

☐ Yes ☒ No

If yes, please explain, in detail,
N/A

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:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
California State License Board	Contractor's License	775773	3/02/2000	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 SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

None.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
2016	SDHC - Normal Heights	Current	\$5,200,000
2016	SDHC – Mesa Verde	Current	\$9,600,000
2015	SDHC – Trolley Park Terrace	Current	\$3,120,000
2015	SDHC – Independence Point	Current	\$2,500,000

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:

N/A

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:

N/A

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

Bob McElroy, The Alpha Project, 619-542-1877
Kevin McCook, Shea Properties, 858-526-6655
Bill Ostrem, Black Mountain Ranch, 619-421-0127

39. Give a brief statement regarding 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.

Please see attached resume.

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

Name	Experience
Zion Patton	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 600. In his career, Zion has been responsible for the completion of more than 3,200 units. He leads Emmerson's construction operations and also has overall responsibility for estimating and preconstruction services.

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:
N/A

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:
N/A

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

Bob McElroy, The Alpha Project, 619-542-1877
Kevin McCook, Shea Properties, 858-526-6655
Bill Ostrem, Black Mountain Ranch, 619-421-0127

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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 ("SDHC"), 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 SDHC, 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 SDHC, 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).

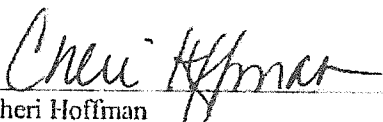
CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information 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 15th day of May, 2017 at Carlsbad, California.

CONTRACTOR

By:



Cheri Hoffman

President of Chelsea Investment Corporation

CERTIFICATION

The CONTRACTOR, Chelsea Investment Corporation, 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
Cheri Hoffman, President

Dated: May 15, 2017

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.

JURAT

State of California

County of California

Subscribed and sworn to (or affirmed) before me on this 15th day of May, 2017.

by Cheri Hoffman, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Signature of Notary

SEAL

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

California Jurat

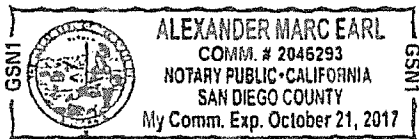
State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this 15th day of
May, 2017, by Cheri Hoffman

proved to me on the basis of satisfactory evidence to be the person(s) who
appeared before me.

Signature  (seal)



Chelsea Investment Corporation
And Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015
with
Independent Accountants' Review Report

C O N T E N T S

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheet	4-5
Consolidated Statement of Operations	6
Consolidated Statement of Stockholder's Equity	7
Consolidated Statement of Cash Flows	8-9
Notes to Consolidated Financial Statements	10-16



Independent Accountants' Review Report

To the Stockholder of
Chelsea Investment Corporation and Subsidiaries
Carlsbad, California

Report on the Financial Statements

We have reviewed the accompanying consolidated financial statements of Chelsea Investment Corporation, an S Corporation (the "Company") and Subsidiaries, which comprise the balance as of December 31, 2015, and the related consolidated statement of operations, stockholder's equity, and cash flows for the year then ended, and related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

San Francisco, California
March 28, 2016

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 872,372
Marketable securities	2,013,012
Accounts receivable	21,079
Prepaid expenses	51,876
Current portion of developer fees receivable - related parties	1,670,663
Current portion of project cost advances - related parties	798,042
Current portion of notes receivable - related party	92,004
Current portion of note receivable - third party	67,399
Total current assets	<u>5,586,447</u>

Fixed assets:

Property and equipment	373,516
Leasehold improvements	76,288
Accumulated depreciation	<u>(275,637)</u>
Fixed assets, net	174,167

Other assets:

Developer fees receivable - related parties, less current portion	121,984
Management fees receivable	707,158
Project cost advances - related parties, less current portion	592,905
Notes receivable - related parties, less current portion	69,040
Deposit and other assets	23,900
Deferred income tax benefit	21,000
Total other assets	<u>1,535,987</u>

Total assets	<u>\$ 7,296,601</u>
--------------	---------------------

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET (Continued)

December 31, 2015

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable	\$ 16,196
Accrued expenses	98,248
Accrued loss contingency	50,000
Unearned developer fees	2,874
Total current liabilities	<u>167,318</u>

Long-term liabilities:

Security deposits	14,310
Other long-term liabilities	93,252
Total long-term liabilities	<u>107,562</u>

