

ITEM 3

REQUEST FOR COUNCIL ACTION				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
CITY OF SAN DIEGO					
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Housing Commission		DATE: 6/7/2017	
SUBJECT: Preliminary Bond Authorization for San Ysidro Family Transit-Oriented Development					
PRIMARY CONTACT (NAME, PHONE): Ted Miyahara,616-578-7550			SECONDARY CONTACT (NAME, PHONE): ,		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	\$0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
<p>COST SUMMARY (IF APPLICABLE): The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget.</p> <p>Funding sources approved by this action will be as follows: Bond Issuance Fees - \$67,000</p> <p>Funding uses approved by this action will be as follows: Housing Commission Rental Housing Finance Program Administrative Costs - up to \$67,000</p> <p>Please refer to staff report for further information</p>					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Davis, Jeff	06/07/2017	
		CFO			
		DEPUTY CHIEF	Graham, David	06/13/2017	
		COO			
		CITY ATTORNEY	Slegers, Nathan	06/13/2017	
		COUNCIL PRESIDENTS OFFICE	Demorest, Erin	06/14/17	
PREPARATION OF:		<input checked="" type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)

1) That the Housing Authority of the City of San Diego (Housing Authority) approve initial steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for this development, 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years, including:

a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$30,000,000 in tax-exempt Multifamily Housing Revenue Bonds for new construction of San Ysidro Family TOD;

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 \$30,000,000 for San Ysidro TOD;

c. Approve a bond financing team of Straddling Yocca Carlson & Rauth (Stradling) as bond counsel, and Ross Financial as bond financial advisor; and

2) Authorize the San Diego Housing Commission (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

STAFF RECOMMENDATIONS:

Approve requested actions

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):

8

COMMUNITY AREA(S):

ENVIRONMENTAL IMPACT:

The actions being taken at this time involve only consideration of a bond inducement. This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Please see the staff report for additional information.

**CITY CLERK
INSTRUCTIONS:**

Please docket item for the Regular City Council meeting of June 27, 2017

**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 6/7/2017

ORIGINATING DEPARTMENT: Housing Commission

SUBJECT: Preliminary Bond Authorization for San Ysidro Family Transit-Oriented Development

COUNCIL DISTRICT(S): 8

CONTACT/PHONE NUMBER: Ted Miyahara/616-578-7550

DESCRIPTIVE SUMMARY OF ITEM:

Take initial steps to issue Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the new construction of 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

STAFF RECOMMENDATION:

Approve requested actions

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

San Ysidro Family TOD is a proposed three-story new construction transit-oriented affordable rental housing development located in the San Ysidro neighborhood (Attachment 2 - Site Maps). San Ysidro Family TOD will provide 138 affordable rental units (and one manager's unit), including 24 one-bedroom, 79 two-bedroom, and 36 three-bedroom units (inclusive of two manager units) for families with incomes ranging from 50 percent to 60 percent of San Diego's Area Median Income (AMI).

Site amenities will include 2,000 square feet of community space, a lounge and kitchen, laundry facilities, a computer lab, a leasing office and outdoor recreation space with a children's play area.

Unit amenities will include: a balcony and attached storage space, Energy Star appliances (including dishwasher, refrigerator, and stove) and hard-surface flooring. There will be 152 surface parking spaces for residents.

Transit Oriented Development

San Ysidro Family TOD qualifies as a transit-oriented development because it is located 250 feet from the Beyer Boulevard Trolley Station. The proposed development is located within the San Ysidro Historic Village Specific Plan Area (Specific Plan Area). More specifically, the proposed development is located in the Beyer Boulevard Trolley District of the Specific Plan Area.

Please refer to staff report for further information.

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

N/A

FISCAL CONSIDERATIONS:

Housing Commission Rental Housing Finance Program Administrative Costs - up to \$67,000

There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bond actions. Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds will not constitute a debt of the City of San Diego. 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. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's bond issuer fee (estimated at \$67,000 with a \$26,800,000 bond issue) and the Housing Commission's annual administrative fee (estimated at \$18,850 with an estimated \$15,880,000 outstanding bonds amount at permanent financing conversion).

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

N/A

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

N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On March 13, 2017, CIC presented the proposed development as an information item to the San Ysidro Community Planning Group. The San Ysidro Community Planning group provided a letter of support for San Ysidro Family TOD.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include CIC as the developers, the Housing Authority as bond issuer, and the San Ysidro 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 138 new affordable rental homes for low-income persons.

Davis, Jeff

Originating Department

Graham, David

Deputy Chief/Chief Operating Officer



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: June 7, 2017

REPORT NO: HAR17-012

ATTENTION: Council President and Members of the City Council of the City of San Diego
For the Agenda of June 27, 2017

SUBJECT: Preliminary Bond Authorization for San Ysidro Family
Transit-Oriented Development

COUNCIL DISTRICT: 8

REQUESTED ACTION

Take initial steps to issue Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the new construction of 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

STAFF RECOMMENDATIONS

- 1) That the Housing Authority of the City of San Diego (Housing Authority) approve initial steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for this development, 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years, including:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$30,000,000 in tax-exempt Multifamily Housing Revenue Bonds for new construction of San Ysidro Family TOD;
 - 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 \$30,000,000 for San Ysidro TOD;
 - c. Approve a bond financing team of Straddling Yocca Carlson & Rauth (Stradling) as bond counsel, and Ross Financial as bond financial advisor; and
- 2) Authorize the San Diego Housing Commission (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

Address	251-263 and 238-240 Cypress Drive
Council District	8
Community Plan Area	San Ysidro (San Ysidro Community Planning Group)
Development Type	New Construction
Construction Type	Type V; three story building
Parking	Surface; 154 stalls
Housing Type	Multifamily
Lot Size	3.34 Acres; 145,588 square feet
Units	139
Density	41.6 dwelling units per acre
Unit Mix	24 one-bedroom units, 79 two-bedroom units, 34 three-bedroom units, and 2 three-bedroom manager’s unit
Gross Building Area	108,450 Net rentable square feet <u>21,550</u> Community and circulation square feet 130,000 Gross square footage

The Development

San Ysidro Family TOD is a proposed three-story new construction transit-oriented affordable rental housing development located in the San Ysidro neighborhood (Attachment 2 - Site Maps). San Ysidro Family TOD will provide 138 affordable rental units (and one manager’s unit), including 24 one-bedroom, 79 two-bedroom, and 36 three-bedroom units (inclusive of two manager units) for families with incomes ranging from 50 percent to 60 percent of San Diego’s Area Median Income (AMI).

