



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: June 14, 2019

HCR19-056

SUBJECT: Loan Recommendation and Preliminary Bond Authorization for East Block Senior Apartments

COUNCIL DISTRICT(S): 9

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

#### REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$6,750,000 to Fairmount Senior Housing CIC, L.P., and take the 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 East Block Senior Apartments, which will consist of 115 new rental housing units that will remain affordable for 55 years for low-income seniors and two managers' units, to be located at the northwest corner of Fairmount Avenue and El Cajon Boulevard, San Diego, CA California 92105.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed development is a 117-unit affordable rental housing new construction project.
- The development includes 115 one-bedroom units with rents restricted to 40 – 60 percent of San Diego Area Median Income.
- Chelsea Investment Corporation, the developer, is seeking a Housing Commission loan in the amount of \$6,750,000 and preliminary approvals to issue up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds.
- Total development cost of the development is \$31,151,948.
- Total development cost per unit is \$266,256.
- Housing Commission subsidy per unit is \$57,692.
- If approved, the developer could commence construction in December 2019 and complete construction by December 2021.
- The proposed development is part of the mixed-use transit-oriented East Block Collaborative that, in addition to the proposed 117-unit East Block Senior Apartments component, will ultimately include 78 affordable units for families, a future commercial project being developed in partnership with the City of San Diego, the Library Next Program, and a private community plaza. The family affordable housing component and the Civic Resource Center are not a part of the actions associated with this request for loan funds and tax-exempt Multifamily Housing Revenue Bond financing.



## REPORT

**DATE ISSUED:** June 6, 2019

**REPORT NO:** HCR19-056

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of June 14, 2019

**SUBJECT:** Loan Recommendation and Preliminary Bond Authorization for East Block Senior Apartments

**COUNCIL DISTRICT:** 9

### **REQUESTED ACTION**

*Seven-day advance notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(a)(b) for Staff Recommendation No. 1.*

Approve a proposed residual receipts loan in an amount not to exceed \$6,750,000 to Fairmount Senior Housing CIC, L.P., and take the 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 East Block Senior Apartments, which will consist of 115 new rental housing units that will remain affordable for 55 years for low-income seniors and two managers' units, to be located at the northwest corner of Fairmount Avenue and El Cajon Boulevard, San Diego, California 92105.

### **STAFF RECOMMENDATIONS**

That the San Diego Housing Commission (Housing Commission) take the following actions and recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions, as described in this report:

#### **Housing Commission**

1. Approve a Housing Commission residual receipts loan of up to \$6,750,000 to Fairmount Senior Housing CIC, L.P., to facilitate the proposed new construction of East Block Senior Apartments, which will consist of 115 new rental housing units that will remain affordable for 55 years for low-income seniors and two managers' units, to be located at the Northwest Corner of Fairmount Avenue and El Cajon Boulevard, San Diego, California 92105.

The Housing Commission's proposed loan would be contingent upon the developer receiving all necessary third-party funding commitments, including a California Tax Credit Allocation Committee (TCAC) 4 percent tax credits award of approximately \$12,000,000 and an approximate \$22,000,000 tax-exempt Multifamily Housing Revenue Bond financed loan. Such third-party funding commitments would be subject to the Housing Commission's General Counsel's approval;

2. Authorize the President and Chief Executive Officer (President & CEO), or designee:

- a. To execute any and all documents necessary to effectuate the transaction and implement the project in a form approved by General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of General Counsel;
- b. To adjust financing terms and conditions as necessary for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$6,750,000 maximum Housing Commission loan amount may not increase;
- c. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of General Counsel;

### **Housing Authority**

3. Approve initial steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for this development, including:
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$22,000,000 in tax-exempt Multifamily Housing Revenue Bonds for new construction of East Block Senior Apartments;
  - 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 Multifamily Housing Revenue Bonds in an amount of up to \$22,000,000 for East Block Senior Apartments;
  - c. Approve a bond financing team of Quint & Thimmig as bond counsel, and CSG Advisors as financial advisor; and
4. Authorize the Housing Commission President & CEO or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary convenient and/or appropriate to implement these approvals upon the advice of General Counsel and/or the Bond Counsel.

### **City Council**

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount of up to \$22,000,000.

### **SUMMARY**

A Development Summary is at Attachment 1.

**Table 1 –Development Details**

Address	Northwest Corner of Fairmount Avenue and El Cajon Boulevard, San Diego, 92105
Council District	9
Community Plan Area	Mid-City Kensington-Talmadge
Development Type	New Construction
Construction Type	Type III; five-story building
Parking	Semi-subterranean parking with 159 stalls

	(Total for combined Senior and Family housing and Future Commercial)
Housing Type	Affordable Senior
Lot Size	0.51 Acres; 22,180 square feet
Units	117
Density	229 dwelling units per acre
Unit Mix	115 one-bedroom units and 2 one-bedroom managers' units
Gross Building Area	81,942 Gross building square feet
Net Rentable Area	60,840 Net rentable square feet

### The Development

East Block Senior Apartments is a proposed five-story, new construction, transit-oriented affordable rental housing development located in the Kensington-Talmadge neighborhood (Attachment 2 - Site Map). East Block Senior Apartments will provide 115 one-bedroom affordable rental units for seniors with incomes ranging from 40 percent to 60 percent of San Diego's Area Median Income (AMI). Additionally, two one-bedroom managers' units will be on-site at the property.

The proposed development is part of the mixed-use transit-oriented East Block Collaborative that, in addition to the proposed 117-unit East Block Senior Apartments component, will ultimately include 78 affordable units for families, a future commercial project, and a private community plaza. The family affordable housing component and the Civic Resource Center are not a part of the actions associated with this request for loan funds and tax-exempt Multifamily Housing Revenue Bond financing. All financing approvals for each affordable housing component must be secured prior to start of construction on this collaborative project.

The property is currently a vacant lot. Prior to finance close, a condominium map will be recorded documenting the separation of the three buildings: one senior affordable housing, one family affordable housing, and future commercial parcel.

Site amenities will include secured building access, elevators, on-site property management and supportive services, and community space. The following amenities at the adjacent family affordable housing building will also be available to residents of the senior affordable housing building: cybercafé, outdoor barbecue and picnic areas, and community garden. Unit amenities will include fully equipped kitchens with full-size appliances, central heating, vinyl flooring and quartz countertops.

### Developer's Request

In response to an Affordable Housing Notice of Funding Availability issued by the Housing Commission on September 4, 2018, Fairmount Senior Housing CIC, L.P. submitted a request for a \$6,750,000 Housing Commission residual receipts loan and Housing Authority issuance of up to \$22,000,000 of tax-exempt Multifamily Housing Revenue Bonds.

### Project Sustainability

East Block Senior Apartments will be constructed in conformance with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards.

### Accessibility

TCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment, having communication features. The same units can

satisfy both of these accessibility requirements. In addition, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment. The development will include Universal Design features.

### Relocation

The site is currently vacant and not subject to relocation.

### Development Team

Fairmount Senior Housing CIC, L.P. is a partnership between Chelsea Investment Corporation (CIC) and Serving Seniors. Serving Seniors is a San Diego-based nonprofit that assists seniors with nutrition, housing, social and supportive services, learning, and health and wellness since 1970. CIC is an award-winning, for-profit corporation headquartered in Carlsbad, California. Established in 1992, CIC specializes in the financing and development of affordable housing. CIC has developed approximately 9,700 affordable housing units since 1995 in California and Arizona.

East Block Senior Apartments will be owned by Fairmount Senior Housing CIC, L.P., a California limited partnership (a single-asset limited partnership) that will include CIC Fairmount Senior Housing, LLC as the administrative general partner; Fairmount SHC Housing, LLC the nonprofit managing general partner; and a to-be-determined tax-credit investor limited partner. CIC has substantial development experience in a wide range of housing developments.

CIC has developed multiple affordable rental housing developments in the City of San Diego and previously has received Housing Commission loan funds. CIC is in full compliance on its previous Housing Commission funded loans. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed East Block Senior Apartments development. For the developer and the proposed borrower's ownership team, Statements for Public Disclosure are on file in the office of the Housing Commission (Attachment 3).

**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Chelsea Investment Corporation
Limited Partnership	Fairmount Senior Housing CIC, L.P.
Managing General Partner	Fairmount SHC Housing, LLC
Administrative General Partner	CIC Fairmount Senior Housing, LLC
Architect	Rob Wellington Quigley, FAIA
General Contractor	Emmerson Construction, Inc.
Property Management	CIC Management, Inc.
Service Provider	Serving Seniors
Construction and Permanent Lender	To be selected
Tax Credit Equity Partner	To be selected

### FINANCING STRUCTURE

East Block Senior Apartments has an estimated total development cost of \$31,151,948 (\$266,256/unit). Financing will include a combination of tax-exempt Multifamily Housing Revenue Bonds, federal 4 percent tax credits, developer equity contribution, deferred developer fee, and Housing Commission loan.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 5.

**Table 3 – Estimated Permanent Sources and Uses**

<b>Financing Sources</b>	<b>Amounts</b>	<b>Financing Uses</b>	<b>Amounts</b>
Permanent loan	\$9,340,000	Acquisition:	\$0
Housing Commission proposed loan	6,750,000	Hard costs (with contingency)	19,900,091
Tax Credit Equity	11,844,104	Soft Costs	10,955,028
Deferred Developer Fee	1,127,486	Reserves	296,829
Developer Equity Contribution	1,726,491	Developer Fee	3,896,491
SDHC Loan- Accrued Interest	363,867		
<b>Total Development Cost</b>	<b>\$31,151,948</b>	<b>Total Development Cost (TDC)</b>	<b>\$31,151,948</b>

The proposed \$6,750,000 Housing Commission residual receipts loan will be funded with up to \$1,750,000 from HOME Investment Partnerships Program funds, which the U.S. Department of Housing and Urban Development (HUD) awards to the City of San Diego and the Housing Commission administers, and \$5,000,000 from the City of San Diego's Affordable Housing Fund (Inclusionary Housing Fund and Housing Trust Fund linkage fee revenues), also administered by the Housing Commission. 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 Housing Commission's proposed loan terms are summarized at Attachment 5.

#### Developer Fee

\$3,896,491 – gross developer fee

- 1,127,486 – minus developer's deferred developer fee; paid out of developers share of residual cash

\$2,769,005 – net cash developer fee

The net cash developer fee shall be \$2,769,005. On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR 17-011; Resolution No. HA-1727). 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 development, the developers are proposing a \$3,896,491 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.

#### Prevailing Wages

Prevailing wages are not applicable to the proposed project due to the sources proposed to fund the construction of the project. The proposed use of federal HOME Investment Partnership funds is below the 12-unit federal threshold and will not require federal prevailing wages.

#### Development Cost Key Performance Indicators

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

**Table 4 - Key Performance Indicators**

Development Cost Per Unit	$\$31,151,948 \div 117 \text{ units} =$	\$266,256
Housing Commission Subsidy Per Unit	$\$6,750,000 \div 117 \text{ units} =$	\$57,692
Acquisition Cost Per Unit	$\$0 \div 117 \text{ units} =$	\$0
Gross Building Square Foot Hard Cost	$\$19,900,091 \div 81,942 \text{ sq. ft.} =$	\$243
Net Rentable Square Foot Hard Cost	$\$19,900,091 \div 60,840 \text{ sq. ft.} =$	\$327

**Project Comparison Chart**

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

**Table 5 - Comparable Development Projects**

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>East Block Senior</b>	<b>2019</b>	<b>III</b>	<b>117</b>	<b>\$31,151,948</b>	<b>\$266,256</b>	<b>\$57,692</b>	<b>\$243</b>
Stella (Twain Veterans Housing)	2017	III	80	\$26,275,500	\$328,444	\$68,750	\$234

**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 California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in August 2019 for an October 2019 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$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 of San Diego's (City) ordinance on bond disclosure. The up to \$22,000,000 bond allocation that will be sought from CDLAC is approximately 11 percent higher than the estimated \$19,600,000 amount for which the 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 decreases in the assumed interest rate, and/or the loss of other planned funding sources. The

bond amount that is ultimately issued will be based upon development costs, revenues, and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, construction and permanent financing. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

Staff recommends assigning Quint & Thimmig as Bond Counsel and CSG Advisors 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**

The development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit and bond regulatory agreements, which will restrict affordability of 115 units for 55 years. The HOME funds will have affordability and rent restrictions for 20 years. The development's 115 units will be affordable to tenants with income levels ranging from 40-60 percent of San Diego's Area Median Income (AMI).