Total liabilities	274,880
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Stockholder's equity:

Controlling interest

Common stock, no par value	
1,000 shares authorized	
100 shares issued and outstanding	100
Additional paid in capital	2,967,000
Retained earnings	<u>4,054,522</u>

Total controlling interest	7,021,622
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Non-controlling interest	<u>99</u>
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Total stockholder's equity	<u>7,021,721</u>
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Total liabilities and stockholder's equity	<u>\$ 7,296,601</u>
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See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2015

Revenue:	
Developer fees	\$ 4,536,388
Management fees	160,825
Other revenue	7,745
Total revenue	<u>4,704,958</u>
Operating expenses:	
Compensation and benefits	2,703,348
Consulting and professional fees	465,374
Insurance	336,534
Rent	212,688
Payroll taxes	190,324
General and administrative	147,846
Depreciation expense	53,019
Other expenses	52,873
Travel	51,066
Meals and entertainment	38,709
Utilities	30,648
Office expenses	23,993
Repairs and maintenance	17,055
Recovery of bad debt expense	(3,203)
Total operating expenses	<u>4,320,274</u>
Operating income	384,684
Other income (expenses):	
Investment and interest income	78,768
Loss contingency	(50,000)
Interest expense	(52,067)
Total other income (expenses)	<u>(23,299)</u>
Income before provision for income taxes	361,385
Provision for income taxes	<u>(15,160)</u>
Net income	<u><u>\$ 346,225</u></u>

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

For the year ended December 31, 2015

		Controlling Interest						
	Common Stock Shares	Amount	Additional Paid-in Capital		Retained Earnings	Total Controlling Interest	Total Non-controlling Interest	Total Stockholder's Equity
			\$			\$		
BALANCE, JANUARY 1, 2015	100	\$	100		\$ 3,793,710	\$ 6,760,810	\$ 99	\$ 6,760,909
Stockholder distributions	-		-		(75,149)	(75,149)	(10,264)	(85,413)
Net income	-		-		335,961	335,961	10,264	346,225
BALANCE, DECEMBER 31, 2015	100	\$	100	\$ 2,967,000	\$ 4,054,522	\$ 7,021,622	\$ 99	\$ 7,021,721

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

Cash flows from operating activities:

Net income	\$	346,225
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense		53,019
Recovery of bad debt expense		(3,203)
Loss on contingency		50,000
(Increase) decrease in operating assets		
Marketable securities		(15,998)
Accounts receivable		(837)
Project cost advances - related parties		(500,679)
Developer fees receivable - related parties		753,926
Management fees receivable		(103,985)
Incentive management fees receivable		43,946
Interest receivable		(1,002)
Prepaid expense		(42,655)
Increase (decrease) in operating liabilities		
Accounts payable		15,882
Accrued expenses		(11,601)
Unearned revenue - related parties		(312,886)
Net cash provided by operating activities		<u>270,152</u>

Cash flows from investing activities:

Funding of notes receivable - related parties	(69,044)
Repayment of notes receivable - related parties	146,639
Repayment of notes receivable - third party	9,060
Purchase of property and equipment	(17,060)
Net cash provided by investing activities	<u>69,595</u>

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2015

Cash flows from financing activities:	
Distributions to sole stockholder	(75,149)
Distributions to non-controlling interest	<u>(10,264)</u>
Net cash used in financing activities	<u>(85,413)</u>
 Net increase in cash and cash equivalents	 254,334
 Cash and cash equivalents, beginning of year	 <u>618,038</u>
 Cash and cash equivalents, end of year	 <u>\$ 872,372</u>
 Supplemental disclosure cash flow information:	
Cash paid for interest during the year	<u>\$ 52,067</u>

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chelsea Investment Corporation (the “Company”) was established in February 2004, as a real estate company focusing on the financing and development of affordable housing in Arizona, California and New Mexico. The Company provides financial engineering, development, asset management, and property management services, as well as legal and labor services to its development and investment partners and clients.

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, and financial activities of the Company and its wholly-owned subsidiaries CIC Calipatria, LLC, CIC Heber, LLC, CIC Beachwind, LLC, and Ajax-Natomas, LLC. In addition, the Company is required to consolidate the financial statements of 15th Investment CIC, LLC, as the Company is deemed to have control. All inter-company accounts and transactions have been eliminated in the consolidation.

