



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: May 9, 2011

REPORT NO: HAR 11-027

ATTENTION: Members of the Housing Authority of the City of San Diego
For the Agenda of June 7, 2011

SUBJECT: Final Bond Authorization for Terramar Apartments

COUNCIL DISTRICT: 1

REQUESTED ACTION:

Authorize the issuance of Housing Authority of the City of San Diego ("Housing Authority") multifamily housing revenue bonds to fund the construction of the Terramar Apartments.

STAFF RECOMMENDATION:

Recommend that the Housing Authority authorize the issuance of up to \$4,000,000 in multifamily housing revenue bonds to fund construction of the 21-unit Terramar Apartments, located at 13481-13483 Silver Ivy Lane, by Terramar CIC, L.P. ("CIC").

SUMMARY:

The Project

Terramar is a new construction project to be located at 13481 to 13483 Silver Ivy Lane in the Torrey Highlands neighborhood of northern San Diego. Torrey Highlands is located north of State Route 56, just west of Rancho Peñasquitos and east of Pacific Highlands and is located in Subarea IV of the North City Future Urbanizing Area (NCFUA). The project would create a total of 21 affordable multifamily rental units including 4 one-bedroom, 11 two-bedroom, and 6 three-bedroom apartments (includes one manager unit). See Attachment 1 for a vicinity map.

The proposed project will be built within the 1,135 acre Torrey Highlands master planned community. The Torrey Highlands community includes parks and recreational areas, including Los Peñasquitos Canyon Reserve, Torrey Highlands Dog Park, Hilltop Recreation Center & Community Park, and Black Mountain Regional Open Space Park. The development will consist of three two-story structures with surface parking, a tot lot, a recreation area with barbeque and shaded picnic tables. It is also located across the street from Westview High School, which is in the Poway School District.

On May 30, 2008, the San Diego Housing Commission ("Housing Commission") entered into a Master Affordable Housing Agreement with Pardee Homes to ensure the development of 21 affordable housing units. The Agreement established the Area Median Income (AMI) level at no more than 60 percent for the first 30 years and 65 percent for the remaining 25 years of the 55 year affordability period. Although Pardee Homes is required to provide affordable housing per the Master Affordable Housing Agreement, the Housing Commission's financial participation will further reduce the affordability level to 58 percent of the AMI on 20 units for the entire term of affordability which will now be increased to 65 years.

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In addition to the proposed tax-exempt bond financing, other financing sources include four percent tax credits, a \$2,035,000 loan from the Housing Commission, and a \$1,500,000 equity contribution from Pardee Homes. On March 1, 2011, the Housing Authority approved the Housing Commission land acquisition and a residual receipts loan. The Housing Commission will purchase the land for \$100 concurrently with the bond closing.

Development Team

During the 15-year tax credit compliance period, the project will be developed and owned by Terramar CIC, L.P., a to-be-formed California limited partnership (a single asset limited partnership) consisting of 1) an affiliate of Chelsea Investment Corporation ("CIC"), as the Administrative General Partner; 2) Pacific Southwest Community Development Corporation ("PSCDC") as the Managing General Partner; and 3) U.S. Bancorp Community Development Corporation as the tax credit investor limited partner. At the end of the 15-year tax credit compliance period, the Housing Commission will have an option to purchase the project.

Since formed in 1984, CIC has financed and developed over 5,600 affordable housing units and has also developed over 2,100 inclusionary housing units in San Diego, Chula Vista, and Carlsbad. CIC provides financial engineering, development, asset management and property management services. CIC will be responsible for development of the project, Pardee Homes will construct the project, and CIC Management, Inc. will provide property management of the project.

The Managing General Partner, PSCDC, is a non-profit organization that has developed 36 affordable apartments in California and Arizona since 1993. They currently are the managing general partner of over 3,000 units of affordable housing.

Statements for public disclosure for CIC and PSCDC are included as Attachment 2.

Housing Affordability:

Per the Master Affordable Housing Agreement, Pardee Homes is required to provide 21 rental units for persons or families earning no more than 60 percent AMI for the first 30 years and 65 percent AMI for the remaining 25 years of the 55 year affordability period.

Because the Commission is providing a residual receipts loan to CIC to be used for additional gap financing for a four percent tax credit project, the average AMI has been reduced to 58 percent and the affordability levels will now be for low and very-low income households for 65 years. The following table illustrates the number of units, restricted rent levels and monthly affordability rent restriction levels:

Affordability Rent Table

Type	AMI	Number of Units	Net Square Feet/Unit	Monthly Net Rent	Est. Market Rents
1 BR/ 1 BA	50%	1	717	\$711	\$1,277
1 BR/1 BA	60%	3	717	\$858	\$1,277
2 BR/1 BA	50%	2	950	\$850	\$1,617
2 BR /1 BA	60%	9	950	\$1,027	\$1,617
3 BR/2 BA	50%	1	1,243	\$940	\$1,814
3 BR/2 BA	60%	4	1,243	\$1,137	\$1,814
3 BR/2 BA	MGR	1	1,250	\$0	\$1,814
Total		21			

The proposed project timeline is as follows:

Bond allocation meeting date	May 18, 2011
Housing Authority Final Bond Approval	June 7, 2011
TCAC 4 percent tax credit allocation meeting date	July 20, 2011
Finance Closing (bonds, tax credits, and HC financing)	July 22, 2011
Construction commencement	July 25, 2011
Construction completion	April 2012

Financing Structure

The total development cost of the project is estimated to be approximately \$7,600,000. Financing sources include four percent tax credits, tax-exempt housing bonds, and local financing from the Housing Commission (\$2,035,000) in the form of a residual receipts loan. The Housing Commission will also purchase the land from Pardee Homes for no more than \$100, and will enter into a 65-year ground lease with the borrower for an annual ground rent of four and one-half percent of gross annual income.

Estimated sources of funding are summarized in the following table:

FINANCING SOURCES

Construction Sources of Funding		Permanent Sources of Funding	
Housing Revenue Bonds (US Bank)	\$3,999,900	Housing Revenue Bonds (US Bank)	\$1,171,000
Housing Commission residual receipts loan	\$1,168,057	Housing Commission residual receipts loan	\$2,035,000
4% Tax Credit Equity	\$200,000	4% Tax Credit Equity	\$2,934,174
Master Developer Contribution	\$1,500,000	Deferred Developer Fee	\$39,804
		Master Developer Contribution	\$1,500,000
Total Financed	\$6,867,957		\$7,679,978

Note: The permanent sources of funding are higher than the construction sources of funding due primarily to the payment of developer fees that are deferred until conversion to permanent financing.

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Public Disclosure and Bond Authorization

The bonds will be sold through a private placement, purchased directly by U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, it will sign an "Investor's Letter" certifying, among other things, that it is buying the bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will not be subject to continuing disclosure requirements nor will they be credit enhanced or rated. When bonds are issued through a public offering, a third party trustee administers bond proceeds, collects project loan payments, makes bond debt service payments, and protects the interest of bondholders. Under the private placement structure for this transaction, U.S. Bank will act as both the bond owner's representative (in lieu of a trustee) and as the bondholder/lender.

The transfer of the bonds by U.S. Bank or any subsequent bondholder will be restricted to transferees who would purchase all of the bonds (to maintain ownership by a single bondholder), and who would represent to the Authority that they are qualified institutional buyers or accredited investors who are buying the bonds for investment purposes and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other loan documents. At the time of docketing, bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's office and bond counsel.

The bonds will be issued pursuant to an Indenture between the Housing Authority and U.S. Bank (acting as the bond owner representative). Based upon instructions contained in Indenture, the bond owner representative will disburse bond proceeds for eligible costs, collect project revenues and make payments to bondholders.

Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bonds to the borrower in order to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the bond owner representative.

An Assignment of Deed of Trust and other Loan Documents, which assigns the Housing Authority's rights and responsibilities as the bond issuer to U.S. Bank, is signed by the Housing Authority and U.S. Bank. Rights and responsibilities that are assigned to U.S. Bank include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by U.S. Bank as bond owner representative to protect its financial interests as the bondholder.

The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

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Since the bonds will not be repaid using any City or Housing Authority revenues, it is not appropriate to provide any information about the City's finances. For a summary of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize bond financings, please see Attachment 3.

Housing Commission staff has been working with The PFM Group, the Housing Commission's Financial Advisor, to perform due diligence concerning the proposed financing and to formulate a recommendation for the Housing Authority. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the bond issuance for the project be authorized assuming the project receives final approval from U.S. Bank's credit committee. The Financial Advisor's analysis and recommendation to proceed is included as Attachment 4.

Staff is also working with the City's Disclosure Practices Working Group to assure that the issuance of Housing Authority bonds is in conformance with the City's disclosure requirements.

FISCAL CONSIDERATIONS:

There are no fiscal impacts to the Housing Commission, City of San Diego, or Housing Authority associated with the requested bond action. The bonds will not constitute a debt of the City of San Diego. 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; security for repayment of the bonds will be limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the project owner. The Housing Commission's issuer fee under the financing will be approximately \$9,200 (0.23 percent of the expected bond amount) or less if limited by the tax code.

On March 1, 2011, the Housing Authority approved funding up to \$2,099,900 as a residual receipts loan, purchase of the land by the Housing Commission, and a Housing Commission 65-year ground lease with annual ground rent payments to the Housing Commission of four and one-half percent of gross income as available from project cash flows.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On May 13, 2011, the Housing Commission Board approved this item unanimously. On March 1, 2011, the Housing Authority and City Council approved preliminary bond items for the project, in addition to approving a Housing Commission residual receipts loan in the amount of \$2,099,900 and Housing Commission land acquisition not to exceed \$100. The Housing Commission approved this item on February 18, 2011.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

There is no City Council recognized Community Planning Group in Torrey Highlands. On January 5, 2005, the adjacent Rancho Peñasquitos Community Planning Board voted 12:0:1 to recommend approval of the project with no conditions.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include Chelsea Investment Corporation, Pacific Southwest Community Development Corporation, Pardee Homes, the San Diego Housing Commission, and the Torrey Highlands community. Development of the property is expected to have a positive impact on the community

because it will provide much-needed high quality rental units affordable to low-income and very low-income families.

ENVIRONMENTAL REVIEW:

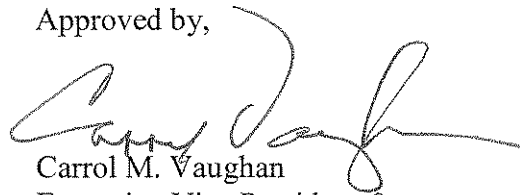
This activity is adequately addressed in Mitigated Negative Declaration Project No. 2266, for the Penasquitos West project, which also includes the Terramar project, (approved by City Council, August 2, 2005) and is part of a series of subsequent discretionary actions, and therefore not considered to be a separate project for purposes of State of California Environmental Quality Act (CEQA) review as defined in State CEQA Guidelines Section §15378(c). Pursuant to Section 15162 of CEQA, there is no change in circumstance, additional information or project changes to warrant additional environmental review. Processing under the National Environmental Policy Act is not required as no federal funds are involved.

Respectfully submitted,



Ann E. Kern
Bond Project Manager
Real Estate Department

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

- Attachments:
1. Location Map
 2. Developer's Statement for Public Disclosure *
 3. Multifamily Bond Program Summary
 4. Financial Advisor's Analysis

Hard copies are available for review during business hours in the main lobby 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 on the San Diego Housing Commission website at www.sdhc.org.

