SAN DIEGO HOUSING COMMISSION

ITEM 2

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: April 25, 2019 **REPORT NO**: HAR19-013

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 14C VHHP Apartments

COUNCIL DISTRICT: 3

REQUESTED ACTIONS

Take initial steps for the Housing Authority of the City of San Diego to issue up to $22,000,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of the 14C VHHP Apartments, an 81-unit affordable rental housing development 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 the acquisition and new construction of the 14C VHHP Apartments, an 81-unit affordable rental housing development 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 (Declarations of Official Intent) for up to $22,000,000 in Multifamily Housing Revenue Bonds for the acquisition and new construction of 14C VHHP Apartments by 14th and Commercial CIC VHHP, 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 $22,000,000 for 14C VHHP Apartments;
    c. Approve a bond 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 the General Counsel and the Bond Counsel, and to take such actions as are necessary, convenient and/or appropriate to implement these approvals upon advice of the 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 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 very low- and 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 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, 17 one-bedrooms, 25 two-bedrooms, and 3 managers' units. 14C VHHP: 76 studios, 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 14C VHHP development is proposed to provide 80 affordable rental housing units and one manager's unit, including studios and one-bedroom units. The apartments will range from 350 square feet for studios to 570 square feet for one-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 14C VHHP, approximately 2,760 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 14C VHHP development will provide 40 affordable units of permanent supportive housing designated for very low- and low-income individuals experiencing homelessness with an identified disability, residing within the City of San Diego and 40 units for low- and very low-income persons. 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, 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 (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 Housing 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.

Relocation

The co-developers' relocation consultant has determined that there will be 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 14C VHHP, the proposed borrower will be 14th and Commercial CIC VHHP, L.P., a single-asset California limited partnership. The limited partnership will include SVDPM as the Managing General Partner, CIC II 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: 14th 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 14th and Commercial L.L.C. 14C VHHP: CIC II 14th 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 14C VHHP development has an estimated total development cost of $35,174,175 ($434,249/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 – 14C VHHP Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses		Amounts	Per Unit
Permanent loan (bonds financed)	$2,563,096	Property acquisition:		$ 4,903,784	$60,541
Veterans Housing and Homelessness Prevention Program (VHHP)	10,000,000	Construction costs Contingency Total construction	$20,803,165 + 1,040,158 $21,843,323	$21,843,323	$269,671
Developer's Land Contribution loan	4,903,784	Financing costs		$3,533,747	$43,627
Housing Commission Proposed loan	5,350,000	Other soft costs		$1,496,655	$18,477
Accrued interest on soft loans	830,125	City permits and impact fees		$1,398,660	$17,267
Deferred developer's fee	184,460	Developer's fee		1,400,000	$17,284
Four percent tax credit equity	11,342,710	Reserves		$598,006	$7,383
Total Development Cost	**$35,174,175**	**Total Development Cost (TDC)**		**$35,174,175**	**$434,249**

The Housing Commission's $5,350,000 residual receipts loan will be funded with $1,000,000 of HOME Investment Partnerships program (HOME) funds, awarded by HUD to the City of San Diego and administered by the Housing Commission, and $4,350,000 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 $5,350,000. 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, a permanent loan, 4 percent tax credits, proposed loan funds from the Veterans Housing and Homelessness Prevention Program (VHHP), a developer land note, deferred 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
$1,400,000 – gross developer fee
-184,460 – deferred developer fee
$1,215,540 – net cash developer fee

The net cash developer fee shall be $1,215,540 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 14C VHHP development, the developers are proposing a $1,400,000 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 – 14C VHHP Key Performance Indicators

Development Cost Per Unit	$35,174,175 ÷ 81 units =	$434,249
Housing Commission Subsidy Per Unit	$5,350,000 ÷ 81 units =	$66,049
Acquisition Cost Per Unit	$4,903,784 ÷ 81 units =	$60,541
Gross Building Square Foot Hard Cost	$21,843,323 ÷ 53,481 sq. ft. =	$408
Net Rentable Square Foot Hard Cost	$21,843,323 ÷ 29,450 sq. ft. =	$742

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 14C VHHP development.

Table 5 – 14C VHHP 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 – 14C VHHP (7 stories)	**2019**	**76 studio units, 4 ones + 1 mgr.**	**81**	**Yes**	**$35,174,175**	**$434,249**	**$66,049**	**$408**
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 $22,000,000. 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 $22,000,000 bond allocation that will be sought from CDLAC is approximately 2.70 percent higher than the estimated $21,405,000 amount for which the 14C VHHP 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 14C VHHP development will serve individuals and families experiencing homelessness with incomes from 30 percent to 60 percent of San Diego Area Median Income. There will be 40 units of permanent supportive housing for very low- and low-income households experiencing homelessness with an identified disability, residing within the City of San Diego, and 40 units for low- and very low-income persons. On February 6, 2019, Housing Commission staff committed 270 federal PBVs 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 proposed loan, the 14C VHHP 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 80 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, 14C VHHP will have 80 units restricted to households with incomes from 30 percent ($20,450/year for a studio unit, one-person household) to 60 percent ($46,740/year for a one-bedroom, two-person household) of the San Diego Area Median Income (AMI). The remaining one unit will be an unrestricted manager's unit. Table 6 summarizes the affordability:

Table 6 – 14C VHHP Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Gross Rents
Studio units/one bath (350 square feet)	30% AMI	40	$511
Studio units/one bath (350 square feet)	60% AMI	36	$1,022
One bedroom/one bath (570 square feet)	60% AMI	4	$1,095
Subtotal residential units		80	
Manager's unit	--	1	--
Total Units		81	

There will be 20 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 $4,350,000
- HOME – up to $1,000,000
- Bond Issuance Fees - $55,000 ($22,000,000 x .0025)

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

- Loans – up to $5,350,000
- Rental Housing Finance Program Administrative Costs - $55,000

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 $55,000 with a $22,000,000 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:

Milestones	Estimated Dates
• Housing Authority consideration	• May 14, 2019
• City Council IRS-required TEFRA hearing	• May 14, 2019
• CDLAC bond application & CTCAC tax credit application	• May 17, 2019
• CDLAC allocation meeting & CTCAC allocation meeting	• July 17, 2019
• Housing Commission final bond authorization	• July 26, 2019
• Housing Authority final bond authorization	• September 10, 2019
• Estimated bond issuance and escrow/loan closing	• November 2019
• Estimated start of construction work	• December 2019
• Estimated completion of construction work	• November 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 over concentration 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, California Department of Housing and Community Development (HCD) as a lender, and the East Village neighborhood. The 14C VHHP development is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 80 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). 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 authorization 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 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: 14th 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 14th and Commercial L.L.C. 14C VHHP: CIC II 14th 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 – 14C VHHP Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	$2,563,096	Property acquisition:	$ 4,903,784	$60,541
County of San Diego Mental Health Services Act loan	10,000,000	Construction costs $20,803,165 Contingency + 1,040,158 Total construction $21,843,323	$21,843,323	$269,671
Developer's Land Contribution loan	4,903,784	Financing costs	$3,533,747	$43,627
Housing Commission Proposed loan	5,350,000	Other soft costs	$1,496,655	$18,477
Accrued interest on soft loans	830,125	City permits and impact fees	$1,398,660	$17,267
Deferred developer's fee	184,460	Developer's fee	1,400,000	$17,284
Four percent tax credit equity	11,342,710	Reserves	$598,006	$7,383
Total Development Cost	**$35,174,175**	**Total Development Cost (TDC)**	**$35,174,175**	**$434,249**

Table 4 – 14C VHHP Key Performance Indicators

Development Cost Per Unit	$35,174,175 ÷ 81 units =	$434,249
Housing Commission Subsidy Per Unit	$5,350,000 ÷ 81 units =	$66,049
Acquisition Cost Per Unit	$4,903,784 ÷ 81 units =	$60,541
Gross Building Square Foot Hard Cost	$21,843,323 ÷ 53,481 sq. ft. =	$408
Net Rentable Square Foot Hard Cost	$21,843,323 ÷ 29,450 sq. ft. =	$742