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Economic Concentrations

The Company develops property for the affordable rental housing market. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in the demand for housing.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which at times may exceed the federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. Revenue consists of the income from various partnerships, including developer fees, incentive management fees, partnership administration fees, and consulting fees. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the services have been provided and collectability is reasonably assured.

Chelsea Investment Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

By consent of the stockholder, the Company elected to be taxed as an S corporation beginning with the year ended December 31, 2004. Federal and state income taxes on the earnings of an S corporation are payable by the sole stockholder. However, California assesses an additional tax of 1.50% on the taxable income, net of certain credits.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Partnership Investments

The consolidated wholly-owned subsidiaries of the Company hold general partner interests in affiliated affordable housing limited partnerships. These general partner interests are recorded using the cost method, under which the original contributions are only adjusted for any distributions in excess of prior gains. The investments cannot be reduced below zero. Any distributions in excess of gains are recorded as investment income. As of December 31, 2015, the investment of the subsidiaries in the affiliated affordable housing limited partnerships was \$0.

Non-Controlling Interest in Subsidiary

The non-controlling interest represents the aggregate positive balance of the other members' interest in 15th Investment CIC, LLC, and is reported in the aggregate on the consolidated balance sheet within equity and on the consolidated statement of stockholder's equity, separately from the Company's equity.

Fixed Assets

The Company records all depreciable assets at cost. Property and equipment are depreciated on a straight-line method over their estimated useful lives of five to seven years. Leasehold improvements are depreciated on a straight-line method over their estimated useful lives of fifteen years.

Subsequent Events

Subsequent events have been evaluated through March 28, 2016, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

Chelsea Investment Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 2 – FIXED ASSETS

Fixed assets consist of the following as of December 31, 2015:

Property and equipment, at cost	\$ 373,516
Leasehold improvements, at cost	76,288
Accumulated depreciation	<u>(275,637)</u>
Total fixed assets, net	<u>\$ 174,167</u>

Depreciation expense for the year ended December 31, 2015 was \$53,019.

NOTE 3 – NOTE RECEIVABLE

The Company has a note receivable in amount of \$100,000, due from a third party bearing 5.00% interest per annum; with monthly installments of \$1,061, together with interest on the unpaid principal starting February 1, 2012. The entire unpaid principal and interest shall be due and payable on December 31, 2016. The note is secured by all rights, title and interest in properties of borrower. The outstanding balance of the note receivable as of December 31, 2015 was \$67,399 and accrued interest receivable was \$0.

NOTE 4 – RELATED PARTY TRANSACTIONS

Notes Receivable

Notes receivable with related parties consist of the following as December 31, 2015:

	<u>Amount</u>
The Company has a promissory note with a related party for \$100,000. This note bears interest at 1.00% per annum. The entire unpaid principal and interest accrued are due on December 31, 2016. As of December 31, 2015, the balance on this promissory note was \$72,044 and accrued interest receivable was \$402.	\$ 72,044
The Company has a promissory note with a related party for \$60,000. This note bears interest at 1.00% per annum. Payments of \$20,000, plus interest accrued, are due on December 31 of each year with the final payment on December 31, 2018. As of December 31, 2015, the balance on this promissory note was \$60,000 and accrued interest receivable was \$727.	60,000

Chelsea Investment Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Notes Receivable (continued)

	<u>Amount</u>
The Company has a promissory note with a related entity for \$72,774. This note bears no interest and is payable in whole or in part any time with no penalty and matures on October 31, 2017. As of December 31, 2015, the balance on this promissory note was \$29,000.	<u>29,000</u>
Total notes receivable – related parties	161,044
Less: current portion of notes receivable - related party	<u>(92,004)</u>
Notes receivable – related parties, less current portion	<u>\$ 69,040</u>

Project Cost Advances

The Company and its affiliates have expended certain amounts for projects that it expects will be funded and completed in the future. These amounts are capitalized as the Company expects they will be reimbursed in the future. Any costs associated with projects that cease being feasible for future development are expensed, when the determination is made that feasibility is no longer assured.