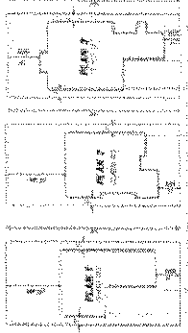
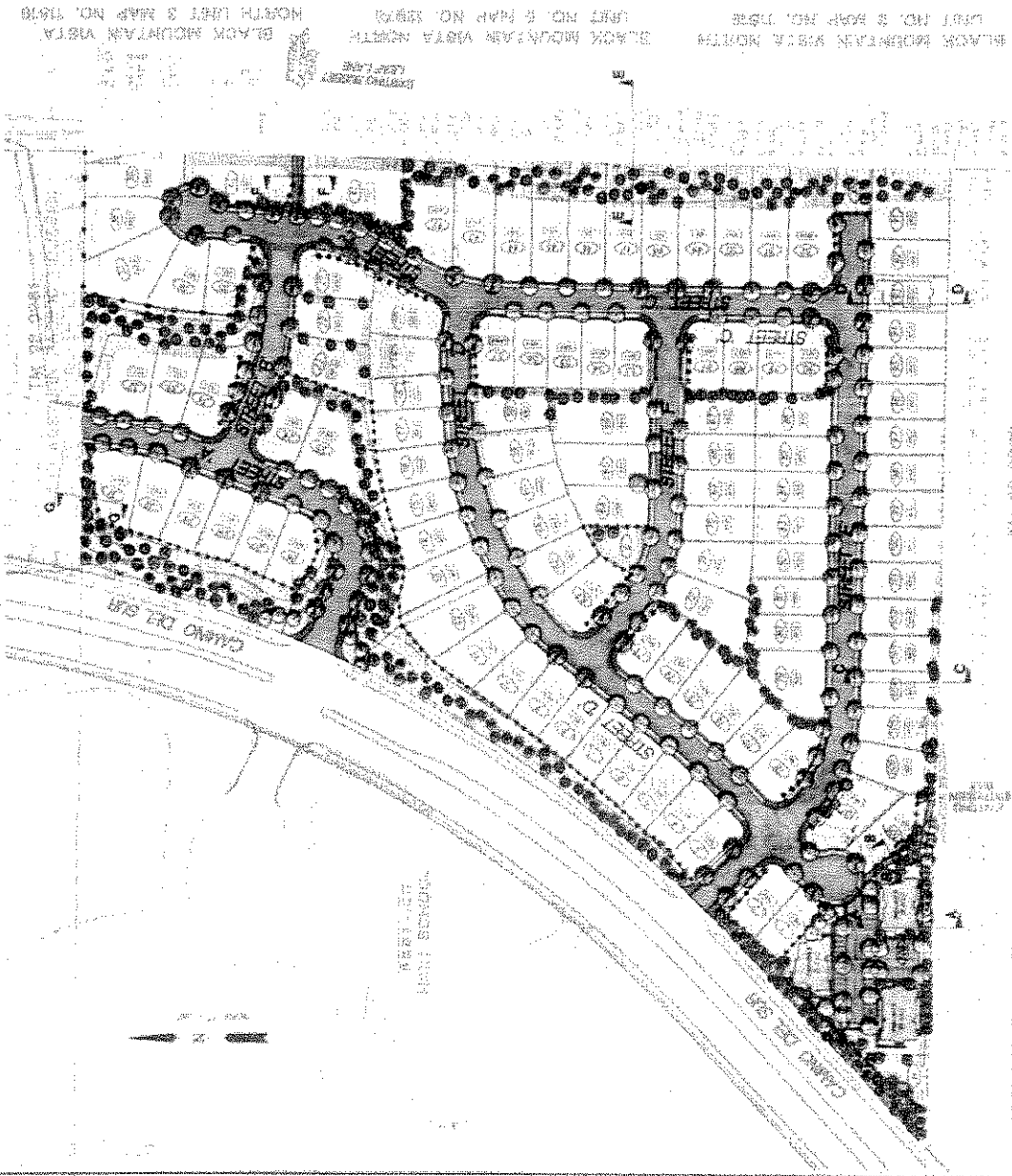
An aerial photograph of a residential area with a grid-like street pattern. A large black arrow points to a specific location at the intersection of a street and a larger road. To the right of the arrow, a large building is labeled 'MEDICAL CENTER'. Other labels visible on the map include 'MADISON BLVD' and 'MADISON BLVD'. The image is in black and white and has a grainy, high-contrast appearance.

1890. 1891. 1892. 1893. 1894. 1895. 1896. 1897. 1898. 1899. 1900. 1901. 1902. 1903. 1904. 1905. 1906. 1907. 1908. 1909. 1910. 1911. 1912. 1913. 1914. 1915. 1916. 1917. 1918. 1919. 1920. 1921. 1922. 1923. 1924. 1925. 1926. 1927. 1928. 1929. 1930. 1931. 1932. 1933. 1934. 1935. 1936. 1937. 1938. 1939. 1940. 1941. 1942. 1943. 1944. 1945. 1946. 1947. 1948. 1949. 1950. 1951. 1952. 1953. 1954. 1955. 1956. 1957. 1958. 1959. 1960. 1961. 1962. 1963. 1964. 1965. 1966. 1967. 1968. 1969. 1970. 1971. 1972. 1973. 1974. 1975. 1976. 1977. 1978. 1979. 1980. 1981. 1982. 1983. 1984. 1985. 1986. 1987. 1988. 1989. 1990. 1991. 1992. 1993. 1994. 1995. 1996. 1997. 1998. 1999. 2000. 2001. 2002. 2003. 2004. 2005. 2006. 2007. 2008. 2009. 2010. 2011. 2012. 2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021. 2022. 2023. 2024. 2025. 2026. 2027. 2028. 2029. 2030. 2031. 2032. 2033. 2034. 2035. 2036. 2037. 2038. 2039. 2040. 2041. 2042. 2043. 2044. 2045. 2046. 2047. 2048. 2049. 2050. 2051. 2052. 2053. 2054. 2055. 2056. 2057. 2058. 2059. 2060. 2061. 2062. 2063. 2064. 2065. 2066. 2067. 2068. 2069. 2070. 2071. 2072. 2073. 2074. 2075. 2076. 2077. 2078. 2079. 2080. 2081. 2082. 2083. 2084. 2085. 2086. 2087. 2088. 2089. 2090. 2091. 2092. 2093. 2094. 2095. 2096. 2097. 2098. 2099. 2100. 2101. 2102. 2103. 2104. 2105. 2106. 2107. 2108. 2109. 2110. 2111. 2112. 2113. 2114. 2115. 2116. 2117. 2118. 2119. 2120. 2121. 2122. 2123. 2124. 2125. 2126. 2127. 2128. 2129. 2130. 2131. 2132. 2133. 2134. 2135. 2136. 2137. 2138. 2139. 2140. 2141. 2142. 2143. 2144. 2145. 2146. 2147. 2148. 2149. 2150. 2151. 2152. 2153. 2154. 2155. 2156. 2157. 2158. 2159. 2160. 2161. 2162. 2163. 2164. 2165. 2166. 2167. 2168. 2169. 2170. 2171. 2172. 2173. 2174. 2175. 2176. 2177. 2178. 2179. 2180. 2181. 2182. 2183. 2184. 2185. 2186. 2187. 2188. 2189. 2190. 2191. 2192. 2193. 2194. 2195. 2196. 2197. 2198. 2199. 2200. 2201. 2202. 2203. 2204. 2205. 2206. 2207. 2208. 2209. 2210. 2211. 2212. 2213. 2214. 2215. 2216. 2217. 2218. 2219. 2220. 2221. 2222. 2223. 2224. 2225. 2226. 2227. 2228. 2229. 2230. 2231. 2232. 2233. 2234. 2235. 2236. 2237. 2238. 2239. 2240. 2241. 2242. 2243. 2244. 2245. 2246. 2247. 2248. 2249. 2250. 2251. 2252. 2253. 2254. 2255. 2256. 2257. 2258. 2259. 2260. 2261. 2262. 2263. 2264. 2265. 2266. 2267. 2268. 2269. 2270. 2271. 2272. 2273. 2274. 2275. 2276. 2277. 2278. 2279. 2280. 2281. 2282. 2283. 2284. 2285. 2286. 2287. 2288. 2289. 2290. 2291. 2292. 2293. 2294. 2295. 2296. 2297. 2298. 2299. 2300. 2301. 2302. 2303. 2304. 2305. 2306. 2307. 2308. 2309. 2310. 2311. 2312. 2313. 2314. 2315. 2316. 2317. 2318. 2319. 2320. 2321. 2322. 2323. 2324. 2325. 2326. 2327. 2328. 2329. 2330. 2331. 2332. 2333. 2334. 2335. 2336. 2337. 2338. 2339. 2340. 2341. 2342. 2343. 2344. 2345. 2346. 2347. 2348. 2349. 2350. 2351. 2352. 2353. 2354. 2355. 2356. 2357. 2358. 2359. 2360. 2361. 2362. 2363. 2364. 2365. 2366. 2367. 2368. 2369. 2370. 2371. 2372. 2373. 2374. 2375. 2376. 2377. 2378. 2379. 2380. 2381. 2382. 2383. 2384. 2385. 2386. 2387. 2388. 2389. 2390. 2391. 2392. 2393. 2394. 2395. 2396. 2397. 2398. 2399. 2400. 2401. 2402. 2403. 2404. 2405. 2406. 2407. 2408. 2409. 2410. 2411. 2412. 2413. 2414. 2415. 2416. 2417. 2418. 2419. 2420. 2421. 2422. 2423. 2424. 2425. 2426. 2427. 2428. 2429. 2430. 2431. 2432. 2433. 2434. 2435. 2436. 2437. 2438. 2439. 2440. 2441. 2442. 2443. 2444. 2445. 2446. 2447. 2448. 2449. 2450. 2451. 2452. 2453. 2454. 2455. 2456. 2457. 2458. 2459. 2460. 2461. 2462. 2463. 2464. 2465. 2466. 2467. 2468. 2469. 2470. 2471. 2472. 2473. 2474. 2475. 2476. 2477. 2478. 2479. 2480. 2481. 2482. 2483. 2484. 2485. 2486. 2487. 2488. 2489. 2490. 2491. 2492. 2493. 2494. 2495. 2496. 2497. 2498. 2499. 2500. 2501. 2502. 2503. 2504. 2505. 2506. 2507. 2508. 2509. 2510. 2511. 2512. 2513. 2514. 2515. 2516. 2517. 2518. 2519. 2520. 2521. 2522. 2523. 2524. 2525. 2526. 2527. 2528. 2529. 2530. 2531. 2532. 2533. 2534. 2535. 2536. 2537. 2538. 2539. 2540. 2541. 2542. 2543. 2544. 2545. 2546. 2547. 2548. 2549. 2550. 2551. 2552. 2553. 2554. 2555. 2556. 2557. 2558. 2559. 2560. 2561. 2562. 2563. 2564. 2565. 2566. 2567. 2568. 2569. 2570. 2571. 25

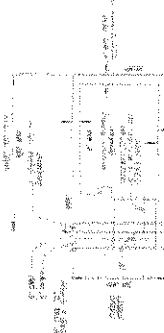
1. The first step is to identify the problem. In this case, the problem is that the company is not meeting its sales targets.