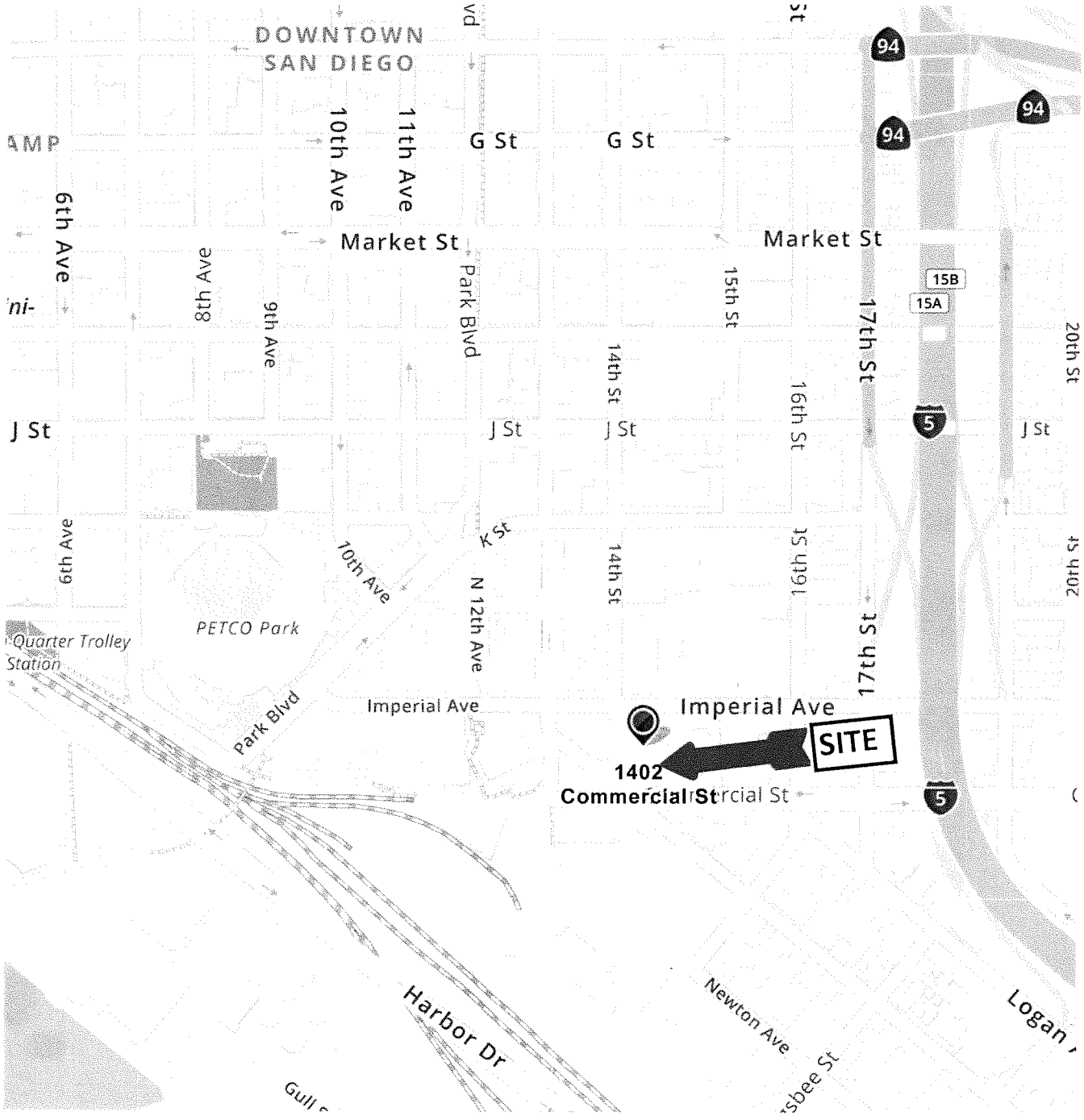
Table 5 – 14C VHHP Comparable Development Projects

Project Name	Year	Unit Mix	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – 14C VHHP (7 stories)	**2019**	**76 SRO units, 4 ones + 1 mgr.**	**81**	**Yes**	**$35,174,175**	**$434,249**	**$66,049**	**$408**
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

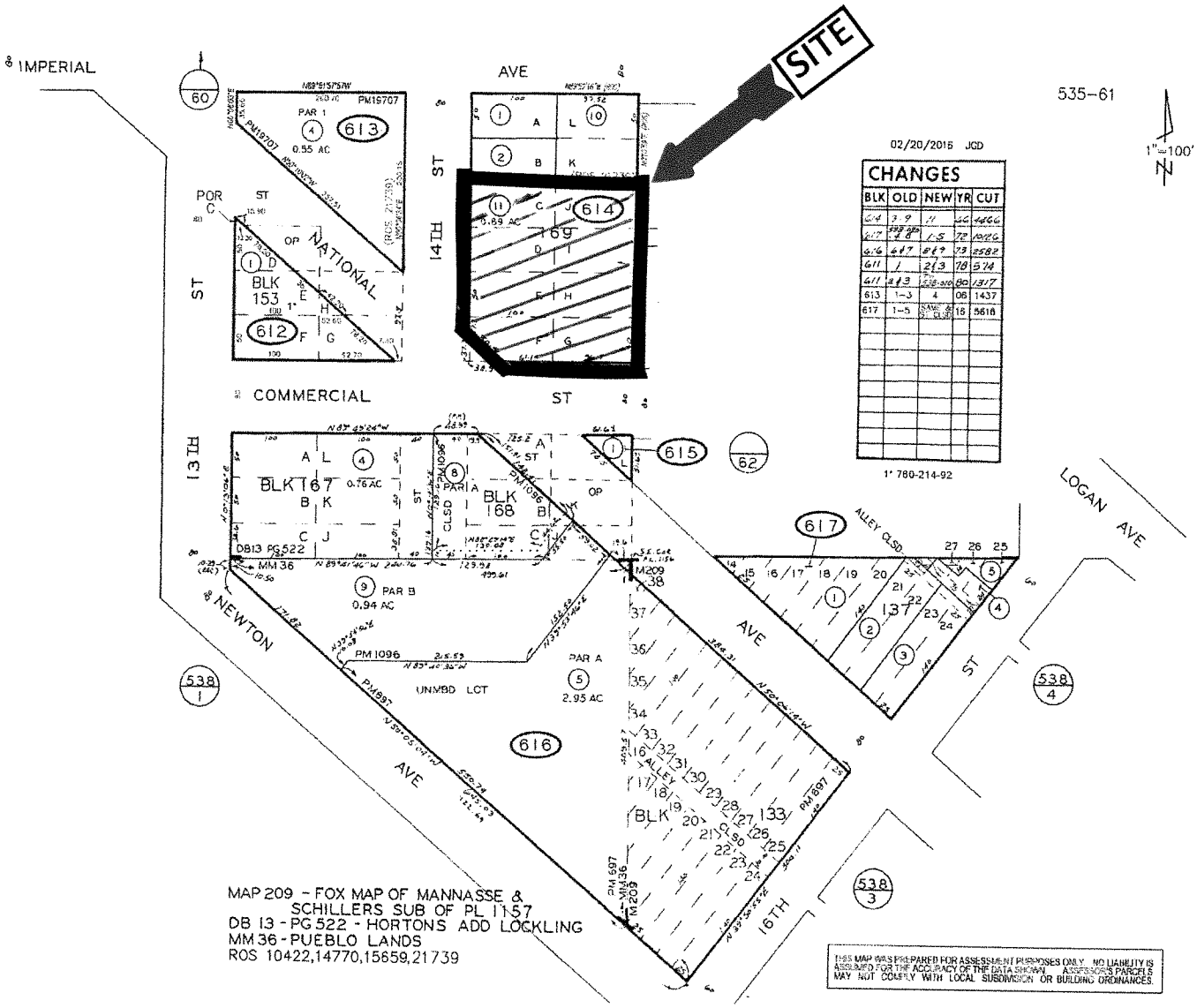
Table 6 – 14C VHHP Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Maximum Gross Rents
Single room occupancy units/one bath (350 square feet)	30% AMI	40	$511
Single room occupancy units/one bath (350 square feet)	60% AMI	36	$1,022
One bedroom/one bath (570 square feet)	60% AMI	4	$1,095
Subtotal residential units		80	
Manager's unit	--	1	--
Total Units		81	