Project costs advances consist of the following as of December 31, 2015:

Total project cost advances – related parties	\$ 1,390,947
Less: current portion of project costs advances – related parties	<u>(798,042)</u>
Project cost advances – related parties, less current portion	<u>\$ 592,905</u>

Developer Fees

Developer fees are fees the Company receives for providing development and construction services to associated projects, which are based on fee sharing agreements with various project developer entities associated with the Company. Balances are recorded at amounts expected to be realized and any amounts received and deemed unearned by the Company are classified as unearned revenue. For the year ended December 31, 2015, developer fees earned were \$4,536,388.

The developer fees receivable balance is recorded at amounts expected to be realized. As of December 31, 2015, management estimated no allowance for uncollectible developer fees receivable.

Chelsea Investment Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Developer Fees (continued)

Developer fees receivable consist of the following as of December 31, 2015:

Total developer fees receivable – related parties	\$ 1,792,647
Less: current portion of developer fees receivable – related parties	<u>(1,670,663)</u>
Developer fees receivable- related parties, less current portion	<u>\$ 121,984</u>

Partnership Management Fees

The Company receives partnership management fees from associated properties after they have been completed. The management fees are accrued on the Company's books as services are rendered and are paid out of the available cash flow, if any, of the partnerships. For the year ended December 31, 2015, partnership management fees of \$114,353 were earned and are included in management fees revenue on the consolidated statement of operations. As of December 31, 2015, partnership management fees receivable were \$707,158.

Incentive Management Fee

Pursuant to an incentive management fee agreement between the Company and CIC PHR, LP ("PHR") dated September 1, 2002, an incentive management fee equal to 5.4% of gross revenues or 76.5% of remaining cash flow from PHR, shall be earned by the Company for consultative services. For the year ended December 31, 2015, a management fee of \$43,972 was earned and paid, and is included in management fees revenue on the consolidated statement of operations.

Management Fee

Pursuant to a services agreement between the Company and Chelsea Asset Corporation ("CAC") dated January 1, 2015, a management fee of \$2,500 shall be earned by the Company for services provided. For the year ended December 31, 2015, a management fee of \$2,500 was earned and paid, and is included in management fees revenue on the consolidated statement of operations.

NOTE 5 – LINE OF CREDIT

The Company has a line of credit agreement with the American West Bank, with an available credit line of \$2,500,000, which is scheduled to mature on June 25, 2017. The line of credit bears interest at a variable interest rate with a floor of 3.5%, which was the interest rate as of December 31, 2015. The outstanding balance on the line of credit as of December 31, 2015 was \$0.

The line of credit agreement contains certain financial covenants, which if not met, could make the debt callable. The Company is in compliance with all covenants at December 31, 2015.

Chelsea Investment Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 6 – OPERATING LEASE

The Company leases certain building space under a non-cancelable operating lease that will expire October 31, 2016. This agreement requires aggregate monthly payments of \$17,496 plus the proportionate share of common area maintenance expenses, with monthly payments increasing 3% annually every September. On March 12, 2013, the agreement was amended to include 5,000 feet of warehouse space to the existing premises in an adjacent building. After an initial 6 month grace period, the amendment requires aggregate monthly payments of \$3,900 plus electricity used in the warehouse space, with monthly payments increasing 3% every September. Rent expense, which includes common area expenses, for the year ended December 31, 2015 was \$212,688 (net of sublease income).

Future minimum lease payments, by year end and in the aggregate, under the non-cancelable lease, consist of the following as of December 31:

2016	\$ 239,730
Total	<u>\$ 239,730</u>

NOTE 7 – COMMITMENT AND CONTINGENCIES

The Company is a party to certain payment and completion guarantees in connection with bank construction loans made for twelve projects as of December 31, 2015 in the aggregate amount of \$92,855,632. Nine of the twelve projects with construction loans in the aggregate amount of \$56,820,023 as of December 31, 2015 are nearing completion and are expected to be paid off in 2016. The other projects are currently on schedule and are expected to be completed in 2016. As of December 31, 2015, the Company expects that it will not be liable for any amount under the guarantees for these twelve projects.

The Company is liable for guarantees of funding at various operating projects in the event that operating deficits occur. These guarantees, if required, are satisfied by making loans to such projects. The obligations to fund the operating deficits expire between 3 and 5 years after the projects convert to permanent financing. As of December 31, 2015, the Company has made an operating deficit loan in the amount of \$29,000, as shown in Note 4.