Site amenities will include 2,000 square feet of community space, a lounge and kitchen, laundry facilities, a computer lab, a leasing office and outdoor recreation space with a children’s play area.

Unit amenities will include: a balcony and attached storage space, Energy Star appliances (including dishwasher, refrigerator, and stove) and hard-surface flooring. There will be 152 surface parking spaces for residents.

Transit Oriented Development

San Ysidro Family TOD qualifies as a transit-oriented development because it is located 250 feet from the Beyer Boulevard Trolley Station. The proposed development is located within the San Ysidro Historic Village Specific Plan Area (Specific Plan Area). More specifically, the proposed development is located in the Beyer Boulevard Trolley District of the Specific Plan Area. The Beyer Boulevard Trolley District is a transportation hub for residents of San Ysidro. The opportunity provided by transit service will catalyze future mixed-use and higher density residential development, and pedestrian connectivity is a key design priority to link the trolley station and bus stops located on primary streets. New development centered around the Beyer Boulevard Trolley Station will provide residents with more accessibility to greater San Diego. The trolley serves San Ysidro approximately every 7.5 minutes during weekday peak periods and 15 minutes during off-peak and during weekends.

Sustainability Features

San Ysidro Family TOD will be constructed in conformance with TCAC minimum energy efficiency standards. It will also be built to GreenPoint rated standards. Sustainable features will include: solar hot

water heating, photovoltaic solar system to partially offset common-area electrical needs, Energy Star-rated efficient appliances, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, high-efficiency heating and cooling, energy-efficient windows, and light-emitting diode (LED) lighting. Water conservation will be promoted via drought-tolerant landscaping, and low-flow water fixtures in the kitchens and bathrooms.

Developer's Request

CIC submitted a request for Housing Authority issuance of up to \$30,000,000 of tax-exempt Multifamily Housing Revenue Bonds.

The Property

The property is composed of five legal parcels that are zoned for the proposed use. The developer will consolidate the parcels, which will require a site development permit pursuant to San Diego Municipal Code. A site development permit is a process three discretionary approval, which requires a hearing officer hearing.

Appraisal and Sale Price

On March 7, 2017, the five-lot land parcel was appraised by Lea & Company for a combined value of \$6,670,000. The developer has negotiated a land purchase price of \$6,169,850.

Prevailing Wages

Because San Ysidro Family TOD proposes no State-source funds and proposes the use of Federal HOME Investment Partnerships Program (HOME) funds below the federal threshold level, prevailing wages will not apply to the proposed development.

Relocation

The five-parcel site currently has two existing single-family homes and three duplexes. CIC plans to demolish all of the existing buildings. CIC will comply with the Federal Uniform Relocation Act. Nine households will be permanently displaced and receive federal relocation benefits. A draft relocation plan/has been prepared by Overland Pacific. Budget estimates for relocation are \$535,000.

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. 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.

Development Team

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 more than 8,000 rental units under ownership in four states, including 6,700 rental units in Southern California. San Ysidro Family TOD will be owned by a to-be-formed California limited partnership (a single-asset limited partnership) that will include: an affiliate of Chelsea as the administrative general partner; a to-be-determined 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. Along with its affiliates, CIC provides financial, engineering, development, asset management, construction, and property management services.

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 San Ysidro Family TOD development.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Chelsea Investment Corporation
Borrower	To-be-formed Limited Partnership
Administrative General Partner	Affiliate of Chelsea Investment Corporation
Managing General Partner	Casa Familiar
Limited Partner	To-be-selected
Architect	Joseph Wong Design Associates
Relocation Consultant	Overland Pacific
General Contractor	Emmerson Construction Inc., (an affiliate of Chelsea)
Property Management	ConAm
Construction and Permanent Lender	To be selected
Tax Credit Equity Partner	To be selected

STATEMENT FOR PUBLIC DISCLOSURE

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).

FINANCING STRUCTURE

Permanent Sources and Uses of Financing

The estimated total development cost and sources and uses of funds are detailed in the pro forma attached to this report (Attachment 4) and summarized below.

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan	\$15,880,000	Acquisition:	\$ 6,174,850	\$ 44,423
Housing Commission loan	9,250,000	Hard costs (with contingency)	22,991,489	165,406
Tax Credit Equity	13,853,933	Soft Costs	7,373,251	53,045
Deferred Developer Fee	1,167,355	Reserves	409,307	2,945
Developer Fee Contribution	500,000	Developer Fee	4,277,433	30,773
SDHC Loan- Accrued Interest	575,042			
Total Development Cost	\$41,226,330	Total Development Cost (TDC)	\$41,226,330	\$296,592

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$41,226,330 \div 139 \text{ units} =$	\$296,592
Housing Commission Subsidy Per Unit	$\$9,250,000 \div 139 \text{ units} =$	\$66,547
Acquisition Cost Per Unit	$\$6,174,850 \div 139 \text{ units} =$	\$44,423
Gross Building Square Foot Hard Cost	$\$22,991,489 \div 130,000 \text{ sq. ft.} =$	\$177
Net Rentable Square Foot Hard Cost	$\$22,991,489 \div 108,450 \text{ sq. ft.} =$	\$212

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5. These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to San Ysidro Family TOD.

Table 5 - Comparable Development Projects

Project Name	Year	Construction Type	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
San Ysidro Family	2017	V	139	No	\$41,226,330	\$296,592	\$66,547	\$177
Encanto Village	2017	V	65	No	23,418,404	354,824	\$109,848	\$216
PHR Unit 24	2015	V	96	No	24,619,631	256,454	-	\$151
Fairbanks Commons	2012	V	165	No	51,043,349	309,354	-	\$152

Hard Costs

The developer is proposing new construction hard costs of \$22,991,489 (\$165,406 per unit). There was a substantial effort to review, investigate, and reduce the project's construction costs, including engaging the Gordian Group, a third-party cost consultant, to evaluate the hard cost estimates. The Gordian Group validates the developer's cost estimate for the project.