**Table 6 Affordability and Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Number of Units</b>	<b>Gross Rents</b>
1 Bedroom	40%	7	\$674
1 Bedroom	50%	9	\$856
1 Bedroom	60%	99	\$1,039
1 Bedroom Manager	-	2	-
		117	

There will be 11 total HOME restricted units. The same units may satisfy the affordability requirements from tax credits, and the HOME funds. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

### **Development Schedule**

The estimated development timeline is as follows:



<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"> <li>• Housing Authority Preliminary Consideration</li> <li>• City Council IRS-required TEFRA hearing</li> <li>• TCAC and CDLAC application submittals</li> <li>• TCAC and CDLAC allocation meetings</li> <li>• Housing Commission final bond authorization</li> <li>• Housing Authority final bond authorization</li> <li>• Estimated bond issuance and escrow closing</li> <li>• Start of construction work</li> <li>• Completion of construction work</li> </ul>	<ul style="list-style-type: none"> <li>• July 16, 2019</li> <li>• July 16, 2019</li> <li>• August 16, 2019</li> <li>• October 16, 2019</li> <li>• November 15, 2019</li> <li>• December 10, 2019</li> <li>• December 2019</li> <li>• December 2019</li> <li>• December 2021</li> </ul>

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will authorize the Housing Commission to expend an amount up to \$6,805,000 in FY2020 budget as approved by the Housing Authority.

#### **Funding sources approved by this action will be as follows:**

HOME Program funds - up to \$1,750,000

Affordable Housing Program funds - up to \$5,000,000

Bond Issuance Fees - \$55,000 (\$22,000,000 x .0025)

Total Funding Sources - up to \$6,805,000

#### **Funding uses approved by this action will be as follows:**

Loans - up to \$6,750,000

Administrative Costs - up to \$55,000

Total Funding Uses - up to \$6,805,000

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

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 or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

**COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On September 17, 2017, Price Charities presented the proposed development as an action item to the Kensington-Talmadge Community Planning Group. The Kensington-Talmadge Community Planning Group recommended that the City Council approve the lot consolidation for the project. The motion was approved on a vote of 9 to 1 in favor of the project.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include CIC as the developer, Serving Seniors as the service provider, the Housing Authority as bond issuer, and the Mid-City Kensington-Talmadge neighborhood. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 115 new affordable rental homes for low-income seniors.

**ENVIRONMENTAL REVIEW**

The actions being taken at this time that involve a TEFRA hearing and bond inducement are not a "project" and are therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3).

HOME Investment Partnerships Program (HOME) funds constitute a portion of the funding for the project. A final reservation of HOME 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 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 a subsequent environmental review under NEPA.

Respectfully submitted,

*Tina Kessler*

Tina Kessler  
Housing Programs 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. Developer Disclosure Statement
  4. Project Pro forma
  5. Proposed Loan Terms
  6. Multifamily Bond Program Summary

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)

## Development Summary

**Table 1 –Development Details**

Address	Northwest Corner of Fairmount Avenue and El Cajon Boulevard, San Diego, 92105
Council District	9
Community Plan Area	Mid-City Kensington-Talmadge
Development Type	New Construction
Construction Type	Type III; five story building
Parking	Semi-subterranean Parking with 159 stalls (Total for combined Senior and Family housing and Civic Resource Center)
Housing Type	Affordable Senior
Lot Size	0.51 Acres; 22,180 square feet
Units	117
Density	229 dwelling units per acre
Unit Mix	115 one-bedroom units and 2 three-bedroom manager's unit
Gross Building Area	63,590 Gross building square feet
Net Rentable Area	60,840 Net rentable square feet

**Table 2 Development Team Summary**

ROLE	FIRM/CONTACT
Owner	Fairmount and El Cajon Real Estate, LLC
Developer	Chelsea Investment Corporation
Limited Partnership	Fairmount Senior Housing CIC, L.P.
Managing General Partner	Fairmount SHC Housing, LLC
Administrative General Partner	CIC Fairmount Senior Housing, LLC
Architect	Rob Wellington Quigley, FAIA
General Contractor	Emmerson Construction, Inc.
Property Management	CIC Management, Inc.
Service Provider	Serving Seniors
Construction and Permanent Lender	To be selected
Tax Credit Equity Partner	To be selected

**Table 3 – Estimated Permanent Sources and Uses**

Financing Sources	Amounts	Financing Uses	Amounts
Permanent loan	\$9,340,000	Acquisition:	\$0
Housing Commission proposed loan	6,750,000	Hard costs (with contingency)	19,900,091
Tax Credit Equity	11,844,104	Soft Costs	10,955,028
Deferred Developer Fee	1,127,486	Reserves	296,829
Developer Equity Contribution	1,726,491	Developer Fee	3,896,491
SDHC Loan- Accrued Interest	363,867		
<b>Total Development Cost</b>	<b>\$31,151,948</b>	<b>Total Development Cost (TDC)</b>	<b>\$31,151,948</b>

**Table 4 - Key Performance Indicators**

Development Cost Per Unit	$\$31,151,923 \div 117 \text{ units} =$	\$266,256
Housing Commission Subsidy Per Unit	$\$6,750,000 \div 117 \text{ units} =$	\$57,692
Acquisition Cost Per Unit	$\$0 \div 117 \text{ units} =$	\$0
Gross Building Square Foot Hard Cost	$\$19,900,091 \div 63,590 \text{ sq. ft.} =$	\$313
Net Rentable Square Foot Hard Cost	$\$19,900,091 \div 60,840 \text{ sq. ft.} =$	\$327

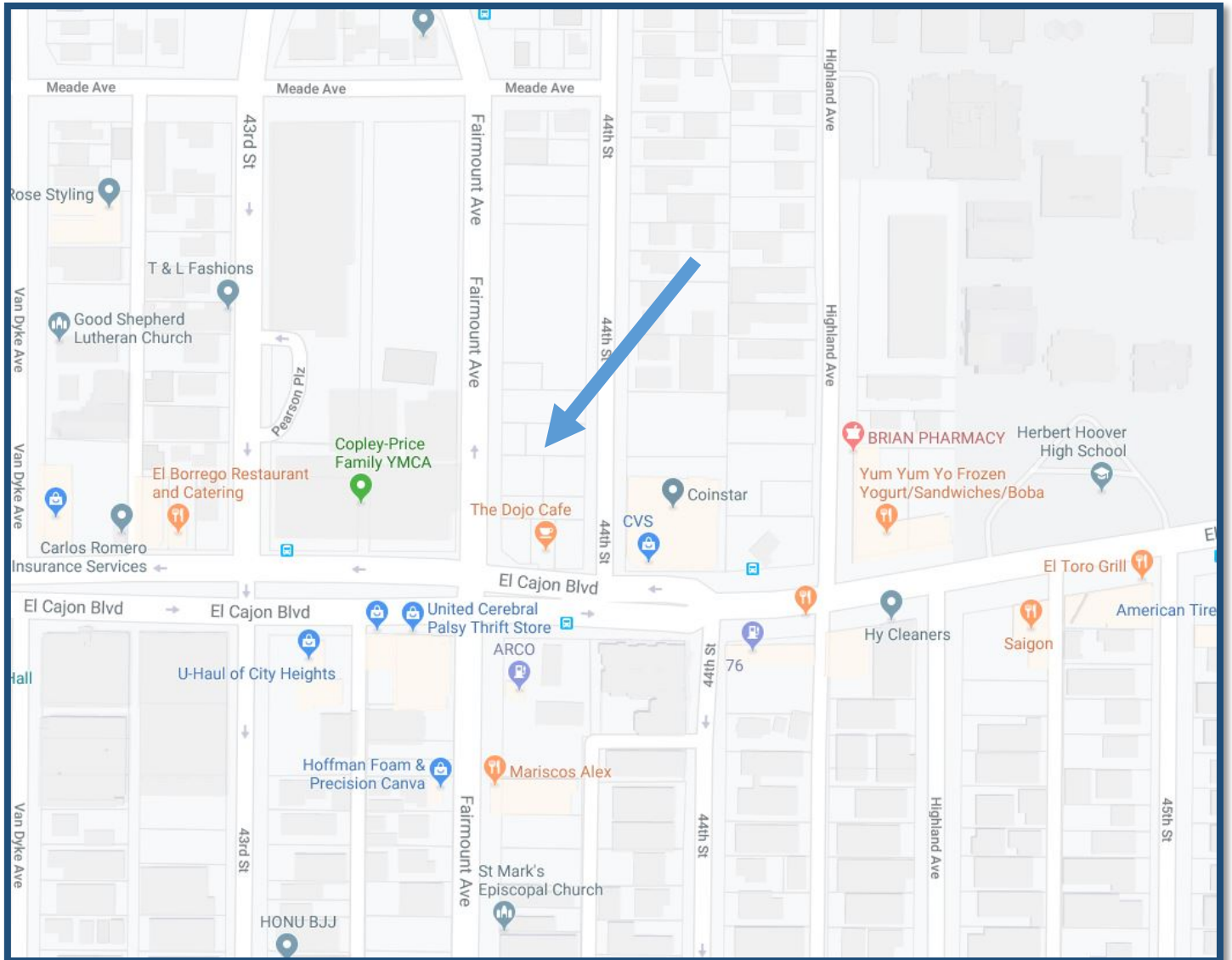
**Table 5 - Comparable Development Projects**

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>East Block Senior</b>	<b>2019</b>	<b>III</b>	<b>117</b>	<b>\$31,151,948</b>	<b>\$266,256</b>	<b>\$57,692</b>	<b>\$313</b>
Stella (Twain Veterans Housing)	2017	III	80	\$26,275,500	\$328,444	\$68,750	\$234

**Table 6 Affordability and Monthly Estimated Rent Table**

Unit Type	AMI	Number of Units	Gross Rents
1 Bedroom	40%	7	\$674
1 Bedroom	50%	9	\$856
1 Bedroom	60%	99	\$1,039
3 Bedroom Manager	-	2	-
		117	

## Attachment 2





**SAN DIEGO  
HOUSING  
COMMISSION**

**Real Estate Department**

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

1. Name of CONTRACTOR: **Chelsea Investment Corporation**
2. Address and Zip Code: **6339 Paseo del Lago, Carlsbad, CA 92011**
3. Telephone Number: **760-456-6000**
4. Name of Principal Contact for CONTRACTOR: **Cheri Hoffman, President**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **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): **Exhibit A**
- ☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: \_\_\_\_\_  
(Name)

Check one:

- ☐ General Partnership (Attach statement of General Partnership)
- ☐ Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: \_\_\_\_\_  
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
**Original Formation Date: July 30, 1986, Restructure Date: 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.
  - 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%. (Attach extra sheet if necessary)

Name and Address		Position Title (if any) and percent of interest or description of character and extent of interest
<b>Name:</b>	<b>The Schmid Family Trust</b>	<b>Sole Shareholder</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	
<b>Name:</b>	<b>James J. Schmid</b>	<b>Co-Trustee</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	
<b>Name:</b>	<b>Lynn Harrington Schmid</b>	<b>Co-Trustee</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	

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):

Name and Address		Position Title (if any) and percent of interest or description of character and extent of interest
<b>Name:</b>	<b>James J. Schmid</b>	<b>Sole Director/CEO/Treasurer/Co-Trustee of Schmid Family Trust, Sole Shareholder</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	
<b>Name:</b>	<b>Cheri Hoffman</b>	<b>President</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	
<b>Name:</b>	<b>Charles S. Schmid</b>	<b>Vice President (son of James J. Schmid)</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
	<b>Carlsbad, CA 92011</b>	

<b>Name:</b>	<b>Lynn Harrington Schmid</b>	<b>Secretary (Wife of James J. Schmid and Co-Trustee of the Schmid Family Trust, Sole Shareholder)</b>
<b>Address:</b>	<b>6339 Paseo del Lago</b>	
<b>Name:</b>	<b>Carlsbad, CA 92011</b>	

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:

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name:	
Address:	
Name:	
Address:	
Name:	
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 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.