The Company has committed to third party Investor Limited Partners, in connection with their investment made in various projects, to maintain a net worth and liquid assets of not less than \$3,750,000 during the project construction period and a net worth of not less than \$3,750,000 and liquid assets of not less than \$1,875,000 thereafter until the end of the 15 year compliance period. As of December 31, 2015, the Company was in compliance with these covenants.

Chelsea Investment Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE 8 – PROVISION FOR INCOME TAXES

The Company is a California S Corporation and pays California a tax of 1.5%, a minimum of \$800 each year, on its apportioned taxable income, net of credits. The consolidated subsidiaries are primarily California limited liability companies (LLC's) that pay a California annual minimum tax of \$800.

The provision for income taxes consisted of the following at December 31, 2015:

Current income tax provision – state	\$ <u>15,160</u>
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At December 31, 2015, the Company had a net long term deferred tax asset of \$21,000. No valuation allowance has been recorded as of December 31, 2015.

NOTE 9 – EMPLOYEE RETIREMENT PLAN

On August 16, 2006, the Company adopted a 401(k) plan and profit sharing plan covering substantially all employees of the Company. Annual discretionary employer matching contributions, if any, are equal to a safe harbor matching contribution provided by the Company to employees who elects the salary deferral. For the year ended December 31, 2015, the matching contributions paid by the Company were \$40,655.

NOTE 10 – MARKETABLE SECURITIES – SHORT-TERM

Marketable securities held by the Company consist of accounts at Vanguard Inc. in the aggregate amount of \$2,013,012. As of December 31, 2015, the total amount of marketable securities held by the Company was \$2,013,012.

NOTE 11 – LOSS CONTINGENCY

In 2014, a class action lawsuit was brought against the Company and its affiliates under the Fair Housing Act by tenants of an apartment complex in San Diego, the Windwood Village Apartments, for which the Company was the developer. On November 24, 2015, the Company and its affiliates reached a settlement with the plaintiffs. The settlement amount will be covered completely by the Company's insurance provider except the portion of self-insured retention in the amount of \$50,000, which the Company reasonably expects to incur in relation to the litigation. As a result, the Company has accrued a loss contingency equal to the expected liability of \$50,000. As of December 31, 2015, the accrued loss contingency was \$50,000.

Chelsea Investment Corporation (fka CSC)
BALANCE SHEET
December 31, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,813,141
Marketable Securities - Short Term	2,066,022
Consulting Fee Receivable	515,753
Project Costs Receivable (Net)	1,826,338
Notes Receivable - Short Term	20,000
Accounts Receivable	4,189
Interest Receivable	1,592

Total Current Assets	6,247,036
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LAND, BUILDING, AND EQUIPMENT

Office Furniture and Equipment (Net)	244,304
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Total Land, Building, and Equipment	244,304
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LONG TERM AND OTHER ASSETS

Partnership Fees Receivable	814,262
Consulting Fee Receivable - Long Term	739,735
Notes Receivable - Long Term	165,799
Prepaid Expenses	67,472
Deferred Tax Asset	21,000

Total Other Assets	1,808,268
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	\$ 8,299,607
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LIABILITIES AND OWNER'S EQUITY

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 24,403
Unearned Revenue	201,657
Accrued Expenses	576,935

Total Current Liabilities	802,995
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LONG TERM LIABILITIES

Security Deposits	14,310
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Total Long Term Liabilities	14,310
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Total Liabilities	817,305
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OWNERS' EQUITY

CONTROLLING INTEREST

Common Stock	100
Additional Paid in Capital	2,967,000
Distributions	(101,616)
Retained Earnings	4,054,520
Current Year Income	562,199

Total Controlling Interest	7,482,203
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NONCONTROLLING INTEREST

	99
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Total Owners' Equity	7,482,302
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Total Liabilities and Owner's Equity	\$ 8,299,607
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Chelsea Investment Corporation (fka CSC)
STATEMENT OF INCOME AND EXPENSE
For the Year Ending December 31, 2016