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PENASQUITOS WEST - SITE PLAN



TYPICAL HOUSE LAYOUT



LOT LAYOUT - ZONING REQUIREMENTS

WALL LEGEND

1" = 1' 0" (1" = 1' 0")
 1" = 1' 0" (1" = 1' 0")
 1" = 1' 0" (1" = 1' 0")

PROJECT DESIGN CONSULTANTS
 10000 N. 100th Ave., Suite 100, Denver, CO 80231
 (303) 440-1000



DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer: **Chelsea Investment Corporation**
2. Address, phone number and ZIP Code:

**5993 Avenida Encinas, #101
Carlsbad, CA 92008
Phone: 760-456-6000**
3. IRS Number of Developer: **90-0151442**
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:

☒ A corporation
☐ A nonprofit or charitable institution or corporation
☐ A partnership known as: _____
☐ A business association or a joint venture known as _____
☐ A Federal, State or local government or instrumentality thereof.
☐ Other (explain) _____
5. If the developer is not an individual or a government agency or instrumentality, give date of organization:

July 30, 1986
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:

Developer Disclosure Statement Page 2

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

James J. Schmid – President – 100% Shareholder
Lynn Schmid - Secretary
5993 Avenida Encinas, #101
Carlsbad, CA 92008
Phone: 760-456-6000

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. N/A
- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest. N/A
- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A
- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%. N/A

| <u>Name, Address & Zip Code</u> | <u>Phone Number</u> | <u>Position Title (if any) and percent of interest or description of character and extent of interest</u> |
|-------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|
|-------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer): N/A

| <u>Name, Address and Zip Code</u> | <u>Description of character and extent of interest</u> |
|-----------------------------------|--------------------------------------------------------|
|-----------------------------------|--------------------------------------------------------|

Developer Disclosure Statement Page 3

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above: N/A
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.
- None, by exclusion of affiliations of less than 1%.
10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:
- Tax Credit Equity
Public Agency Subsidy
Master Developer Contribution
11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking: N/A

- a. In banks:

| <u>Name, Address and ZIP Code of Bank</u> | <u>\$ Amount</u> |
|-------------------------------------------|------------------|
|-------------------------------------------|------------------|

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

| <u>Name, Address and ZIP Code of Source</u> | <u>\$ Amount</u> |
|---------------------------------------------|------------------|
|---------------------------------------------|------------------|

- c. By sale of readily salable assets:

| <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--------------------|---------------------|---------------------------|
|--------------------|---------------------|---------------------------|

Developer Disclosure Statement Page 4

12. Name and addresses of bank references:

Charmaine Atherton
Senior Vice President
Bank of America
333 South Hope Street
11th Floor
Los Angeles, CA 90071
PH: 213-621-4816
FAX: 213-621-4829
charmaine.atherton@bankofamerica.com

Paul Shipstead
Vice President
Community Lending
US Bank
4330 La Jolla Village Drive, Suite 200
San Diego, CA 92122
PH: 858-642-4632
paul.shipstead@usbank.com

Kim Tronerud-Coy
VP & Credit Administrator
Security Business Bank of San Diego
701 B Street, Suite 100
San Diego, CA 92101
PH: 619.237.4815
FAX: 619.237.4200
kimtronerud-coy@Securitybusinessbank.com

13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes _____ No X
If yes, give date, place, and under what name.

14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes _____ No X

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

Developer Disclosure Statement Page 5

15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:

Please see attached form.

16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:
N/A

a. Name and address of such contractor or builder:

- 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, explain:

- c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ _____

General description of such work:

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

| <u>Identification of
Contract or Development</u> | <u>Location</u> | <u>Amount</u> | <u>Date to be
Completed</u> |
|------------------------------------------------------|-----------------|---------------|---------------------------------|
|------------------------------------------------------|-----------------|---------------|---------------------------------|

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

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

17. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the

Developer Disclosure Statement Page 6

proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?
Yes _____ No X

If yes, explain.

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows: Confidential financial statements will be sent separately.

CERTIFICATION

I (~~We~~) CHARLES A. SCHMID certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: JANUARY 12, 2011

Date: _____

COCS
Signature

Signature

Title: VICE PRESIDENT

Title: _____

Address & ZIP Code

5993 AVENIDA ENCINAS, SUITE 101
CARLSBAD, CA 92008

Chelsea Investment Corporation
Summary of Projects Completed, Under Construction and Under Development
As of May 26, 2010

| Project Name | Date
Financed | #
Units | CICM | Total Cost | Tax Credit
Equity | AHP | HOMES/HDP
CD/60/80/90
Diner Split | Permanent
Loan/Fax
Exempt Bonds | Deferred
Fee
Notes | Seller Now
Cash From
Operations | CSP Loan/Equity/
Master Developer
Contribution | Totals |
|-------------------------------------------------------|------------------|------------|------|-------------|----------------------|------------|-----------------------------------------|---------------------------------------|--------------------------|---------------------------------------|------------------------------------------------------|-------------|
| Summary of Projects Completed: | | | | | | | | | | | | |
| 1 St. Vincent de Paul - Village Plaza (San Diego, CA) | 1995 | 48 | | 1,000,000 | | | | | | | | 1,000,000 |
| 2 Hatfield Homes (El Centro, CA) | 1997 | 48 | | 6,000,000 | 3,751,700 | | | | | | | 6,000,000 |
| 3 Riviera I & II (Cabrillo, CA) | 1993/4 | 134 | | 8,402,705 | 4,232,617 | | | | | | 1,109,039 | 8,402,705 |
| 4 Paul Marlin Center (San Diego, CA) | 1994 | 350 | | 9,000,000 | 7,499,210 | | 981,939 | 2,020,000 | | | | 9,000,000 |
| 5 Warwick Square Apts (Santa Ana, CA) | 1996 | 500 | | 20,000,000 | 6,950,000 | | | | | | | 20,000,000 |
| 6 Las Cuestas (San Luis, AZ) | 1997 | 76 | 76 | 5,283,805 | 3,000,000 | 250,000 | | | | | | 5,283,805 |
| 7 De Anza (Cabrillo, CA) | 1998 | 94 | 94 | 6,529,619 | 3,150,000 | | | | | | | 6,529,619 |
| 8 Rivercenter (San Luis, AZ) | 1999 | 92 | 92 | 6,234,650 | 4,322,923 | | | | | 160,000 | | 6,234,650 |
| 9 Hotel San Carlos (Yuma, AZ) | 1999 | 92 | 92 | 3,675,760 | 1,929,728 | 250,000 | | | | | | 3,675,760 |
| 10 Toussaint Town Center (San Diego, CA) | 1998 | 34 | | 4,159,542 | 668,197 | | | | | | | 4,159,542 |
| 11 Marbella Village (Hidalgo, CA) | 2000 | 53 | | 8,943,740 | 2,815,387 | 500,000 | 5,430,343 | 675,000 | 2,164 | | | 8,943,740 |
| 12 Villa de los Flores (Cabrillo, CA) | 2000 | 80 | 80 | 8,056,166 | 5,953,992 | 800,000 | 5,900 | | | | | 8,056,166 |
| 13 Chelsea Family Apartments (Cabrillo, CA) | 2002 | 80 | 80 | 10,350,976 | 7,866,507 | 601,556 | 400,000 | | | | | 10,350,976 |
| 14 Broadway Family Apartments (Brawley, CA) | 2002 | 80 | 80 | 9,608,527 | 7,328,868 | 800,000 | | | | | | 9,608,527 |
| 15 Villa Lata Apartments (Imperial, CA) | 2002 | 80 | 80 | 9,745,753 | 7,400,000 | 800,000 | | | | | | 9,745,753 |
| 16 Villa Serena (7) (Chula Vista, CA) | 2000 | 132 | 132 | 9,257,489 | 2,107,382 | | 275,000 | 6,352,500 | 592,807 | | | 9,257,489 |
| 17 Torrance (1) (Chula Vista, CA) | 2000 | 440 | | 48,000,000 | 1,800,000 | | | | | | | 48,000,000 |
| 18 St. Regis Park (Chula Vista, CA) | 2000 | 119 | 119 | 9,861,250 | 2,778,454 | | 1,387,152 | 5,479,124 | 306,560 | | | 9,861,250 |
| 19 Soledad (9) (San Diego, CA) | 2000 | 38 | 38 | 5,447,861 | 2,916,000 | | | | | | 1,263,000 | 5,447,861 |
| 20 Regency (San Diego, CA) | 2000 | 100 | 100 | 6,143,062 | 1,407,440 | | | | | 322,238 | | 6,143,062 |
| 21 Torrey Highlands (2) (San Diego, CA) | 2001 | 76 | 76 | 10,008,389 | 3,345,000 | | | | | 404,768 | | 10,008,389 |
| 22 Villa Andromeda (2) (San Diego, CA) | 2002 | 99 | | 12,322,486 | 7,223,250 | | | | | | | 12,322,486 |
| 23 Villa Andromeda (3) (San Diego, CA) | 2002 | 32 | 32 | 4,446,082 | 1,402,000 | | | | | | | 4,446,082 |
| 24 Villa Glen (3) (San Diego, CA) | 2002 | 26 | 26 | 4,211,407 | 1,295,000 | | | | | | | 4,211,407 |
| 25 Winchard Village (4) (San Diego, CA) | 2002 | 92 | 92 | 13,935,905 | 4,832,000 | | | | | | | 13,935,905 |
| 26 Market Square Manor (San Diego, CA) | 2002 | 200 | 200 | 19,203,309 | 13,047,009 | | | | | | | 19,203,309 |
| 27 Country Club Apts (El Centro, CA) | 2003 | 73 | 73 | 9,152,324 | 3,698,000 | | | | | | | 9,152,324 |
| 28 Hollywood Sr. Apts (Hollywood, CA) | 2003 | 81 | 81 | 9,401,000 | 2,861,000 | | | | | | | 9,401,000 |
| 29 Woodland Family Apts (Westwood, CA) | 2003 | 65 | 65 | 6,791,535 | 2,687,000 | | | | | | | 6,791,535 |
| 30 Rancho Vista Apts (Chula Vista, CA) | 2003 | 150 | 150 | 9,722,781 | 3,110,000 | | | | | | | 9,722,781 |
| 31 Rancho Del Norte (5) (San Diego, CA) | 2003 | 119 | 119 | 23,332,333 | 8,009,519 | | | | | | | 23,332,333 |
| 32 Mariposa (Cabrillo, CA) | 2003 | 106 | 106 | 23,289,666 | 7,383,483 | | | | | | | 23,289,666 |
| 33 The Crossings (4) (San Diego, CA) | 2004 | 108 | 108 | 17,024,455 | 5,193,499 | | | | | | | 17,024,455 |
| 34 The Crossings (4) (San Diego, CA) | 2004 | 81 | 81 | 21,951,706 | 8,176,004 | | | | | | | 21,951,706 |
| 35 Brawley Gardens (Brawley, CA) | 2004 | 81 | 81 | 11,874,645 | 3,809,800 | | | | | | | 11,874,645 |
| 36 Harbor Family Apartments (Fletcher, CA) | 2004 | 81 | 81 | 14,028,406 | 4,747,000 | | | | | | | 14,028,406 |
| 37 Brawley Elva Senior Apartments (Brawley, CA) | 2004 | 81 | 81 | 10,768,563 | 3,912,000 | | | | | | | 10,768,563 |
| 38 Harbor Family Apartments II (Fletcher, CA) | 2005 | 204 | 204 | 48,333,282 | 18,337,268 | | | | | | | 48,333,282 |
| 39 Hunter's Pointe (1) (Vista, CA) | 2005 | 72 | 72 | 14,604,979 | 5,253,000 | | | | | | | 14,604,979 |
| 40 Coliseum II - Vista Dorada | 2006 | 186 | 186 | 43,105,494 | 19,619,500 | | | | | | | 43,105,494 |
| 41 Coliseum II - Vista Dorada | 2006 | 80 | 80 | 15,963,000 | 6,550,000 | | | | | | | 15,963,000 |
| 42 City Heights Square (San Diego, CA) | 2006 | 150 | 150 | 32,734,405 | 20,729,610 | | | | | | | 32,734,405 |
| 43 Villa Esperanza (Cabrillo, CA) | 2006 | 72 | 72 | 14,480,496 | 5,516,664 | | | | | | | 14,480,496 |
| 44 16th & Market - SUDP (San Diego, CA) | 2006 | 136 | 136 | 69,440,235 | 25,866,296 | | | | | | | 69,440,235 |
| 45 Willow Glen Apts (3) (San Diego, CA) | 2007 | 78 | 78 | 26,560,608 | 11,923,743 | | | | | | | 26,560,608 |
| 46 Glen Ridge Apts (1) (Cabrillo, CA) | 2007 | 92 | 92 | 21,721,038 | 8,820,498 | | | | | | | 21,721,038 |
| 47 The Landings (12) (Chula Vista, CA) | 2008 | 15 | 15 | 28,169,278 | 11,795,485 | | | | | | | 28,169,278 |
| 48 Broadview Court (Imperial Beach, CA) | 2008 | 24 | 24 | 4,198,448 | 1,012,997 | | | | | | | 4,198,448 |
| 49 Balfour Apartments (San Diego, CA) | 2008 | 33 | 33 | 11,034,744 | 3,713,217 | | | | | | | 11,034,744 |
| 50 Tierra Del Cielo (San Antonio, AZ) | 2008 | 88 | 88 | 6,263,645 | 2,130,000 | | | | | | | 6,263,645 |
| 51 Dawson (San Diego, CA) | 2008 | 88 | 88 | 24,865,716 | 20,540,716 | | | | | | | 24,865,716 |
| 52 Silver Stage (Lakeside, CA) | 2009 | 80 | 80 | 24,064,129 | 5,185,000 | | | | | | | 24,064,129 |
| 53 Pacific 48 (San Luis, CA) | 2009 | 48 | 48 | 13,933,868 | 3,739,506 | | | | | | | 13,933,868 |
| Subtotal Completed/Under Construction Projects | | | | 816,781,769 | 333,511,947 | 12,736,556 | 172,971,640 | 195,690,356 | 17,824,268 | 2,458,244 | 82,488,268 | 816,781,770 |
| Projects Financed - Under Construction: | | | | | | | | | | | | |
| 54 Oakridge (Cabrillo, CA) | 2009 | 41 | | 5,331,024 | 1,370,725 | | | | | | | 5,331,025 |
| 55 Verdana (San Ysidro, CA) | 2009 | 80 | 80 | 25,657,450 | 13,144,341 | | | | | | | 25,657,450 |
| 56 South Hill Creek (Bakersfield, CA) | 2010 | 70 | | 15,433,974 | 4,692,000 | 650,000 | | | | | | 15,433,974 |
| 57 19th and Commercial (San Diego, CA) | 2009 | 140 | | 56,665,263 | 33,185,263 | 1,000,000 | | | | | | 56,665,263 |
| 58 Landings II (Chula Vista, CA) | 2010 | 143 | | 50,330,450 | 15,426,000 | | | | | | | 50,330,450 |
| Subtotal Projects Currently Being Constructed | | | | 153,418,971 | 57,798,929 | 1,650,000 | 31,601,000 | 30,007,857 | 1,661,167 | 659,999 | 20,000,000 | 153,418,972 |
| Number of Units Currently Under Management by CICM | | | | 3,818 | | | | | | | | |