ATTACHMENT 2A - SITE MAP

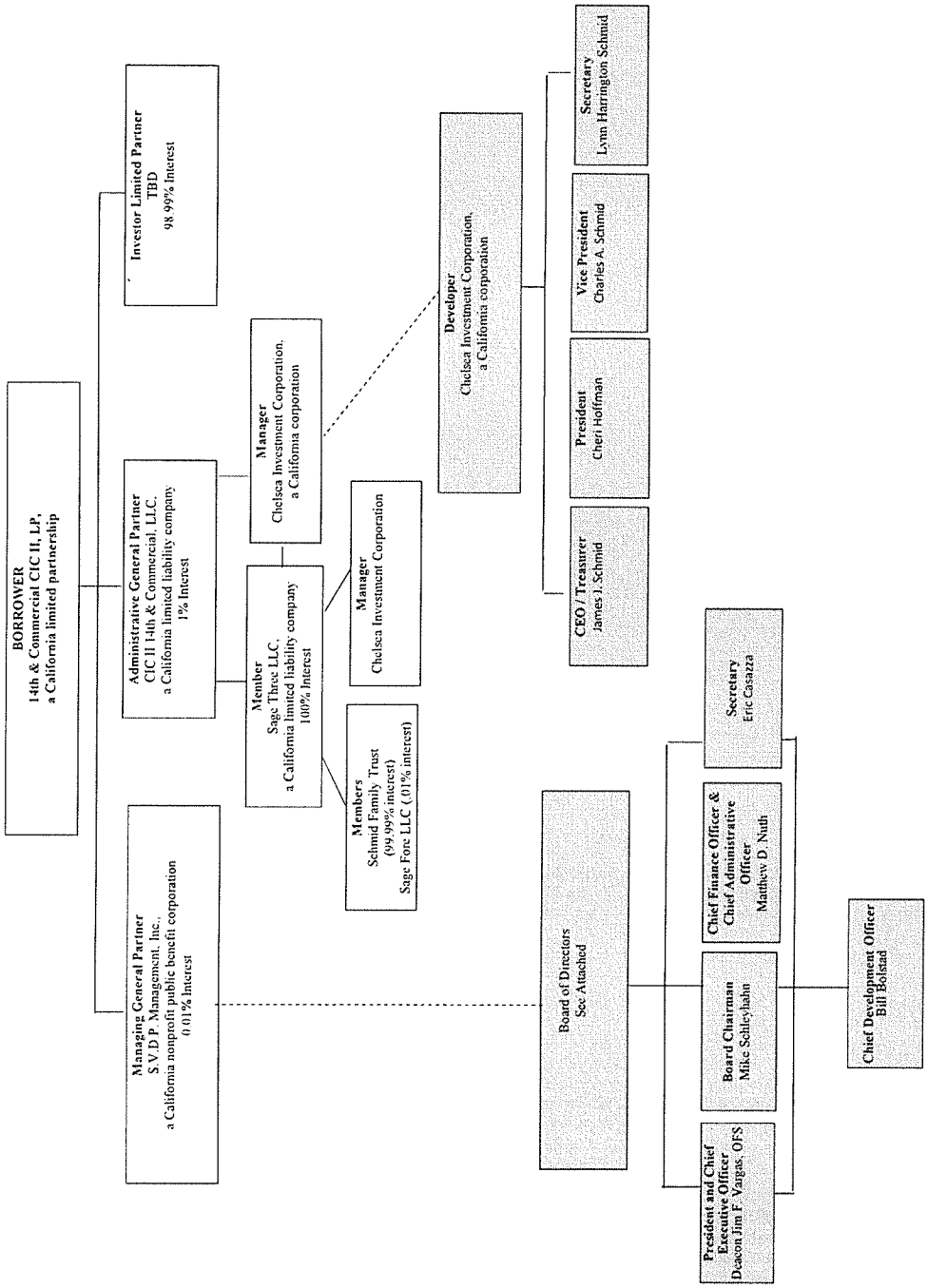


ATTACHMENT 2B - SITE MAP



ATTACHMENT 3 – ORGANIZATION CHART

14th & Commercial CIC II, LP



PROJECT SUMMARY
14th and Commercial 4%B
Revision Date:

CHELSEA INVESTMENT CORPORATION

Preliminary Analysis Subject to Further Revisions

SOURCES AND USES SUMMARY

Development Costs			
Acquisition			
Land (including City's adjacent site)		$60,541/unit	4,903,784
Basis Eligible Acquisition Cost		$0/unit	0
Subtotal Acquisition		$60,541/unit	4,903,784
Hard Costs			
Interior Amenity/Services		$0/unit	0
Offsites		$0/unit	0
Sitework		$1,163,130/acre	1,232,918
Parking		$0.00/gsf	0
Vertical		$200,701/unit	16,256,814
DVBE and Insurance		$5,194/unit	420,705
Contruction, Design contingencies plus Escalation		$18,104/unit	1,466,396
General Conditions		$10,930/unit	885,350
Contractor Fee		$6,679/unit	540,981
Owner Contingency		$12,841/unit	1,040,158
Subtotal Hard Costs		$269,671/unit	21,843,323
A&E		$12,047/unit	975,769
Financing Fees and Interest		$42,056/unit	3,406,564
Legal Fees		$627/unit	50,749
Reserves		$7,383/unit	598,006
Development Impact and Permit Fees		$17,267/unit	1,398,660
Developer Fee		$17,284/unit	1,400,000
Misc (Acctg, Marketing, Reports, Studies, Etc)		$4,228/unit	342,470
Contingency		$3,146/unit	254,847
Subtotal Soft Costs		$104,038/unit	8,427,067
Total Development Costs		$434,249/unit	35,174,174

Sources			
Federal LIHTC Equity		32%	11,342,710
SHMHP		0%	0
Permanent Loan (Tranche A)		7%	2,563,096
AHP and IIG	181	0%	0
Developer Land Contribution / Note		14%	4,903,784
Deferred Developer Fee		1%	184,460
Developer Fee Contribution		0%	0
SDHC loan		15%	5,350,000
NPLH - 60 units		0%	0
VHHP-81 units		28%	10,000,000
AHSC AHD		0%	0
Soft Loan Interest		2%	830,125
Total Development Sources		100%	35,174,174

FINANCING ASSUMPTIONS

Equity

	Closing	*Completion*	*Conversion*	*8,609*
Equity Pay In	10%	0%	89%	1%

Federal Tax Credit Price	$	0.9600
State Tax Credit Price	$	0.8500
Solar Tax Credit Price	$	0.9600
9% Credit Rate		
4% Credit Rate	TCAC App Rate	3.25%
LP Interest		99.00%
10 Yr Federal Tax Credits		11,934,669

Debt

Opr. Exp./Unit/Year	28,893
Services/Unit/Year	10,815
Service&Office Space/$/sq ft/Year	$5.50/sq ft
Replacement Reserves/Unit/Year	500
Vacancy Rate	5.00%
DCR	1.15
Perm Loan Amort	35
Interest Rate - Permanent Loan	5.75%
Interest Rate - Construction Loan	4.25%
Tax- Exempt Bonds - Construction/Perm	2,563,096
Tax- Exempt Bonds - Construction	19,057,672
Tax- Exempt Bonds - C Bond	0
Total Bonds	21,620,768

Tax Credit Considerations

DDA/QCT Boost	130%
50% Test B	65.22%
Prevailing Wage (State, Federal, Both):	Yes
Housing Set Aside	N/A

PRELIM DEVELOPMENT PROGRAMMING SUMMARY

City:	San Diego
MSA:	San Diego
Site (acres):	1.060
Construction Type:	High Rise
No. of Stories:	14 story
Parking Type:	2 above
No. of Stalls:	110
Impact Fees per Unit:	16,203
Financing Sources:	4%+land+SDHC+ PBV+ VHHP