<b>Name and Address</b>	<b>Relationship to CONTRACTOR</b>
Name: <b>See Exhibit B Affiliated Parties</b>	
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. **See Exhibit C 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:

#### SOURCES

Federal LIHTC Equity	\$11,768,634
Developer Equity Contr.	\$1,701,663
Permanent Loan	\$9,350,000
Offsite Payment	
Deferred Developer Fee	\$946,813
SHHC	\$6,750,000
Residual Recpt. Loan	\$363,867
<b>TOTAL SOURCES</b>	<b>\$30,880,977</b>

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.*

Name: **TBD**

Address:

Amount: \$

- b. By loans from affiliated or associated corporations or firms: *Enter types of other funding (Developer Fee, Contribution, Deferred Developer and Deferred Contractor Fee (Whichever funding suits you project))*

Name: **Chelsea Investment Corporation**

Address: **6339 Paseo Del Lago, Carlsbad, CA 92011**

Amount: \$ **950,000**

Name: **Emmerson Construction, Inc.**

Address: **6339 Paseo Del Lago, Carlsbad, CA 92011**

Amount: \$ **1,700,000**

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

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

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

<b>Name and Address</b>	<b>Contact Name</b>
<b>Name: US Bank National Association</b>	<b>Paul Shipstead, Vice President</b>
<b>Address: 4747 Executive Drive, 3<sup>rd</sup> Floor</b>	
<b>San Diego, CA 92121</b>	
<b>Name: American West Bank</b>	<b>Catherine M. Niemann, Operations Manager</b>
<b>Address: 5901 Priestly Drive, Suite 160</b>	
<b>Carlsbad, CA 92008</b>	
<b>Name:</b>	
<b>Address:</b>	

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: **See Exhibit D Experience Report**

<b>Type of Bond</b>	<b>Project Description</b>	<b>Date of Completion</b>	<b>Amount of Bond</b>	<b>Action on Bond</b>

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: <b>Emmerson Construction, Inc.</b>	<b>Affiliate</b>
Address: <b>6339 Paseo del Lago, Carlsbad, CA 92011</b>	
Name:	
Address:	
Name:	
Address:	

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

☐ Yes ☒ No

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

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: **\$ 165,896,800**

General description of such work: construction of affordable family, senior and other affordable housing projects.

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

<b>Project Name</b>	<b>See Exhibit E Resumes and List of Projects</b>	
<b>Project Owner Contact Information</b>		
	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>		
	Name	Amount of Contract
<b>Change Order Details</b>		

<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	Location/Date	Outcome Details

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

<b>Identification of Contract or Development</b>	<b>Location</b>	<b>Amount</b>	<b>Date to be Completed</b>
<i>Need Current List</i>			

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

<b>Awarding Agency</b>	<b>Amount</b>	<b>Date Opened</b>

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: **See Exhibit E Resumes and List of Projects**

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:

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:  
**See Exhibit F – Financial Statements for Emmerson Construction**

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:

**The project will have adequate insurance coverage at commencement of construction. Broker is Cavignac & Associates, 450 B Street, Suite 1800, San Diego, CA 92101.**

- 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**

Government Complaint	Entity	Making	Date	Resolution
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)
State License Board	Contractor's License for Emmerson Construction, Inc.	775773	3/2/2000	Current	No

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to,

DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. **None.**

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

<b>Date</b>	<b>Entity Involved (i.e. City SDHC, etc)</b>	<b>Status (Current, delinquent, repaid, etc.)</b>	<b>Dollar Amount</b>
<b>2014</b>	<b>Independence Point (SDHC)</b>	<b>Current</b>	<b>\$2,500,000</b>
<b>2015</b>	<b>Trolley Residential</b>	<b>Current</b>	<b>\$3,120,000</b>
<b>2016</b>	<b>Mesa Verde</b>	<b>Current</b>	<b>\$9,60,000</b>

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 project: See Exhibit F References

1. Name:  
Address:  
Phone:  
Project Name and Description:

2. Name:  
Address:  
Phone:  
Project Name and Description:

3. Name:  
Address:  
Phone:  
Project Name and Description:

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.

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

Name	Experience
TBD	



## 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 20 day of March, 20 19, at San Diego, California.

CONTRACTOR

By: \_\_\_\_\_

Signature

Title

Chen Hoffman

President

Chelsea Investment Corp.

**CALIFORNIA JURAT WITH AFFIANT STATEMENT****GOVERNMENT CODE § 8202**

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

1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 \_\_\_\_\_

*See Attached*

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

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

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me

on this 21 day of March, 2019,  
by \_\_\_\_\_ Date \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

(1) Cheri Hoffman

(and (2) \_\_\_\_\_ ),  
Name(s) of Signer(s)

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



Signature N. St. Amour  
Signature of Notary Public

Seal  
Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_ Document Date: \_\_\_\_\_

Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

## CERTIFICATION

The CONTRACTOR, \_\_\_\_\_, 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: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.**

### JURAT

State of California

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_ \_\_\_\_\_

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

\_\_\_\_\_  
Signature of Notary

SEAL

**FILED**  
in the office of the Secretary of State  
of the State of California

FEB 23 2004

*Kevin Shelley*  
KEVIN SHELLEY, Secretary of State

**ARTICLES OF INCORPORATION  
OF  
CHELSEA SERVICE CORPORATION**

I

The name of this corporation is Chelsea Service Corporation.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is James J. Schmid, 215 South Highway 101, Suite 200, Solana Beach, California 92075.

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares this corporation is authorized to issue is 1,000.

Dated: February 18, 2004

  
James J. Schmid, Incorporator

2578911

10638595

**FILED**  
in the office of the Secretary of State  
of the State of California

**CERTIFICATE OF RESTATED AND AMENDED**

**ARTICLES OF INCORPORATION**

**JAN 1 2006**

**OF CHELSEA SERVICE CORPORATION**

James J. Schmid and Lynn Harrington- Schmid certify that:

1. They are the President and the Secretary, respectively, of Chelsea Service Corporation, a California corporation.
2. The articles of incorporation of the corporation are amended and restated to read in their entirety as follows:

**I**

The name of this corporation is Chelsea Investment Corporation.

**II**

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

**III**

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue, is 1,000.

**IV**

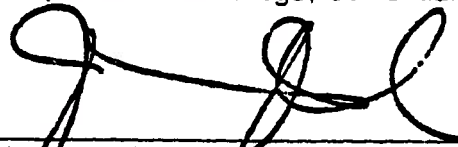
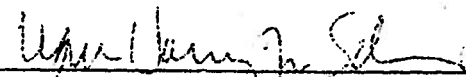
The Corporation is authorized to provide indemnification of agents (as the word "agents" is defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with the agents, vote of shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the Corporation or its shareholders.

3. This Certificate, restating and amending the articles of incorporation, has been approved by the Board of Directors.
4. The amendment was approved by the required vote of the shareholders in accordance with Section 902 of the Corporations Code. The corporation has only one class of shares and the number of outstanding shares is 100. The number of shares

voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We declare under penalty of perjury under the laws of the State of California that the statements set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on December 27, 2005 at San Diego, California.

Dated: December 27, 2005

  
James J. Schmid, President  
Lynn Harrington-Schmid, Secretary

**Chelsea Investment Corporation and Subsidiaries**

**Consolidated Balance Sheet**

December 31, 2018

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 268,556
Marketable securities, net	2,135,460
Accounts receivable - Related parties	1,574,801
Prepaid expenses	179,556
Current portion of developer fees receivable - related parties	3,036,792
Current portion of project cost advances - related parties	1,956,257
Notes receivable - related party	<u>198,234</u>
Total current assets	9,349,657

Fixed assets:

Property and equipment	618,876
Leasehold improvements	179,634
Accumulated depreciation	<u>(502,834)</u>
Fixed assets, net	295,676

Other assets:

Developer fees receivable - related parties, less current portion	6,230,273
Project cost advances - related parties, less current portion	<u>2,132,415</u>
Total other assets	<u>8,362,688</u>

Total assets	<u><u>\$ 18,008,021</u></u>
--------------	-----------------------------

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:

Accounts payable	\$ 111,184
Accrued expenses	826,666
Note payable - related party	<u>500,220</u>
Total current liabilities	1,438,069

Long-term liabilities:

Lease liability	92,510
Unearned developer fee income	<u>6,320,129</u>
Total long-term liabilities	<u>6,412,639</u>

Total liabilities	7,850,708
-------------------	-----------

Stockholder's equity

Controlled interest

Common stock, no par value	
1,000 shares authorized	
100 shares issued and outstanding	100
Additional paid in capital	2,967,000
Retained earnings	<u>7,190,114</u>

Total controlled interest	10,157,214
---------------------------	------------

Non controlling interest	<u>99</u>
--------------------------	-----------

Total stockholder's equity	<u>10,157,313</u>
----------------------------	-------------------

Total liabilities and stockholder's equity	<u><u>\$ 18,008,021</u></u>
--	-----------------------------

**Chelsea Investment Corporation and Subsidiaries**  
**Consolidated Statement of Operations and Comprehensive Income**  
For the twelve months ended December 31, 2018

REVENUES

Developer fees	\$ 8,157,863
Total revenue	<u>8,157,863</u>

OPERATING EXPENSES

Compensation and benefits	4,943,506
Bad debt expense	407,082
Consulting and professional fees	509,428
Insurance	690,577
Rent	352,704
General and administrative	41,838
Payroll taxes	349,865
Deferred compensation	174,654
Advertising	111,206
Utilities	104,945
Depreciation expenses	100,720
Office expenses	104,993
Real estate taxes	40,738
Repairs and maintenance	38,486
Other expenses	90,285
Contributions	25,311
Travel	38,759
Meals and entertainment	<u>22,467</u>
Total operating expenses	8,147,563

Operating income 10,300

OTHER INCOME (EXPENSES)

Investment and interest income	271,346
Interest expense	<u>(143,295)</u>
Total other income	128,051

INCOME BEFORE PROVISION FOR INCOME TAXES 138,350

Provision for income taxes (95,253)

NET INCOME (LOSS) \$ 43,097

OTHER COMPREHENSIVE INCOME

Unrealized gain on available-for sales securities 47,012

TOTAL COMPREHENSIVE INCOME \$ 90,109



**Chelsea Investment Corporation and Subsidiaries**  
**Consolidated Statement of Stockholder's Equity**  
For the twelve months ended December 31, 2018

Controlling Interest							
	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Controlling Interest	Total Non-controlling Interest	Total Stockholder's Equity
	Shares	Amount					
BALANCE, DECEMBER 31, 2017	100	\$ 100	\$ 2,967,000	\$ 7,100,005	\$ 10,067,105	\$ 99	\$ 10,067,204
Stockholder distributions	-	-	-	-	-	-	-
Net Loss	-	-	-	90,109	90,109	-	90,109
Other comprehensive income: Unrealized gain on investment	-	-	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2018	<u>100</u>	<u>\$ 100</u>	<u>\$ 2,967,000</u>	<u>\$ 7,190,114</u>	<u>\$ 10,157,214</u>	<u>\$ 99</u>	<u>\$ 10,157,313</u>