Chelsea Investment Corporation
Summary of Projects Completed, Under Construction and Under Development
As of May 26, 2010

| Project Name | Units
financed | #
Units | CIMA | Total Cost | Tax Credit
Equity | AHP | HOMEREP
CDRG/HIF
Other Sub | Permanent
Loan/Tax
Exempt Bonds | Deferred
Fee
Notes | Solar Heat/
Cash From
Operations | GP/Local Equity/
Master Developer
Contribution | Total |
|------------------------------------------------|-------------------|--------------|------|----------------------|----------------------|-------------------|----------------------------------|---------------------------------------|--------------------------|----------------------------------------|------------------------------------------------------|----------------------|
| Projects Awarded - Under Development: | | | | | | | | | | | | |
| 59 Arvia Family Apartments (Arvia, CA) | 2010 | 60 | | 13,742,207 | 9,470,000 | 980,000 | 1,390,000 | 2,015,000 | 277,207 | - | - | 13,742,207 |
| 60 Brockley Phoenix Family (Brockley, CA) | 2010 | 76 | | 10,612,230 | 4,025,000 | 600,000 | 3,400,000 | 1,771,000 | 563,230 | - | 250,000 | 10,612,230 |
| 61 Do Anza Phase II (Calabazas, CA) | 2010 | 54 | | 9,783,474 | 6,748,900 | 300,000 | - | 1,771,000 | 734,571 | - | 2,000,000 | 9,783,474 |
| 62 Dhruba M Street Senior Apts. (Dhruba, CA) | 2010 | 66 | | 13,953,906 | 9,284,000 | - | 3,255,000 | 1,405,000 | 19,906 | - | - | 13,953,906 |
| 63 El Centro Family Apartments (El Centro, CA) | 2010 | 72 | | 16,784,801 | - | - | 5,300,000 | 1,350,000 | 134,801 | - | - | 16,784,801 |
| 64 Palmetto 26 (San Diego, CA) | 2010 | 26 | | 12,821,366 | 6,542,333 | - | 3,015,000 | 2,032,000 | 160,490 | - | 10,000,000 | 12,821,366 |
| 65 Colosco Andale (Colosco, CA) | 2010 | 52 | | 13,775,994 | 7,720,777 | - | 4,584,203 | 4,801,000 | 8,514 | 1,462,500 | - | 13,775,994 |
| 66 Marcano (San Diego, CA) | 2010 | 92 | | 38,960,071 | 16,391,469 | 1,900,000 | 16,105,000 | 4,801,000 | 882,593 | - | 1,121,543 | 38,960,071 |
| Subtotal predeveloped | | 498 | | 130,544,043 | 60,185,501 | 2,490,000 | 37,049,203 | 19,424,000 | 2,561,302 | 1,462,500 | 13,371,543 | 130,544,049 |
| Grand Totals | | 8,925 | | 1,102,744,788 | 461,496,377 | 15,916,556 | 241,621,843 | 243,122,215 | 22,046,757 | 4,781,143 | 95,459,811 | 1,102,744,791 |
| Initiatory Totals | | 2,147 | | 422,456,699 | 142,835,662 | - | 81,953,087 | 134,098,500 | 9,051,833 | 1,738,408 | 51,368,909 | 422,456,699 |

Master Developer:
(1) M&M Homes
(2) Barrat American

(3) Taylor/Woodrow
(6) Barrat/Conlex

(7) Sunbow
(8) Graystone Homes

(9) Eastlake
(10) Fishbanks

(11) Merrow Development/La Costa
(12) Shoo (Brookfield)



San Diego HOUSING COMMISSION

Real Estate Department

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer:
Pacific Southwest Community Development Corporation
2. Address, phone number and ZIP Code:

16935 W Bernardo Drive, STE 238, San Diego CA 92127.
Telephone 858 675 0506
3. IRS Number of Developer:
33-0673939
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:

_____ A corporation
X_____ A nonprofit or charitable institution or corporation
_____ A partnership known as: _____
_____ A business association or a joint venture known as _____
_____ A Federal, State or local government or instrumentality thereof.
_____ Other (explain)
5. If the developer is not an individual or a government agency or instrumentality, give date of organization:
PSCDC was incorporated on December 2, 1993, to do business in California and Arizona as an IRS 501(C) 3 non-profit public benefit corporation.
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:
 - a. If the developer is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock. None

Developer Disclosure Statement Page 2

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
Please see attached roster of directors and officers

- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest. None

- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A

- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10%.

| <u>Name, Address & Zip Code</u> | <u>Phone Number</u> | <u>Position Title (if any) and percent of interest or description of character and extent of interest</u> |
|-------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|
|-------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|

NONE

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20% of the stock of the developer):

Developer Disclosure Statement Page 3

| <u>Name, Address and
Zip Code</u> | <u>Description of character and
extent of interest</u> |
|---------------------------------------|------------------------------------------------------------|
|---------------------------------------|------------------------------------------------------------|

NONE

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:
See attached list
9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.
Pacific Southwest Community Development Corporation is an independent 501 (c) 3 public benefit corporation
10. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:
Please see audited statement
11. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking:

a. In banks:

| <u>Name, Address and ZIP Code of Bank</u> | <u>\$ Amount</u> |
|-----------------------------------------------------|------------------|
| Wells Fargo Bank PO Box 6995 Portland OR 97228-6994 | \$130,306 |

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

| <u>Name, Address and ZIP Code of Source</u> | <u>\$ Amount</u> |
|---------------------------------------------|------------------|
|---------------------------------------------|------------------|

c. By sale of readily salable assets:

Developer Disclosure Statement Page 4

- | | <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--|--------------------|---------------------|---------------------------|
|--|--------------------|---------------------|---------------------------|
12. Name and addresses of bank references:
Paul Shipstead,
US Bank National Association,
Vice President Community Lending,
4747 Executive Drive, 3rd Floor,
San Diego, CA 92121
13. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against them, defaulted on a loan, or been foreclosed against within the past 10 years? Yes _____ No ☒ X
If yes, give date, place, and under what name.
14. Has the developer or anyone referred to above as "principals of the developer" been indicted for or convicted of any felony within the past 20 years? Yes _____ No ☒ X
If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken.
Attach any explanation deemed necessary.
15. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:
Please see attached brochure
16. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:
- a. Name and address of such contractor or builder:
- 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 ☒ X
If yes, explain:
- c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ _____

General description of such work:

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

| <u>Identification of</u>
<u>Contract or Development</u> | <u>Location</u> | <u>Amount</u> | <u>Date to be</u>
<u>Completed</u> |
|------------------------------------------------------------|-----------------|---------------|---------------------------------------|
|------------------------------------------------------------|-----------------|---------------|---------------------------------------|

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

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

17. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:
Please see attached brochure
18. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor?
Yes _____ No X
If yes, explain.

19. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

CERTIFICATION

I (We) Robert W Laing certify that this Developer's Statement for Public Disclosure and the attached evidence of the developer's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.

Date: January 13, 2011

Date: _____



Signature

Signature

Title: President/ Executive Director

Title: _____

Address & ZIP Code

16935 W Bernardo Drive STE 238
San Diego, CA 92127



PACIFICSOUTHWEST

Community Development Corporation

16935 W. Bernardo Drive, Suite 238
San Diego, CA 92127

Introduction to Pacific Southwest CDC

Mission and Goals

Resident Services

Service providers

Properties

Board of Directors, Key Executives and Staff.

Organization Chart

Please visit our web site

www.PSWCDC.org

Introduction to Pacific Southwest Community Development Corporation

PSCDC was incorporated on December 2, 1993, to do business in California and Arizona as an IRS 501(C) 3 non-profit public benefit corporation.

Employer Identification Number 33-0673939.

BOE California Corporation Number 1869399.

Organization Clearance Certificate 9498.

Dun and Bradstreet Number 135526148.

PSCDC is the Managing General Partner for low-to-moderate income apartment properties in California and Arizona. The company is co-general partners with developers who build affordable housing that are financed by low income housing tax credits, State and Municipal funds, and redevelopment grants. PSCDC also forms partnerships with private developers to acquire existing housing properties in order to benefit from property tax exemptions. We currently have 37 properties serving 3672 families.

PSCDC also provides a comprehensive selection of social services to the residents of the properties that are designed to empower the residents, strengthen the families and the community.

Resources – PSCDC is resourceful in tapping into the service providers needed to fulfill our mission to our residents. PSCDC contracts with a large variety of service providers and individuals who assist us in our mission. We are interested in identifying sources of funding to either increase services or to continue to provide the current level of services. We keep paid staff to a minimum. Our Board of Directors is an all volunteer Board.