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	Totals
Sq. Ft.	350	570	830	0	29,450
UA	$47	$57	$75	$80	
25%	0	0	0	0	0
70%	0	0	0	0	0
60%	36	4	0	0	40
50%	0	0	0	0	0
40%	0	0	0	0	0
35%	0	0	0	0	0
30%	40	0	0	0	40
Mgr.	0	1	0	0	1
Totals	76	5	0	0	81

average affordability 45.00%

OPERATING BUDGET & INCOME ANALYSIS

14th and Commercial 4% VHHP component

SDHC
All Electric

Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Rent Adjustment	Utility Allowance	Monthly Net Rent	Annual Rent	RA Contract Rent	Annual Overhang
0BR/1BA	LIHTC	25%	0	350	0	$ 1,362	$ -	$ 47	$ 1,315	$ -	$ 942	$ -
0BR/1BA	LIHTC	70%	0	350	0	$ -	$ -	$ 47	$ -	$ -	$ 942	$ -
0BR/1BA	LIHTC	60%	36	350	12,600	$ 1,022	$ -	$ 47	$ 975	$ 421,049	$ 942	$ -
0BR/1BA	LIHTC	50%	0	350	0	$ 851	$ -	$ 47	$ 804	$ -	$ 942	$ -
0BR/1BA	LIHTC	40%	0	350	0	$ 681	$ -	$ 47	$ 634	$ -	$ 942	$ -
0BR/1BA	VASH Voucher	30%	0	350	0	$ 511	$ -	$ 47	$ 464	$ -	$ 989	$ -
0BR/1BA	PSH Voucher	30%	40	350	14,000	$ 511	$ -	$ 47	$ 464	$ 222,636	$ 989	$ 252,084
1BR/1BA	LIHTC	25%	0	570	0	$ 1,460	$ -	$ 57	$ 1,403	$ -	$ 1,128	$ -
1BR/1BA	LIHTC	70%	0	570	0	$ -	$ -	$ 57	$ -	$ -	$ 1,128	$ -
1BR/1BA	LIHTC	60%	4	570	2,280	$ 1,095	$ -	$ 57	$ 1,038	$ 49,806	$ 1,128	$ -
1BR/1BA	LIHTC	50%	0	570	0	$ 912	$ -	$ 57	$ 855	$ -	$ 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%	0	830	0	$ 1,095	$ -	$ 75	$ 1,020	$ -	$ 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	$ -
2BR/1BA	LIHTC	MGR	1	570	570	$ -	$ -	$ 75	$ -	$ -	$ -	$ -
					0	$ -						
Total Rents / Residential			**81**		29,950					**693,491**		252,084
Construction Square Feet					**29,450**							
RA Overhang										252,084		

Income from Operations	**General Condi**	PUPM	
Laundry	Insurance	$ 10.00	9,720
Other Income (App. Fees, Late, etc.)	Contractor Fee	$ 15.00	14,580
Garage	Design and Esc	$ -	0
Cable & Highspeed Data Income		$ -	0
Telephone Income		$ -	0
Sub-Total		**$ 25.00**	969,875
Less: Vacancies @		5%	48,494
Commercial Income			0
Less: Vacancies @		0%	0
Total Income			**921,381**
Operating Expenses			
Admin		$ 909.00	73,629
Management Fee		$ 682.00	55,242
Utilities		$ 1,250.00	101,250
Payroll		$ 1,181.00	95,661
Repair & Maintenance		$ 1,023.00	82,863
Insruance		$ 170.00	13,770
Taxes (HOA, CFD)		$ 57.00	4,617
Other		$ 478.00	38,718
Total Expenses		**$ 5,750**	**465,750**
Addt'l Operating Expenses		**0** **$5.50/sq ft**	**0**
Net Operating Income			**455,631**
Reserves		$500.00/unit	40,500
Services		$2,025/unit	162,000
Issuer's and Admin Fee		0.125% **0.125%xPermLoanPrincipal**	15,354
Mandatory Debt Service (AHSC & NPLH)		0.420%	42,000
Net Income Available for Debt Service			**195,777**
		DSC TEST	**1.15**

1.1247 253,131

Loan Sizing	Tranche A
Loan Amount	2,563,096
Interest	5.75%
Term	35
Amortization	35
Debt Service Coverage	1.15
Monthly Payment	14,187
Annual Payment	170,241
Cash Flow After D/S	25,536