	Property Name	Partnership Name	Address	City	State	Zip	County	Units	Type	Historical Cost	Year Built/Rehabilitated	Year Acquired	LIHTC Investor	Lender	Compliance Period End	Loan Maturity	Recourse? (Y/N)
1	De Anza Hotel	De Anza Hotel, LP	233 East 4th Street	Calexico	CA	92231	Imperial	94	Senior/9%	\$ 5,825,000	1949/1998	1997	N/A	CHRP	2012	05/01/27	No
2	St. Regis Park	St. Regis Park, LP	1025 Broadway	Chula Vista	CA	91911	San Diego	119	Family	\$ 9,519,000	1979/2000	2000	N/A	Bank of America	2015	08/01/31	No
3	Villa Serena	Serena Sunbow, LP	1231 Medical Center Drive	Chula Vista	CA	91911	San Diego	132	Senior	\$ 8,486,000	2000	1999	N/A	Bank of America	2014	09/01/30	No
4	Regency Centre	Regency Centre CIC, LP	4765 Home Avenue	San Diego	CA	92105	San Diego	100	Family	\$ 14,710,000	1976/2001/2019	2018	Raymond James	Citibank	2033	TBD	Yes
5	Seabreeze Farms	Longacres at Seabreeze Farms, LP	12759 Seabreeze Farms Drive	San Diego	CA	92130	San Diego	38	Family/9%	\$ 5,169,000	2001	2000	N/A	Bank of America	2015	01/01/32	No
6	Villa de Las Flores	VDLF, LP	2201 Meadow Drive	Calexico	CA	92231	Imperial	80	Senior/9%	\$ 7,529,000	2001	2000	N/A	Formula Too	2015	12/31/30	No
7	Torrey Highlands	THA, LP	13370 Torrey Meadows Drive	San Diego	CA	92129	San Diego	76	Family	\$ 8,658,000	2002	2001	N/A	PNC	2016	12/01/23	No
8	Brawley Family	BFA, LP	1690 C Street	Brawley	CA	92227	Imperial	80	Family/9%	\$ 9,714,000	2002	2002	The Richman Group	Rabobank	2016	08/28/28	No
9	Calexico Family	CFA, LP	2301 Andrade Avenue	Calexico	CA	92231	Imperial	80	Family/9%	\$ 10,351,000	2003	2002	The Richman Group	Rabobank	2017	10/01/33	No
10	Market Square Manor	Market Square Manor Associates, LP	525 14th St	San Diego	CA	92101	San Diego	200	Senior/9%	\$ 19,209,000	2003	2002	Highridge Costa	Berkadia	2017	07/01/22	No
11	Villa Andalucia	CIC Villas, LP	6591 Rancho del Sol Way	San Diego	CA	92130	San Diego	32	Family	\$ 4,448,000	2003	2002	Boston Financial	Wells Fargo	2018	01/01/35	No
12	Villa Glen	CIC Villas II, LP	6984 Torrey Santa Fe Road	San Diego	CA	92129	San Diego	26	Family	\$ 4,211,000	2003	2002	Boston Financial	Wells Fargo	2017	01/01/35	No
13	Villa Lara	VLA, LP	2371 Myrtle Road	Imperial	CA	92251	Imperial	80	Family/9%	\$ 9,768,000	2002	2002	Boston Financial	Rabobank	2016	07/01/19	No
14	Windwood Village	CIC PHR, LP	12730 Briarcrest Place	San Diego	CA	92130	San Diego	92	Family	\$ 13,936,000	2003	2002	Boston Financial	US Bank	2017	10/01/34	No
15	Countryside	CIC Countryside, LP	1751 Adams Avenue	El Centro	CA	92243	Imperial	73	Family	\$ 9,571,000	2004	2003	The Richman Group	US Bank	2019	05/01/35	No
16	Holtville Gardens	Holtville Gardens, LP	950 Holt Avenue	Holtville	CA	92250	Imperial	81	Senior	\$ 9,309,000	2004	2003	Boston Financial	US Bank	2018	04/01/35	No
17	Imperial Gardens	IGA, LP	2385 Myrtle Road	Imperial	CA	92251	Imperial	81	Senior	\$ 8,840,000	2004	2003	Boston Financial	US Bank	2019	04/01/20	No
18	Mariposa	CIC Calavera, LP	4651 Red Bluff Place	Carlsbad	CA	92010	San Diego	106	Family	\$ 16,809,000	2004	2003	Wentwood	Red Capital	2018	06/01/35	No
19	Rancho Buena Vista	CIC Eastlake, LP	2155 Corte Vista	Chula Vista	CA	91915	San Diego	150	Family	\$ 23,615,000	2005	2003	Wentwood	Red Capital	2019	05/01/36	No
20	Rancho del Norte	Santaluz Family Apartments, LP	16775 Saintsbury Glen	San Diego	CA	92127	San Diego	119	Family	\$ 21,991,000	2005	2003	Boston Financial	Wells Fargo	2019	01/01/36	No
21	Westmorland Family	WFA, LP	181 South G Street	Westmorland	CA	92281	Imperial	65	Family	\$ 10,094,000	2004	2003	The Richman Group	US Bank	2018	05/01/35	No
22	Brawley Gardens	Brawley Gardens, LP	221 Best Road	Brawley	CA	92227	Imperial	81	Family	\$ 13,730,000	2005	2004	The Richman Group	US Bank	2019	01/01/36	No
23	Brawley Senior	BESA, LP	995 Willard Avenue	Brawley	CA	92227	Imperial	81	Senior	\$ 10,825,000	2005	2004	Boston Financial	Citibank	2019	12/01/41	No
24	Heber Woods	Heber Family, LP	1137 Dogwood Road	Heber	CA	92249	Imperial	81	Family	\$ 14,465,000	2005	2004	The Richman Group	US Bank	2019	01/01/36	No
25	Fairbanks Ridge	CIC Fairbanks, LP	16016 Babcock Street	San Diego	CA	92127	San Diego	204	Family	\$ 46,900,000	2006	2005	The Richman Group	US Bank	2020	06/01/37	No
26	The Crossings	CIC Crossings, LP	13533 Zinnia Hills Place	San Diego	CA	92130	San Diego	108	Family	\$ 20,846,000	2006	2005	Boston Financial	Berkadia	2020	11/01/36	No
27	City Heights Square	City Heights Square, LP	4065 43rd Street	San Diego	CA	92105	San Diego	150	Senior/9%	\$ 32,500,000	2007	2006	Wentwood	Red Capital	2021	09/01/26	No
28	Hunters Pointe	CIC La Costa, LP	7270 Calle Plata	Carlsbad	CA	92009	San Diego	168	Family	\$ 42,289,000	2007	2006	Boston Financial	Oak Grove Capital	2021	11/01/46	No
29	Villa Dorada	Calexico II, LP	1081 Meadow Drive	Calexico	CA	92231	Imperial	80	Family	\$ 15,465,000	2007	2006	Boston Financial	USDA	2021	07/01/40	No
30	Villa Paloma	Heber Family II, LP	15 West Hawk Street	Heber	CA	92249	Imperial	72	Family	\$ 15,738,000	2007	2006	The Richman Group	US Bank	2021	05/01/38	No
31	Glen Ridge	CIC Glen Ridge, LP	3555 Glen Avenue	Carlsbad	CA	92010	San Diego	78	Family	\$ 20,499,000	2008	2007	Boston Financial	US Bank	2023	12/01/52	No
32	The Landings	CIC Landings, LP	2122 Burdock Way	Chula Vista	CA	91915	San Diego	92	Family	\$ 27,800,000	2008	2007	Boston Financial	US Bank	2022	12/01/52	No
33	16th & Market	16th and Market, LP	640 16th Street	San Diego	CA	92101	San Diego	136	Special Needs	\$ 46,000,000	2008	2007	The Richman Group	US Bank	2022	12/01/44	No
34	Villa Esperanza	Calipatria Family Apts., LP	651 East Bonita Place	Calipatria	CA	92233	Imperial	72	Family	\$ 14,900,000	2008	2007	The Richman Group	CCRC	2022	11/01/39	No
35	Willow Glen	CIC Natomas, LP	1625 Scarlet Ash Avenue	Sacramento	CA	95834	Sacramento	135	Family	\$ 29,026,000	2009	2007	The Richman Group	MMA	2023	04/01/56	No
36	Beachwind Court	Beachwind Court, LP	624 12th Street	Imperial Beach	CA	91932	San Diego	15	Family	\$ 4,122,000	1986/2009	2008	The Richman Group	US Bank	2023	06/01/26	No
37	Courtyard Terraces	Dawson Ave. Senior Apts., LP	4321 52nd Street	San Diego	CA	92115	San Diego	88	Senior/9%	\$ 24,546,000	2010	2008	Bank of America	CCRC	2024	01/01/29	No
38	Cedar Creek	Fanita 48, LP	8616 Fanita Drive	Santee	CA	92071	San Diego	48	Family	\$ 13,707,000	2010	2009	Boston Financial	US Bank	2025	04/01/26	No
39	Silver Sage	Silver Sage CIC, LP	9757 Marilla Drive	Lakeside	CA	92040	San Diego	80	Family	\$ 24,084,000	2010	2009	Boston Financial	US Bank	2025	08/01/41	No
40	City Place	CIC South Mill Creek, LP	1401 South Street	Bakersfield	CA	93301	Kern	70	Family/9%	\$ 17,566,000	2011	2010	US Bank	US Bank	2025	04/01/27	No
41	Oakridge	CIC Oakridge Apts., LP	10 Willowood Drive	Oakdale	CA	95361	Stanislaus	41	Family	\$ 5,831,000	1984/2011	2010	Boston Financial	Bonneville	2024	07/05/49	No
42	The Landings II	Landings II, LP	1768 Java Way	Chula Vista	CA	91915	San Diego	143	Family	\$ 47,632,000	2012	2010	Raymond James	US Bank	2025	07/01/43	No
43	Verbena	Verbena San Ysidro, LP	3774 Beyer Blvd.	San Ysidro	CA	92173	San Diego	80	Family/9%	\$ 25,657,000	2011	2010	The Richman Group	Impact CIL LLC	2025	03/01/30	No
44	Estrella del Mercado	Mercado CIC, LP	1985 National Avenue	San Diego	CA	92113	San Diego	92	Family/9%	\$ 64,112,000	2012	2011	Raymond James	Citibank	2026	06/01/28	No
45	Las Brisas	CIC El Centro Family Apts., LP	2001 North 8th Street	El Centro	CA	92243	Imperial	72	Family	\$ 18,057,000	2012	2011	Boston Financial	Rabobank	2026	01/01/44	No
46	Park Terramar	Terramar CIC, LP	13481 Silver Ivy Lane	San Diego	CA	92123	San Diego	21	Family	\$ 7,630,000	2012	2011	US Bank	US Bank	2026	08/01/27	No
47	Villa Del Sol	Calexico Andrade, LP	1080 Meadow Drive	Calexico	CA	92231	Imperial	52	Family/9%	\$ 10,958,000	2012	2011	Boston Financial	USDA	2025	08/25/44	No
48	Villa Fortuna	Brawley Pioneers, LP	235 North Best Avenue	Brawley	CA	92227	Imperial	76	Family/9%	\$ 15,555,000	2012	2011	The Richman Group	USDA	2025	08/25/44	No
49	El Quintero	De Anza II CIC, LP	444 Rockwood Avenue	Calexico	CA	92231	Imperial	54	Senior	\$ 8,844,000	2012	2012	The Richman Group	Rabobank	2026	10/30/67	No
50	Emperor Estates	Dinuba Senior Apartments CIC, LP	350 North M Street	Dinuba	CA	93618	Tulare	62	Senior/9%	\$ 13,974,000	2013	2012	The Richman Group	Rabobank	2027	02/01/68	No
51	Iris	Iris Apartments CIC, LP	641 North Vulcan Avenue	Encinitas	CA	92024	San Diego	20	Family/9%	\$ 12,752,000	2012	2012	Raymond James	Citibank	2027	03/19/29	No
52	Fairbanks Commons	Fairbanks Commons CIC, LP	15870 Camino San Bernardo	San Diego	CA	92127	San Diego	165	Family	\$ 84,102,000	2014	2012	US Bank	Citibank	2028	06/01/45	No
53	Park Place	Michigan Drive CIC LLLP	920 East Michigan Drive	Hobbs	NM	88240	Lea	88	Family	\$ 11,623,000	1978/2014	2013	The Richman Group	US Bank	2027	01/01/29	No
54	Cesar Chavez	Vista Montana Coachella, LP	84851 Bagdad Avenue	Coachella	CA	92236	Riverside	56	Family	\$ 14,271,000	2013	2013	US Bank	US Bank	2028	01/27/47	No
55	Fairbanks Square	Fairbanks Square CIC, LP	16050 Potomac Ridge Road	San Diego	CA	92127	San Diego	100	Senior	\$ 42,951,000	2014	2013	US Bank	Citibank	2029	10/01/30	No
56	Versa	Versa CIC, LP	2355 Via Alta Drive	San Diego	CA	92108	San Diego	150	Senior/9%	\$ 84,275,000	2015	2013	Raymond James	Citibank	2029	04/01/31	No
57	Independence Point	WJJ CIC, LP	327 South Willie James Jones Ave	San Diego	CA	92113	San Diego	32	Special Needs	\$ 10,201,000	2015	2014	US Bank	N/A	2029	N/A	No
58	Mill Creek Courtyard	Mill Creek Courtyard CIC, LP	1303 South Street	Bakersfield	CA	93301	Kern	62	Senior	\$ 6,922,000	2015	2014	US Bank	N/A	2029	N/A	No
59	Las Palmeras	Las Palmeras Imperial, LP	470 West Wall Road	Imperial	CA	92251	Imperial	56	Family	\$ 8,969,000	2015	2014	Raymond James	USDA	2029	07/12/71	No
60	Villa Primavera	Villa Primavera CIC, LP	1060 Meadows Drive	Calexico	CA	92231	Imperial	48	Special Needs	\$ 9,317,000	2015	2014	CREA	N/A	2029	N/A	No
61	Westminster Manor	Westminster Manor, LP	1730 3rd Avenue	San Diego	CA	92101	San Diego	152	Senior	\$ 28,696,000	1972/2015	2014	The Richman Group	Union Bank	2029	07/27/31	No
62	Rancho Del Sol	Unit 24 CIC, LP	6711 Torenia Trail	San Diego	CA	92103	San Diego	96	Family	\$ 11,967,000	2016	2015	Raymond James	Union Bank	2030	10/01/31	No
63	Trolley Park Terrace	Trolley Residential CIC, LP	4981 Market Street	San Diego	CA	92102	San Diego	52	Family	\$ 13,568,000	2016	2015	Raymond James	Citibank	2031	01/01/48	No
64	Mill Creek Village	Mill Creek Village CIC, LP	508 18th Street	Bakersfield	CA	93301	Kern	63	Senior	\$ 23,008,000	2016	2015	The Richman Group	N/A	2031	N/A	No
65	Ouchi Courtyard	Ouchi CIC, LP	5003 Imperial Ave	San Diego	CA	92113	San Diego	45	Family/9%	\$ 20,561,000	2016	2015	Union Bank	Union Bank	2031	11/01/32	No
66	Torrey Vale	Torrey Vale CIC, LP	6595 Rancho Del Sol Way	San Diego	CA	92103	San Diego	28	Family	\$ 4,986,000	2016	2015	The Richman Group	Citibank	2031	04/15/32	No
67	Duetta	F Street Family CIC, LP	1715 Orion Avenue	Chula Vista	CA	91913	San Diego	87	Family	\$ 16,105,000	2017	2016	Raymond James	Citibank	2032	05/01/33	No
68	Volta	G Street Seniors CIC, LP	1734 Solstice Avenue	Chula Vista	CA	91913	San Diego	123	Senior	\$ 17,060,000	2017	2016	Raymond James	Citibank	2032	05/01/33	No
69	Mesa Verde	Mesa Verde CIC, LP	7811 Mission Gorge Road	San Diego	CA	92120	San Diego	90	Family	\$ 17,174,000	2018	2016	The Candeur Group	Citibank	2033	10/15/53	No
70	Fairbanks Terrace	Fairbanks Terrace CIC, LP	16325 Paseo Del Sur	San Diego	CA	92127	San Diego	83	Senior	\$ 10,204,000	2017	2016	US Bank	Citibank	2032	11/03/32	No
71	Roselawn Manor	Roselawn Manor CIC, LLLP	800 South Roselawn Manor	Artesia	NM	88210	Eddy	63	Family/9%	\$ 10,861,000	2017	2016	The Richman Group	US Bank	2032	06/01/58	No
72	Parkside Terrace	Parkside Terrace CIC, LLLP	300 East White Street	Hobbs	NM	88240	Lea	65	Family/9%	\$ 11,076,000	2017	2016	The Richman Group	Citibank	2032	12/01/36	No
73	Juniper at the Preserve	Quarry Creek CIC, LP	2965 Luiseno Way	Carlsbad	CA	92010	San Diego	64	Family	\$ 10,828,000	2017	2016	Raymond James	Citibank	2032	07/11/33	No
74	Villa Storia	Villa Storia CIC, LP	4250 Corte Sol	Oceanside	CA	92057	San Diego	38	Family	\$ 5,911,000	2017	2016	The Richman Group	Citibank	2032	12/01/34	No
75	Cesar Chavez II	Vista Montana Phase II, LP	84851 Bagdad Avenue	Coachella	CA	92236	Riverside	80	Family/9%	\$ 14,236,000	2018	2017	US Bank	Rabobank	2033	TBD	