Our facilities at each property include community meeting rooms and computer labs that provide a place to deliver services to our residents. The large number of residents and the facilities we can provide are of great interest to many of the service providers we work with.

Many of the services are provided by resident instructors at each site, who are paid in the form of a monthly rent credit to teach eight hours of classes per month. We currently provide about 300 classes at the sites each month for about 2,000 resident students. We believe that by empowering the residents themselves we can reach more of the residents and provide a more relevant experience for them.

Organization – We have a small staff of full time employees who manage the volunteers and contract with outside service providers. Many functions are outsourced to reduce costs. We recruit and train many of our residents to provide services to our residents.

Networking – We are very interested in working with as many organizations as we can that have similar goals by sharing our capabilities. We work with health clinics to provide health screening to our residents, or school districts for after school homework help. We can provide

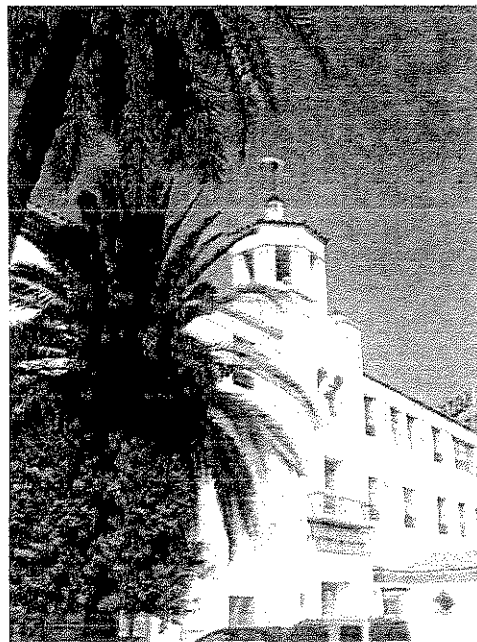
the space in which to provide the services and encourage our residents to attend.

Programs – The services we provide at each site are primarily designed to serve the needs of the residents and to comply with the contractual obligations to fulfill the service commitment made in the funding application for the project. These vary from project to project but typically include computer training, ESL, and tutoring. PSCDC also has the ability to provide substitute services if the original requirements are no longer needed. We constantly evaluate the needs of our residents and adjust the services we offer accordingly.

Political – PSCDC is committed to providing attractive, low cost affordable housing to the public. In order to achieve our goals we are actively engaged in the public, political and business arena in order to help shape public policy to ensure that adequate funds and support for inclusionary housing is forthcoming.

Robert W. Laing
President/Executive Director
16935 W. Bernardo Drive, Suite 238
San Diego, CA 92127
(O) 858-675-0506
(F) 858-675-0702
robertlaing@pswcdc.org

Web site www.PSWCDC.org



1 De Anza Hotel, restored to provide Senior Housing, Calexico

Our Mission

Our mission is to be an outstanding participant in affordable housing industry affairs by producing quality affordable housing in partnership with others, or as the lead developer, integrated with resident services.

Our mission includes identifying the needs of current and future residents of our properties and to provide services in partnership with third party providers as well as using our own resources.

Through on-site programs we will empower our residents to achieve economic and social stability. We will strive to strengthen our communities from within by training residents to become instructors and take a lead role in providing programs that will help their neighbors and communities prosper.

We will fulfill our mission by acting as a team supporting one another.

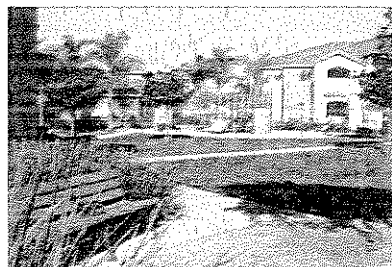
This mission statement was created by the PSCDC team on November 17, 2008.

Our Goals

PSCDC's primary focus is the development and management of affordable housing, which is in high demand throughout the southwestern United States, particularly in the "border communities" of California, Mexico and Arizona. The development of affordable housing, presents significant challenges to society and the building community. Affordable housing cannot be built without subsidy – public and private – and the support of the local community. PSCDC understands and recognizes this formula as essential to the creation of successful affordable housing. PSCDC works with all levels of government, lenders, other non-profit corporations and community leaders in order to achieve its goals. PSCDC endeavors to increase community support and awareness through demonstration of the need for, and the benefits of, quality affordable housing.

Additional PSCDC projects will include self-help housing, commercial enterprise and other economic development activities that will provide permanent employment opportunities.

PSCDC complies with federal, state and local fair housing and civil rights administrative procedures. PSCDC does not tolerate any discrimination based on race, color, creed, religion, sex, national origin, age, familial status or handicap either towards its Board, staff, partners, consultants or residents.



Pacific Southwest Community Development Corporation Resident Services Overview

A Resident Services Program is made available to all of the residents of the properties owned by PSCDC. The purpose of the services is to empower the residents by building skills that will increase their self sufficiency and enhance their quality of life. On a monthly basis there are an average of 441 educational classes held involving 643 hours of instruction and over 2,350 students attending.

PSCDC's apartment sites have a community center and a computer lab. These facilities allow us to provide all classes and programs on-site. All classes and programs are free to our residents.

Youth Services

After School Homework Tutoring

This class provides a quiet and comfortable space for children to work on their homework. In order to support the academic improvement of resident children, each site is staffed with a Homework Tutor who provides one-to-one tutoring and homework assistance. On some properties we have established a cooperative relationship with the local school district to work with the children after normal school hours. The Homework Tutor also helps older youth to develop leadership skills by encouraging them to volunteer to tutor the younger children and to stay in school to obtain the necessary credentials that will prepare them for higher education and employment opportunities.

Computer Enrichment Program

Classes are offered on the use of the hardware and software programs. Special emphasis is made to help the students with school research and homework assignments using the computer.

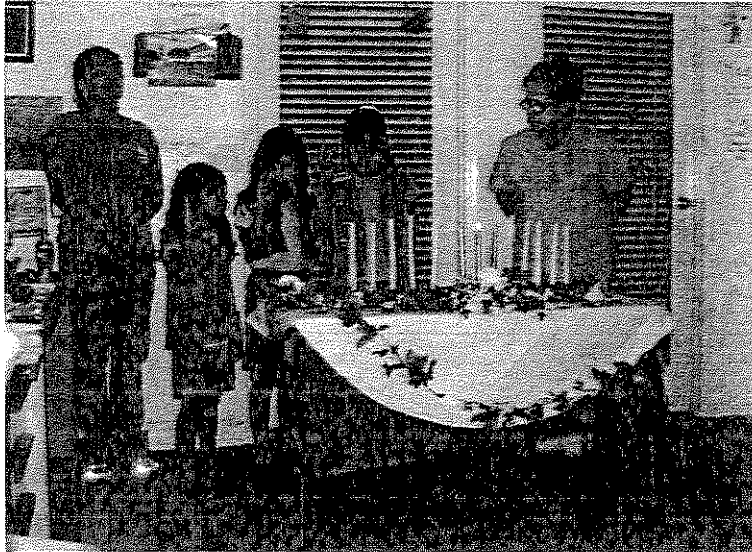


Computer classes are very popular for all ages.

Reading Program

A library of children's books has been established at many of our properties to help resident children discover that reading is fun. To require the children to read would defeat the program's main objective. Instead, the homework tutors, after-school program staff, and parent volunteers read stories to the children at their request. Many children choose to read on their own on a daily basis. Incentives are provided to reward the children for their reading efforts and to encourage

other children to develop the habit of reading for pleasure which can build vocabulary and comprehension skills.



Girl Scouts, one of many activities available.

Arts & Crafts

Arts and crafts classes are held to provide a fun and engaging environment for children. Through a variety of materials and resources, children are able to interact and design creative projects, individually and with other children.



Fully engaged in the After School program

Other Activities

Resident volunteers are used to supervise various youth activities including supervised internet access, movie nights with popcorn, social nights, barbecues and picnics, arts-n-crafts activities, sports activities, and walking field trips to local libraries and parks.



Trick or Treat!

Adult Services

Computer Instruction

Each site is staffed with a computer instructor who offers a basic computer course. Residents who are first-time computer users receive an introduction to computer technology. Residents who are in need of increased computer skills for school, employment, or personal growth purposes receive instruction in keyboarding skills, internet search skills, and various software applications such as word processing or spreadsheet programs.

E.S.L. (English as a Second Language)

Each site is staffed with an E.S.L. instructor who provides instruction to residents who wish to learn English or improve their English skills. The residents learn how to speak, read, and write in English. For those residents who are preparing for employment, an emphasis is placed on English for the workplace, including how to fill out an employment application and how to prepare for an interview. Resident students are supplied with free E.S.L. textbooks and materials to use both in the classroom and at home.



ESL Holiday party

U.S. Citizenship

Courses are offered to residents who would like to become U.S. Citizens. Residents prepare for the exam given by the Immigration and Naturalization Service by reviewing test questions, practicing for the interview, and learning other important information about the citizenship process.

Consumer Credit Counseling

PSCDC has partnered with banks and financial institutions to bring financial literacy to our residents. The topics covered are money management skills, the use of credit, savings and predatory lending and financial fraud. We also encourage the formation of savers clubs and Individual Development Accounts to save for college, to start a business, or a deposit for first time home buyers.

Senior Services

Nutrition Classes

Weekly cooking classes with an emphasis on nutrition are offered to senior residents. A nutrition instructor promotes healthy eating habits by demonstrating healthy and nutritious meals to the residents. By improving the nutrient intake of our senior residents we assist them to remain healthy and independent in their communities.



Nutrition classes are a hit with our senior residents.



Senior Fitness

Weekly exercise classes through Aging and Independent Services are offered to senior residents. The classes promote safe, fun, and effective senior fitness components such as low-impact exercise, stretching, relaxation, and fall prevention. These exercise classes promote the notion that good physical and mental health is a direct result of a safe and active exercise regimen.

Health and Wellness

PSCDC partners with health organizations such as local hospitals and community clinics to provide monthly health and wellness presentations, support groups, and free health screenings for our senior residents.

Social Activities

Various social activities such as bingo, arts-n-crafts, group outings, potlucks, and seasonal parties are offered to motivate our senior residents to remain socially active. Social activities are essential in assisting our senior residents to remain healthy as they age by keeping their body, mind, and spirit active and alive.

Transportation Services

We provide a transportation service for our senior residents so that they can go to medical appointments, trips to the pharmacy or personal shopping.

Additional Programs

Food Program

A food distribution program is made available once a month to qualified residents contingent upon an agreement with the local food bank. The purpose of this program is to help residents with a supplemental source of food to meet their nutritional needs.

Community Safety and Crime Prevention

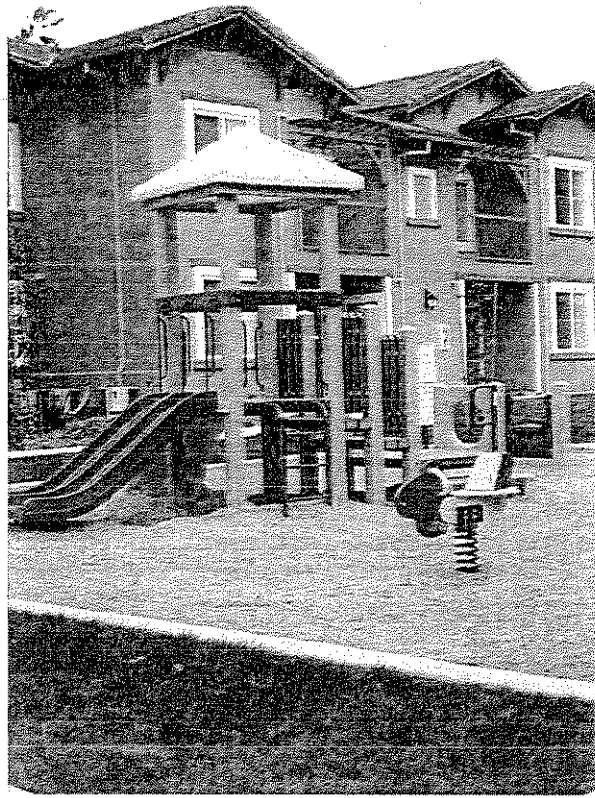
A Community Safety and Crime Prevention Program is developed in collaboration between the local police department, the property manager, and the residents of the properties. The objective of this effort is to maintain a crime free environment by offering crime prevention seminars to the residents and by implementing a Neighborhood Watch Program.