Tranche B calculation for tiebreaker

239,480 annual income with 5% vacancy

2,056,464

PROJECTED SOURCES AND USES OF FUNDS

14th and Commercial 4% VHHP component

					Construction Period								Construction	Stabilization	Conversion	8609	Total
			Pre-Dev	Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Subtotal	6 mos			
					10%	10%	10%	20%	20%	10%	10%	10%					
	SOURCES OF FUNDS																
1	Federal LIHTC Equity			1,134,271	-	-	-	-	-	-	-	-	**1,134,271**	-	10,095,012	113,427	11,342,710
2	State LIHTC Equity			-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Solar Equity			-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Construction Loan		0	-	718,666	2,872,067	2,166,909	4,010,294	4,283,141	2,286,066	2,332,626	2,185,388	**20,855,158**	765,610	(21,620,768)	-	-
6	Permanent Loan (Tranche A)			-	-	-	-	-	-	-	-	-	-	-	2,563,096	-	2,563,096
7	NPLH			-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Deferred Developer Fee			-	-	-	-	-	-	-	-	-	-	-	184,460	-	184,460
9	Land Contribution / Note			4,903,784	-	-	-	-	-	-	-	-	**4,903,784**	-	-	-	4,903,784
10	AHSC			-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Developer Fee Contribution			-	-	-	-	-	-	-	-	-	-	-	$0	-	-
12	SDHC loan			4,312,500	-	-	-	375,000	-	-	-	375,000	**5,062,500**	-	287,500	-	5,350,000
13	VHHP-81 units			-	-	-	-	-	-	-	-	-	-	-	10,000,000	-	10,000,000
14	Soft Loan Interest			-	69,122	69,122	69,122	71,935	77,560	77,560	77,560	78,997	**590,977**	239,148	-	-	830,125
	SHMHP																
15	Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	**Total Sources of Funds**		-	10,350,555	787,788	2,941,189	2,236,031	4,457,228	4,360,701	2,363,625	2,410,186	2,639,385	**32,546,689**	1,004,758	1,509,299	113,427	35,174,174
17																	
18																	
19	**USES OF FUNDS**																
20	ACQUISITION																
21	Land Cost			4,903,784	-	-	-	-	-			-	**4,903,784**	-	-	-	4,903,784
22	Entitlements			-	-	-	-	-	-				-	-	-	-	-
23	AHSC STI Project			-	-	-	-	-	-			-	-	-	-	-	-
24	Demolition			-	-	-	-	-	-				-	-	-	-	-
25	Verifiable Carrying Costs			-	-	-	-	-	-				-	-	-	-	-
26	Basis Eligible Acquisition Cost	0		-	-	-	-	-	-			-	-	-	-	-	-
27	Other: City parcel			-	-	-	-	-	-			-	-	-	-	-	-
28	**Total Land / Acquisition**			**4,903,784**	-	-	-	-	-			-	**4,903,784**	-	-	-	**4,903,784**
29																	
47	**NEW CONSTRUCTION**																
48	Interior Amenity/Services	$ -		-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	General Requirements	$ -		-	77,531	77,531	77,531	155,062	155,062	77,531	77,531	77,531	**775,311**	-	-	-	775,311
51	Site Work	$56.61/sq ft		-	616,459	616,459	-	-	-	-	-	-	**1,232,918**	-	-	-	1,232,918
52	Parking Garage	$8.65/gsf		-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	Vertical	$242.45/sq ft		-	1,548,150	1,548,150	1,548,150	3,096,301	3,096,301	1,548,150	1,548,150	1,548,150	**15,481,503**	-	-	-	15,481,503
54	DVBE	0.20%		-	4,484	4,484	3,251	6,503	6,503	3,251	3,251	3,251	**34,979**	-	-	-	34,979
55	Construction Contingency	5.00%		-	112,331	112,331	81,447	162,893	162,893	81,447	81,447	81,447	**876,236**	-	-	-	876,236
56	General Conditions	5.06%		-	88,535	88,535	88,535	177,070	177,070	88,535	88,535	88,535	**885,350**	-	-	-	885,350
57	Insurance	2.00%		-	48,950	48,950	35,978	71,957	71,957	35,978	35,978	35,978	**385,726**	-	-	-	385,726
58	Contractor Fee	2.75%		-	68,652	68,652	50,460	100,919	100,919	50,460	50,460	50,460	**540,981**	-	-	-	540,981
59	Design and Escalation Contingencies	3.00%		-	74,893	74,893	55,047	110,094	110,094	55,047	55,047	55,047	**590,161**	-	-	-	590,161
60	**Total New Construction**		-	-	**2,639,986**	**2,639,986**	**1,940,399**	**3,880,798**	**3,880,798**	**1,940,399**	**1,940,399**	**1,940,399**	**20,803,165**	-	-	-	**20,803,165**
61																	
62	**ARCHITECTURAL**																
63	Building			336,737	10,523	10,523	10,523	10,523	10,523	10,523	10,523	10,523	**420,921**	-	-	-	420,921
64	Landscape			11,182	247	247	247	247	247	247	247	247	**13,155**				13,155
65	Energy Consultant			16,272	508.49	508.49	508.49	508.49	508.49	508.49	508.49	508.49	**20,340**				20,340
66	MEPFS design and Precon - Level 10			178,184.48	-	-	-	-	-	-	-	-	**178,184**				**178,184**
69	**Total Architectural**		-	**542,375**	**11,278**	**11,278**	**11,278**	**11,278**	**11,278**	**11,278**	**11,278**	**11,278**	**632,600**	-	-	-	**632,600**
70																	
71	**SURVEY & ENGINEERING**																
72	Civil			37,001	816	816	816	816	816	816	816	816	**43,531**	-	-	-	43,531
73	ALTA			-	-	-	-	-	-	-	-	-	-	-	-	-	-
74	Staking		0	-	1,493	1,493	1,493	1,493	1,493	1,493	1,493	1,493	**11,941**	-	-	-	11,941
75	Structural Testing		0	-	3,856	3,856	3,856	3,856	3,856	3,856	3,856	3,856	**30,848**	-	-	-	30,848
76	Soils		0	-	3,060	3,060	3,060	3,060	3,060	3,060	3,060	3,060	**24,479**	-	-	-	24,479
77	Other : grease trap, noise, fire, shoring, external, pole, dry util		0	101,218	-	-	-	-	-	-	-	-	**101,218**	-	-	-	101,218
78	Other : Preconstruction Services ECI and Level 10		0	99,310	-	-	-	-	-	-	-	-	**99,310**	-	-	-	99,310
79	Other : Misc Consultants		0	31,843	-	-	-	-	-	-	-	-	**31,843**	-	-	-	31,843
80	**Total Survey & Engineering**		-	**269,371**	**9,225**	**9,225**	**9,225**	**9,225**	**9,225**	**9,225**	**9,225**	**9,225**	**343,169**	-	-	-	**343,169**
81																	
82	**CONTINGENCY COSTS**																
83	Hard Cost Contingency	5%		-	131,999	131,999	97,020	194,040	194,040	97,020	97,020	97,020	**1,040,158**	-	-	-	1,040,158
84	Soft Cost Contingency	5%		150,957	6,820	8,057	9,458	11,101	13,613	15,534	17,751	21,557	**254,847**	-	-	-	254,847
85	**Total Contingency**		-	**150,957**	**138,819**	**140,057**	**106,478**	**205,141**	**207,652**	**112,554**	**114,771**	**118,577**	**1,295,006**	-	-	-	**1,295,006**
86																	
87	**CONSTRUCTION PERIOD EXPENSES**																
88	Construction Loan Interest			-	17,956.80	43,696.21	71,704.35	101,763.55	146,362.68	184,785.09	209,226.80	233,919.40	**1,009,415**	762,028	-	-	1,771,443
89	C Bond Loan Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	-
90	Soft Loan Interest			-	69,122.13	69,122.13	69,122.13	71,934.63	77,559.63	77,559.63	77,559.63	78,997.13	**590,977**	239,148	-	-	830,125
91	Origination Fee	1.00%		216,207	-	-	-	-	-	-	-	-	**216,207**	-	-	-	216,207
94	Lender Inspection Fees			-	1,493	1,493	1,493	1,493	1,493	1,493	1,493	1,493	**11,941**	-	-	-	11,941
95	Taxes During Construction			1,493	-	-	-	-	-	-	-	-	**1,493**	-	-	-	1,493
97	Insurance During Construction			149,263	-	-	-	-	-	-	-	-	**149,263**	-	-	-	149,263

PROJECTED SOURCES AND USES OF FUNDS

14th and Commercial 4% VHHP component

					Construction Period								Construction	Stabilization	Conversion	8609	Total
			Pre-Dev	Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Subtotal	6 mos			
					10%	10%	10%	20%	20%	10%	10%	10%					
98	Title and Recording Fees			9,951	-	-	-	-	-	-	-	-	9,951	-	-	-	9,951
99	Construction Mgmt. and Monitoring	0.00%	0	-	23,509	23,509	23,509	23,509	23,509	23,509	23,509	23,509	188,071	-	-	-	188,071
100	Predevelopment Loan Interest			198,140	-	-	-	-	-	-	-	-	198,140	-	-	-	198,140
101	Other: PW Monitoring			-	1,891	1,891	1,891	1,891	1,891	1,891	1,891	1,891	15,125	-	-	-	15,125
103	**Total Construction Period Expense**		-	575,054	113,971	139,711	167,719	200,590	250,815	289,237	313,679	339,809	2,390,583	1,001,176	-	-	3,391,759
104																	
105	PERMANENT FINANCING EXPENSES																
106	Loan Origination Fees	0.50%		-	-	-	-	-	-	-	-	-	-	-	12,815	-	12,815
108	Title and Recording Fees			-	-	-	-	-	-	-	-	-	-	-	1,990	-	1,990
111	Other: Issuer Fee	0.000%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	**Total Permanent Financing**			-	-	-	-	-	-	-	-	-	-	-	14,806	-	14,806
114																	
115	LEGAL FEES																
116	Construction Lender Legal			11,941	-	-	-	-	-	-	-	-	11,941	-	-	-	11,941
117	Permanent Lender Legal			8,956	-	-	-	-	-	-	-	-	8,956	-	2,985	-	11,941
118	Sponsor Legal		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119	Organizational Legal			3,980	-	-	-	-	-	-	-	-	3,980	-	-	-	3,980
120	Other Legal (Issuer Legal, Bond Counsel)			10,946	-	-	-	-	-	-	-	-	10,946	-	-	-	10,946
121	Other:			9,951	-	-	-	-	-	-	-	-	9,951	-	-	-	9,951
122	Other: GP Legal			1,990	-	-	-	-	-	-	-	-	1,990	-	-	-	1,990
123	**Total Legal Fees**		-	47,764	-	-	-	-	-	-	-	-	47,764	-	2,985	-	50,749
124																	
125	CAPITALIZED RESERVES																
126	Operating Reserve	6 months		-	-	-	-	-	-	-	-	-	-	-	345,922	-	345,922
129	Rent / WC Reserve			-	-	-	-	-	-	-	-	-	-	-	252,084	-	252,084
132	**Total Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	598,006	-	598,006
133																	
134	REPORTS & STUDIES																
135	Market Study			1,990	-	-	-	-	-	-	-	-	1,990	-	-	-	1,990
137	Appraisal			1,990	-	-	-	-	-	-	-	-	1,990	-	-	-	1,990
138	Environmental			6,624	-	-	-	-	-	-	-	-	6,624	-	-	-	6,624
139	Other: Lender Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Other: Investor Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-
141	Other: Seismic/light/relocation			4,577	-	-	-	-	-	-	-	-	4,577	-	-	-	4,577
142	Other: Phase I			-	-	-	-	-	-	-	-	-	-	-	-	-	-
143	**Total Reports & Studies**		-	15,181	-	-	-	-	-	-	-	-	15,181	-	-	-	15,181
144																	
145	OTHER																
146	TCAC App./Alloc/Monitoring Fees			97,477	-	-	-	-	-	-	-	-	97,477	-	(14,939)	-	82,539
147	CDLAC/CDIAC Fees	0.05%		10,810	-	-	-	-	-	-	-	-	10,810	-	-	-	10,810
148	Local Permit Fees	$212/unit		86,194	-	-	-	-	-	-	-	-	86,194	-	-	-	86,194
149	Local Development Impact Fees	$3,225/unit	0	1,312,466	-	-	-	-	-	-	-	-	1,312,466	-	-	-	1,312,466
152	Furnishings			-	-	-	-	-	-	-	-	-	-	-	-	-	-
153	Final Cost Audit Expense			-	-	-	-	-	-	-	-	-	-	1,990	-	-	1,990
154	Marketing			-	995.09	-	-	-	-	-	19,901.72	19,901.72	40,799	1,592	-	-	42,391
155	MGP Services Fee			50,000	-	-	-	-	-	-	-	50,000	100,000	-	-	-	100,000
156	SDHC Ap, Orig, Servicing, Legal, Const Review			9,950.86	-	-	-	-	-	-	-	-	9,951	-	-	-	9,951
157	Accounting/Finance/Admin			2,487.71	932.89	932.89	932.89	932.89	932.89	932.89	932.89	932.89	9,951	-	-	-	9,951
158	Other: Transit Passes			-	-	-	-	-	-	-	-	-	-	-	69,656.02	-	69,656
160	**Total Other Costs**		-	1,569,387	1,928	933	933	933	933	933	20,835	70,835	1,667,648	3,582	54,717	-	1,725,948
161																	
162	DEVELOPER COSTS																
163	Developer Fee			149,263	-	-	-	149,263	-	-	-	149,263	447,789	-	$838,784	113,427	1,400,000
164	Consultant/Processing Agent			-	-	-	-	-	-	-	-	-	-	-	-	-	-
165	Project Administration			-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	**Total Developer Costs**		-	149,263	-	-	-	149,263	-	-	-	149,263	447,789	-	838,784	113,427	1,400,000
171																	
173	**Total Uses of Funds**		-	8,223,136	2,915,208	2,941,189	2,236,031	4,457,228	4,360,701	2,363,625	2,410,186	2,639,385	32,546,689	1,004,758	1,509,299	113,427	35,174,173
174	Net Source & Use			2,127,419	(2,127,419)	-	-	-	-			-	-	-	1	-	1
175	Distributions			-													-
176	**Balance of Funds**			**2,127,419**	-	-	-	-	-			-		-	**1**	**1**	**1**