Finance  
Development  
Management

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

---

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

Having developed over 10,000 units throughout the western United States, at a total cost in excess of \$2 billion, Chelsea meets and exceeds the level of experience necessary to develop affordable housing in today's complex financing environment. Chelsea has developed infill, rural, inclusionary, senior, special needs, and mixed-use projects with a variety of non-profit partners, such as Father Joe's Villages, Serving Seniors, Housing Development Partners, Alpha Project, Weingart Center Associates, and Southern California Housing Collaborative.

Of the rental homes completed, approximately 2,500 are in urban infill sites, 4,000 are located in suburban locations, and 2,000 are in rural areas. Approximately 3,300 have satisfied inclusionary obligations, 2,000 units are senior housing and 1,100 units are supportive housing. Additionally, while Chelsea has primarily focused on new construction projects, the company has developed about 1,000 units through acquisition and rehabilitation. Virtually all projects have been developed with soft residual receipts loans through public-private partnerships with the federal, state or local government.

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

- To date, Chelsea has developed over 100 affordable communities throughout California, New Mexico and Arizona.
- Total tax credit equity of over \$652 million.
- Total permanent loan and tax-exempt bond proceeds of over \$329 million.
- Annually included among the Top 50 Affordable Housing Developers in the country by Affordable Housing Finance magazine.
- 2015 and 2018 Builder of the Year - Building Industry Association of San Diego
- Chelsea and its communities are consistently recognized in many categories, including awards for design excellence, preservation of affordable housing, housing for the developmentally disabled, and supportive housing.



6339 PASEO DEL LAGO  
CARLSBAD, CA 92011  
PHONE: (760) 456-6020  
[WWW.EMMERSONCONSTRUCTION.COM](http://WWW.EMMERSONCONSTRUCTION.COM)

## HISTORY

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

## EXPERIENCE

- 64 General Contractor contracts completed:  
4,738 units;  
\$578M
- 8 General Contractor ongoing projects:  
747 units;  
\$158M
- 6 Construction Management contracts completed:  
585 units;  
\$77M
- 81 Total developments:  
6,543 units;  
\$864M

## AREAS OF EXPERTISE

### General Contractor

ECI is committed to delivering products and services of exceptional quality while always focusing on schedule, safety, and budget. Building structures commonly consist of reinforced or post-tensioned concrete slabs with wood frame construction, stucco exteriors, and several completed projects feature podium decks. Since 2010, nineteen of ECI's developments have been LEED or GreenPoint certified.

### Construction Management

ECI also offers construction management services. Under this arrangement, ECI provides owners with project oversight, budget and schedule review, quality assurance, and related services.

## TEAM MEMBERS

### PRESIDENT – Charles Schmid

Charles began his career in multifamily housing development in 1986, and applies experience with real estate finance, and management in his role as President of Emmerson. As a licensed general contractor, he has supervised the construction of more than 6,000 units. Charles has a degree from UC, San Diego, and a thorough understanding of the life cycle of apartment development, from feasibility analysis through lease-up. Recent projects range from rural development of 80 units to urban and suburban San Diego projects of more than 200 units.

### CHIEF FINANCIAL OFFICER – Tim Gray

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

(CONTINUED) ►

**DIRECTOR OF CONSTRUCTION – Zion Patton**

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

**SENIOR PROJECT MANAGER – Janice Patterson**

Janice has worked in the construction industry for over 30 years and she has drawn on her extensive experience to deliver nearly 20 quality affordable communities for Emmerson, with a contract value of more than \$150 million. Prior to joining Emmerson, Janice's project experience included single-family and multifamily market rate homes, in subdivisions from 8 to 175 homes built in multiple phases.

**PROJECT MANAGER – Theresa DeMarco**

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

**PROJECT MANAGER – Martin Apicella**

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

**PROJECT MANAGER – Khalid Malik**

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

**PROJECT MANAGER/ESTIMATOR – DONALD DICKSON**

Donald has been in the multifamily construction industry for more than 20 years, including both affordable and market rate developments. His experience encompasses project management, preconstruction, and estimating for garden apartments, mid-rise, and high-rise developments throughout the western United States. Prior to joining Emmerson, Donald worked on the lender side as a Construction Manager, and prior to that, as Director of Preconstruction with Trammell Crow Residential.

**PROJECT MANAGER – Haley Blair**

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

Emmerson Construction, Inc.  
Project List  
9/19/2018

	Project #	Project Name	City	State	Work	Resident Profile	Mixed Use?	Renovation/ New Const.	Status	Start	Complete	# Units	Contract Value	Architect	GC or CM
1	2-0989	Calexico Family Apartments	Calexico	CA	Slab on grade	Family	No	New	Completed	Feb-02	Jan-03	80	5,561,540	Hedenkamp	GC
2	2-0992	Brawley Family Apartments	Brawley	CA	Slab on grade	Family	No	New	Completed	Feb-02	Jan-03	81	6,452,208	Hedenkamp	GC
3	2-0991	Villa Lara	Imperial	CA	Slab on grade	Family	No	New	Completed	Mar-02	Dec-02	80	6,525,658	Hedenkamp	GC
4	3-1000	Holtville Gardens	Holtville	CA	Slab on grade	Senior	No	New	Completed	Oct-03	Sep-04	80	6,215,752	Hedenkamp	GC
5	3-1002	Countryside Family	El Centro	CA	Slab on grade	Family	No	New	Completed	Oct-03	Oct-04	80	7,155,000	Hedenkamp	GC
6	3-1001	Imperial Garden Senior	Imperial	CA	Slab on grade	Senior	No	New	Completed	Oct-03	Nov-04	80	6,443,020	Hedenkamp	GC
7	3-1004	Rancho Buena Vista	Chula Vista	CA	Slab on grade	Family	No	New	Completed	Nov-03	Aug-05	150	16,200,000	Hedenkamp	GC
8	3-1005	Rancho Del Norte	San Diego	CA	Slab on grade	Family	No	New	Completed	Dec-03	Apr-05	120	13,706,694	Hedenkamp	GC
9	3-1003	Westmorland Family	Westmorland	CA	Slab on grade	Family	No	New	Completed	Jan-04	Nov-04	64	6,900,000	Hedenkamp	GC
10	4-1006	Brawley Elks Senior	Brawley	CA	Slab on grade	Senior	No	New	Completed	Aug-04	May-05	80	6,994,322	Hedenkamp	GC
11	4-1006	Brawley Gardens	Brawley	CA	Slab on grade	Family	No	New	Completed	Aug-04	Jul-05	81	9,191,326	Hedenkamp	GC
12	4-1007	Heber Woods	Heber	CA	Slab on grade	Family	No	New	Completed	Oct-04	Jul-05	81	9,417,954	Hedenkamp	GC
13	5-1012	Meadow Village Road	Calexico	CA	Off-site work	Commercial	No	New	Completed	Feb-05	Feb-06	N/A	724,153	N/A	GC
14	4-1009	Fairbanks Ridge	San Diego	CA	Slab on grade	Family	No	New	Completed	Aug-05	Jul-06	204	29,254,314	Hedenkamp	GC
15	5-1018	City Heights Square	San Diego	CA	Slab on grade	Senior	No	New	Completed	Feb-06	Sep-07	150	21,468,768	Dominy	CM
16	4-1010	Hunter's Pointe	Carlsbad	CA	Slab on grade	Family	No	New	Completed	May-06	Jan-08	166	30,389,918	Hedenkamp	GC
17	5-1011	Villa Dorado	Calexico	CA	Slab on grade	Family	No	New	Completed	Oct-06	Jul-07	80	10,080,426	Hedenkamp	GC
18	5-1019	Villa Paloma	Heber	CA	Slab on grade	Family	No	New	Completed	Dec-06	Sep-07	72	9,864,435	Hedenkamp	GC
19	6-1024	DDE HQ - Office Building	El Centro	CA	Slab on grade	Commercial	No	New	Completed	Jan-07	Jul-07	N/A	1,130,219	Sanders	GC
20	5-1020	Villa Esperanza	Calipatria	CA	Slab on grade	Family	No	New	Completed	Jun-07	Jul-08	74	10,318,586	Hedenkamp	GC
21	5-1013	Tierra del Cielo	Somerton	AZ	Slab on grade	Family	No	New	Completed	Jul-08	May-09	34	3,913,810	Hedenkamp	GC
22	8-1038	Beachwind Court	Imperial Beach	CA	Slab on grade	Family	No	Renovation	Completed	Sep-08	Dec-08	16	891,747	Hedenkamp	GC
23	6-1021	Coutryard Terrace	San Diego	CA	Podium	Senior	No	New	Completed	Nov-08	Mar-10	88	17,700,000	Hedenkamp	GC
24	9-1040	Silver Sage	Lakeside	CA	Slab on grade	Family	No	New	Completed	Aug-09	Oct-10	80	12,794,227	Hedenkamp	GC
25	9-1041	St. Regis Park	Chula Vista	CA	Slab on grade	Family	No	Renovation	Completed	Sep-09	Aug-10	119	400,000	N/A	GC
26	9-1043	Cedar Creek	Santee	CA	Slab on grade	Family	No	New	Completed	Oct-09	Oct-10	48	7,332,286	Hedenkamp	GC