Community Safety program offered by
the Fire Department

Referrals to Community Resources

PSCDC partners with various community agencies that have services to offer to our residents. The agencies are invited to visit the sites and hold presentations to familiarize the residents with their services. Community services which have been offered to the residents include, free or affordable health insurance, parenting classes, domestic violence awareness, health and wellness services, employment services, assistance with utility payments, and free or affordable tax preparation.



SERVICE PROVIDERS

PSWCDC works with a variety of organizations to bring services to our residents. Our aim is to empower our residents in order that they may improve their quality of life and benefit the community at large. This is a partial list of the many organizations and companies we work with.

CONSUMER CREDIT COUNSELING SERVICES – Financial Literacy
RABOBANK, N.A. – Financial Literacy
IMPERIAL UNIFIED SCHOOL DISTRICT – Education
CALEXICO UNIFIED SCHOOL DISTRICT – Education
CLINICAS DE SALUD DEL PUEBLO – Health
UNIVERSITY OF CALIFORNIA – Education
IMPERIAL COUNTY WORKFORCE DEVELOPMENT - Employment
COUNTY OF IMPERIAL PUBLIC HEALTH – Health
IMPERIAL VALLEY FOOD BANK – Food
ALZHEIMER'S ASSOCIATION –Health
SANTA ANA WORK CENTER – Employment
LYON RESOURCE CENTER – Social Services
ACTFIVE – Nutrition
LATINO HEALTH ACCESS – Health
HABLA PROGRAM – Education
VISION Y COMPROMISO – Education
GIRLS SCOUTS – Youth Program
START BRITE – Family counseling
BECKMAN HIGH SCHOOL – Education
ORANGE COUNTY CREDIT UNION – Financial Literacy
CHOC – Children Health
CAMP FIRE USA – Recreation
COUNTY OF SAN DIEGO AGING AND INDEPENDENT SERVICES
CITY OF CHULA VISTA POLICE DEPARTMENT - Safety
IMPERIAL COUNTY SHERIFF - Safety
GOLDEN SHARE FOODS SAN DIEGO – Food Bank
PROJECT DULCE – Health
COMMUNITY HOUSING WORKS - Homeownership
NONPROFIT MANAGEMENT SOLUTION – Program Management
SAN DIEGO ARCHAEOLOGICAL CENTER – Education
CHULA VISTA COMMUNITY COLLABORATIVE – Social Services
CALIFORNIA HIGHWAY PATROL - Safety

ALLIANT INTERNATIONAL UNIVERSITY – Education
FAMILY HEALTH CENTERS OF SAN DIEGO – Health
KIDCARE EXPRESS MOBILE MEDICAL UNIT – Health
SCRIPPS MERCY WELL BEING CENTERS – Health
THE WHITTIER INSTITUTE FOR DIABETES – Health
SAN YSIDRO HEALTH CENTER – Health
MAAC PROJECT – Social Services
YWCA SAN DIEGO – Recreation
CVS PHARMACY – Donor
TARGET – Donor

Partner Profiles.

PSCDC works with a large number of companies and non-profit organizations to bring services to our residents. Here is a profile of two of them.

Rabobank NA

Rabobank is a Dutch bank with branches in many countries. They have focused part of their business in agricultural areas. PSCDC is proud to be working with the branch in El Centro, California to provide credit counseling and financial education to our residents. The classes are provided at all our properties in Imperial County and are very well attended. The purpose of the classes are to empower our residents, raise awareness of the importance of managing credit and to encourage savings by using the IDEA program. The dedication and enthusiasm of the Rabobank employees is truly impressive.

The values held by Rabobank are very similar to our own.

Rabobank Values.

We believe that sustainable prosperity and well-being require careful nurturing of our natural resources and living environment. We respect the culture and traditions of the countries where we operate, insofar as these do not conflict with our own objectives and values. We aim to make a positive contribution to social, economic and environmental development in all our activities, always focusing on our clients' best interest.

We create customer value by:

- providing those financial services considered best and most appropriate by our clients
- ensuring the continuity of those services, with a view to the long-term interests of the client
- demonstrating our commitment to our clients

Clinicas de Salud del Pueblo

Clinicas de Salud del Pueblo is a non-profit community health care provider based in Calexico, El Centro, and Brawley, Imperial County. They are part of the Council of Community Clinics that provides access to a wide range of health services to a diverse community with emphasis on low income and uninsured populations.

Clinicas de Salud del Pueblo visits our properties to conduct health screenings and give classes on wellness to our residents. We are very grateful for the work they do and thank them for their service.

Pacific Southwest Community Development Corporation.

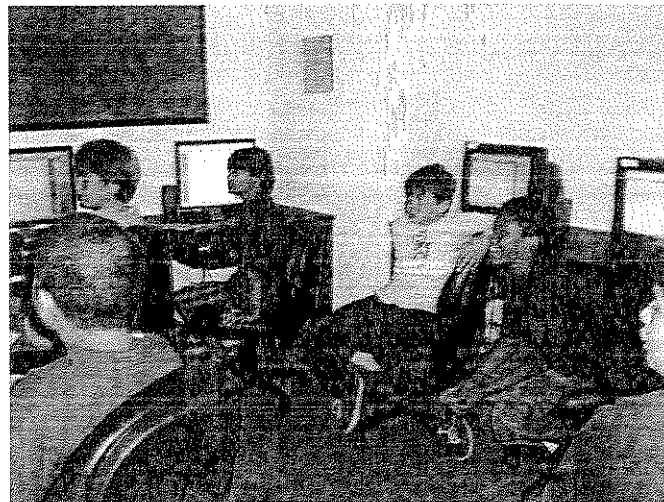
PSCDC provides many services to its residents. This is a closer look at the After School Program.

The After School Program is a major component of the resident services being provided at all our family apartment communities. Essentially, the objective of the Program is to help students with their homework in all school subjects including Math, English, Science, History and Social Studies. On average, homework tutoring classes are available Monday through Thursday, 2 hours a day (from 3-5 pm) every week in the community rooms. Most classes also make use of the computer labs to help students learn computer skills and to obtain information needed for school assignments. Time permitting, after the homework is completed the instructors engage the students in an on-going reading program or an educational Arts & Crafts project.

Attendance numbers at these classes ranges from 4 to 15 students per day, with 9 students attending on average. We regularly monitor these classes to make sure that our objectives are being met, to evaluate instructor performance and to provide guidance, support and materials as needed.

The success of this Program is evaluated based on the number and frequency of students attending the classes, the feedback we receive from the parents and the school grades obtained by the students. Positive results of these indicators are reported at the majority of our properties.

This Program also provides a part time job and career development opportunity for our residents who serve as class instructors. It is our goal to eventually partner with the respective school districts to provide the Tutoring classes as is the case at Villa Lara and Calexico Family Apartments in Imperial County. We have also implemented a program in Sacramento with the help of a non-profit and the School District that has grant money to fund teachers.



Students in Computer Class

Properties

Pacific Southwest Community Development Corporation is the managing General partner for 35 properties that provide 3544 living units. Our properties are located in principally in Southern California, but we have properties in northern California and south west Arizona. Our properties include family units and apartments designed for senior residents.

Imperial County

Brawley, CA

Brawley Elks Senior Apartments

995 Willard Road Brawley, CA 92237 81 Senior Apartments 2004

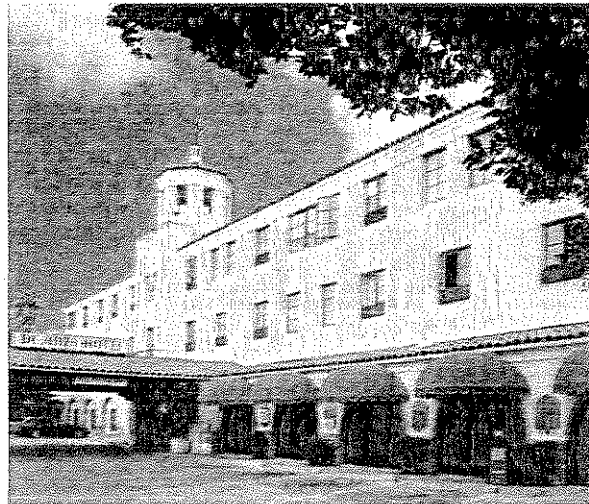
Brawley Family Apartments

1690 C St. Brawley, CA 92227 80 Apartments 2001

Brawley Gardens Family Apartments

221 Best Road Brawley, CA 92227 81 Apartments 2003

Calexico, CA



De Anza Hotel, an urban restoration project.

Calexico Family Apartments

2301 Meadows Rd. Calexico, CA 92231 80 Apartments 2001

Villa Dorada (CFA II)

1081 Meadows Rd. Calexico, CA 92231 80 Apartments 2006

De Anza Hotel (Seniors)

233 East 4th St. Calexico, CA 92231 94 Studio Apartments for seniors 1995

| | | |
|----------------------------------------------------------------------|-----------------------|------|
| Villa De Las Flores (Seniors)
2201 Meadows Rd. Calexico, CA 92231 | 80 Seniors Apartments | 2000 |
|----------------------------------------------------------------------|-----------------------|------|

Calipatria, CA

| | | |
|---------------------------------------------------------------------------------------|---------------|------|
| Calipatria Family Apartments
S. East Ave. and Bonita Place
Calipatria, CA 92233 | 72 Apartments | 2008 |
|---------------------------------------------------------------------------------------|---------------|------|

El Centro, CA

| | | |
|------------------------------------------------------------------------------|---------------|------|
| Countryside Family Apartments
1751 West Adams Ave.
El Centro, CA 92243 | 73 Apartments | 2003 |
|------------------------------------------------------------------------------|---------------|------|

Heber, CA

| | | |
|-----------------------------------------------------------------|---------------|------|
| Heber Family Apartments
1137 Dogwood Road
Heber, CA 92249 | 81 Apartments | 2004 |
|-----------------------------------------------------------------|---------------|------|

| | | |
|------------------------------------------------------------------------------------|---------------|------|
| Heber family Apartments II,
SW corner Dogwood Rd. & Hawk St.
Heber, CA 92249 | 72 Apartments | 2007 |
|------------------------------------------------------------------------------------|---------------|------|

Holtville, CA

| | | |
|------------------------------------------------------------------------------------------------|---------------|------|
| Holtville Gardens Senior Apartments,
10th Street at Holtville Avenue
Holtville, CA 92250 | 81 Apartments | 2003 |
|------------------------------------------------------------------------------------------------|---------------|------|

Imperial, CA

| | | |
|------------------------------------------------------------------------------|---------------|------|
| Imperial Gardens Senior Apartments
2385 Myrtle Road
Imperial, CA 92251 | 81 Apartments | 2003 |
|------------------------------------------------------------------------------|---------------|------|

| | | |
|-----------------------------------------------------------------------|---------------|------|
| Villa Lara Family Apartments
2371 Myrtle Rd.
Imperial, CA 92251 | 80 Apartments | 2001 |
|-----------------------------------------------------------------------|---------------|------|