Developer Fee

\$4,277,433 - gross developer fee

- 500,000 - minus developer's fee contribution to the development

- 1,167,355 - minus developer's deferred developer fee; paid out of developers share of residual cash

\$2,610,078 - net cash developer fee

The net cash developer fee shall be \$2,610,078 provided, however, that in the event financing terms or construction cost change and result in a financing gap, the developer will increase the deferred portion of developer fee by an additional \$600,000. Portions of additional deferred developer fee, up to 600,000, will be repaid from the developer's 50 percent share of residual cash flow. The developer will be contributing \$500,000 of their fee to the project as a source of permanent financing.

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

Purchase Option

Housing Commission staff has negotiated a purchase option at year 15, the end of the tax credit compliance period. The Housing Commission shall have first right of refusal to purchase the improvements at the end of the 15-year tax credit compliance period. The Housing Commission and limited partnership will enter into an option agreement, whereby the Housing Commission will have the option to purchase the improvements at any time during the two-year period beginning at the end of the 15-year tax credit compliance period for an amount equal to the greater of: (i) the fair market value of the improvements; or (ii) the sum of the limited partner's related exit taxes, the forgiveness of all principal and interest on the Housing Commission's loan, plus assumption of the first position loan.

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds

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

The San Ysidro Family TOD developer plans to submit a bond allocation application to CDLAC in July 2017 for its September 2017 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. The developer will be seeking a CDLAC bond allocation of up to \$30,000,000. 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 \$30,000,000 bond allocation that will be sought from CDLAC is approximately 10 percent higher than the \$26,800,000 amount for which the San Ysidro Family TOD development is currently being underwritten. This increased amount represents a cushion to account for possible increases in the bond amount due to increases in construction costs, and/or changes in the assumed interest rate, and/or the loss of other planned funding sources. The bond amount that is ultimately issued will be based upon project costs, revenues, and interest rates prevailing at the time of bond issuance. The developer proposes that the bonds will be used for acquisition, new construction, and permanent financing. The Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6. Staff recommends assigning Stradling as Bond Counsel and Ross Financial as Financial Advisor. These proposed financing team members have been selected in accordance with existing policy. Financial Advisors and Bond Counsels are designated on a rotating basis from firms selected under the program through a competitive Request for Proposal process.

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, that will restrict affordability of 138 units for 55 years. The HOME funds will have affordability and rent restrictions for 20 years. The

development’s 138 units will be affordable to tenants with income levels ranging from 50-60 percent of San Diego’s Area Median Income (AMI).

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents	Estimated Market Rents
1 Bedroom	50%	3	\$853	\$1,125
1 Bedroom	60%	21	\$1,023	\$1,125
2 Bedroom	50%	8	\$1,023	\$1,450
2 Bedroom	60%	71	\$1,228	\$1,450
3 Bedroom - Bond	50%	3	\$1,136	\$1,850
3 Bedroom - Bond	60%	31	\$1,364	\$1,850
3 Bedroom Manager	-	2	-	-
		139		

There will be 11 total HOME restricted units including 5 one-bedroom units, 3 two-bedroom units, and 3 three-bedroom 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.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$67,000

Funding uses approved by this action will be as follows:

Housing Commission Rental Housing Finance Program Administrative Costs - up to \$67,000

There are no fiscal impacts to the Housing Commission, the City of San Diego, or the Housing Authority associated with the requested bond actions. Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds will not constitute a debt of the City of San Diego. 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. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's bond issuer fee (estimated at \$67,000 with a \$26,800,000 bond issue) and the Housing Commission’s annual administrative fee (estimated at \$18,850 with an estimated \$15,880,000 outstanding bonds amount at permanent financing conversion).

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
• Housing Authority	• June 27, 2017
• City Council IRS-required TEFRA hearing	• June 30, 2017
• CDLAC bond application	• July 21, 2017
• TCAC tax credit application	• August 19, 2017
• CDLAC bond allocation	• September 20, 2017
• Housing Commission final bond authorization	• October 6, 2017
• TCAC tax credit allocation meeting	• October 18, 2017
• Housing Authority final bond authorization	• October 31, 2017
• Estimated bond issuance and escrow closing	• December 2017
• Start of construction work	• December 2017
• Completion of construction work	• February 2019

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On March 13, 2017, CIC presented the proposed development as an information item to the San Ysidro Community Planning Group. The San Ysidro Community Planning group provided a letter of support for San Ysidro Family TOD.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CIC as the developers, the Housing Authority as bond issuer, and the San Ysidro 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 138 new affordable rental homes for low-income persons.

ENVIRONMENTAL REVIEW

The actions being taken at this time involve only consideration of a bond inducement. This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions do not constitute approval of the development activity. Future actions to consider and approve development entitlement approvals related to the development of the site, if applicable, will require additional review under the provisions of CEQA by the lead agency.

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,

Ted Miyahara

Ted Miyahara
Vice President Housing Finance
Real Estate Department

Approved by,

Deborah N. Ruane

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

- Attachments:
1. Development Summary
 2. Site Maps
 3. Developer Disclosure Statement
 4. Project Pro forma
 5. 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 "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org

Attachment 1

Table 1 –Development Details

Address	251-263 and 238-240 Cypress Drive
Council District	8
Community Plan Area	San Ysidro (San Ysidro Community Planning Group)
Development Type	New Construction
Construction Type	Type V; three story building
Parking	Surface; 154 stalls
Housing Type	Multifamily
Lot Size	3.34 Acres; 145,588 square feet
Units	139
Density	41.6 dwelling units per acre
Unit Mix	24 one-bedroom units, 79 two-bedroom units, 35 three-bedroom units, and 1 three-bedroom manager’s unit
Gross Building Area	108,450 Net rentable square feet <u>21,550</u> Community and circulation square feet 130,000 Gross square footage

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Chelsea Investment Corporation
Borrower	To-be-formed Limited Partnership
Administrative General Partner	Affiliate of Chelsea Investment Corporation
Managing General Partner	Casa Familiar
Limited Partner	To-be-selected
Architect	Joseph Wong Design Associates
Relocation Consultant	Overland Pacific
General Contractor	Emmerson Construction Inc., (an affiliate of Chelsea)
Property Management	ConAm
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	Per Unit
Permanent loan	\$15,880,000	Acquisition:	\$ 6,174,850	\$ 44,423
Housing Commission proposed loan	9,250,000	Hard costs (with contingency)	22,991,489	165,406
Tax Credit Equity	13,853,933	Soft Costs	7,373,251	53,045
Deferred Developer Fee	1,167,355	Reserves	409,307	2,945
Developer Fee Contribution	500,000	Developer Fee	4,277,433	30,773
SDHC Loan- Accrued Interest	575,042			
Total Development Cost	\$41,226,330	Total Development Cost (TDC)	\$41,226,330	\$296,592