Emmerson Construction, Inc.  
Project List  
9/19/2018

	Project #	Project Name	City	State	Work	Resident Profile	Mixed Use?	Renovation/ New Const.	Status	Start	Complete	# Units	Contract Value	Architect	GC or CM
27	9-1044	Verbena	San Ysidro	CA	Slab on grade	Family	No	New	Completed	Mar-10	Jun-11	80	13,296,599	Hedenkamp	GC
28	10-1051	De Anza Hotel	Calexico	CA	Post & Beam	Senior	No	Renovation	Completed	Apr-10	Feb-11	94	598,402	Hedenkamp	GC
29	9-1045	Oakridge Apartments	Oakdale	CA	Slab on grade	Family	No	New	Completed	Jul-10	Dec-10	41	1,200,000	Basis	GC
30	10-1048	The Landings Phase II	Chula Vista	CA	Slab on grade	Family	No	New	Completed	Jul-10	Oct-11	143	23,610,280	McKinley	CM
31	6-1035	CityPlace	Bakersfield	CA	Slab on grade	Family	No	New	Completed	Sep-10	Dec-11	72	10,546,289	Hedenkamp	GC
32	6-1049	Villa Del Sol	San Diego	CA	Slab on grade	Farmworker	No	New	Completed	Dec-10	Sep-11	52	5,600,000	Hedenkamp	GC
33	6-1030	Villa Fortuna	Brawley	CA	Slab on grade	Farmworker	No	New	Completed	Jan-11	Sep-11	76	8,900,000	Hedenkamp	GC
34	10-1047	Estrella Del Mercado	San Diego	CA	Podium	Family	Yes	New	Completed	Feb-11	Oct-12	95	14,485,997	Safdie Rabines	GC
35	8-1039	Las Brisas	El Centro	CA	Slab on grade	Family	No	New	Completed	Jan-12	Aug-12	71	10,151,577	Hedenkamp	GC
36	6-1026	El Quintero	Calexico	CA	Slab on grade	Senior	No	New	Completed	Jan-12	Nov-12	54	4,669,035	Hedenkamp	GC
37	12-1056	Park Terramar	San Diego	CA	Landscape	Family	No	Renovation	Completed	Feb-12	Aug-12	21	342,631	N/A	GC
38	10-1052	Emperor Estates	Dinuba	CA	Slab on grade	Senior	No	New	Completed	Feb-12	Feb-13	62	8,862,257	Hedenkamp	GC
39	12-1065	Iris Apartments	Encinitas	CA	Landscape	Family	No	New	Completed	Apr-12	Feb-13	20	3,185,728	McKinley	GC
40	11-1055	Vista Terrace	Vista	CA	Landscape	Homeless Family	No	Renovation	Completed	Jul-12	Jul-13	48	3,218,327	Hedenkamp	GC
41	12-1058	St. Regis	Chula Vista	CA	Energy Upgrades	Family	No	Renovation	Completed	Aug-12	Jan-13	119	263,844	N/A	GC
42	12-1060	Park Place	Hobbs	NM	Slab on grade	Family	No	Renovation	Completed	Dec-12	Jan-14	88	7,055,677	Jeebs & Zuzu	CM
43	13-1067	CL Dellums Apartments	Oakland	CA	Slab on grade	Homeless	No	Renovation	Completed	Mar-13	May-13	76	4,354,469	John Stewart	CM
44	12-1061	Cesar Chavez Villas	Coachella	CA	Slab on grade	Farmworker	No	New	Completed	Mar-13	Mar-14	56	8,204,753	Hedenkamp	GC
45	12-1057	Fairbanks Commons	San Diego	CA	Slab on grade	Family	No	New	Completed	Nov-13	Nov-14	165	20,432,196	McKinley	GC
46	13-1068	Fairbanks Square	San Diego	CA	Slab on grade	Senior	No	New	Completed	Nov-13	Nov-14	100	9,200,000	McKinley	GC
47	13-1069	Versa at Civita	San Diego	CA	Slab on grade	Senior	No	New	Completed	Nov-13	May-15	150	17,109,905	McKinley	GC
48	13-1070	Alpha Square	San Diego	CA	Podium	Homeless	Yes	New	Completed	Apr-14	Sep-15	203	27,147,147	JWDA	GC
49	13-1071	Mill Creek Courtyard	Bakersfield	CA	Slab on grade	Family	No	New	Completed	Jul-14	Jul-15	62	6,600,950	Hedenkamp	GC
50	14-1075	Independence Point	San Diego	CA	Tuck Under	Family/ Disabled	No	New	Completed	Aug-14	Jul-15	32	7,380,985	OBR	GC
51	13-1066	Westminster Manor	San Diego	CA	Slab on grade	Senior	No	Renovation	Completed	Aug-14	Nov-15	156	12,570,976	Basis	GC
52	14-1077	Villa Primavera	Calexico	CA	Slab on grade	Family/ Disabled	No	New	Completed	Oct-14	Jul-15	48	8,097,520	Hedenkamp	GC



Emmerson Construction, Inc.  
Project List  
9/19/2018

	Project #	Project Name	City	State	Work	Resident Profile	Mixed Use?	Renovation/ New Const.	Status	Start	Complete	# Units	Contract Value	Architect	GC or CM
53	14-1078	Las Palmeras	Imperial	CA	Slab on grade	Farmworker	No	New	Completed	Nov-14	Dec-15	56	8,719,000	Hedenkamp	GC
54	14-1081	Rancho Del Sol	San Diego	CA	On grade w/garage	Family	No	New	Completed	Jan-15	Feb-16	94	11,967,088	Humphreys	GC
55	14-1079	Trolley Park Terrace	San Diego	CA	Podium	Family	No	New	Completed	Apr-15	Sep-16	52	13,568,298	McKinley	GC
56	15-1082	Mill Creek Village	Bakersfield	CA	Wrap	Family	No	New	Completed	Nov-15	Oct-16	63	12,444,783	Hedenkamp	GC
57	15-1085	Ouchi Courtyards	San Diego	CA	Podium	Family/ Disabled	Yes	New	Completed	Nov-15	May-17	45	11,616,272	Hedenkamp	GC
58	16-1096	Nelms Community Garden	Oceanside	CA	Community Garden	Commercial	No	New	Completed	Dec-15	Mar-16	N/A	117,364	N/A	GC
59	15-1087	Torrey Vale	San Diego	CA	On grade w/garage	Family	No	New	Completed	Jan-16	Oct-16	28	4,985,553	Bassenian Lagoni	GC
60	15-1083	Duetta at Millenia	Chula Vista	CA	Wrap	Family	No	New	Completed	Mar-16	Oct-17	87	14,452,135	JWDA	GC
61	15-1092	Volta at Millenia	Chula Vista	CA	Wrap	Senior	No	New	Completed	Mar-16	Oct-17	123	18,772,332	JWDA	GC
62	15-1091	Fairbanks Terrace	San Diego	CA	Slab on grade	Senior	No	New	Completed	Apr-16	Mar-17	83	10,228,891	McKinley	GC
63	15-1084	Mesa Verde	San Diego	CA	Podium	Family	No	New	Completed	Apr-16	Apr-18	90	17,174,144	McKinley	GC
64	15-1088	Roselawn Manor	Artesia	NM	Slab on grade	Family	No	New	Completed	Jun-16	Nov-17	63	10,250,000	Autotroph	CM
65	15-1089	Parkside Terrace	Hobbs	NM	Slab on grade	Family	No	New	Completed	Jun-16	Nov-17	65	9,860,000	Jeebs & Zuzu/ JV De Sousa	CM
66	15-1090	Juniper at The Preserve	Carlsbad	CA	Slab on grade	Family	No	New	Completed	Nov-16	Nov-17	64	10,312,118	McKinley	GC
67	16-1094	Villa Stora	Oceanside	CA	Slab on grade	Family	No	New	Completed	Mar-17	Dec-17	38	5,630,056	SummA	GC
68	16-1093	North Coast Terrace	Oceanside	CA	Podium	Homeless Family	No	New	Completed	Apr-17	Aug-18	32	10,386,340	Hedenkamp	GC
69	17-1101	Pedestrian Corridors Millenia	Chula Vista	CA	Off-site work	Commercial	No	New	Completed	Jun-17	Oct-17	N/A	537,028	JWDA	GC
70	16-1097	Cesar Chavez Villas Phase II	Coachella	CA	Slab on grade	Farmworker	No	New	Completed	Jun-17	Jun-18	80	13,244,171	Hedenkamp	GC
71	17-1100	Town & Country Village	San Diego	CA	Slab on grade	Family	No	Renovation	In Progress	Dec-17	Sep-18	145	12,230,429	Basis	GC
72	17-1102	Lofts at Normal Heights	El Cajon	CA	Slab on grade	Homeless Veteran	Yes	New	In Progress	Jan-18	Mar-19	53	10,999,708	McKinley	GC
73	17-1104	Schmale Family Senior Residence	Ramona	CA	Slab on grade	Senior	No	New	In Progress	Mar-18	Mar-19	62	12,337,933	Hedenkamp	GC
74	16-1095	Siena at Civita	San Diego	CA	Podium	Senior	Yes	New	In Progress	Apr-18	Aug-20	103	17,497,995	KTGY	GC
75	16-1095	Stylus at Civita	San Diego	CA	Podium	Family	Yes	New	In Progress	Apr-18	Aug-20	203	67,377,138	KTGY	GC
76	16-1095	Civita Retail	San Diego	CA	Podium	Commercial	No	New	In Progress	Apr-18	Aug-20	N/A	6,640,951	KTGY	GC
77	17-1103	Paseo La Paz	San Ysidro	CA	Slab on grade	Family	No	New	In Progress	May-18	Nov-19	139	22,412,161	JWDA	GC
78	17-1105	Pacifica at Playa Del Sol	San Diego	CA	Podium	Family/ Disabled	No	New	In Progress	Aug-18	Sep-19	42	9,317,486	Bassenian Lagoni	GC