Westmorland, CA

Westmorland Family Apartments

181 G Street

Westmorland, CA 92281

65 Apartments

2003

San Diego County

Carlsbad, CA

Hunters Pointe

7270 Calle Plata

Carlsbad, CA 92009

168 Apartments

2004

Mariposa Family Apartments

4651 Red Bluff Place

Carlsbad, CA 92009

106 Apartments

2002

Glen Ridge

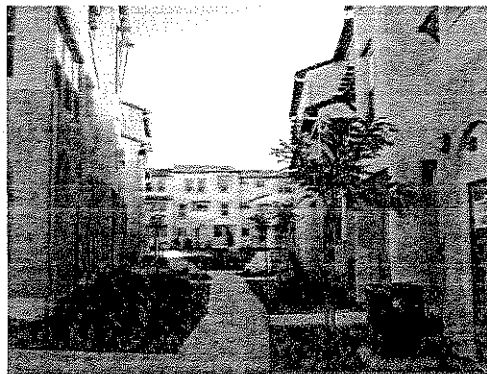
3555 Glen Avenue

Carlsbad, CA 92008

78 Apartments

2007

Chula Vista, CA



The Landings, Chula Vista

Rancho Buena Vista

1311 Eastlake Parkway

Chula Vista, CA 91915

150 Apartments

2003

St. Regis Park

1025 Broadway

Chula Vista, CA 91911

119 Apartments

1998

Villa Serena Senior Apartments

1231 Medical Center Rd,

Chula Vista, CA 91911

132 Senior Apartments

1999

The Landings
2122 Burdock Way
Chula Vista, CA 91915

92Town Homes

2008

Lakeside, CA

Silver Sage,
Woodside Rd,
Lakeside, CA

80 Apartments (under construction) 2009

San Diego, CA

Fairbanks Ridge
10616 Babcock St.
San Diego, CA 92127

204 Apartments

2004

Rancho Del Norte
16775 Saintsbury Glen
San Diego, CA 92127

119 Apartments

2002

Regency Centre
4765 Home Ave.
San Diego, CA 92105

100 Apartments

2000

Longacres at Seabreeze
12759 Seabreeze Farms Dr.
San Diego, CA 92130

38 Apartments

2000

The Crossings
13533 Zinnia Hills Place
San Diego, CA 92130

108 Apartments

2004



The Crossings, San Diego

Torrey Highlands
13370 Torrey Meadows Dr.
San Diego, CA 92129

76 Apartments

2001

Villa Andalucia
6591 Rancho Del Sol Way
San Diego, CA 92130

32 Apartments

2002

Villa Glen
6984 Torrey Santa Fe Rd.
San Diego, CA 92129

26 Apartments

2002

Windwood
127390 Briarcrest Place,
San Diego, CA 92130

92 Apartments

2002



Villa Andalucia, San Diego

Santee, CA

Cedar Creek Apartments
Fanita Drive
Santee, CA

48 Apartments (under construction) 2009

Orange County Tustin, CA

Chatham Village Apartments
16331 McFadden Ave.
Tustin, CA 92780

356 Apartments

2004

Sonoma County Santa Rosa, CA

Redwood Park Apartments
2001 Piner Rd.
Santa Rosa, CA 95470

156 Apartments

**Sacramento County
Sacramento, CA**

Willow Glen (Natomas)
1625 Scarlet Ash Avenue.
Sacramento, CA 95834

135 Apartments

2008

Arizona

San Luis AZ

Las Casitas de San Luis
San Luis Arizona

76 Apartments

1996



Board of Directors, Key Executives and Staff

Chairman of the Board: Michael L. Walsh

Michael is a principal of USI of San Diego Insurance Services in Carlsbad, California. Mike is very active in the community as the Executive Vice President of the Encinitas Soccer League and a member of the Encinitas Rotary Club. Mike has served on the PSCDC board for many years.

Secretary and Treasurer: Marco Antonio "Tony" Reyes

Tony served as the Mayor of San Luis, Arizona for twelve years and one year as the Vice-Mayor, and currently serves as the Chairperson for the Empowerment/Enterprise Community Advisory Board and the San Luis Planning and Zoning Commission. He is the Executive Director for the Comité de Bienestar, Inc. an affordable housing provider.

Mr. Reyes was first elected to the Yuma County Board of Supervisors by Special Election in November 1998 and was re-elected by General Election in November 2000. He served as the chairman of the Board of Supervisors for the year 2001. He is currently a member of the County Supervisors Association (CSA), the Local Emergency Planning Committee, the National Association of Counties (NACo), the Tri-County Economic Development District Board, the U.S./Mexico Board Counties Coalition, the Western Arizona Council of Governments (WACOG), the Airport Authority Rolle Field Study Committee, the Tri-County Economic Development Board, the Executive Board of the Greater Yuma Economic Development Corporation, and the Yuma Metropolitan Planning Organization (YMPO).

Mr. Reyes also served on the following boards and committees: the National Hispanic Elected Local Officials, the National League of Cities and Towns, the American Council of Young Political Leaders, and the Yuma County Planning and Zoning Commission.

Board Member: Hank Cunningham, CEcD

Hank is the former Director of community and economic development and the San Diego Redevelopment Agency and. During his career in the field, he has worked for a national consulting firm specializing in strategic planning and cost/revenue analysis, as well as three major southern California municipalities where he directed large-scale economic development programs. Mr. Cunningham was appointed to the International Economic Development Council (IEDC) Board in September 2001. In January 2001, he was awarded CEcD certification. In June 2001, he was appointed to the Board of Directors of the California Association for Local Economic Development and more recently to the California Redevelopment Association Board of Directors, having previously served on both the CALED and CRA bodies. He serves on the advisory board and as adjunct faculty for the Community Economic Development certification program at San Diego State University, the SDSU Health and Human Services Advisory Board, and chairs the SDSU Consensus Organizing Subcommittee. He also served on the San Diego

Model School Development Agency Board of Directors, the City of San Diego Public Facilities Financing Authority, was treasurer of the CDC Small Business Finance Corporation, and was on the Mayor's Smart Growth Implementation Committee.

Board Member: Tom DuBose

Tom DuBose is President of Development Design & Engineering, Inc. Mr. DuBose has extensive knowledge of regulatory factors critical to implementation of projects in California and along the United States-Mexico Border. He is a highly sought guest speaker for service clubs, professional organizations, banks and credit unions on the subject of economic development and development in general in the Imperial Valley.

Mr. DuBose has also participated in workshops sponsored by the Imperial Valley Enterprise Zone, Brawley Economic and Community Development Department, Imperial Valley Economic Development Corporation, City of Calexico Economic Development Committee, and local Cities developing General Plan Amendments. Recently, Mr. DuBose has traveled to Beijing, China to present the Pacificland International Development, Inc.'s Imperial Center Regional Investment Immigration Program in workshops and seminars to potential investors.

Mr. DuBose has served on the Brawley Union High School Board of Trustees for 17 years and is currently its President. He has served on the Imperial County Air Pollution Control Hearing Board for 12 years and is currently its Chairman and is the current Second Vice-President Executive Committee and Board Member of the California Building Industry Association (BIA) Desert Chapter. Other former associations include; former Board President Board Member and Current Trustee of the Brawley Boys and Girls Club, Member and President of the Imperial Valley Community Foundation, Board Member of the Brawley Chamber of Commerce, Board Member of the overall Economic Development Commission, Member and Vice-Chairman of the Brawley Planning Commission, Founding Member and past President of Regional Economic Development Inc. (REDI), and Board Member of the Private Industry Council.

President/Executive Director: Robert W. Laing

Robert has many years of experience in residential development for major public companies in the US and overseas. His experience ranges from land acquisition, forward planning, entitlements and environmental issues, through development and production of housing. During his career he has developed numerous residential projects many of which included affordable housing properties. Robert has been a pioneer in urban renewal projects and high density development. He contributes his development expertise to promote new developments for PSCDC and its partners and implement new strategies for providing services to the residents of our properties. Robert is active in the San Diego Housing Federation, the San Diego BIA and the Urban Land Institute. Robert received his Bachelor's degree in Civil Engineer from the University of London. He received his Master of Business Administration from the City University in London. Robert is a fluent Spanish speaker

Executive Director of Services: Juan P. Arroyo

Juan has over twenty five years of experience in the field of affordable housing and community development. He has worked as director and manager for various public and private entities in Los Angeles, Orange and San Diego counties. As Executive Director of Services for PSWCDC, he oversees all resident programs that are provided to over 10,000 residents at thirty seven affordable housing communities in California and Arizona. In addition he develops and maintains collaborative relationships with social service agencies and private companies in order to offer a comprehensive and unique resident service program at each site. He received his Master's Degree in Urban and Regional Planning from the University of Southern California (USC) and a Bachelor of Arts Degree in Sociology/Economics from the University of California, Santa Barbara.

Director of Services – Imperial County: Jenny Torres

Jenny is responsible for planning and coordinating all resident services provided at the apartment communities in Imperial County. She has over twelve years of experience in project coordination, housing management, and local, state and federal agency liaison and community development. She has a Bachelor of Arts Degree in Business Administration from Northern Arizona University.

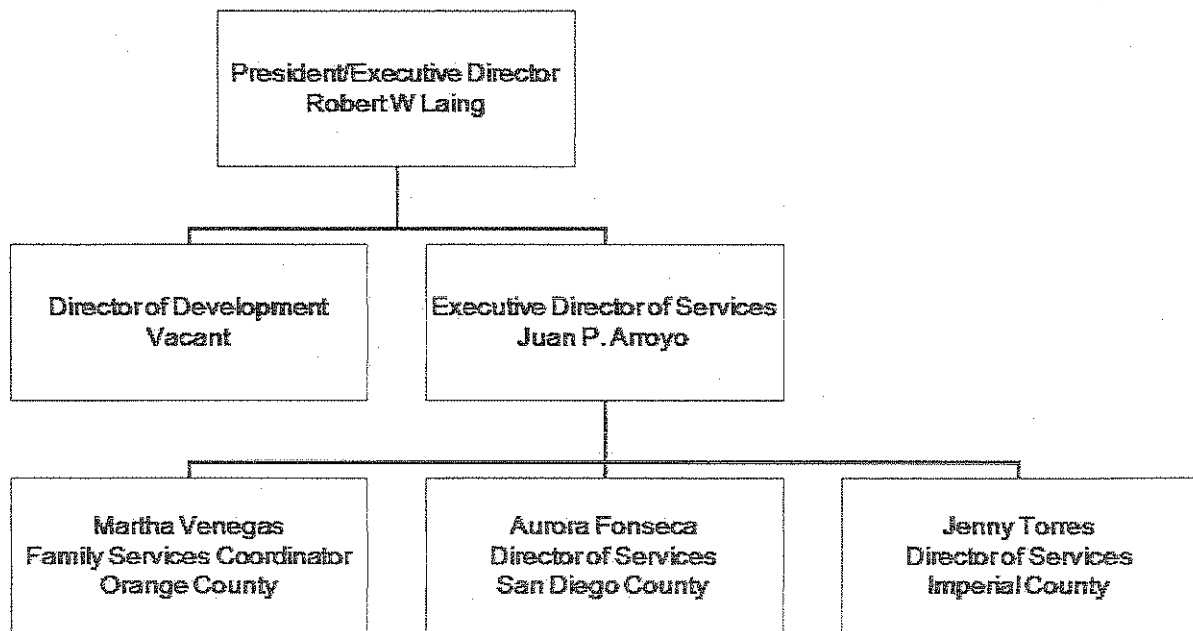
Director of Services – San Diego County: Aurora Fonseca

Aurora is responsible for planning and coordinating all resident services provided at the apartment communities in San Diego County. She has over twelve years of experience in K-12 school teaching, case management, and resident services development and coordination. She has a Bachelor of Arts Degree in Mexican-American Studies, Minor in Spanish and has done graduate coursework in Urban Education at California State University, Los Angeles.