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$41,226,330 ÷ 139 units =	\$296,592
---------------------------	----------------------------	-----------

Housing Commission Subsidy Per Unit	$\$9,250,000 \div 139 \text{ units} =$	\$66,547
Acquisition Cost Per Unit	$\$6,174,850 \div 139 \text{ units} =$	\$44,423
Gross Building Square Foot Hard Cost	$\$22,991,489 \div 130,000 \text{ sq. ft.} =$	\$177
Net Rentable Square Foot Hard Cost	$\$22,991,489 \div 108,450 \text{ sq. ft.} =$	\$212

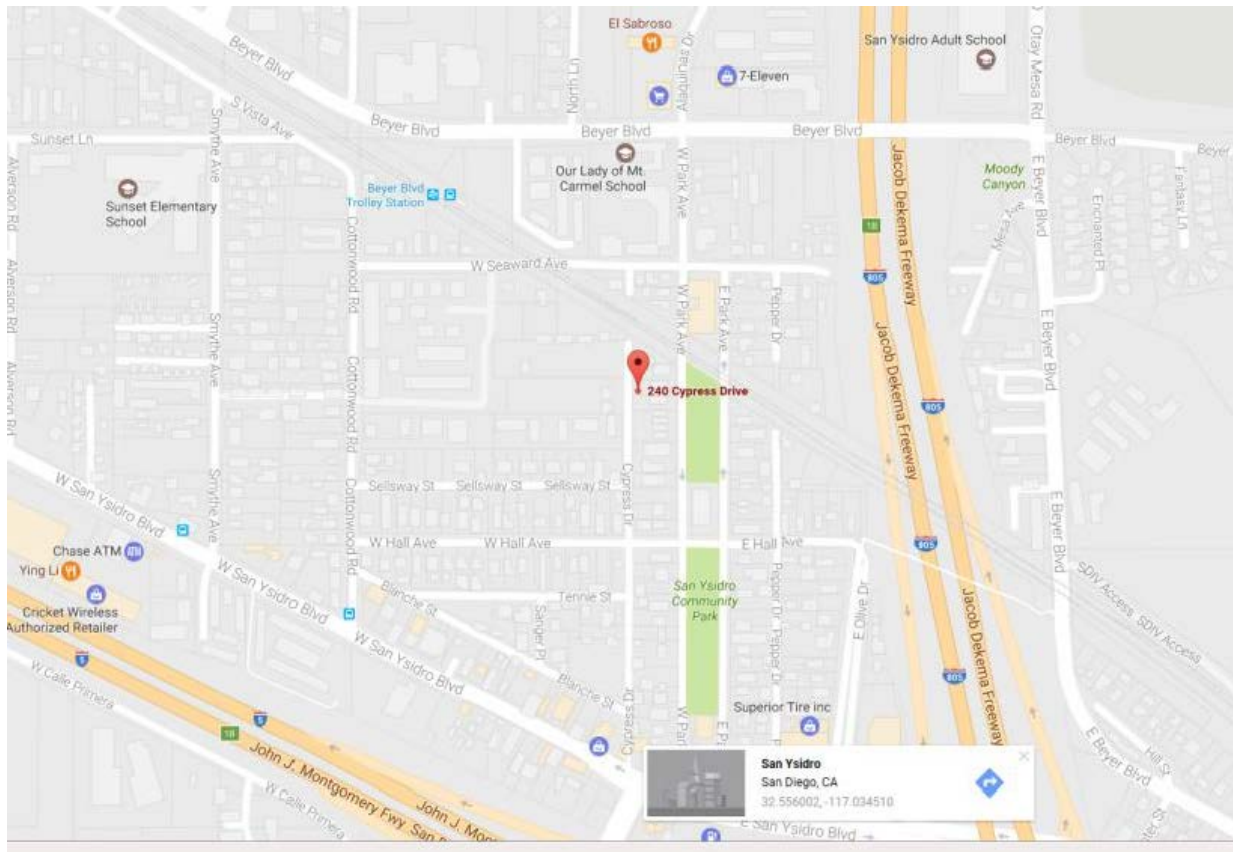
Table 5 - Comparable Development Projects

Project Name	Year	Construction Type	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
San Ysidro Family	2017	V	139	No	\$41,226,330	\$296,592	\$66,547	\$177
Encanto Village	2017	V	65	No	23,418,404	354,824	\$109,848	\$216
PHR Unit 24	2015	V	96	No	24,619,631	256,454	-	\$151
Fairbanks Commons	2012	V	165	No	51,043,349	309,354	-	\$152

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents	Estimated Market Rents
1 Bedroom	50%	3	\$853	\$1,125
1 Bedroom	60%	21	\$1,023	\$1,125
2 Bedroom	50%	8	\$1,023	\$1,450
2 Bedroom	60%	71	\$1,228	\$1,450
3 Bedroom - Bond	50%	3	\$1,136	\$1,850
3 Bedroom - Bond	60%	31	\$1,364	\$1,850
3 Bedroom Manager	-	2	-	-
		139		

Attachment 2





**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)
- A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- A partnership known as: _____
(Name)

Check one:

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

- 7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
Original formation date: July 30, 1986
Restructured: February 23, 2004
- 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10 percent of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: The Schmid Family Trust, dated as of July 22, 1996	100% interest
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: James J. Schmid	Co-Trustee of the Schmid Family Trust
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: Lynn Harrington Schmid	Co-Trustee of the Schmid Family Trust
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	

- 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.
N/A
- 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.
N/A
- 11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8, which gives such person or entity more than a computed 10 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR):

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

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

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

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

Name and Address	Relationship to CONTRACTOR
Name: CIC Management, Inc.	Property Management Company for Chelsea-affiliated properties
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: James J. Schmid	Sole Director and Treasurer of CICM
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: William R. Peavey	President of CICM
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: Lynn Harrington Schmid	Secretary of CICM
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	

Name: Emmerson Construction, Inc. ("Emmerson")	General Contractor for Chelsea-affiliated properties located in San Diego County
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: Charles A. Schmid	Director and President of Emmerson
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	
Name: James J. Schmid	Director and Secretary of Emmerson
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	

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

Please see attached financial statements through years 2015 and 2016.