Emmerson Construction, Inc.  
Project List  
9/19/2018

	Project #	Project Name	City	State	Work	Resident Profile	Mixed Use?	Renovation/ New Const.	Status	Start	Complete	# Units	Contract Value	Architect	GC or CM
79	18-1109	Villa Serena	San Diego	CA	Slab on grade	Senior	No	Renovation	Pending	Sep-18	3Q 2019	132	6,500,000	Basis	GC
80	18-1110	St. Regis Park	San Diego	CA	Slab on grade	Family	No	Renovation	Pending	Sep-18	3Q 2019	129	10,550,000	Basis	GC
81	18-1111	Regency Centre	San Diego	CA	Slab on grade	Family	No	Renovation	Pending	Sep-18	3Q 2019	100	9,780,000	Basis	GC
		Total # of Units & Total Contract Values										6,543	864,021,281		

**117 UNIT SENIORS 4% - \$6.75M SDHC**

[illegible]

**117 UNIT SENIORS 4%- \$6.75M SDHC**

			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
117 UNIT SENIORS 4% - \$6.75M SDHC																			
Gross Revenue	Inflation @	2.00%	1,402,606	1,430,658	1,459,271	1,488,456	1,518,226	1,548,590	1,579,562	1,611,153	1,643,376	1,676,244	1,709,769	1,743,964	1,778,843	1,814,420	1,850,709	1,887,723	
Vacancy	5%		(70,130)	(71,533)	(72,964)	(74,423)	(75,911)	(77,430)	(78,978)	(80,558)	(82,169)	(83,812)	(85,488)	(87,198)	(88,942)	(90,721)	(92,535)	(94,386)	
Net Revenue			1,332,475	1,359,125	1,386,307	1,414,034	1,442,314	1,471,161	1,500,584	1,530,595	1,561,207	1,592,432	1,624,280	1,656,766	1,689,901	1,723,699	1,758,173	1,793,337	
Operating Expenses	Inflation @	3.00%	549,900	566,397	583,389	600,891	618,917	637,485	656,609	676,308	696,597	717,495	739,020	761,190	784,026	807,547	831,773	856,726	
Net Operating Income			782,575	792,728	802,919	813,143	823,397	833,676	843,974	854,288	864,611	874,937	885,261	895,576	905,875	916,152	926,400	936,610	
Replacement Reserves		3.00%	29,250	30,128	31,031	31,962	32,921	33,909	34,926	35,974	37,053	38,165	39,310	40,489	41,704	42,955	44,243	45,571	
Services	Inflation @	2.00%	55,000	56,100	57,222	58,366	59,534	60,724	61,939	63,178	64,441	65,730	67,045	68,386	69,753	71,148	72,571	74,023	
Cash Available to Debt Service			698,325	706,500	714,665	722,814	730,942	739,043	747,109	755,136	763,116	771,042	778,906	786,701	794,418	802,049	809,585	817,017	
Principal and Interest	9,340,000	5.35%	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	
Issuer and Monitoring Fee		0.00%	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	
Managing GP Fee/LP Fees	5,000	2.00%	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729	
Net Project Cash Flow			83,742	91,817	99,880	107,925	115,947	123,939	131,896	139,810	147,675	155,484	163,228	170,901	178,494	185,998	193,405	200,705	
Distributions:			DSCR	1.15	1.16	1.18	1.19	1.21	1.22	1.23	1.25	1.26	1.27	1.29	1.30	1.31	1.33	1.34	1.35
LP Fee	7,500	3.00%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014	11,344	11,685	
Deferred Developer Fee	100% of Avail Cashflow	3.00%	76,242	84,092	91,923	99,730	107,506	115,245	122,940	130,586	138,174	145,698	153,149	82,576	0	0	0	0	
Deferred fee			1,127,486																
Cash Available After Deferred Fee Payment			0	0	0	0	0	0	0	0	0	0	0	77,943	167,801	174,984	182,061	189,020	
SDHC	50.0% of Avail Cashflow	4.00%	0	0	0	0	0	0	0	0	0	0	0	38,972	83,900	87,492	91,030	94,510	
Cash Flow Available After Soft Loan Loans			100.00%	0	0	0	0	0	0	0	0	0	0	38,972	83,900	87,492	91,030	94,510	
Partnership Admin Fee (90% of Cash Flow)	90.00%		0	0	0	0	0	0	0	0	0	0	0	35,074	75,510	78,743	81,927	85,059	
Cash Flow Available after Partnership Admin Fee			0	0	0	0	0	0	0	0	0	0	0	3,897	8,390	8,749	9,103	9,451	
LP Distribution	96.99%		0	0	0	0	0	0	0	0	0	0	0	3,780	8,138	8,486	8,829	9,167	
GP Distribution	3.01%		0	0	0	0	0	0	0	0	0	0	0	117	253	263	274	284	
Remaining Cash Flow After Partnership Distribution			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

**117 UNIT SENIORS 4%- \$6.75M SDHC**

			17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
117 UNIT SENIORS 4% - \$6.75M SDHC																					
Gross Revenue	Inflation @	2.00%	1,925,477	1,963,987	2,003,266	2,043,332	2,084,198	2,125,882	2,168,400	2,211,768	2,256,003	2,301,123	2,347,146	2,394,089	2,441,971	2,490,810	2,540,626	2,591,439	2,643,267	2,696,133	
Vacancy	5%	(96,274)	(98,199)	(100,163)	(102,167)	(104,210)	(106,294)	(108,420)	(110,588)	(112,800)	(115,056)	(117,357)	(119,704)	(122,099)	(124,540)	(127,031)	(129,572)	(132,163)	(134,807)		
Net Revenue			1,829,203	1,865,787	1,903,103	1,941,165	1,979,988	2,019,588	2,059,980	2,101,180	2,143,203	2,186,067	2,229,789	2,274,384	2,319,872	2,366,269	2,413,595	2,461,867	2,511,104	2,561,326	
Operating Expenses	Inflation @	3.00%	882,428	908,901	936,168	964,253	993,181	1,022,976	1,053,665	1,085,275	1,117,833	1,151,368	1,185,910	1,221,487	1,258,131	1,295,875	1,334,752	1,374,794	1,416,038	1,458,519	
Net Operating Income			946,775	956,886	966,935	976,912	986,808	996,612	1,006,315	1,015,904	1,025,370	1,034,699	1,043,879	1,052,898	1,061,741	1,070,394	1,078,843	1,087,073	1,095,066	1,102,807	
Replacement Reserves		3.00%	46,938	48,346	49,796	51,290	52,829	54,414	56,046	57,727	59,459	61,243	63,080	64,973	66,922	68,930	70,997	73,127	75,321	77,581	
Services	Inflation @	2.00%	75,503	77,013	78,554	80,125	81,727	83,362	85,029	86,729	88,464	90,233	92,038	93,879	95,756	97,671	99,625	101,617	103,650	105,723	
Cash Available to Debt Service			824,334	831,527	838,585	845,497	852,252	858,837	865,240	871,447	877,446	883,222	888,761	894,046	899,062	903,793	908,221	912,328	916,095	919,503	
Principal and Interest	9,340,000	5.35%	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	590,916	
Issuer and Monitoring Fee		0.00%	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	
Managing GP Fee/LP Fees	5,000	2.00%	6,864	7,001	7,141	7,284	7,430	7,578	7,730	7,884	8,042	8,203	8,367	8,534	8,705	8,879	9,057	9,238	9,423	9,611	
Net Project Cash Flow			207,887	214,943	221,861	228,630	235,239	241,676	247,927	253,980	259,821	265,436	270,811	275,929	280,774	285,331	289,581	293,507	297,089	300,309	
DSCR			1.36	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51	1.51	1.52	1.52	
Distributuions:																					
LP Fee	7,500		3.00%																		
Deferred Developer Fee	100%of Avail Cashflow		3.00%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Deferred fee		1,127,486																		
Cash Available After Deferred Fee Payment			207,887	214,943	221,861	228,630	235,239	241,676	247,927	253,980	259,821	265,436	270,811	275,929	280,774	285,331	289,581	293,507	297,089	300,309	
SDHC	50.0%of Avail Cashflow		4.00%		103,944	107,472	110,931	114,315	117,620	120,838	123,963	126,990	129,911	132,718	135,405	137,964	140,387	142,665	144,791	146,753	
Cash Flow Available After Soft Loan Loans			100.00%	103,944	107,472	110,931	114,315	117,620	120,838	123,963	126,990	129,911	132,718	135,405	137,964	140,387	142,665	144,791	146,753	148,545	150,155
Partnership Admin Fee (90% of Cash Flow)	90.00%		93,549	96,724	99,838	102,884	105,858	108,754	111,567	114,291	116,920	119,446	121,865	124,168	126,348	128,399	130,311	132,078	133,680	135,139	
Cash Flow Available after Partnership Admin Fee			10,394	10,747	11,093	11,432	11,762	12,084	12,396	12,699	12,991	13,272	13,541	13,796	14,039	14,267	14,479	14,675	14,854	15,015	
LP Distribution	96.99%	10,081	10,424	10,759	11,087	11,408	11,720	12,023	12,317	12,600	12,872	13,133	13,381	13,616	13,837	14,043	14,234	14,407	14,563		
GP Distribution	3.01%	313	323	334	344	354	364	373	382	391	399	408	415	423	429	436	442	447	452		
Remaining Cash Flow After Partnership Distribution			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