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component
Revision Date: 6/12/18

				1	2	3	4	5	6	7	8	9	10	11	12	13
Gross Revenue	Inflation @		2.50%	969,875	994,122	1,018,975	1,044,449	1,070,560	1,097,324	1,124,757	1,152,876	1,181,698	1,211,241	1,241,522	1,272,560	1,304,374
Vacancy			5.00%	(48,494)	(49,706)	(50,949)	(52,222)	(53,528)	(54,866)	(56,238)	(57,644)	(59,085)	(60,562)	(62,076)	(63,628)	(65,219)
Net Revenue				921,381	944,416	968,026	992,227	1,017,032	1,042,458	1,068,520	1,095,233	1,122,613	1,150,679	1,179,446	1,208,932	1,239,155
Operating Expenses (including non residential)	Inflation @		3.50%	465,750	482,051	498,923	516,385	534,459	553,165	572,526	592,564	613,304	634,769	656,986	679,981	703,780
Net Operating Income				455,631	462,364	469,103	475,841	482,573	489,293	495,994	502,668	509,310	515,909	522,459	528,951	535,375
Replacement Reserves			0.00%	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Resident Services	Inflation @		2.50%	162,000	166,050	170,201	174,456	178,818	183,288	187,870	192,567	197,381	202,316	207,374	212,558	217,872
Cash Available to Debt Service				253,131	255,814	258,402	260,885	263,256	265,505	267,624	269,601	271,428	273,093	274,586	275,893	277,003
Principal and Interest			5.75%	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241
Issuer's and Admin Fee			0.00%	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Managing GP Fee	5,000		2.50%	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244	6,400	6,560	6,724
Administrative GP Fee			2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow				20,536	23,094	25,554	27,906	30,142	32,253	34,230	36,063	37,741	39,254	40,590	41,738	42,684
			DSCR	1.15	1.17	1.18	1.20	1.21	1.22	1.24	1.25	1.26	1.27	1.28	1.28	1.29
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	2.63%	2.84%	3.02%	3.19%	3.33%	3.45%	3.56%	3.64%	3.71%	3.76%	3.78%	3.80%	3.79%
TCAC Debt Service Test			125%													
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to expens		12%	3.27%	3.56%	3.82%	4.04%	4.23%	4.38%	4.50%	4.59%	4.66%	4.69%	4.70%	4.68%	4.63%
Distributions																
Refinance Proceeds																
Incentive Leasing Fee				0	0	0										
Resident Services	0		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
LP Fee	5,000		3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129
Deferred Developer fee	100%of Avail Cashflow		1.00%	15,536	17,944	20,249	22,442	24,514	26,457	28,260	29,914	31,408	11,515	0	0	0
Cash Available After Deferred Fee Payment				0	0	0	0	0	0	0	0	0	21,216	33,871	34,816	35,555
Sponsor Distribution																
Cash reserve per SDHC	35.0%			0	0	0	0	0	0	0	0	0	3,713	5,927	6,093	6,222
Cash Available After Deferred Fee Pmt	50.00%			0	0	0	0	0	0	0	0	0	10,608	16,935	17,408	17,777
VHHP	100.00%		3.00%	0	0	0	0	0	0	0	0	0	10,608	16,935	17,408	17,777
SDHC loan	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
IIG	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
AHP	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available After Soft Loan Loans				0	0	0	0	0	0	0	0	0	6,895	11,008	11,315	11,555
Partnership Admin Fee (90% of Cash Flow)			90.00%	0	0	0	0	0	0	0	0	0	6,206	9,907	10,184	10,400
Cash Flow Available after Partnership Admin Fee				0	0	0	0	0	0	0	0	0	690	1,101	1,132	1,156
LP Distribution			99.00%	0	0	0	0	0	0	0	0	0	683	1,090	1,120	1,144
GP Distribution			1.00%	0	0	0	0	0	0	0	0	0	7	11	11	12
Remaining Cash Flow After Partnership Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component
Revision Date: 6/12/18

				14	15	16	17	18	19	20	21	22	23	24	25	26
Gross Revenue	Inflation @		2.50%	1,336,983	1,370,408	1,404,668	1,439,785	1,475,779	1,512,674	1,550,491	1,589,253	1,628,984	1,669,709	1,711,451	1,754,238	1,798,094
Vacancy			5.00%	(66,849)	(68,520)	(70,233)	(71,989)	(73,789)	(75,634)	(77,525)	(79,463)	(81,449)	(83,485)	(85,573)	(87,712)	(89,905)
Net Revenue				1,270,134	1,301,887	1,334,434	1,367,795	1,401,990	1,437,040	1,472,966	1,509,790	1,547,535	1,586,223	1,625,879	1,666,526	1,708,189
Operating Expenses (including non residential)	Inflation @		3.50%	728,413	753,907	780,294	807,604	835,870	865,126	895,405	926,744	959,180	992,752	1,027,498	1,063,460	1,100,681
Net Operating Income				541,721	547,980	554,141	560,191	566,120	571,914	577,561	583,046	588,355	593,472	598,381	603,066	607,508
Replacement Reserves			0.00%	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Resident Services	Inflation @		2.50%	223,319	228,902	234,624	240,490	246,502	252,665	258,981	265,456	272,092	278,895	285,867	293,014	300,339
Cash Available to Debt Service				277,903	278,579	279,016	279,201	279,118	278,750	278,080	277,090	275,762	274,077	272,014	269,552	266,669
Principal and Interest			5.75%	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241	170,241
Issuer's and Admin Fee			0.00%	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354	15,354
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Managing GP Fee	5,000		2.50%	6,893	7,065	7,241	7,423	7,608	7,798	7,993	8,193	8,398	8,608	8,823	9,044	9,270
Administrative GP Fee			2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow				43,415	43,919	44,180	44,184	43,915	43,356	42,492	41,302	39,770	37,874	35,596	32,913	29,804
			DSCR	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.29					
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	3.76%	3.72%	3.66%	3.58%	3.49%	3.38%	3.26%	3.11%	2.96%	2.78%	2.60%	2.39%	2.17%
TCAC Debt Service Test			125%													
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to expens		12%	4.56%	4.47%	4.35%	4.22%	4.06%	3.88%	3.68%	3.46%	3.23%	2.98%	2.71%	2.43%	2.13%
Distributions																
Refinance Proceeds						0										
Incentive Leasing Fee																
Resident Services	0		3.00%	0	0	0										
LP Fee	5,000		3.00%	7,343	7,563	0										
Deferred Developer fee	100%of Avail Cashflow		1.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available After Deferred Fee Payment				36,073	36,356	44,180	44,184	43,915	43,356	42,492	41,302	39,770	37,874	35,596	32,913	29,804
Sponsor Distribution																
Cash reserve per SDHC	35.0%			6,313	6,362	7,732	7,732	7,685	7,587	7,436	7,228	6,960	6,628	6,229	5,760	5,216
Cash Available After Deferred Fee Pmt	50.00%			18,036	18,178	22,090	22,092	21,957	21,678	21,246	20,651	19,885	18,937	17,798	16,457	14,902
VHHP	100.00%		3.00%	18,036	18,178	22,090	22,092	21,957	21,678	21,246	20,651	19,885	18,937	17,798	16,457	14,902
SDHC loan	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
IIG	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
AHP	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available After Soft Loan Loans				11,724	11,816	14,359	14,360	14,272	14,091	13,810	13,423	12,925	12,309	11,569	10,697	9,686
Partnership Admin Fee (90% of Cash Flow)			90.00%	10,551	10,634	12,923	12,924	12,845	12,682	12,429	12,081	11,633	11,078	10,412	9,627	8,718
Cash Flow Available after Partnership Admin Fee				1,172	1,182	1,436	1,436	1,427	1,409	1,381	1,342	1,293	1,231	1,157	1,070	969
LP Distribution			99.00%	1,161	1,170	1,421	1,422	1,413	1,395	1,367	1,329	1,280	1,219	1,145	1,059	959
GP Distribution			1.00%	12	12	14	14	14	14	14	13	13	12	12	11	10
Remaining Cash Flow After Partnership Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component
Revision Date: 6/12/18