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:

Please see proforma included within the application.

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. Please see attached Financial Statements for CIC.**

Name:

Address:

Amount: \$

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

Name: Chelsea Investment Corporation

Address: 6339 Paseo del Lago, Carlsbad, CA 92011

Amount: \$

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

Description	Market Value (\$)	Mortgages or Liens (\$)

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

Name and Address	Contact Name
Name: Citi Community Capital	Sonia Rahm, Vice President
Address: 444 S. Flower St., 29 th Floor	Phone: (213) 239-1726
Los Angeles, CA 90071	E-Mail: sonia.m.rahm@citi.com
Name: Banner Bank (f/k/a Security Business Bank)	Jackie Nash, VP / Relationship Manager and Steve Espino, Senior VP
Address: 5901 Priestly Drive, Suite 160, Carlsbad, CA 92008	Phone: (760) 448-8308 and (858) 625-8860
	E-Mail: jackie.nash-vasquez@bannerbank.com and Steve.Espino@bannerbank.com

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

Yes No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

Yes No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR, including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Please refer to Developer Experience under Tab 3 of the General Application.

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

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

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

Name and Address	Affiliation
Name: Emmerson Construction, Inc.	General Contractor for Chelsea-affiliated projects, shares common ownership
Address: 6339 Paseo del Lago, Carlsbad, CA	

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

Yes No

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

N/A

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ 189,000,000

General description of such work:

Construction of affordable multifamily and seniors 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)

Please see attached Resume and List of Projects.

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed
Mesa Verde	7785 Mission Gorge Rd. San Diego, CA 92121	\$17,174,144	12/2017

e. Outstanding construction-contract bids of such contractor or builder: **See attached List of Projects**

Awarding Agency	Amount	Date Opened

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 attached Resume

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

ECI has served as construction manager on 4 rehabilitation projects and 26 new construction projects that were completed on time and under budget. ECI is currently working on the following projects: Mesa Verde and Ouchi Courtyard in the City of San Diego, five other new construction projects in California and performing Construction Management on six projects in California and New Mexico (see contract values above and on the current job list). ECI also benefits from the experience of CIC, which has overseen the construction on most projects listed in the Project List & Status.

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

Yes No

If yes, explain:

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

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

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

Yes No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following 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 Cavnac & Associates, 450 B Street, Suite 1800, San Diego, CA 92101; Phone: (619) 234-6848

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Premises - Operations
- Explosion and Collapse Hazard
- Underground Hazard
- Products/Completed Operations Hazard
- Contractual Insurance
- Broad Form Property Damage
- Independent Contractors
- Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

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

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

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

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment,

without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, Commissioner, Councilperson, officer, or employee of SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has, during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.
30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state: **None**

Government Complaint	Entity Making	Date	Resolution

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

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

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

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

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
3/16/2011	Estrella del Mercado (SDHC)	Current	\$7,000,000
3/2012	Terramar (SDHC)	Current	\$2,500,000
7/2014	Independence Point (SDHC)	Current	\$2,035,000
3/13/2014	Alpha Square 4% (City)	Current	\$6,438,313
3/13/2014	Alpha Square 9% (City)	Current	\$10,721,687
1/13/2015	Rancho del Sol (SDHC)	Current	\$950,000
3/10/2015	Trolley Park Terrace (SDHC)	Current	\$3,120,000
4/04/2016	Mesa Verde (SDHC)	Current	\$9,600,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

Yes No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

Yes No

If yes, explain:

37. List three local references that would be familiar with your previous construction projects:

1. Name: Robert W. Laing, President / CEO
 Company: Pacific Southwest Community Development Corporation
 Address: 16935 West Bernardo Drive, Suite 238, San Diego, CA 92127
 Phone: (858) 675-0506
 Project Name and Description: Serves as Non-profit partner on many of CIC's projects
2. Name: Sonia Rahm
 Bank: Citi Community Capital
 Address: 444 S. Flower Street, 29th Floor, Los Angeles, CA 90071
 Phone: (213) 239-1726
 Project Name and Description: Lender for Fairbanks Square/Fairbanks Commons, Independence Point, Mercado and Versa projects
3. Name: Waheed Karim, Vice President
 Bank: US Bank Community Lending
 Address: 4747 Executive Drive, 3rd Floor, San Diego, CA 92121
 Phone: (858) 334-0702
 Project Name and Description: Lender for Alpha Square project in San Diego, CA

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.

See attached Emmerson resume

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

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

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information," if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information," if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 30th day of November, 2016 at Carlsbad, California.

CONTRACTOR

By: _____

Signature

Cheri Hoffman, President of Chelsea Investment Corporation

CERTIFICATION

The CONTRACTOR, Chelsea Investment Corporation, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: *Cheri Hoffman*

By: Cheri Hoffman

Title: _____

Title: President

Dated: _____

Dated: 11.30.2016

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

JURAT

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

State of California

County of _____

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

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)

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

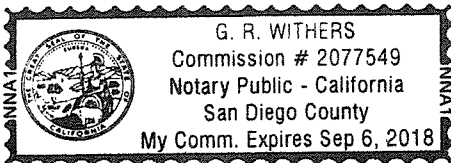
on this 30th day of November, 2016,
by Cheri Hoffman
Date Month Year

(1) _____

(and (2) _____),
Name(s) of Signer(s)

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

Signature G. R. Withers
Signature of Notary Public



Seal
Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

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

PROJECT SUMMARY

SAN YSIDRO - OCHOA & ATYAAD - 139 UNIT FAMIL'

Revision Date: 3/17/2017

Print Date:



Attachment 4

SOURCES AND USES SUMMARY

Development Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Acquisition					
Land Cost	1,810,134	1,846,337	1,883,263	1,920,929	1,959,347
Closing Costs	512,463	530,637	549,762	569,295	589,333
Subtotal Acquisition	1,197,671	1,215,500	1,233,501	1,251,674	1,270,015
Hard Costs					
Design Built - Architect	951,133	951,133	951,133	951,133	951,133
Offsites	30,000	30,900	31,827	32,782	33,765
Sitework	34,750	35,793	36,866	37,972	39,111
Demolition (non-basis eligible)	39,113	39,113	39,113	39,113	39,113
Vertical Construction Costs	20,000	20,600	21,218	21,855	22,510
GC Contingency					
Overhead, Profit, General Conditions	122,676	137,962	153,345	168,820	184,383
Owner Hard Costs Contingency	1.15	1.17	1.18	1.20	1.22
Subtotal Hard Costs	66,406	66,406	74,020	81,678	89,378
Permanent Relocation Federal					
Engineering					
Financing Fees and Interest					
Legal Fees					
Reserves					
Development Impact and Permit Fees					
Developer Fee					
Remaining Development Soft costs					
Owner Soft Costs Contingency					
Subtotal Soft Costs					
Total Development Costs					
Cash Developer Fee					
TCAC Max	2,890,000	2,890,000	2,890,000	2,890,000	2,890,000
Sources					
Federal LIHTC Equity					
State LIHTC Equity					
Developer Fee Contribution					
Permanent Loan (Tranche A)					
Permanent Loan (Tranche B)					
Deferred Developer Fee					
SDHC General NOFA					
C Bond					
Income From Operations					
Residual Receipt Loans Accrued Interest					
Total Development Sources					

FINANCING ASSUMPTIONS

Equity	Closing	Completion	Conversion
Equity Pay In	5%	0%	94%
Federal Tax Credit Price	\$	\$	\$
State Tax Credit Price			
Solar Tax Credit Price			
9% Credit Rate			
4% Credit Rate			
TCAC APP Rate			
LP Interest			
10 Yr Federal Tax Credits			
3 Yr State Credits			
Solar Credits			

PRELIM DEVELOPMENT PROGRAMMING SUMMARY

City:	San Diego									
MISA:	4 Person 50% AMI:									
Site (acres):	3.324									
Construction Type:	3-story									
No. of Stories:	On surface; 152 residential parking spaces									
Parking Type:										
No. of Stalls:	20,759									
Extraordinary Cond:	4% & Bonds, SDHC General NOFA									
Impact Fees per Unit:										
Financing Sources:										

CASH FLOW

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Net Income	1,810,134	1,846,337	1,883,263	1,920,929	1,959,347	1,998,534	2,038,505	2,079,275	2,120,860	2,163,278	2,206,543	2,250,674	2,295,688	2,341,601	2,388,433	2,436,202
Operating Exp	512,463	530,637	549,762	569,295	589,333	710,012	731,313	753,282	775,850	799,125	823,099	847,792	873,226	899,423	926,405	954,197
NOI	1,197,671	1,215,500	1,233,501	1,251,674	1,270,015	1,288,522	1,307,192	1,326,023	1,345,011	1,364,152	1,383,444	1,402,882	1,422,462	1,442,179	1,462,028	1,482,005
Debt Service	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133	951,133
Services	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317	41,527	42,773	44,056	45,378	46,739
Reserves	34,750	35,793	36,866	37,972	39,111	40,285	41,493	42,738	44,020	45,341	46,701	48,092	49,543	51,032	52,562	54,139
Issuer Fees	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113	39,113
Managing GP Pmt	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252	31,159
Residual CF	122,676	137,962	153,345	168,820	184,383	200,028	215,751	231,546	247,407	263,328	279,302	295,323	311,383	327,475	343,591	359,722
DCR	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.27	1.29	1.30	1.32	1.34	1.36	1.38	1.39	1.41
Junior Bond 100% CF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC Pmt - 50% CF	58,838	66,406	74,020	81,678	89,378	97,116	104,890	112,698	120,536	128,402	136,291	144,201	152,127	160,066	168,014	175,966
after Junior Bond repay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PROJECT TIMING

Tax Credit Allocation	10/1/17
Construction Begin - Initial Closing	12/1/17
Construction Complete	3/1/19
Lease Up Complete	5/31/19
Conversion/Stabilization	10/1/19
8609	1/1/20

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	Totals
Sq. Ft.	550	750	1,000	1,000	108,450
Year 2017 HUD Rents	\$43	\$68	\$80	\$80	\$123
UA	21	71	31	31	123
60%	0	0	0	0	0
55%	0	3	8	3	14
50%	0	0	0	0	0
45%	0	0	0	0	0
40%	0	0	0	0	0
35%	0	0	0	0	0
30%	0	0	0	0	0
Mgr.	0	0	0	2	2
Totals	0	24	79	36	139
Common	2,000	Net SF	110,450	Cost psf	\$ 208.16
Eff Loss	15.04%	Gross SF	130,000	Cost psf	\$ 168.44