**117 UNIT SENIORS 4%- \$6.75M SDHC**

			35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	
<b>117 UNIT SENIORS 4% - \$6.75M SDHC</b>																					
Gross Revenue	Inflation @	2.00%	2,750,055	2,805,057	2,861,158	2,918,381	2,976,748	3,036,283	3,097,009	3,158,949	3,222,128	3,286,571	3,352,302	3,419,348	3,487,735	3,557,490	3,628,640	3,701,213	3,775,237	3,850,742	
Vacancy		5%	(137,503)	(140,253)	(143,058)	(145,919)	(148,837)	(151,814)	(154,850)	(157,947)	(161,106)	(164,329)	(167,615)	(170,967)	(174,387)	(177,874)	(181,432)	(185,061)	(188,762)	(192,537)	
Net Revenue			2,612,553	2,664,804	2,718,100	2,772,462	2,827,911	2,884,469	2,942,159	3,001,002	3,061,022	3,122,242	3,184,687	3,248,381	3,313,349	3,379,615	3,447,208	3,516,152	3,586,475	3,658,205	
Operating Expenses	Inflation @	3.00%	1,502,275	1,547,343	1,593,763	1,641,576	1,690,823	1,741,548	1,793,795	1,847,608	1,903,037	1,960,128	2,018,932	2,079,500	2,141,885	2,206,141	2,272,325	2,340,495	2,410,710	2,483,031	
<u>Net Operating Income</u>			<u>1,110,278</u>	<u>1,117,461</u>	<u>1,124,337</u>	<u>1,130,886</u>	<u>1,137,088</u>	<u>1,142,921</u>	<u>1,148,364</u>	<u>1,153,393</u>	<u>1,157,985</u>	<u>1,162,115</u>	<u>1,165,756</u>	<u>1,168,881</u>	<u>1,171,464</u>	<u>1,173,474</u>	<u>1,174,883</u>	<u>1,175,657</u>	<u>1,175,765</u>	<u>1,175,173</u>	
Replacement Reserves		3.00%	79,908	82,305	84,775	87,318	89,937	92,636	95,415	98,277	101,225	104,262	107,390	110,612	113,930	117,348	120,868	124,494	128,229	132,076	
Services	Inflation @	2.00%	107,837	109,994	112,194	114,438	116,726	119,061	121,442	123,871	126,348	128,875	131,453	134,082	136,764	139,499	142,289	145,135	148,037	150,998	
<u>Cash Available to Debt Service</u>			<u>922,533</u>	<u>925,161</u>	<u>927,368</u>	<u>929,130</u>	<u>930,424</u>	<u>931,225</u>	<u>931,507</u>	<u>931,245</u>	<u>930,411</u>	<u>928,977</u>	<u>926,913</u>	<u>924,188</u>	<u>920,770</u>	<u>916,628</u>	<u>911,725</u>	<u>906,028</u>	<u>899,498</u>	<u>892,099</u>	
Principal and Interest	9,340,000	5.35%	136,214	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Issuer and Monitoring Fee		0.00%	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	
Managing GP Fee/LP Fees	5,000	2.00%	9,803	9,999	10,199	10,403	10,611	10,824	11,040	11,261	11,486	11,716	11,950	12,189	12,433	12,682	12,935	13,194	13,458	13,727	
<u>Net Project Cash Flow</u>			<u>757,848</u>	<u>896,494</u>	<u>898,501</u>	<u>900,059</u>	<u>901,145</u>	<u>901,733</u>	<u>901,800</u>	<u>901,317</u>	<u>900,258</u>	<u>898,594</u>	<u>896,295</u>	<u>893,331</u>	<u>889,670</u>	<u>885,278</u>	<u>880,122</u>	<u>874,166</u>	<u>867,373</u>	<u>859,704</u>	
DSCR		6.64	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
<b>Distributuions:</b>																					
LP Fee	7,500	3.00%																			
Deferred Developer Fee	100%of Avail Cashflow	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Deferred fee	1,127,486																			
<u>Cash Available After Deferred Fee Payment</u>			<u>757,848</u>	<u>896,494</u>	<u>898,501</u>	<u>900,059</u>	<u>901,145</u>	<u>901,733</u>	<u>901,800</u>	<u>901,317</u>	<u>900,258</u>	<u>898,594</u>	<u>896,295</u>	<u>893,331</u>	<u>889,670</u>	<u>885,278</u>	<u>880,122</u>	<u>874,166</u>	<u>867,373</u>	<u>859,704</u>	
SDHC	50.0%of Avail Cashflow	4.00%	378,924	448,247	449,251	450,030	450,572	450,867	450,900	450,658	450,129	449,297	448,147	446,665	444,835	442,639	440,061	437,083	433,687	429,852	
<u>Cash Flow Available After Soft Loan Loans</u>			<u>100.00%</u>	<u>378,924</u>	<u>448,247</u>	<u>449,251</u>	<u>450,030</u>	<u>450,572</u>	<u>450,867</u>	<u>450,900</u>	<u>450,658</u>	<u>450,129</u>	<u>449,297</u>	<u>448,147</u>	<u>446,665</u>	<u>444,835</u>	<u>442,639</u>	<u>440,061</u>	<u>437,083</u>	<u>433,687</u>	<u>429,852</u>
Partnership Admin Fee (90% of Cash Flow)	90.00%		341,031	403,422	404,326	405,027	405,515	405,780	405,810	405,593	405,116	404,367	403,333	401,999	400,351	398,375	396,055	393,375	390,318	386,867	
<u>Cash Flow Available after Partnership Admin Fee</u>			<u>37,892</u>	<u>44,825</u>	<u>44,925</u>	<u>45,003</u>	<u>45,057</u>	<u>45,087</u>	<u>45,090</u>	<u>45,066</u>	<u>45,013</u>	<u>44,930</u>	<u>44,815</u>	<u>44,667</u>	<u>44,483</u>	<u>44,264</u>	<u>44,006</u>	<u>43,708</u>	<u>43,369</u>	<u>42,985</u>	
LP Distribution		96.99%	36,752	43,475	43,573	43,648	43,701	43,730	43,733	43,709	43,658	43,577	43,466	43,322	43,145	42,932	42,682	42,393	42,063	41,691	
GP Distribution		3.01%	1,141	1,349	1,352	1,355	1,356	1,357	1,357	1,356	1,355	1,352	1,349	1,344	1,339	1,332	1,325	1,316	1,305	1,294	
<b>Remaining Cash Flow After Partnership Distribution</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**OPERATIONAL CASH FLOW**  
**117 UNIT SENIORS 4% - \$6.75M SDHC**

				53	54	55	Totals
<b>117 UNIT SENIORS 4% - \$6.75M SDHC</b>							
Gross Revenue	Inflation @	2.00%		3,927,756	4,006,312	4,086,438	138,278,039
Vacancy		5%		(196,388)	(200,316)	(204,322)	(6,913,902)
Net Revenue				3,731,369	3,805,996	3,882,116	131,364,137
Operating Expenses	Inflation @	3.00%		2,557,522	2,634,248	2,713,275	74,825,784
<u>Net Operating Income</u>				<u>1,173,846</u>	<u>1,171,748</u>	<u>1,168,841</u>	<u>56,538,353</u>
Replacement Reserves		3.00%		136,038	140,120	144,323	3,980,095
Services	Inflation @	2.00%		154,018	157,098	160,240	5,422,259
<u>Cash Available to Debt Service</u>				<u>883,790</u>	<u>874,530</u>	<u>864,277</u>	47,135,999
Principal and Interest	9,340,000	5.35%		0	0	0	20,227,342
Issuer and Monitoring Fee		0.00%		17,250	17,250	17,250	948,750
Managing GP Fee/LP Fees	5,000	2.00%		14,002	14,282	14,567	
<u>Net Project Cash Flow</u>				<u>851,121</u>	<u>841,581</u>	<u>831,042</u>	<u>25,389,012</u>
DSCR				#DIV/0!	#DIV/0!	#DIV/0!	
<b>Distributions:</b>							
LP Fee	7,500	3.00%					151,177
Deferred Developer Fee	100% of Avail Cashflow	3.00%		0	0	0	1,347,861
	<u>Deferred fee</u>						<u>1,127,486</u>
<u>Cash Available After Deferred Fee Payment</u>				<u>851,121</u>	<u>841,581</u>	<u>831,042</u>	<u>23,889,974</u>
SDHC	50.0% of Avail Cashflow	4.00%		425,560	420,790	415,521	11,944,987
<u>Cash Flow Available After Soft Loan Loans</u>		100.00%		<u>425,560</u>	<u>420,790</u>	<u>415,521</u>	<u>11,944,987</u>
Partnership Admin Fee (90% of Cash Flow)		90.00%		383,004	378,711	373,969	10,750,488
<u>Cash Flow Available after Partnership Admin Fee</u>				<u>42,556</u>	<u>42,079</u>	<u>41,552</u>	<u>1,194,499</u>
LP Distribution		96.99%		41,275	40,812	40,301	1,158,544
GP Distribution		3.01%		1,281	1,267	1,251	35,954
<b>Remaining Cash Flow After Partnership Distribution</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**ATTACHMENT 5**  
**PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY**

East Block Senior Housing  
Northwest Corner of Fairmount Avenue and El Cajon Boulevard, San Diego, 92105  
May ~~29~~<sup>29</sup>, 2019

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment term summary. This 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 Fairmount Senior Housing CIC, L.P., a California limited partnership (“Borrower”), for East Block Senior Housing (“Project”) with respect to the proposed new construction and permanent financing of a 117-unit development (with 115 affordable units and two unrestricted manager’s unit) located at the Northwest Corner of Fairmount Avenue and El Cajon Boulevard, San Diego. Closing must occur within eighteen (18) months of the Board of Commissioners approval of the Housing Commission loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

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

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

1. **Maximum loan amount (not to exceed)** - Up to \$6,750,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate**- 4 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. "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
One Bedroom	40%	7
One Bedroom	50%	9
One Bedroom	60%	99
Subtotal		115
Manager Unit	N/A	2
Total		117

6. **Alternate Funding-** If the Borrower does not secure 4 percent tax credits in the California Tax Credit Allocation Committee's (CTCAC) October meeting round in 2019, then borrower shall make application for 4% credits in the next available CTCAC funding round. 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 \$10,530,000 appraised value as shown in the Kinetic Valuation Group, October 11, 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, payable from the Borrower's share of residual receipts. 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) Lender's 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 selected construction contractor shall competitively bid at least three qualified subcontractors for each trade 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 certification is 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.
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.
- e. Excess funds will be applied first to pay down the accrued interest and the remaining amount shall pay down the principal of the Housing Commission Loan.

16. **Developer Fee-**

- a. Maximum Fee \$2,670,000 paid from Development Sources with the excess Deferred Developer Fee calculated per TCAC and SDHC guidelines, not to exceed 3,897,087.
- b. Additional developer fee provisions
  - i. If for any reason the Borrower does not collect the entire developer fee from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$3,896,491, 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, prior to commencement of construction of the Project.

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 115 (Project units to be affordability monitored) = **\$17,825** per year. Additional training and assistance is currently at \$100 per hour.
- d) **Asset Management Fee** - the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
- e) **Third-Party Construction Review** - the Housing Commission requires a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.

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

- a. As detailed in paragraph 4 (above), the year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. "Limited Partnership Fees" include Asset management fees (19(d)) related to the investor and general partner's management of the Project.



- b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
  - c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or his designee.
21. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds, beyond this Letter of Intent's \$6,750,000, will be provided for the Project in any Housing Commission's future Notices of Funds Available.
22. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. Borrower should be familiar with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.
23. **HOME Investment Partnerships (HOME) Funds** -  
Currently there are HOME funds planned for the Project. It is estimated that the Project will have approximately eleven (11) 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 **\$6,750,000**) will be disbursed as follows:

- Up to 75 percent (**\$5,062,500**) at escrow closing.
  - Up to 15 percent (**\$1,012,500**) to be distributed at 50 percent construction completion.
  - Up to 5 percent (**\$337,500**) to be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
  - Up to 5 percent (**\$337,500**) 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 final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
- c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

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

- a. Starting at the end of the first year after Project completion, the Housing Commission will split its share of residual cash flow with Housing Commission-approved public lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1, in the year immediately following the calendar year in which construction is completed.
- b. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid.



27. **Management of the Development -**

- a. **Management Plan** - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission at its reasonable discretion.
- b. **Approval of Management Fee** - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
- d. **Manager's Units** - Experienced on-site management is required. There shall be two managers' 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 \$55,000 per year (with a 2 percent annual escalator). The Borrower will provide a detailed breakout of these costs on an annual basis. Increasing this amount will require prior Housing Commission approval.

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

30. **Permanent Supportive Housing** - The Project will not have Project Based Vouchers (PBV) from the Housing Commission.

31. **Prevailing Wage** - It is anticipated that the Project will not be subject to Federal Davis-Bacon prevailing wage rates because the anticipated eleven (11) HOME program restricted units do not 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 \$57,500 (\$500 per unit per year).
- b. Operating Reserve - The attached proforma models a capitalized operating reserve at \$275,732 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.
34. **Section 3** - Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
35. **Security** - The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R), a Loan Agreement, and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
- a) The deed of trust and security instruments securing the construction and permanent loan.
  - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
  - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
36. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing 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 May<sup>25</sup> 2019, so that this letter of intent may be attached to the Housing Commission Board report.



SAN DIEGO  
HOUSING  
COMMISSION

**ACKNOWLEDGED AND AGREED TO BY:**  
FAIRMOUNT SENIOR HOUSING CIC, L.P.

**By:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

San Diego Housing Commission

**By:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Attachment: Exhibit A Developer's Pro forma**



SAN DIEGO  
HOUSING  
COMMISSION

**ACKNOWLEDGED AND AGREED TO BY:**

**FAIRMOUNT SENIOR HOUSING CIC, L.P.**

**By:**

Cheri Hoffmar

**Print Name:**

Cheri Hoffmar

**Title:**

Authorized Signer

**Date:**

5/29/19

San Diego Housing Commission

**By:**

Emily S. Jacobs

**Print Name:**

Emily S. Jacobs

**Title:**

Senior Vice President

**Date:**

5.29.19

**Attachment: Exhibit A Developer's Pro forma**

## **HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY**

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

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

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

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

### **Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet

appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

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

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

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

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