INCOME	
Consulting Fees	\$ 6,286,154
Administration Fee	117,640
Property Management Fees	51,271
Reimbursed Expenses	5,671
Total Income	<u>6,460,737</u>
OPERATING EXPENSES	
Salaries & Wages	4,144,103
Consulting & Professional Fees	535,473
Insurance	394,564
Payroll Tax Expense	250,853
Rent	175,356
Miscellaneous Expense	142,313
Bad Debt Expense	126,266
General & Administrative	110,961
Utilities	59,952
Travel	47,317
Contributions	43,439
Meals & Entertainment	24,573
Repairs & Maintenance	6,131
Total Operating Expenses	<u>6,061,302</u>
INCOME BEFORE DEPRECIATION	<u>399,434</u>
Depreciation	114,030
OPERATING INCOME	<u>285,404</u>
OTHER INCOME (EXPENSES)	
Interest Income	306,442
Interest Expense	(18,448)
State Income Tax	(11,200)
TOTAL OTHER INCOME (EXPENSE)	<u>276,795</u>
NET INCOME	<u><u>\$ 562,199</u></u>



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 affordable multifamily housing for Chelsea Investment Corporation, its affiliates, and select clients. 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

- 51 general contractor contracts completed:
4,224 units
\$483M
- 7 general contractor ongoing projects:
555 units
\$95M
- 6 construction management ongoing and completed contracts:
585 units
\$77M
- Total company production:
5,364 units
\$656M

AREAS OF EXPERTISE

General Contractor

Emmerson is committed to delivering products and services of exceptional quality while always focusing on schedule, safety, and budget. The building structures normally consist of reinforced or post-tensioned concrete slabs with wood frame construction and stucco exteriors. A number of projects feature podium decks. The buildings typically exceed Title 24 standard energy efficiency standards with features such as dual pane windows with low E glass, 2x6 framing, and energy efficient appliances. Completed jobs include multiple LEED certified projects up to the prestigious LEED Platinum level.

Construction Management

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

TEAM MEMBERS

PRESIDENT – Charles Schmid

Charles started with Chelsea in 1986, and applies experience with real estate finance, development and management in his role as President of Emmerson. With a background in development of multifamily projects and as a licensed general contractor, he has supervised the construction of more than 4,000 units in California and Arizona. Charles has a degree from the University of California, 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 an accredited CCIFP designation. Formerly with Viewpoint Construction Software, Tim's experience includes managing accounting teams of up to 50 in various leadership roles. Companies also include Holiday Retirement, Matrix Development, Zephyr Communities, Legend Homes and DR Horton. Tim has been involved in over 300 communities during all stages of development, construction and property

(CONTINUED) ➤

management. He currently serves on several construction associations including CFMA-Treasurer, ABC-Director, and ICCIFP-Secretary.

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. Zion has completed more than 2,500 new construction units. Additionally, Zion has completed the rehabilitation of over 900 units and was also hired to establish rehabilitation programs for other general contractors. He created schedules allowing the complete rehabilitation 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 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. Theresa's prior experience also includes time at Centex Homes as a Senior Superintendent. As a general contractor, Theresa has designed and completed extensive multifamily remodeling projects on complexes with 280-320 units.

PROJECT MANAGER - Martin Apicella

Martin Apicella joined the Emmerson Construction 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 projects such as construction of a 400-unit luxury residential building, transformation of a historic naval industrial manufacturing facility into 45,000 sf retail and office complex, and the renovation/reuse of a Lucky Strike tobacco factory into 131 luxury apartments. Martin is a LEED AP BD+C.

PROJECT COORDINATORS - Haley Schmid, James Mavis, Jane Thayer, Cecilia Kiehl, Nicole Finn.

CONTROLLER - Jackie Barrett

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

SUPERINTENDENTS - Caesar Oliver, Rich Welby, Tony White, Eddie Yopez, Dave Stanley, Terry Christensen, Tim Hines

ASSISTANT SUPERINTENDENTS - Steve Stewart, Ralph Cox, Tyler Blair, Fernando Morales, Jesse Mora

Emmerson Construction, Inc.
Project List

As of:

January 6, 2017

Total # of Projects to date	Total # of Units to Date	Total Contract Value
68	5,401	662,324,999