PROJECTED SOURCES AND USES OF FUNDS
SAN YSIDRO - OCHOA & AYAAO - 139 UNIT FAMILY

9,650,000 1,930,654 3,439,564 8609

	Pre-Dev	Construction Period					Stabilization Emons	Conversion	Total
		Close	Quarter 1 10%	Quarter 2 25%	Quarter 3 35%	Quarter 4 20%			
SOURCES OF FUNDS									
1 Federal LIHTC Equity	0	694,664	-	-	-	-	13,059,689	138,833	
2 State LIHTC Equity	0	-	-	-	-	-	-	-	
3 Developer Fee Contribution	0	-	-	-	-	-	850,000	850,000	
5 Construction Loan	27,500	6,659,150	4,328,464	6,523,131	4,059,177	3,830,271	(26,841,173)	14,850,000	
6 Permanent Loan (Tranche A)	0	-	-	-	-	-	1,508,929	1,508,929	
8 Deferred Developer Fee	0	-	-	-	-	-	-	-	
9 C Bond	0	-	-	-	-	-	-	-	
10 City Of SD Loan	0	-	-	-	-	-	-	-	
11 SDHC General NOFA	0	4,825,000	-	2,412,500	-	1,447,500	482,500	9,650,000	
12 AHSC Loan	0	-	-	-	-	-	-	-	
13 Developer Land Note	0	-	-	-	-	-	-	-	
14 Residual Receipt Loans Accrued Interest	0	-	48,250	77,200	88,458	96,500	-	183,000	
15 Income From Operations	0	-	-	-	-	-	-	-	
16 Total Sources of Funds	27,500	12,178,814	4,376,714	6,600,331	6,560,135	3,926,771	3,909,945	41,352,124	
USES OF FUNDS									
19 ACQUISITION									
20 Land Cost		6,169,850	-	-	-	-	-	6,169,850	
21 Other: Closing Costs incl offsite acq		5,000	-	-	-	-	-	5,000	
22 Total Land / Acquisition		6,174,850	-	-	-	-	-	6,174,850	
23 NEW CONSTRUCTION									
47 Design Built - Architect	\$	664,000	9,000	9,000	9,000	9,000	-	700,000	
48 Off-site Improvements	\$	440,313	-	-	-	-	-	440,313	
49 Demolition		150,000	-	-	-	-	-	150,000	
50 Site Work		-	1,057,229	1,524,145	-	-	352,410	2,933,784	
51 Parking Garage		-	-	-	-	-	-	-	
52 Vertical	\$0.00/sq ft	-	1,461,596	3,653,990	5,115,686	2,923,192	1,461,596	14,615,960	
53 GC Contingency	2.50%	3,750	73,978	129,463	127,890	73,080	45,350	453,501	
54 General Requirements	4%	6,150	121,325	212,304	209,739	119,851	74,374	743,742	
55 Contractor Overhead	6%	9,225	181,987	318,455	314,609	179,776	111,561	1,115,614	
56 Contractor Profit	4%	6,150	121,325	212,304	209,739	119,851	74,374	743,742	
57 Contractor General Liability Insurance		-	-	-	-	-	-	-	
58 Other		-	-	-	-	-	-	-	
59 Total New Construction	\$157,530/unit	839,275	3,466,753	6,059,651	5,986,562	3,424,750	2,119,666	21,896,657	
60 ARCHITECTURAL									
62 Building - Design/Build included in Construction Contract	0	-	-	-	-	-	-	-	
63 Landscape	0	46,300	-	-	-	-	-	46,300	
64 Energy Consultant	0	30,000	-	-	-	-	-	30,000	
65 Other: Acoustic Study	0	-	-	-	-	-	-	-	
66 Other: Traffic Study	0	-	-	-	-	-	-	-	
67 Other:	0	-	-	-	-	-	-	-	
68 Total Architectural		76,300	-	-	-	-	-	76,300	
69 SURVEY & ENGINEERING									
71 Civil	0	100,000	62,100	-	-	-	-	162,100	
72 ALTA	0	12,000	-	-	12,000	-	-	24,000	
73 Slaking	0	25,667	25,667	25,667	-	-	-	77,000	
74 Structural Testing	0	65,000	-	-	-	-	-	65,000	
75 Soils	0	35,000	-	-	-	-	-	35,000	
76 Other: Engineering/Easement Rights	0	50,000	-	-	-	-	-	50,000	
77 Other: Phase I	2,500	17,500	-	-	-	-	-	17,500	
78 Other: Traffic Study	0	4,750	-	-	-	-	-	4,750	
79 Other: Noise	0	-	-	-	-	-	-	-	
80 Total Survey & Engineering	2,500	309,917	87,767	25,667	-	12,000	-	437,850	
81 CONTINGENCY COSTS									
82 Hard Cost Contingency	9%	41,964	173,338	302,983	299,328	171,237	105,983	1,094,833	
83 Soft Cost Contingency	3%	132,251	6,923	7,988	9,634	9,634	-	178,252	
84 Total Contingency		174,215	180,261	310,971	308,962	180,872	105,983	1,273,084	
85 CONSTRUCTION PERIOD EXPENSES									
86 Construction Loan Interest		-	71,133	115,408	165,299	200,149	225,675	777,664	
87 Soft Loan Interest		-	48,250	77,200	88,458	96,500	96,500	406,908	
88 C Bond Interest		-	-	-	-	-	-	-	
89 Origination Fee	1.00%	265,190	-	-	-	-	-	265,190	
90 Credit Enhancement & Application Fee		-	-	-	-	-	-	-	
91 Owner Paid Bonds		-	-	-	-	-	-	-	
92 Lender Inspection Fees		-	7,500	7,500	7,500	7,500	-	37,500	
93 Taxes During Construction		-	-	-	-	-	-	-	
94 Other: Application fee		-	-	-	-	-	-	-	
95 Insurance During Construction		100,000	-	-	-	-	-	100,000	
96 Title and Recording Fees		35,000	-	-	-	-	-	35,000	
97 Construction Mgmt. and Monitoring		-	-	-	-	-	-	-	
98 Predevelopment Loan Interest		-	-	-	-	-	-	-	
99 Other: Accounting & Admin		45,000	5,000	5,000	5,000	5,000	-	70,000	
100 Other:		-	-	-	-	-	-	-	

OPERATING BUDGET & INCOME ANALYSIS

SAN YSIDRO - OCHOA & AYAAD - 139 UNIT FAMILY

"All electric"
"4/1/17 SDHC"

2017 HUD Rents

Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	LIHTC	60%	21	550	11,550	\$ 1,023	\$ 43	\$ 980	\$ 246,960
1BR/1BA	LIHTC	50%	3	550	1,650	\$ 852	\$ 43	\$ 809	\$ 29,124
2BR/1BA	LIHTC	60%	71	750	53,250	\$ 1,227	\$ 58	\$ 1,169	\$ 995,988
2BR/1BA	LIHTC	50%	8	750	6,000	\$ 1,023	\$ 58	\$ 965	\$ 92,640
3BR/2BA	Bond	60%	31	1,000	31,000	\$ 1,364	\$ 80	\$ 1,284	\$ 477,655
3BR/2BA	Bond	50%	3	1,000	3,000	\$ 1,136	\$ 80	\$ 1,056	\$ 38,017
3BR/2BA		MGR	2	1,000	2,000	\$ -	\$ -	\$ -	\$ -
					0	\$ -			
Total Rents			139		108,450				1,880,384
Community Center					2,000				
% Loss to Efficiency					15.04%	19,550			
Construction Square Feet					130,000				
Income from Operations				PUPM					
Laundry				\$ 12.00					20,016
Other Income (App. Fees, Late, etc.)				\$ 3.00					5,004
Garage				\$ -		0 Garages			0
Cable & Highspeed Data Income				\$ -					0
Telephone Income				\$ -					0
Sub-Total				\$ 15.00					1,905,404
Less: Vacancies @				5.0%					95,270
Commercial Income									0
Less: Vacancies @				50%					0
Total Income									1,810,134
Operating Expenses				PUPA					
Admin				\$ 533					74,029
Management Fee				\$ 600					83,400
Utilities				\$ 1,088					151,264
Payroll				\$ 1,184					164,643
Repair & Maintenance				\$ 843					117,165
Insurance				\$ 158					21,962
Taxes (HOA, CFD)				\$ -					0
Other				\$ -					0
Total Expenses				\$ 4,406					612,463
Net Operating Income									1,197,671
Reserves				\$250.00/unit					34,750
Services				\$215.83/unit					30,000
Issuer and Monitoring Fee				0.125%		(Min \$10k or 0.125% + \$150/unit for SDHC)			39,113
Mandatory Debt Service				0.420%					0
Net Income Available for Debt Service									1,093,808