Director of Services – Orange County: Martha Venegas

Martha is responsible for planning and coordinating resident services at a 350 unit apartment community in Orange County. She has over fourteen years of experience as a social service provider, family counselor and case manager worker.

Pacific Southwest Community Development Corporation



Financial Statements for Pacific Southwest Community Development Corporation are on file at the Housing Commission offices and are available for review upon request.

ATTACHMENT 3
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.



The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

50 California Street
Suite 2300
San Francisco, CA 94111

415 982-5544
415 982-4513 fax
www.pfm.com

ATTACHMENT 4

April 20, 2011

Ms. Ann Kern
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

RE: Proposed actions relating to the proposed issuance of approximately \$4,000,000 Housing Authority of San Diego Multifamily Housing Revenue Bonds in connection with the acquisition and construction of the Terramar Apartments.

Dear Ms. Kern:

You have asked Public Financial Management, Inc. ("PFM") to review the proposed financing and recommend whether, in our judgment, it is reasonable for the San Diego Housing Authority (the "Authority") to issue tax-exempt multifamily housing revenue bonds for the acquisition and construction of the 21-unit Terramar Apartments (the "Project") by Chelsea Investment Corporation ("Chelsea" or the "Developer") in the community of Torrey Highlands. In preparing this report we have reviewed financial projections and background information provided by the borrower and the San Diego Housing Commission (the "Commission").

The specific findings this report addresses are:

- Whether the issuance of the Bonds will achieve a public purpose by creating or preserving affordable housing.
- Whether the Authority will avoid undue financial risk in undertaking the financing.
- Whether the Project will be able to meet debt service payments after the proposed financing.

As described below, we find that all of the conditions are met and therefore recommend that the Authority authorize the issuance of the Bonds.

DESCRIPTION OF THE PROJECT

Terramar Apartments is a 21-unit multifamily new construction project located at 13481-13483 Silver Ivy Lane in the San Diego neighborhood of Torrey Highlands. The Project is located in Subarea IV of the North City Future Urbanizing Area (NCFUA). The Project is being built in accordance with a Master Affordable Housing Agreement between the Authority and Pardee Homes which satisfies the inclusionary housing requirements in connection to a larger master planned community being developed on adjacent parcels.

The development will consist of three two-story structures with surface parking as well as a tot lot and a recreation area with barbeque and shaded picnic tables. The location of the Project places it near schools, a grocery store, shopping, and restaurants. The Project comprises 21 affordable multifamily rental units including 4 one-bedroom, 11 two-bedroom, and 6 three-bedroom apartments (including a manager's unit). Construction is expected to begin as soon as financing closes (estimated late June) and be completed by February 2012.



THE BORROWER

The borrower and Project owner will be Terramar CIC, LP a California limited partnership. The partnership will include an affiliate of Chelsea (CIC Terramar LLC) as administrative general partner, responsible for the development and construction of the Project, Pacific Southwest Community Development Corporation (PSCDC) as managing general partner and US Bancorp Community Development Corporation as the tax credit syndicator and limited partner with a 99% partnership interest.

Chelsea is an established developer involved in the acquisition, development, and management of multifamily housing projects in California and Arizona since 1984. Chelsea has financed and developed over 5,600 affordable housing units since their formation and their projects include over 2,100 inclusionary housing units in San Diego, Chula Vista, and Carlsbad. Furthermore, Chelsea has worked extensively with the San Diego Housing Commission and Housing Authority completing 10 projects with the Commission and/or Authority since 2000 for a combined 937 units. This includes the 119-unit Rancho Del Norte Project completed in 2003 by the same development team as well as the more recent 88-unit Courtyard Terraces Project completed in 2010. An affiliate of Chelsea (CIC Management, Inc) will also serve as the property manager of the Project

PSCDC is an experienced California nonprofit public benefit corporation with which Chelsea has partnered on several projects. Since 1993, PSCDC has developed 36 affordable apartments in California and Arizona and currently act as managing general partner for more than 3,000 affordable housing units.

THE FINANCING

It is currently anticipated that \$4.0 million in conduit multifamily housing revenue bonds will initially be issued to support the construction financing of the Project. Proceeds of the Bonds will be used to make a loan to the Project which, together with other monies, will be used to acquire and construct the Project. Upon conversion to permanent financing a portion of the bonds will be paid down from other financing sources and the amount of outstanding bonds will be reduced to approximately \$1.2 million to align with the Project's estimated net operating income. The Series 2011-C Bonds (the "Bonds") will be issued as fixed rate bonds and purchased directly by a private institution. The developer has secured a commitment to purchase the bonds from US Bank. The Bonds will have a 30-year amortization and will be repaid over a 15-year term. The Bonds will be privately placed in late June.

The Project has an estimated total development cost of \$7,679,978. In addition to the Bonds, the Project will also be financed with tax credits (\$2,934,174), a partial deferral of the Developer's fee (\$39,804) a residual receipts loan from the Commission (\$2,035,000) and an equity contribution from Pardee Homes (\$1,500,000). Additionally, Pardee Homes has agreed to convey the site to the Commission for \$100 and concurrently with the bond closing the Borrower will enter into a 65 year lease at a rental rate equal to 4.5% of the Project's gross annual income. The Borrower's lease payments will be subordinate to the Bonds, but senior to the repayment of the Commission's residual receipts loan. The financing is currently scheduled to close in late June. Sources and uses of funds are shown in Table 1 on the following page



TABLE 1
TERRAMAR APARTMENTS
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

| | |
|-----------------------------------|-------------|
| Tax-Exempt Bond Proceeds | \$1,171,000 |
| LIHTC Proceeds | \$2,934,174 |
| San Diego Housing Commission Loan | \$2,035,000 |
| Pardee Contribution | \$1,500,000 |
| Deferred Developer Fee | \$39,804 |

TOTAL SOURCES OF FUNDS **\$7,679,978**

USES OF FUNDS

| | |
|----------------------------------------------|-------------|
| Land Acquisition | \$5,100 |
| New Construction | \$5,734,087 |
| Architect & Engineering Fees | \$334,500 |
| Developer Fee | \$969,790 |
| Financing Expenses and Bond Cost of Issuance | \$559,699 |
| Capitalized Reserves | \$50,802 |
| Reports and Studies | \$26,000 |

TOTAL USES OF FUNDS **\$7,679,978**

ACHIEVING PUBLIC PURPOSE

Through the proposed bond issuance, Terramar Apartments will provide housing for low- and very-low income households for a minimum of 55 years. Under the requirements for bond and tax credit financing, the Project will restrict 19% of the units (4 in total) for households earning no greater than 50% of Area Median Income ("AMI") (\$35,350 for a family of four) and 76% of the units (16 in total) to households earning no greater than 60% of AMI (\$42,420 for a family of four) for 55 years. Maximum bond rents for the Project are summarized in the following table:

| Type | Unit Size
(sq. ft.) | AMI | Number
of Units | Restricted Rent
(net of utility allowance) | Market
Rate | Monthly Savings
per unit |
|-----------------------------|------------------------|------|--------------------|-----------------------------------------------|----------------|-----------------------------|
| 1 BR/ 1 BA | 717 | 50% | 1 | \$711 | \$1,277 | \$566 |
| 1 BR/1 BA | 717 | 60% | 3 | \$858 | \$1,277 | \$419 |
| 2 BR/1 BA | 950 | 50% | 2 | \$850 | \$1,617 | \$767 |
| 2 BR /1 BA | 950 | 60% | 9 | \$1,027 | \$1,617 | \$590 |
| 3 BR/2 BA | 1,243 | 50% | 1 | \$940 | \$1,814 | \$835 |
| 3 BR/2 BA | 1,243 | 60% | 4 | \$1,137 | \$1,814 | \$631 |
| 3 BR/2 BA | 1,243 | MGR* | 1 | \$0* | \$1,814 | \$0* |
| Total | | | 21 | | | \$12,271 |
| Total Annual Savings | | | | | | \$147,252 |

*Manager's unit is excluded from the savings calculation as the unit will not generate rental income

**MEETING DEBT SERVICE AFTER THE FINANCING**

As shown below in Table 2, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon the Developer's initial cash flow estimates, there would be \$114,987 of net operating income available for debt service in the first full year of stabilization (2013). This amount would provide bond debt service coverage of at least 1.22 times. By the fifth year, assuming a 2.5% annual increase in gross income and a 3.5% annual increase in expenses, debt service coverage would increase to 1.29 times.

TABLE 2
TERRAMAR APARTMENTS
ESTIMATED CASH FLOW

Principal Amount of Senior Bonds: \$1,171,000

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------|------------|------------|------------|------------|------------|
| Rental Income | \$ 241,437 | \$ 247,473 | \$ 253,659 | \$ 260,001 | \$ 266,501 |
| Plus: Other Income | 1,292 | 1,324 | 1,357 | 1,391 | 1,426 |
| Less: Vacancy | (16,991) | (17,416) | (17,851) | (18,297) | (18,755) |
| Effective Gross Income* | \$ 225,737 | \$ 231,381 | \$ 237,165 | \$ 243,094 | \$ 249,172 |
| Less: Operating Expenses* | (110,750) | (114,626) | (118,638) | (122,791) | (127,088) |
| Net Operating Income | \$ 114,987 | \$ 116,754 | \$ 118,527 | \$ 120,304 | \$ 122,083 |
| Less: Replacement Reserves | (6,521) | (6,749) | (6,985) | (7,229) | (7,482) |
| Less: Issuer Fee | (4,928) | (4,928) | (4,928) | (4,928) | (4,928) |
| Less: Debt Service** | (84,973) | (84,973) | (84,973) | (84,973) | (84,973) |
| Less: LP and Services Fees | (10,350) | (10,712) | (11,087) | (11,475) | (11,877) |
| Cash Flow After Debt Service | \$ 8,216 | \$ 9,392 | \$ 10,554 | \$ 11,698 | \$ 12,823 |
| Bond Debt Service Coverage*** | 1.22 | 1.24 | 1.25 | 1.27 | 1.29 |

* First stabilized year cash flow as estimated by owner,

income assumed to increase at 2.5% per year and expenses assumed to increase at 3.5% per year.

** Amortized over 30 years (15 year term loan) at a 6.08% underwriting rate.

*** Calculated by dividing Net Operating Income net of Replacement Reserves and Issuer Fee by Debt Service.

FINANCIAL RISKS

There will be no undue risk to the Authority. The Bonds will be placed with a sophisticated institutional buyer and are subject to restrictions consistent with the Commission's policy on unrated debt. The borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Authority and the Commission regarding matters relating to the financing. It should be noted that the borrower will have no significant assets or sources of income other than the Project and is not required under most circumstances to make up any cash flow shortfalls.



Ms. Ann Kern

April 20, 2011

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CONCLUSION

Based upon our review, we recommend that the Authority proceed with the issuance of the Bonds. This recommendation is based upon the following findings:

- The Bonds would achieve a public purpose by providing 21 affordable units, with 4 units affordable at 50% or less of median income and 16 units affordable at 60% of median income for a term of 55 years.
- The borrower has agreed to indemnify the City, the Authority and the Commission regarding any matters relating to the financing. The borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,

Public Financial Management, Inc.

A handwritten signature in black ink, appearing to read "Robert T. Gamble".

Robert T. Gamble
Senior Managing Consultant