Project #	Projects Names	City	State	Project Type	Status	Dates	# of Units	Contract Value
1	2-0991 Villa Lara Apartments	Imperial	California	Family	Completed	2003	80	6,525,658
2	2-0992 Brawley Family Apartments	Brawley	California	Family	Completed	2003	81	6,452,208
3	2-0999 Calexico Family Apartments	Calexico	California	Family	Completed	2003	80	5,561,540
4	3-1000 Holtville Senior Apartments	Holtville	California	Senior	Completed	2004	80	6,215,752
5	3-1001 Imperial Garden Senior Apartments	Imperial	California	Senior	Completed	2004	80	6,443,020
6	3-1003 Westmorland Family Apartments	Westmorland	California	Family	Completed	2004	64	6,900,000
7	4-1006 Brawley Elks Senior Apartments	Brawley	California	Senior	Completed	2005	80	6,994,322
8	3-1002 Countryside Family Apartments	El Centro	California	Family	Completed	2005	80	7,155,000
9	3-1004 Rancho Buena Vista	Chula Vista	California	Family	Completed	2005	150	16,200,000
10	3-1005 Rancho Del Norte	San Diego	California	Family	Completed	2005	120	13,706,694
11	4-1006 Brawley Garden	Brawley	California	Family	Completed	2005	81	9,191,326
12	4-1007 Heber Wood	Heber	California	Family	Completed	2005	81	9,417,954
13	5-1012 Meadow Village Road-Commercial			Commercial- Remodel	Completed	2005	-	724,153
14	4-1009 Fairbanks Ridge	San Diego	California	Single Family	Completed	2006	204	29,254,314
15	5-1011 Calexico II Family Apartments	Calexico	California	Single Family	Completed	2007	80	10,080,426
16	4-1010 Hunter's Pointe	Carlsbad	California	Family	Completed	2007	166	30,389,918
17	4-1007 Heber Wood II	Heber	California	Family	Completed	2007	72	9,864,435
18	DDE HQ- Office Building -El Centro	El Centro	California	Commercial	Completed	2007	-	1,130,219
19	Calipatria Family Apartments	Calipatria	California	Family	Completed	2008	74	10,318,586
20	5-1013 Tierra del Cielo - Arizona	Somerton	Arizona	Multi-Family	Completed	2009	34	3,913,810
21	8-1038 Beachwind Court	Imperial Beach	California	Rehab- Renovation	Completed	2009	16	891,747
22	6-1021 Lawson Avenue Senior/Courtyard Terrace	San Diego	California	Seniors	Completed	2010	88	17,700,000
23	9-1040 Lakeside Silver Sage	Lakeside	California	Family	Completed	2010	80	12,794,227
24	9-1041 St. Regis Park- Remodel	Chula Vista	California	Remodal	Completed	2010	119	400,000
25	9-1042 Glen Ridge- Solar and Landscape				Completed	2010	78	473,937
26	9-1043 Cedar Creek	Santee	California	Family	Completed	2010	48	7,332,286
27	9-1045 Oakridge-Rehab-Oakdale, CA	Oakdale	California	Rehab- Renovation	Completed	2011	41	1,336,266
28	9-1044 Verbena	San Ysidro	California	Family	Completed	2011	80	13,296,599
29	10-1051 DeAnza Hotel Earthquake Repairs/Rehab	Bakersfield	California	Rehab- Renovation	Completed	2011	94	688,402
30	6-1035 South Mill Creek Apts	Brawley	California	Family	Completed	2011	72	11,463,750
31	Villa Fortuna	San Diego	California	Family	Completed	2011	76	9,569,612
32	Villa Del Sol	San Diego	California	Family	Completed	2011	52	6,094,330
33	Estrella De Mercado	San Diego	California	Completed	Completed	2012	95	14,485,997
34	Las Brisas	Colton	California	Completed	Completed	2012	71	10,375,713
35	St. Regis Energy Upgrades & renov			Rehab- Renovation	Completed	2012	119	412,471
36	El Quinteros	Calexico	California	Senior	Completed	2012	54	5,051,346
37	Emperor Estates	Dinuba	California	Senior	Completed	2012	62	10,559,939
38	12-1056 Terramar	San Diego	California	Family	Completed	2012	21	460,377
39	Iris - Site Upgrades			Renovations	Completed	2013	20	265,560

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 14TH AND COMMERCIAL
APARTMENTS AND AUTHORIZING RELATED ACTIONS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, 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 rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS, Chelsea Investment Corporation (Chelsea) and SVDP Management Inc. (SVDP) have requested that the Authority issue and sell multifamily housing revenue bonds (Bonds) pursuant to the Act for the purpose of making a loan to 14th & Commercial CIC LP, a California limited partnership, or an affiliate or other limited partnership formed by Chelsea and/or SVDP (Borrower), to be used by the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing development to be located at 1402 Commercial Street, in San Diego, California, as identified in Exhibit A hereto (Project); and

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

in connection with the Project within the period from the date sixty (60) days prior to the date of 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 the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing the costs of the Project (including reimbursement of the Reimbursement 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 or underwriter of the Bonds) in an aggregate principal amount not to exceed \$101,000,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage 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 within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling 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 hereby determines that it is necessary and desirable to provide financing for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in an aggregate principal amount not to exceed \$101,000,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issuance of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(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 or to 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, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, 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, as of the date hereof. The Bonds will be repaid solely from amounts paid by the Borrower, expected to consist of revenues derived from the Project,

and/or proceeds of the Bonds issued for capitalized interest. No other 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 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 hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with planning, zoning, subdivision, environmental and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such 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 hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$101,000,000 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 such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 5. Approval of Bond Counsel and Financial Advisor. The financing team of Orrick, Herrington & Sutcliffe LLP as bond counsel and Ross Financial, as financial advisor, is approved for the Project.

Section 6. Authority of President & 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 to implement the approvals provided for in this Resolution.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
04/29/19
Or.Dept: Housing Authority
Doc. No. 1994554

EXHIBIT A

DESCRIPTION OF PROJECT

Name: 14th and Commercial Apartments

Location: 1402 Commercial Street, San Diego, California

Number of Units: 326

Maximum Bond Amount: \$101,000,000



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE CITY COUNCIL

DATE ISSUED: April 22, 2019

REPORT NO: CCR19-004

ATTENTION: Members of the City Council of the City of San Diego
For the Agenda of May 14, 2019

SUBJECT: Tax Equity & Fiscal Responsibility Act Public Hearing - 14th and Commercial
Apartments

COUNCIL DISTRICT: 3

REQUESTED ACTION

San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$101,000,000 to facilitate the acquisition and new construction of 14th and Commercial Apartments, a 326-unit affordable rental housing development, (including 93 units for low- and very low-income tenants, plus 230 units for low-income individuals experiencing homelessness with an identified disability, residing with the City of San Diego), in a transit-oriented, two-building, high-rise development to be located at 1402 Commercial Street, San Diego, that will remain affordable for 55 years.

SUMMARY

The Housing Authority of the City of San Diego intends to issue up to \$101,000,000 of Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of a multifamily rental housing project in the City of San Diego described in the attached Notice of Public Hearing.

In order for interest on the Bonds to be tax-exempt, section 147(F) of the Internal Revenue Code of 1986 requires that the Bonds be approved by the City Council as the applicable elected representative of the City after public hearing following reasonable public notice.

Respectfully submitted,

J.P. Correia
Sr. Real Estate Project Manager
Real Estate Division

Approved by,

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachment:

1. Notice of Public Hearing

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, May 14, 2019, at the hour of 2:00 p.m., or as soon thereafter as the matter may be heard, in the City Administration Building, Council Chambers, 12th Floor, 202 "C" Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed plan of financing for the issuance by the Housing Authority of the City of San Diego of its tax-exempt multifamily housing revenue bonds in one or more series, pursuant to a plan of finance, to finance or refinance the acquisition, construction and equipping of a multifamily rental housing development described below (the "Project"):

Name	Location	Number of Units	Aggregate Maximum Bond Amount
14th and Commercial Apartments	1402 Commercial Street, San Diego, California	326	\$101,000,000

The facilities are to be owned by 14th & Commercial CIC LP, a California limited partnership, or a partnership of which Chelsea Investment Corporation and/or SVDP Management Inc. (the "Developer"), or a related person to the Developer is a general partner. The 326-unit Project is expected to include 93 units for low-income and very-low income tenants, plus 230 units for very low-income and low-income individuals experiencing homelessness with an identified disability. The Project will be part of a larger multifamily residential development to be located at the Project site, which is expected to include a total of 2 buildings comprised of approximately 407 affordable rental units, including the Project.

Notice is further given that at said hearing, all interested parties will have an opportunity to be heard on the question of whether or not such multifamily housing revenue bonds should be issued. Written comments may also be submitted prior to the hearing, c/o J.P. Correia, Real Estate Project Manager, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

Dated: May 2, 2019

CITY COUNCIL OF THE CITY OF SAN DIEGO