				27	28	29	30
Gross Revenue	Inflation @		2.50%	1,843,046	1,889,122	1,936,350	1,984,759
Vacancy			5.00%	(92,152)	(94,456)	(96,818)	(99,238)
Net Revenue				**1,750,894**	**1,794,666**	**1,839,533**	**1,885,521**
Operating Expenses (including non residential)	Inflation @		3.50%	1,139,205	1,179,077	1,220,345	1,263,057
Net Operating Income				**611,689**	**615,589**	**619,188**	**622,464**
Replacement Reserves			0.00%	40,500	40,500	40,500	40,500
Resident Services	Inflation @		2.50%	307,847	315,544	323,432	331,518
Cash Available to Debt Service				**263,341**	**259,545**	**255,255**	**250,446**
Principal and Interest			5.75%	170,241	170,241	170,241	170,241
Issuer's and Admin Fee			0.00%	15,354	15,354	15,354	15,354
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000	42,000
Managing GP Fee	5,000		2.50%	9,501	9,739	9,982	10,232
Administrative GP Fee			2.50%	0	0	0	0
Net Project Cash Flow				**26,245**	**22,211**	**17,678**	**12,619**
			DSCR				
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	1.94%	1.69%	1.43%	1.15%
TCAC Debt Service Test			125%				
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to expens		12%	1.81%	1.49%	1.15%	0.79%
Distributions							
Refinance Proceeds							
Incentive Leasing Fee							
Resident Services		0	3.00%				
LP Fee		5,000	3.00%				
Deferred Developer fee		100%of Avail Cashflow	1.00%	0	0	0	0
Cash Available After Deferred Fee Payment				**26,245**	**22,211**	**17,678**	**12,619**
Sponsor Distribution							
Cash reserve per SDHC		35.0%		4,593	3,887	3,094	2,208
Cash Available After Deferred Fee Pmt		50.00%		**13,122**	**11,106**	**8,839**	**6,309**
VHHP		100.00%	3.00%	13,122	11,106	8,839	6,309
SDHC loan		0.00%	3%	0	0	0	0
NPLH		0.00%	3%	0	0	0	0
IIG		0.00%	3%	0	0	0	0
AHP		0.00%	3%	0	0	0	0
Cash Flow Available After Soft Loan Loans				**8,530**	**7,219**	**5,745**	**4,101**
Partnership Admin Fee (90% of Cash Flow)			90.00%	7,677	6,497	5,171	3,691
Cash Flow Available after Partnership Admin Fee				**853**	**722**	**575**	**410**
LP Distribution			99.00%	844	715	569	406
GP Distribution			1.00%	9	7	6	4
Remaining Cash Flow After Partnership Distribution				**0**	**0**	**0**	**0**

SAN DIEGO HOUSING COMMISSION

ATTACHMENT 5
PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY
14th and Commercial CIC VHHP L.P.
1402 Commercial Street San Diego, CA (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 81-unit development (with 80 affordable units and one unrestricted manager's unit) located at 1402 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 $5,350,000 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	30%	40
Studio	60%	36
One Bedroom	60%	4
Subtotal		80
Manager Units		
Two Bedroom	N/A	1
Subtotal		1
TOTAL		**81**

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 $1,400,000 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 through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to $1,400,000 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 80 (Project units to be affordability monitored) = **$12,400** 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 $5,350,000, 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 rulesand 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 (20) 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 of 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 **$5,350,000**) will be disbursed as follows:
    - Up to 75 percent **($4,012,500)** at escrow closing.
    - Up to 15 percent **($802,500)** to be distributed at 50 percent construction completion.
    - Up to 5 percent **($267,500)** 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 **($267,500)** 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 lender's 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 one 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 $162,000 per year (with a 3 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 (20) 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 **$40,500 ($500 per unit per year)**.
    b. Operating Reserve - The attached proforma models a capitalized operating reserve of **$345,922** 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. Transition- Rent Up Reserve- The attached proforma models a capitalized transition-rent up reserve of $252,084 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 in 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 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.

SAN DIEGO 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.

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

By: Cheri Hoffman

Print Name: Cheri Hoffman

Title: Authorized Signer

Date: 4/22/19

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.

SAN DIEGO HOUSING COMMISSION

SDHC

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 27th Street Del Mar, CA 92014	
Name: Kathleen Sellick	Director
Address: 3350 E Street	

San Diego, CA 92102	
Name: Jamie Settineri	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 Wehn	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 (VHHP): $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 (limits) 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 Entity Making Complaint	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

Title: Chief Development Officer

Dated: May 10, 2017

By: [signature]

Title: Chief Development Officer

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

KATHLEEN M. CUSICK
Commission # 2029560
Notary Public - California
San Diego County
My Comm. Expires Jul 17, 2017

Client#: 25022 FATHJOES

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	CONTACT NAME: Joyce Flores
Marsh & McLennan Agency LLC Marsh & McLennan Ins Agncy LLC PO Box 85638; CA Lic #0H18131 San Diego, CA 92186	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 :	

INSURED
S.V.D.P. Management, and its
Partner Agencies
3350 E Street
San Diego, CA 92102-3332

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	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC OTHER:			PHPK1503269	06/01/2016	06/01/2017	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $1,000,000 $5,000 $1,000,000 $2,000,000 $2,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			PHPK1503269	06/01/2016	06/01/2017	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			PUB542836	06/01/2016	06/01/2017	EACH OCCURRENCE AGGREGATE	$1,000,000 $
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		SVWC716313	12/01/2016	12/01/2017	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$1,000,000 $1,000,000 $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

Evidence of Coverage

CANCELLATION

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

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WELJ

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

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

MAR 30 1992

MARCH FONG EU, Secretary of State

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

I

The name of this corporation is S.V.D.P. Management, Inc.

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

Incorporator

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

diocese\SVPDMGMT.Art

State of California

March Fong Eu
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

1818787

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

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)	SUITE OR ROOM	2A.	2B.
1550 Market Street (DO NOT USE P.O. BOX NO.)		San Diego, CA CITY AND STATE	92101 ZIP CODE
3. MAILING ADDRESS	**SUITE OR ROOM**	**3A.**	**3B.**
1550 Market Street		San Diego, CA CITY AND STATE	92101 ZIP CODE

THE NAMES OF THE FOLLOWING OFFICERS ARE:

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

FORM S.O 100 Rev. 9/89

IRS 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

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.

Name, Address & Zip Code	**Phone Number**	**Title and Percentage of Interest**
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

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.

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

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)

GSN1 ALEXANDER MARC EARL
COMM. # 2046293
NOTARY PUBLIC • CALIFORNIA
SAN DIEGO COUNTY
My Comm. Exp. October 21, 2017 GSN1

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

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NOVOGRADAC
& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

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		5,586,447
Fixed assets:		
Property and equipment		373,516
Leasehold improvements		76,288
Accumulated depreciation		(275,637)
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		1,535,987
Total assets	$	7,296,601

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	167,318
Long-term liabilities:	
Security deposits	14,310
Other long-term liabilities	93,252
Total long-term liabilities	107,562
Total liabilities	274,880
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	4,054,522
Total controlling interest	7,021,622
Non-controlling interest	99
Total stockholder's equity	7,021,721
Total liabilities and stockholder's equity	$ 7,296,601

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		4,704,958
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		4,320,274
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)		(23,299)
Income before provision for income taxes		361,385
Provision for income taxes		(15,160)
Net income	$	346,225

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		Additional Paid-in	Retained	Total Controlling	Total Non-controlling	Total Stockholder's
	Shares	Amount	Capital	Earnings	Interest	Interest	Equity
BALANCE, JANUARY 1, 2015	100	$ 100	$ 2,967,000	$ 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		270,152
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		69,595

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	(10,264)
Net cash used in financing activities	(85,413)
Net increase in cash and cash equivalents	254,334
Cash and cash equivalents, beginning of year	618,038
Cash and cash equivalents, end of year	$ 872,372
Supplemental disclosure cash flow information:	
Cash paid for interest during the year	$ 52,067

See accompanying notes and independent accountants' review report.

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.

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.

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		(275,637)
Total fixed assets, net	$	174,167

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:

	Amount
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

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Notes Receivable (continued)

	Amount
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.	29,000
Total notes receivable – related parties	161,044
Less: current portion of notes receivable - related party	(92,004)
Notes receivable – related parties, less current portion	$ 69,040

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	(798,042)
Project cost advances – related parties, less current portion	$ 592,905

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.

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	(1,670,663)
Developer fees receivable- related parties, less current portion	$ 121,984

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.

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	$ 239,730

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.

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	$ 15,160

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
LAND, BUILDING, AND EQUIPMENT	
Office Furniture and Equipment (Net)	244,304
Total Land, Building, and Equipment	244,304
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
	$ 8,299,607

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
LONG TERM LIABILITIES	
Security Deposits	14,310
Total Long Term Liabilities	14,310
Total Liabilities	817,305

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
NONCONTROLLING INTEREST	99
Total Owners' Equity	7,482,302
Total Liabilities and Owner's Equity	$ 8,299,607

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	6,460,737
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	6,061,302
INCOME BEFORE DEPRECIATION	399,434
Depreciation	114,030
OPERATING INCOME	285,404
OTHER INCOME (EXPENSES)	
Interest Income	306,442
Interest Expense	(18,448)
State Income Tax	(11,200)
TOTAL OTHER INCOME (EXPENSE)	276,795
NET INCOME	$ 562,199

Emmerson Construction Inc.

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 Yepez, 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	2-0989	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	Medow Village Road-Commerical			Commercial- Remoda	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	5-1020	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	Jawson 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			Rehab- Renovation	Completed	2011	94	688,402
30	6-1035	South Mill Creek Apts	Bakersfield	California	Family	Completed	2011	72	11,463,750
31		Villa Fortuna	Brawley	California	Family	Completed	2011	76	9,569,612
32		Villa Del Sol	San Diego	California		Completed	2011	52	6,094,330
33		Estrella De Mercado	San Diego	California		Completed	2012	95	14,485,997
34		Las Brisas	Colton	California		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

40	11-1055	Vista Terrace			Rehab- Renovation	Completed	2013	48		3,218,327
41	12-1061	Vista Montana/Cesar Chavez Villas	Coachella	California	Residential- New	Completed	2013	56		8,489,988
42	12-1057	Fairbanks Commons	San Diego	California	Residential- New	Completed	2014	165		21,164,232
43	13-1069	Versa	San Diego	California	Residential- New	Completed	2015	150		17,615,491
44	13-1068	Fairbanks Square	San Diego	California	Residential- New	Completed	2015	100		9,200,000
45	13-1071	Mill Creek Courtyards St.	Bakersfield	California	Residential- New	Completed	2015	62		7,063,498
46	14-1077	Villa Primavera	Calexico	California	Residential- New	Completed	2015	48		8,503,475
47	14-1078	Las Palmeras	Imperial	California	Residential- New	Completed	2015	56		9,256,950
48	13-1070	Alpha Square	San Diego	California	Residential- New	Completed	2015	203		28,727,538
49	13-1066	Westminster Manor (Rehab)	San Diego	California	Rehab- Renovation	Completed	2015	156		12,579,705
50	14-1075	Willie James Jones	San Diego	California	Residential- New	Completed	2015	32		7,949,583
51	14-1081	Rancho Del Sol	San Diego	California	Commercial- New	Completed	2015	94		12,563,178
52	16-1096	Nelms Garden - Oceanside	Oceanside	California	Garden renovation	Completed	2016		-	117,364
53	15-1087	Torrey Vale	San Diego	California	Residential- New	Completed	2016	28		4,985,553
54	14-1079	Trolley Residential	San Diego	California	Commercial- New	Completed	2016	52		13,568,298
55	15-1082	Mill Creek Village	Bakersfield	California	Residential- New	In Progress	Started Nov. 201	63		12,444,783
56	15-1085	Ouchi Courtyard	San Diego	California	Residential- New	In Progress	Started Nov. 201	45		11,616,272
57	15-1083	Duetta Family - Millenia	Chula Vista	California	Family	In Progress	Started Mar. 2016	87		14,452,135
58	15-1092	Volta Senior	Chula Vista	California	Senior	In Progress	Started Mar. 2016	123		18,772,332
59	15-1084	Mesa Verde	Santee	California	Residential- New	In Progress	Started Nov. 2016	90		17,174,144
60	15-1091	Fairbanks Terrace	San Diego	California	Commercial- New	In Progress	Started April 2016	83		10,228,891
61	15-1090	Quarry Creek	Carlsbad	California	Commercial- New	In Progress	Started Nov. 2016	64		10,312,118
62	16-1094	Villa Storia	Oceanside	California	Residential- New	In Progress	Starts Feb. 2017	38		5,630,056
63		City Heights Square			Management	Completed		150		21,468,768
64		Landings II			Management	Completed		143		23,610,280
65		Casa Hermosa Apartments			Management	Completed		88		7,055,677
66		CL Dellums Apartments			Management	Completed		76		4,354,469
67	15-1089	Parkside Terrace - New Mexico	Hobbs	New Mexico	Management	In Progress		65		9,860,000
68	15-1088	Roselawn Manor	Artesia	New Mexico	Management	In Progress		63		10,250,000
69										
70										
71										
72										
		Total # of Units & Total Contract Values						5,401		662,324,999

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 14C VHHP 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 and Commercial CIC-VHHP, 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 $22,000,000, 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 $22,000,000, 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 $22,000,000 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. 1994553

EXHIBIT A

DESCRIPTION OF PROJECT

Name: 14C VHHP Apartments

Location: 1402 Commercial Street, San Diego, California

Number of Units: 81

Maximum Bond Amount: $22,000,000

SAN DIEGO HOUSING COMMISSION

REPORT TO THE CITY COUNCIL

DATE ISSUED: April 22, 2019 **REPORT NO**: CCR19-006

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 - 14C VHHP 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 $22,000,000 to facilitate the acquisition and new construction of 14C VHHP Apartments, an 81-unit affordable rental housing development for 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.

SUMMARY

The Housing Authority of the City of San Diego intends to issue up to $22,000,000 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

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

Approved by,

Jeff Davis

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
14C VHHP Apartments	1402 Commercial Street, San Diego, California	81	$22,000,000

The facilities are to be owned by 14th and Commercial CIC-VHHP, 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 Project is expected to include approximately 80 units for very-low income and low-income persons. 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