DSC TEST 1.15

Loan Sizing	Perm Loan
Loan Amount	14,850,000
Interest	5.45%
Term	18
Amortization	35
Debt Service Coverage	1.15
Monthly Payment	79,261
Annual Payment	951,133
Cash Flow After D/S	142,676

ATTACHMENT 5
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM
Summary

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

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

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

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

Approval Process:

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

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

- **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.

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
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TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Housing Commission	DATE: 6/7/2017
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SUBJECT: Tax Equity and Fiscal Responsibility Act Public Hearing-San Ysidro

PRIMARY CONTACT (NAME, PHONE): Ted Miyahara,616-578-7550	SECONDARY CONTACT (NAME, PHONE): ,
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	\$0.00	0.00	0.00	0.00	0.00

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE):

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Liaison Office	ORIG DEPT. CFO	Davis, Jeff	06/07/2017
	DEPUTY CHIEF COO	Graham, David	06/13/2017
	CITY ATTORNEY	Slegers, Nathan	06/13/2017
	COUNCIL PRESIDENTS OFFICE	Demorest, Erin	06/14/2014

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

That the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$30,000,000 to facilitate the new construction of 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

STAFF RECOMMENDATIONS:
Approve requested actions

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	8
COMMUNITY AREA(S):	
ENVIRONMENTAL IMPACT:	
CITY CLERK INSTRUCTIONS:	Please docket item for the Regular City Council meeting of June 27, 2017

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 6/7/2017

ORIGINATING DEPARTMENT: Housing Commission

SUBJECT: Tax Equity and Fiscal Responsibility Act Public Hearing-San Ysidro

COUNCIL DISTRICT(S): 8

CONTACT/PHONE NUMBER: Ted Miyahara/616-578-7550

DESCRIPTIVE SUMMARY OF ITEM:

That the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$30,000,000 to facilitate the new construction of 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

STAFF RECOMMENDATION:

Approve requested actions

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Housing Authority of the City of San Diego intends to issue up to \$30,000,000 of Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the new construction of a multifamily rental housing project in the city of San Diego described in the attached Notice of Public Hearing. In order for interest on the Bonds to be tax-exempt, section 147(F) of the Internal Revenue Code of 1986 requires that the Bonds be approved by the City Council as the applicable elected representative of the City after public hearing following reasonable public notice.

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

FISCAL CONSIDERATIONS: N/A

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

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

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

Davis, Jeff

Originating Department

Graham, David

Deputy Chief/Chief Operating Officer



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE CITY COUNCIL

DATE ISSUED: June 7, 2017

REPORT NO: CCR17-012

ATTENTION: Council President and Members of the City Council of the City of San Diego
For the Agenda of June 27, 2017

SUBJECT: Tax Equity & Fiscal Responsibility Act Public Hearing – San Ysidro Family
Transit-Oriented Development

COUNCIL DISTRICT: 8

REQUESTED ACTION

That the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of Multifamily Housing Revenue Bonds in an amount up to \$30,000,000 to facilitate the new construction of 137 affordable rental housing units for low-income families and two manager units, to be located at 251-263 and 238-240 Cypress Drive, San Diego, which will remain affordable for 55 years.

SUMMARY

The Housing Authority of the City of San Diego intends to issue up to \$30,000,000 of Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the new construction of a multifamily rental housing project in the city of San Diego described in the attached Notice of Public Hearing.

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

Respectfully submitted,

Ted Miyahara

Ted Miyahara
Vice President Housing Finance,
Real Estate Department

Approved by,

Deborah N. Ruane

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

Attachment:

1. Notice of Public Hearing

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on Tuesday, June 27, 2017, at the hour of 2:00 p.m., or soon thereafter, at the City Council Chambers, 12th floor, 202 C Street, San Diego, California, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego of its multifamily housing revenue bonds, in order to finance the acquisition, construction and equipping of the multifamily rental housing development described below (the "Project"):

<i>Name</i>	<i>Location</i>	<i>Number of Units</i>	<i>Maximum Bond Amount</i>
San Ysidro Family Apartments	251-263 and 238-240 Cypress Drive in the City of San Diego, California	139	\$30,000,000

The owner of the Project is expected to be Chelsea Investment Corporation ("CIC"), or an affiliate or limited partnership to be formed by CIC for which CIC will act as General Partner. When complete, the Project is expected to be managed by ConAm Management Corporation. A total of 137 of the 139 units in the Project will be income and rent restricted, and will be occupied by low-income or very low-income tenants at affordable rents. The two unrestricted units will be used as manager's units.

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

Dated: June 12, 2017

CITY COUNCIL OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO PURSUANT TO SECTION 147(f) OF THE
INTERNAL REVENUE CODE OF 1986 APPROVING THE
ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO FOR THE SAN YSIDRO FAMILY
APARTMENTS PROJECT.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue multifamily housing revenue bonds in an aggregate principal amount not to exceed \$30,000,000 (Bonds) to finance the acquisition, construction, and equipping of “San Ysidro Family Apartments,” a 139-unit transit-oriented multifamily rental housing development project in the City of San Diego (City) described in the Notice of Public Hearing attached as Exhibit A to this Resolution (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986 requires that the Bonds be approved by the City Council as the applicable elected representative after a public hearing following reasonable public notice; and

WHEREAS, notice of a public hearing with respect to the proposed issuance of the Bonds was published in a newspaper of general circulation in the City on June 12, 2017; and

WHEREAS, the public hearing was held on June 27, 2017, and an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

1. The City Council, as the applicable elected representative under Section 147(f) of the Code, approves the issuance of the Bonds by the Authority.

2. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Nathan Slegers
Deputy City Attorney

NLJS:dkr
June 6, 2017
Or.Dept:Housing Authority
Doc. No.: 1517227

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor