



EXECUTIVE SUMMARY

MEETING DATE: September 15, 2023

HCR23-096

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Resolution for Harrington Heights, Formerly Known as 13th & Broadway

COUNCIL DISTRICT: 3

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$68,700,000 and taxable bonds in an amount not to exceed \$37,000,000 to facilitate 13th & Broadway CIC, LP's acquisition and new construction of Harrington Heights at 1320 Broadway in the East Village neighborhood of Downtown San Diego, which will consist of 270 rental housing units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego's Area Median Income. Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for low-income individuals. There will be three unrestricted managers' units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On October 13, 2022, the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) approved taking preliminary steps to authorize the issuance of up to \$73,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the acquisition and new construction of Harrington Heights.
- On May 10, 2023, the California Debt Limit Allocation Committee (CDLAC) approved a \$68,700,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.
- The development will consist of 224 studios, 22 one-bedroom units, 24 two-bedroom units, and three two-bedroom manager's units.
- Site amenities will include on-site supportive services offices, laundry facilities, indoor social rooms, and three resident-accessible outdoor roof deck areas, complete with planters, picnic and barbecue areas, and a pet relief area. Supportive housing units will be furnished, and all units will have kitchens.
- Harrington Heights residents will benefit from on-site amenities and support, nearby community activities, and resources provided by Alpha Project for the Homeless. Veterans residing at Harrington Heights with Veterans Affairs Supportive Housing (VASH) Project-Based Housing Vouchers will receive supportive services from the U.S. Department of Veterans Affairs San Diego Healthcare System.
- The property is within walking distance to bus and trolley lines (Blue, Orange, and Silver).
- The Housing Commission awarded 115 Project-Based Housing Vouchers to this development for individuals with income of 25% to 40% of San Diego's Area Median Income: 65 for individuals experiencing literal and chronic homelessness, 10 for veterans experiencing homelessness, and 40 for individuals with low income.
- Chelsea Investment Corporation, an award-winning, for-profit developer, will lead the development team.
- Harrington Heights has an estimated total development cost of \$142,832,743 (\$523,197 per unit).



REPORT

DATE ISSUED: September 7, 2023

REPORT NO: HCR23-096

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 15, 2023

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for Harrington Heights, Formerly Known as 13th &
Broadway

COUNCIL DISTRICT: 3

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on September 15, 2023, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that this hearing not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$68,700,000 and taxable bonds in an amount not to exceed \$37,000,000 to facilitate 13th & Broadway CIC, LP's acquisition and new construction of Harrington Heights at 1320 Broadway in the East Village neighborhood of Downtown San Diego, which will consist of 270 rental housing units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego's Area Median Income. Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for low-income individuals. There will be three unrestricted managers' units.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions and recommend that the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (City Council) take the following actions:

Housing Commission Board

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$68,700,000 to fund 13th & Broadway CIC, LP's acquisition and new construction of Harrington Heights, a new affordable rental housing development at 1320 Broadway, San Diego, CA 92101, which will consist of 270 units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego's Area Median Income (AMI). Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be

set aside for veterans experiencing homelessness, and 40 will be set aside for individuals with low income. There will be three unrestricted managers’ units.

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$68,700,000 and taxable bonds in an amount not to exceed \$37,000,000 to fund 13th & Broadway CIC, LP’s acquisition and new construction of Harrington Heights, a new affordable rental housing development to be located at 1320 Broadway, San Diego, CA 92101, which will consist of 270 units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego’s Area Median Income (AMI). Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for individuals with low income. There will be three unrestricted managers’ units.

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

City Council

- 1) Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$68,700,000 to facilitate the development of Harrington Heights a new affordable rental housing development at 1320 Broadway, San Diego, CA 92101, which will consist of 270 units that will remain affordable for 55 years for households with income of 25 percent to 50 percent of San Diego’s Area Median Income (AMI). Of the 270 units, 65 will be set aside for individuals experiencing literal and chronic homelessness, 10 will be set aside for veterans experiencing homelessness, and 40 will be set aside for individuals with low income. There will be three unrestricted managers’ units.

SUMMARY

Table 1 –Development Details

Address	1320 Broadway, San Diego, CA 92101
Council District	3
Community Plan Area	Downtown Community Plan
Developer	Chelsea Investment Corporation (Chelsea)
Development Type	New construction
Construction Type	Type I tower (14 stories)
Parking Type	57 parking spaces
Local Amenities	<p><u>Mass Transit:</u> Blue/Orange/Silver Trolley (0.1 miles) Bus lines 2, 7, 20, 30, 215, 225, 235, and 992</p> <p><u>Grocery:</u> Smart & Final (0.3 miles), Albertsons (0.3 miles), Grocery Outlet (0.4 miles)</p>

	<u>Schools:</u> Sherman Elementary (1.0 mile), Urban Discovery Middle (0.4 miles), Garfield High (0.4 miles)
Housing Type	Permanent Supportive Housing and Affordable Housing
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	0.44 acre. 19,039 square feet.
Units	273 (270 units restricted/affordable)
Density	620 dwelling units per acre (273 units ÷ .44 acres)
Unit Mix	270 affordable rental units: 224 studio units, 22 one-bedroom units, 27 two-bedroom units, and three unrestricted two-bedroom managers' units.
Gross Building Area	190,000 square feet.
Net Rentable Area	113,000 square feet.
Project Based Housing Vouchers (PBV)	115 PBVs (75 for individuals and veterans experiencing homelessness and 40 for individuals with low income)
Affordable Units in Service by Council District	Council District 3 includes 8,343 affordable rental housing units currently in service, which represents 32.7 percent of the 25,527 affordable rental housing units in service citywide.

Background

On October 13, 2022, the Housing Commission Board (Report No. HCR22-100) approved taking preliminary steps to authorize the issuance of up to \$73,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the acquisition and new construction of Harrington Heights.

The Housing Commission Board of Commissioners is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

On May 10, 2023, the California Debt Limit Allocation Committee (CDLAC) approved a \$68,700,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Harrington Heights (formerly known as 13th & Broadway) is a proposed 273-unit, new construction, affordable rental housing development with a single 15-story tower, elevator-served building. The development will be at 1320 Broadway in downtown San Diego's East Village neighborhood (Attachment 1 – Site Map). The Harrington Heights development will provide 270 affordable rental units and three unrestricted manager's units. The development will consist of 224 studios, 22 one-bedroom units, 24 two-bedroom units, and three two-bedroom manager's units. Site amenities will include on-site supportive services offices, laundry facilities, indoor social rooms, and three resident-accessible outdoor roof deck areas, complete with planters, picnic and barbecue areas, and a pet relief area. Supportive housing units will be furnished, and all units will have kitchens.

The Property

The property is a 0.44-acre vacant, rectangular lot owned by the City of San Diego. A 65-year ground lease agreement between the City of San Diego (Lessor) and 13th & Broadway CIC, LP (Lessee) will commence upon financial closing, with lease payments based on a share of residual cash flow. The lease restricts the use of the land to no less than 270 low-income individuals, including those experiencing homelessness with income at 25 percent to 50 percent of AMI. Existing on-site structures are vacant, and no relocation is necessary. The property is in the largest neighborhood in downtown and one of the most dynamic and diverse. Daily shopping, schools and recreational amenities are within a short distance of the proposed development.

Resident Services

Harrington Heights residents will benefit from on-site amenities and support, nearby community activities, and resources provided by Alpha Project for the Homeless. The property is within walking distance to bus and trolley lines (Blue, Orange, and Silver). Permanent supportive housing residents will have access to services that will include but will not be limited to education and employment services; integrated medical, dental and behavioral health services; substance use disorder services; case management; tenant services; and life skills classes. Veterans residing at Harrington Heights with Veterans Affairs Supportive Housing (VASH) Project-Based Housing Vouchers will receive supportive services from the U.S. Department of Veterans Affairs San Diego Healthcare System.

Developer's Request

In response to the Housing Commission's Fiscal Year (FY) 2020 Notice of Funding Availability (NOFA), 13th & Broadway CIC, LP and Chelsea Investment Corporation (Chelsea) submitted an application for a loan and federal Project-Based Housing Vouchers (PBV) for the Harrington Heights development. On March 16, 2020, Housing Commission staff provided a preliminary recommendation of award of a residual receipts loan up to \$8,000,000 and awarded 65 permanent supportive housing (PSH) PBVs, 10 Veterans Affairs Supportive Housing (VASH) PBVs and 40 Non-PSH PBVs, contingent upon the U.S. Department of Housing and Urban Development's (HUD) approval of the Subsidy Layering Review for the Harrington Heights development. Subsequently, the Housing Commission Board approved the residual receipts loan on October 13, 2022 (Report No. HCR22-100).

Prevailing Wages

The developer proposes to use 115 HUD PBVs, administered by the Housing Commission, which will require the payment of federal Davis-Bacon prevailing wages. The proposed use of State of California (State) Multifamily Housing Program (MHP) loan funds will require payment of State prevailing wages. The higher of the federal or State prevailing wages will apply.

Appraisal

An appraisal of the subject site with an effective date of June 14, 2022, valued the property at \$70,690,000 utilizing a prospective value at stabilization and \$16,380,000 land value, if vacant. The developer obtained the appraisal, conducted by Kinetic Valuation Group.

Relocation

The property is vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The Harrington Heights units will be accessible in accordance with the Americans with Disabilities Act. If HOME Investment Partnerships Program funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

Project Sustainability

As part of the project’s commitment to sustainable transportation and reduction of greenhouse gasses, the development was awarded \$20,000,000 from the Affordable Housing and Sustainable Communities (AHSC) program. Of the AHSC project funds awarded, \$13,700,000 is targeted for housing unit production, energy saving features and LEED Gold certification. Another \$6,000,000 of the AHSC award is an HCD grant directly to the City of San Diego to use toward the construction of more than 2.5 miles of Class IV bikeways in both directions on Pacific Highway between Laurel Street and West Harbor Drive. This will include curb ramps, green bike lanes, traffic striping, signing, and signal modification for bicycle signals. This will provide connections to the downtown core, public transportation, retail, and other community neighborhoods. As part of the project’s commitment to facilitating easy access to transportation in the downtown corridor, the development will utilize the remaining \$300,000 of the AHSC commitment to provide discounted monthly transit passes for each restricted unit for at least three years.

Development Team

During the tax credit compliance period, Harrington Heights will be owned by a single-asset California limited partnership consisting of 13th & Broadway CIC, LP as the owner/borrower, Alpha Heights, LLC as the Managing General Partner, CIC 13th & Broadway, LLC, as the Administrative General Partner, and The Richman Group as the tax credit limited partner (Attachment 2 – Organization Chart).

Chelsea Investment Corporation (Chelsea), an award-winning, for-profit corporation headquartered in Carlsbad, California, will lead the development team. Since 1995, Chelsea and its affiliates have developed approximately 13,000 rental units in four states in 77 Chelsea-owned developments. Chelsea has substantial development experience in a wide range of housing developments. Along with its affiliates, Chelsea provides financial, engineering, development, asset management, construction and property management services. Chelsea has developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds. Chelsea is in full compliance on its previous Housing Commission-funded loans. Based upon the developer’s past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed Harrington Heights project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Chelsea Investment Corporation (Chelsea)
Owner/Borrower	13 th & Broadway CIC, LP
Managing General Partner	Alpha Heights, LLC
Administrative General Partner	CIC 13 th & Broadway, LLC

Tax Credit Investor Limited Partner	The Richman Group Affordable Housing Corporation
Architect	Joseph Wong Design Associates Inc.
General Contractor	Emmerson Construction, Inc.
Property Management	Royal Property Management Group
Construction and Permanent Lender	Citi Community Capital
Tenant Services Providers	Alpha Project for the Homeless Veteran Affairs for the VASH PBV's

Property Management

Harrington Heights will be managed by Royal Property Management Group. Royal Property Management Group was established in 1995 and manages 2,861 units across 22 communities. Royal Property Management Group performs lease-ups on new construction as well as tax credit acquisition rehabilitation properties.

FINANCING STRUCTURE

Harrington Heights has an estimated total development cost of \$142,832,743 (\$523,197 per unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 3 and summarized below.

Table 3 – Harrington Heights Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Federal LIHTC Equity	\$55,606,156	Land (inc. Existing Improvements)	\$75,748	\$277
State LIHTC Equity	2,205,903	Hard Costs (inc. Contingency)	99,533,433	364,591
Tax Exempt Permanent Loans	21,300,000	Development Impact Fees	9,732,166	35,649
Housing Commission Loan	8,000,000	Architect & Engineering	4,540,697	16,633
City of San Diego Loan	10,140,000	Financing Fees and Interest	18,976,928	69,513
MGP Loan (from HCD IIG/AHSC)	6,302,134	Developer Fee	3,500,000	12,821
HCD MHP Loan	20,000,000	Other Soft Costs	6,473,770	23,713
HCD ASHC Loan	13,700,000			
DDS Loan	3,000,000			
Soft Loan Interest	1,278,550			
Deferred Developer Fee	1,300,000			
Total Development Cost	\$142,832,743	Total Development Cost (TDC)	\$142,832,743	\$523,197

The Housing Commission’s \$8,000,000 residual receipts loan will be partly funded with the City of San Diego Affordable Housing Fund (Inclusionary Housing Fund and Housing Trust Fund) and U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) funds awarded to the City of San Diego and administered by the Housing Commission. The total amount of Housing Commission funding sources shall not exceed \$8,000,000. A final determination of Housing Commission funding sources will be made by the Housing Commission’s President and CEO, or designee, contingent upon budget availability.

The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other

funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission’s loan.

Developer Fee

\$3,500,000 – Gross developer fee

- 1,300,000 – Minus deferred developer fee

\$2,200,000– Net cash developer fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposed developer fee complies with the HAR17-011 “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$142,832,743 ÷ 273 units =	\$523,197
Housing Commission Subsidy Per Unit	\$8,000,000 ÷ 273 units =	\$29,304
Land Cost Per Unit	\$75,748 ÷ 273 units =	\$277
Gross Building Square Foot Hard Cost	\$99,533,433 ÷ 190,000 sq. ft. =	\$524
Net Rentable Square Foot Hard Cost	\$99,533,433 ÷ 113,000 sq. ft. =	\$881

Project Comparison Chart

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

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

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Harrington Heights	2023	273	\$142,832,743 (with prev. wage)	\$523,197	\$29,304	\$524
Cortez Hill	2023	88	\$44,138,657 (with prev. wage)	\$501,576	\$56,818	\$514
Ventana al Sur	2021	101	\$57,337,762 (with prev. wage)	\$567,701	\$43,564	\$512

TAX EXEMPT AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds Financing

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. On October 13, 2022, prior to submitting applications to CDLAC, the proposed development was presented to the Housing Commission Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC.

On February 7, 2023, an application was submitted to CDLAC for a bond allocation of up to \$73,000,000. On May 10, 2023, CDLAC approved the \$68,700,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. The developer proposes that the bonds be issued through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bonds disclosure. In addition, the developer proposes that the Housing Authority issue up to \$37,000,000 in taxable obligations, which do not require an allocation from CDLAC.

The financing amount that will ultimately be set based upon development costs, revenues and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing. Attachment 4 provides a general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the bonds/notes (issuance Series C-1), will be sold through a direct purchase by Citi Community Capital (Citi). The taxable debt will be in the form of a Bond (issuance Series C-2) which Citi will also purchase.

Citi is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Citi will sign an "Investor's Letter" certifying, among other things, that they are buying each of the Bonds, as the case may be, for their own account and not for public distribution. Because such Bonds are being sold through a private placement, an Official Statement will not be used. In addition, the Bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated.

Under the direct purchase structure for the Bonds, Citi will make a tax-exempt and taxable loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Citi, the Housing Authority, and US Bank as the Fiscal Agent. The loans made by Citi to the Housing Authority (Funding Loan) will be evidenced by separate Bonds, which will obligate the Housing Authority to pay Citi the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Bonds.

Under the direct purchase structure for the Bonds, Bonds will be issued under a Trust Indenture between the Housing Authority and US Bank as the Trustee (which will be the same institution as the Fiscal Agent for the Bonds). The Bonds will be payable from residual project revenues after payment of the Bonds. Bond proceeds will be loaned by the Housing Authority to the Borrower under a Loan Agreement.

The Housing Authority's obligation to make payments on the Bonds is limited to amounts the Fiscal Agent and Trustee receive from the Borrower under the Borrower Loan Agreement with respect to the Bonds and the Loan Agreement with respect to the Bonds, and no other funds of the Housing Authority are pledged to make payments on the Bonds. The transfer of the Bonds to any subsequent purchaser will comply with Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301). Moreover, any subsequent Bondholder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying such Bonds for investment purposes and not for resale, and it has made do investigation of any material information necessary in connection with the purchase of the Bonds.

The following documents will be executed on behalf of the Housing Authority with respect to the Bonds: the Funding Loan Agreement, the Borrower Loan Agreement, the Assignment of Deed of Trust, the Regulatory Agreement, the Loan Agreement and Trust Indenture, and other ancillary loan documents. At the time of docketing, 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 the Funding Loan Agreement, and the Bonds will be issued pursuant to the Trust Indenture. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citi will disburse the Bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. Bond proceeds will be disbursed by the Trustee pursuant to the direction of the Borrower.

The Borrower Loan Agreement and the Loan Agreement set out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to Citi with respect to the Bonds and the Trustee with respect to the Bonds. The Regulatory Agreement will be recorded against the property to ensure the long-term use of the development as affordable housing. The Regulatory Agreement will also ensure that the development complies with all applicable federal and California State laws so that interest on the tax-exempt Bonds remain tax-exempt. An Assignment of Deed of Trust and other loan documents will assign the Housing Authority's rights and responsibilities as the issuer to Citi and the Trustee on behalf of the Bondholders. These documents will be signed by the Housing Authority for the benefit of Citi and the Bondholders. Rights and responsibilities that are assigned to Citi and the Trustee include the right to collect and enforce the collection of loan payments, the right to monitor project construction and related budgets, plus the right to enforce insurance and other requirements. These rights will be used by Citi to protect its financial interest as the Bondholder.

Financial Advisor's Recommendation

Orrick, Herrington and Sutcliffe, LLP is the Bond counsel and Ross Financial is the Bond financial advisor to work on the tax-exempt bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor's recommendation that the Housing

Authority proceed with the bond issuance. The financial advisor’s analysis and recommendation are at Attachment 5.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

The Housing Commission has awarded 115 PBVs for Harrington Heights, which are for low-income individuals and individuals and veterans experiencing homelessness with income from 25 percent to 40 percent of AMI.

The recommendation for these vouchers is contingent upon additional items, including, but not limited to, completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the PBV program, Work-Able families pay either the minimum monthly rent payment amount or a predetermined amount of rent that is based on the family’s annual income, whichever is greater. There is no minimum monthly rent payment amount for Elderly/Disabled families, which currently are households in which all adult family members are 55 or older, disabled, or a full-time student ages 18 to 23. Effective July 1, 2024, the minimum age for Elderly/Disabled households will be 62, except for those with disabilities or full-time students ages 18 to 23. The Housing Assistance Payment provides a rental subsidy for residents in Harrington Heights’ 115 voucher-assisted units. The PBV units are all studio units. Low-income tenants (Non-PSH PBVs) will be selected from the Housing Commission’s low-income PBV Wait List. The tenants who are experiencing homelessness (PSH-PBVs) will be identified through the Coordinated Entry System (CES). Alpha Project will provide supportive services. The U.S. Department of Veterans Affairs San Diego Healthcare System will provide supportive services for the VASH PBVs. Low-income households will be selected from the SDHC PBV waiting list.

Affordability

The Harrington Heights development will be subject to Housing Commission Declaration of Covenants and Restrictions and applicable tax credit and Bond regulatory agreements, which will restrict affordability of 270 units for 55 years.

The rent and occupancy restrictions required by the Housing Commission, CTCAC and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the Housing Commission loan’s restricted units. The more stringent of the funding sources’ affordability/rent restrictions will take precedence during the term of their applicability.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studio (Homeless)	25% (Currently \$24,100/ year for a one-person household)	65	\$603
Studio (Non-Homeless)	25% (Currently \$24,100/ year for a one-person household)	3	\$603
Studio (Homeless)	40% (Currently \$38,600/ year for a one-person household)	10	\$965
Studio (Non-Homeless)	40% (Currently \$38,600/ year for a one-person household)	101	\$965

Studio (Non-Homeless)	50% (Currently \$48,250/ year for a one-person household)	45	\$1,206
Subtotal Studio Units	--	224	--
One bedroom (Non-Homeless)	25% (Currently \$27,550/ year for a two-person household)	7	\$689
One bedroom (Non-Homeless)	40% (Currently \$44,100/ year for a two-person household)	11	\$1,034
One bedroom (Non-Homeless)	50% (Currently \$55,150/ year for a two-person household)	4	\$1,292
Subtotal One Bedroom Units	--	22	--
Two bedrooms (Non-Homeless)	25% (Currently \$31,000/ year for a three-person household)	9	\$775
Two bedrooms (Non-Homeless)	40% (Currently \$49,600/ year for a three-person household)	10	\$1,240
Two bedrooms (Non-Homeless)	50% (Currently \$62,050/ year for a three-person household)	5	\$1,550
Subtotal Two Bedroom Units	--	24	--
Manager's two bedrooms unit	--	3	
Total Units	--	273	--

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2024 Housing Commission Budget.

Funding sources approved by this action will be as follows:

Bond Issuer Fee – (\$68,700,000 (Tax-exempt) + \$37,000,000 (Taxable)) X 0.0025 = \$264,250

Total Funding Sources – up to \$264,250

Funding uses approved by this action:

Administrative costs - \$264,250

Total Funding Uses - up to \$264,250

The Bonds will not constitute a debt of the City of San Diego. If the Bonds are ultimately issued for the project, the Bonds will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the Bonds will be limited to specific project-related revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the Bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee, annual Bond administration fee, as well as the Housing Commission's Bond counsel fee and financial advisor's fee.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none"> • Housing Authority consideration of Bond authorization • City Council consideration of TEFRA resolution • Estimated Bond issuance and escrow/loan closing • Estimated start of construction work • Estimated completion of construction work 	<ul style="list-style-type: none"> • October 10, 2023 • October 10, 2023 • October 2023 • November 2023 • November 2025

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Chelsea Investment Corporation is committed to equity and inclusion as both an employer and a service provider. The Housing Commission included a requirement in the NOFA for prospective applicants to include a narrative and specific examples of activities and initiatives that support equity assurance. Chelsea Investment Corporation demonstrates a commitment to advancing racial equity and inclusion (REI) through project design and operational policies, throughout the proposed project timeline.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024; Increasing and Preserving Housing Solutions.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On March 16, 2022, Chelsea presented the proposed development to the Downtown Community Planning Council. The community-planning group voted 11-0-8 to approve the motion supporting the project.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Chelsea Investment Corporation, Alpha Project as the managing general partner and service provider, Royal Property Management Group as the Property Management Company, and the East Village Downtown Community. Lenders for the project include the Housing Commission, City of San Diego and HCD. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 270 new, affordable, transit-oriented rental homes for low-income individuals, including those experiencing homelessness.

STATEMENT for PUBLIC DISCLOSURE

The developer’s Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

CEQA

The Downtown FEIR and the CAP FEIR are “Program EIRs” prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168. The aforementioned environmental documents are the most recent and comprehensive environmental documents pertaining to the proposed Project. The Downtown FEIR is available for review at the offices of the Civic San Diego (“CivicSD”) located at 401 B Street, Suite 400, San Diego, CA 92101 or at the CivicSD website at: <http://civicsd.com/departments/planning/environmental-documents>. The CAP FEIR is available at the offices of the City of San Diego Planning Department located at 1010 Second Avenue, Suite 1200, San Diego, CA 92101 or on the City of San Diego website. In accordance with Sections 15168 and 15180 of the CEQA Guidelines, the potential impacts associated with future development within the Downtown are addressed in the Downtown FEIR and the CAP FEIR. These documents address the

September 7, 2023

Final Bond Authorization and Tax Equity and Fiscal Responsibility Act Resolution for Harrington Heights

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potential environmental effects of future development within Downtown based on build-out forecasts projected from the land use designations, density bonus, and other policies and regulations governing development intensity and density. The proposed activity detailed and analyzed in this Evaluation is adequately addressed in the environmental documents noted above and there is no change in circumstance, substantial additional information, or substantial Project changes to warrant additional environmental review. Because the prior environmental documents adequately covered this activity, this activity is not a separate project for purposes of review under CEQA pursuant to CEQA Guidelines Sections 15060(c)(3), 15180, and 15378(c).

NEPA

Federal funds constitute a portion of this project's funding. The project received approval of a National Environmental Policy Act (NEPA) Environmental Assessment from the City of San Diego on April 23, 2020 and Authority to Use Grant Funds from the US Department of Housing and Urban Development (HUD) on June 12, 2020.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter

Vice President Multifamily Housing Finance
Real Estate Division

Approved by,

Jeff Davis

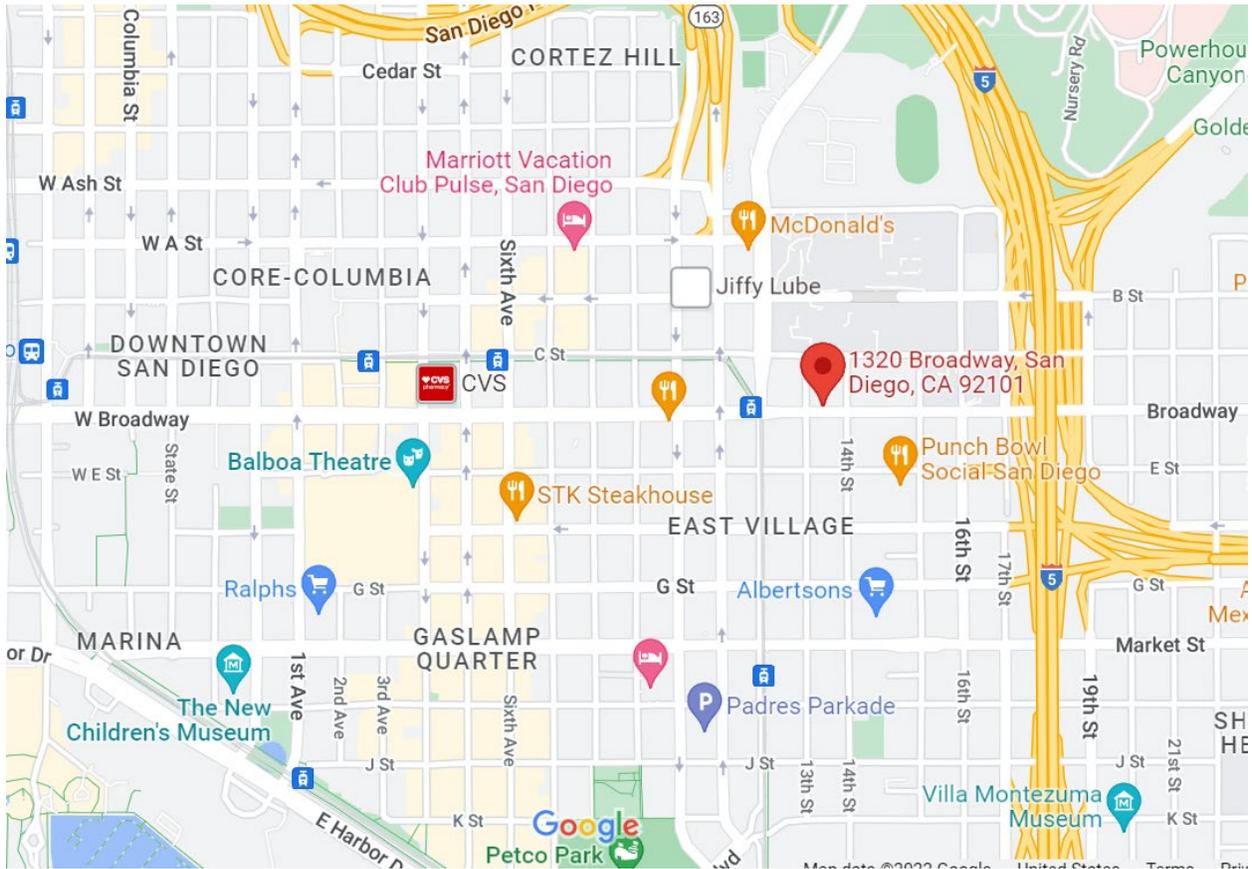
Jeff Davis

Interim President & Chief Executive Officer
San Diego Housing Commission

- Attachments:
- 1) Site Map
 - 2) Organization Chart
 - 3) Developer's Project Pro Forma
 - 4) Bond Program Summary
 - 5) Financial Advisor's Analysis
 - 6) Developer's Disclosure Statement

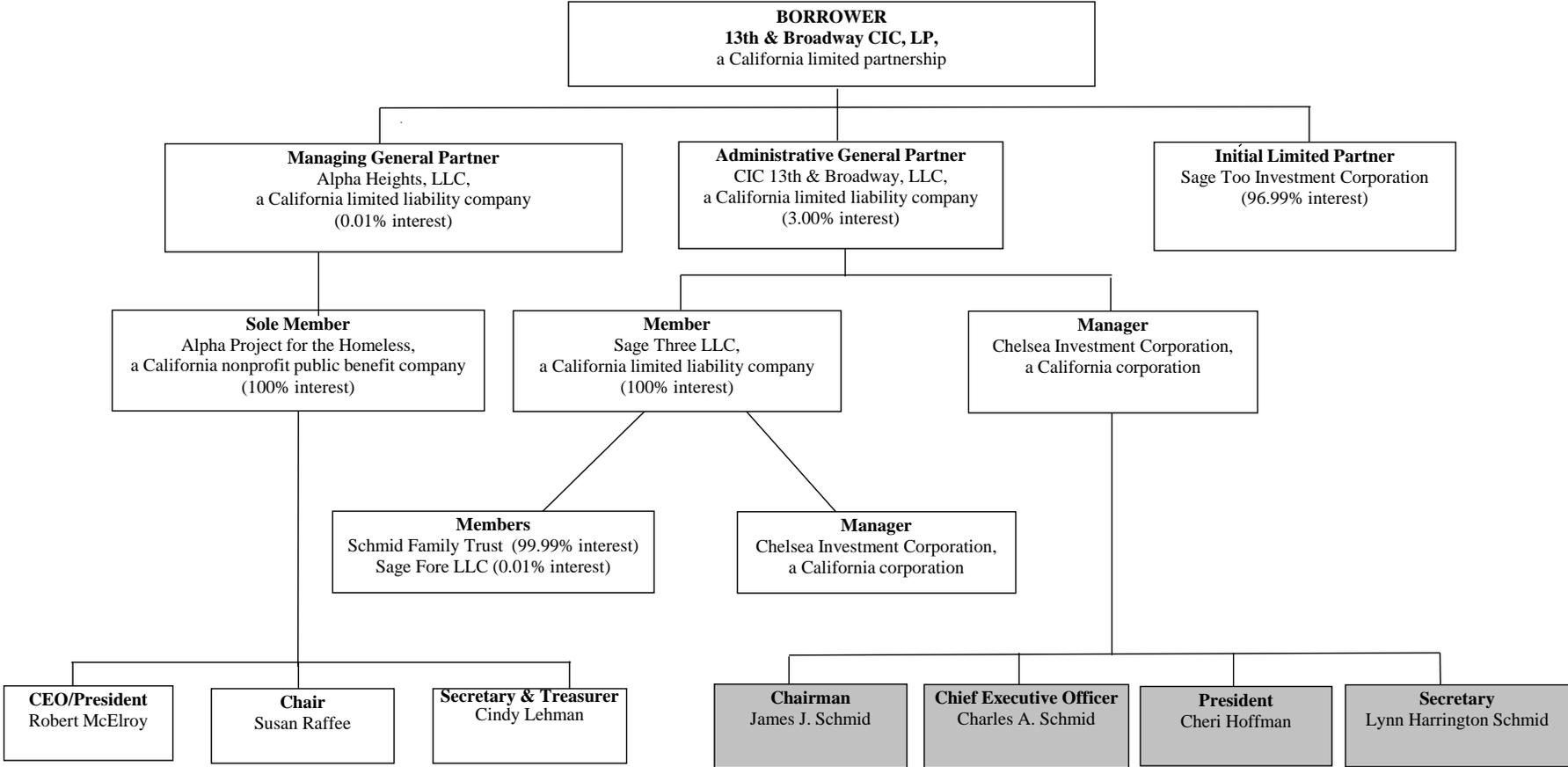
Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

Harrington Heights Attachment 1 - Site Map



Harrington Heights
Attachment 2 - Org Chart

13th & Broadway CIC, LP



Harrington Heights Attachment 3 - Proforma



PROJECT SUMMARY

Revision Date: 8/25/2023
HARRINGTON HEIGHTS
 13th and Broadway, San Diego, CA 92101
 San Diego
 San Diego County

This document contains trade secret information that derives independent economic value from not being generally known to the public or to other persons who can obtain economic value from their disclosure or use, which Chelsea Investment Corporation strives to maintain as secret. The disclosure or use of this information will subject you to an action for misappropriation of trade secrets. Copyright ©, Chelsea Investment Corporation, 2023, All Rights Reserved

Preliminary Projections. Subject to Revision

DEVELOPMENT COSTS & SOURCES

Development Costs:		
Land (including existing improvements)	\$277/unit	75,748
Direct Construction Costs (inc Contingency)	\$364,591/unit	99,533,433
Development Impact Fees	\$35,649/unit	9,732,166
A&E	\$16,633/unit	4,540,697
Financing Fees and Interest	\$69,513/unit	18,976,928
Developer Fee	\$12,821/unit	3,500,000
Other Soft Costs	\$23,713/unit	6,473,770
Total Development Costs	\$523,197/unit	142,832,743
Sources:		
Federal LIHTC Equity	\$203,686/unit	55,606,156
State LIHTC / Solar / Other Tax Credit Equity	\$8,080/unit	2,205,903
Permanent Loans	\$78,022/unit	21,300,000
Priority Deferred Developer Fee	\$4,762/unit	1,300,000
Acquisition Value Loan	\$0/unit	0
Subordinate Deferred Developer Fee	\$0/unit	0
Private Placement Junior Bond	\$0/unit	0
Soft Local	\$66,447/unit	18,140,000
Soft State	\$157,517/unit	43,002,134
Soft Loan Interest	\$4,683/unit	1,278,550
Other	\$0/unit	(0)
Total Sources	\$523,197/unit	142,832,743

DEAL STRUCTURE AND ASSUMPTIONS

LIHTC Tax Credit Rate	4.00%
10 Yr Federal Tax Credits	66,664,936
State Tax Credit Total	2,565,003
Federal Tax Credit Price	\$ 0.8600
State Tax Credit Price	\$ 0.8600
Other Tax Credit Price	\$ 0.8600
DDA/QCT Boost	Y
Opr. Exp./Unit/Year	6,016
Replacement Reserves/Unit/Year	500
Vacancy Rate	5.94%
DCR	1.20
Perm Loan Amort	25
Interest Rate - Permanent Loan	6.19%
Interest Rate - Construction Loan TE	7.82%
Interest Rate - Construction Loan Taxable	8.32%
TIEBREAKER	115.98%
Total Construction Loan	104,626,262
Taxable Construction Loan	35,926,262
Tax- Exempt Bonds - Construction	47,400,000
Tax- Exempt Bonds - Construction/Perm	21,300,000
50% Test	52.98%
Prevailing Wage:	Both

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	4BR	Totals
	0.00%	0.00%	100.00%	0.00%	0.00%	
Net SF	500	583	742	938	1,250	
TCAC						
100%	0	0	0	0	0	0
80%	0	0	0	0	0	0
70%	0	0	0	0	0	0
60%	0	0	0	0	0	0
50%	45	4	5	0	0	54
40%	111	11	10	0	0	132
25%	68	7	9	0	0	84
Mgr.	0	0	3	0	0	3
Totals	224	22	27	0	0	273

PROJECT TIMING AND CREDIT DELIVERY

Tax Credit Allocation	May-23
Construction Begin - Initial Closing	November-23
Construction Complete	November-25
Lease Up Complete	February-26
Conversion/Stabilization	May-26
8609	November-26
Estimated 1st Year Credit Delivery	0
Estimated 2nd Year Credit Delivery	6,465,832
Estimated 3rd Year Credit Delivery	6,465,832

Harrington Heights Attachment 3 - Proforma

PROJECTED SOURCES AND USES OF FUNDS

HARRINGTON HEIGHTS

8/25/2023

	Pre-Dev	Close	Construction Period								Construction Subtotal	Stabilization 6 months	10/1/2026	4/1/2027	Total
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8			Conversion	8609	
SOURCES OF FUNDS			2.0%	7.0%	20.0%	28.0%	25.0%	14.0%	3.0%	1.0%					
1 Federal LIHTC Equity	2,194,356	3,366,260	-	-	-	-	-	-	-	-	5,560,616	-	49,895,541	150,000	55,606,156
2 State LIHTC Equity MGP Loan	125,000 per unit	220,590	-	-	-	-	-	-	-	-	220,590	-	1,985,312	-	2,205,903
3 Solar Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Other Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Construction Loan - Tax exempt		9,738,714	1,977,882	5,106,012	16,773,296	23,423,042	11,681,054	-	-	-	68,700,000	0	(68,700,000)	-	-
6 Construction Loan - Taxable		-	0	0	-	0	11,646,604	14,099,273	4,612,912	3,138,598	33,497,387	2,428,875	(35,926,262)	-	-
7 Perm Loan (Tranche A)		-	-	-	-	-	-	-	-	-	-	-	21,300,000	-	21,300,000
8 Perm Loan (Tranche B)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Priority Deferred Developer Fee	1.00%	-	-	-	-	-	-	-	-	-	-	-	1,300,000	-	1,300,000
10 Private Placement Junior Bond	8.32%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Acquisition Value Loan	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Subordinate Deferred Developer Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 CalHFA MIP	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Local Funds: Civic San Diego	3.00%	1,250,000	137,240	480,340	1,372,400	1,921,360	1,715,500	960,680	205,860	68,620	8,112,000	1,014,000	1,014,000	-	10,140,000
15 Local Funds: SDHC	4.00%	-	-	-	-	-	800,000	-	-	-	6,800,000	800,000	400,000	-	8,000,000
16 State Funds: MHP	3.00%	6,000,000	-	-	-	-	-	-	-	-	-	-	20,000,000	-	20,000,000
17 State Funds: AHSC	3.00%	-	-	-	-	-	-	-	-	-	-	-	13,700,000	-	13,700,000
18 State Funds: CRDP	3.00%	3,000,000	-	-	-	-	-	-	-	-	3,000,000	-	-	-	3,000,000
19 State Funds: MGP Loan (IIG and AHSC PRG)	0.00%	-	-	1,350,480	1,350,480	1,350,480	1,350,480	-	-	-	5,401,921	600,213	300,000	-	6,302,134
20 Soft Loan Interest		-	92,218	94,105	99,938	114,270	133,499	144,478	149,796	150,997	979,301	299,249	-	-	1,278,550
21 Gap Funding needed		-	-	-	-	-	-	-	-	-	-	-	0	-	0
22 Basis Adjuster		-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Timing Adjuster		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sources of Funds	3,444,356	22,325,564	2,207,340	7,030,937	19,596,114	27,609,152	26,527,137	15,204,431	4,968,568	3,358,215	132,271,814	5,142,337	5,268,591	150,000	142,832,743
USES OF FUNDS															
ACQUISITION															
29 Land Cost	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Building Cost	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Broker Fees	25,748	0	-	-	-	-	-	-	-	-	-	-	-	-	25,748
32 Site Improvement Purchase	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 Offsite Improvement Purchase	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34 Other Land Related Expenses / Option Pmnt	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
35 Other Closing Costs	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Land / Acquisition	75,748	0	-	-	-	-	-	-	-	-	75,748	-	-	-	75,748
RELOCATION															
39 Relocation Admin And Temp Relocation	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 Permanent Relocation Expense	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Relocation	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NEW CONSTRUCTION															
44 Demolition	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 Design Assistance	\$ 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46 Off-site Improvements	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 Site Work	\$ 3,974,082	-	79,482	278,186	794,816	1,112,743	993,521	556,371	119,222	39,741	3,974,082	-	-	-	3,974,082
48 Solar	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49 Parking Garage	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 Vertical	\$ 74,890,029	0	1,497,801	5,242,302	14,978,006	20,969,208	18,722,507	10,484,604	2,246,701	748,900	74,890,029	-	-	-	74,890,029
51 Commercial incl. fees	\$ 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52 GC Contingency	3.038%	-	47,921	167,724	479,210	670,894	599,013	335,447	71,882	23,961	2,396,051	-	-	-	2,396,051
53 General Requirements	6.556%	-	106,543	372,900	1,065,430	1,491,601	1,331,787	745,801	159,814	53,271	5,327,148	-	-	-	5,327,148
54 Contractor Preconstruction Services	4.607%	3,988,661	-	-	-	-	-	-	-	-	3,988,661	-	-	-	3,988,661
55 Contractor Fees	2.838%	-	49,144	172,003	491,437	688,012	614,296	344,006	73,716	24,572	2,457,184	-	-	-	2,457,184
56 Insurance	0%	1,760,591	-	-	-	-	-	-	-	-	1,760,591	-	-	-	1,760,591
57 Escalation	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total New Construction	\$347,230/unit	5,749,252	1,780,890	6,233,115	17,808,899	24,932,458	22,261,124	12,466,229	2,671,335	890,445	94,793,746	-	-	-	94,793,746
ARCHITECTURAL/SURVEY/ENGINEERING															
61 Other Architectural	1,824,184	739,267	10,456	36,597	104,562	146,387	130,702	73,193	15,684	5,228	3,086,260	-	-	-	3,086,260
62 Survey/Engineering	634,405	127,779	13,845	48,458	138,451	193,831	173,063	96,915	20,768	6,923	1,454,437	-	-	-	1,454,437
63 Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Architectural	2,458,589	867,046	24,301	85,054	243,012	340,217	303,766	170,109	36,452	12,151	4,540,697	-	-	-	4,540,697
CONTINGENCY COSTS															
67 Hard Cost Contingency	5%	287,463	89,044	311,656	890,445	1,246,623	1,113,056	623,311	133,567	44,522	4,739,687	-	-	-	4,739,687
68 Soft Cost Contingency	2.5%	0	8,229	11,858	21,672	34,880	76,901	51,583	52,772	59,104	317,199	-	-	-	317,199
Total Contingency	-	287,463	97,274	323,513	912,317	1,281,503	1,189,958	674,894	186,339	103,626	5,056,887	-	-	-	5,056,887

Harrington Heights Attachment 3 - Proforma

HARRINGTON HEIGHTS Estimate of LIHTC Basis Calculation

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	0%	100%
		ACQ ELIGIBLE BASIS	NC/REHAB ELIGIBLE BASIS
ACQUISITION			
Land Cost	\$ -		
Building Cost	\$ -	\$ -	
Broker Fees	\$ 25,748		
Site Improvement Purchase	\$ -		\$ -
Offsite Improvement Purchase	\$ -		\$ -
Other Land Related Expenses / Option Pmnt	\$ 50,000		
Other Closing Costs	\$ -		
TOTAL LAND/AQUISITION COSTS	\$ 75,748	\$ -	\$ -
RELOCATION			
Relocation Admin And Temp Relocation	\$ -		
Permanent Relocation Expense	\$ -		
TOTAL RELOCATION COSTS	\$ -		
NEW CONSTRUCTION			
Demolition	\$ -		
Design Assistance	\$ -		\$ -
Off-site Improvements	\$ -		\$ -
Site Work	\$ 3,974,082		\$ 3,974,082
Solar	\$ -		\$ -
Parking Garage	\$ -		\$ -
Vertical	\$ 74,890,029		\$ 74,890,029
Commercial Incl. fees	\$ -		\$ -
GC Contingency	\$ 2,396,051		\$ 2,396,051
General Requirements	\$ 5,327,148		\$ 5,327,148
Contractor Preconstruction Services	\$ 3,988,661		\$ 3,988,661
Contractor Fees	\$ 2,457,184		\$ 2,457,184
Insurance	\$ 1,760,591		\$ 1,760,591
Escalation	\$ -		\$ -
TOTAL CONSTRUCTION	\$ 94,793,746	\$ -	\$ 94,793,746
ARCHITECTURAL FEES			
Other Architectural	\$ 3,086,260		\$ 3,086,260
Survey/Engineering	\$ 1,454,437		\$ 1,454,437
Other:	\$ -		\$ -
TOTAL ARCHITECTURAL COSTS	\$ 4,540,697	\$ -	\$ 4,540,697
CONTINGENCY COSTS			
Hard Cost Contingency	\$ 4,739,687		\$ 4,739,687
Soft Cost Contingency	\$ 317,199		\$ 317,199
TOTAL CONTINGENCY COSTS	\$ 5,056,887	\$ -	\$ 5,056,887
CONSTRUCTION PERIOD EXPENSES			
Construction Loan Interest	\$ 12,675,287		\$ 8,574,815
Private Placement Junior Bond Interest	\$ -		\$ -
Soft Loan Interest	\$ 1,278,550		\$ 979,301
Predevelopment Loan Interest	\$ 1,391,811		\$ 1,391,811
Origination/Application Fee	\$ 687,000		\$ 515,250
Subordinate/Soft Debt Origination Fee	\$ 2,500		\$ 1,875
Lender Reports and Inspections	\$ 86,000		\$ 86,000
Title/Recording/Taxes	\$ 58,000		\$ 43,500
Insurance During Construction	\$ 1,650,000		\$ 1,237,500
Construction Mgmt and Monitoring	\$ -		\$ -
Owner Requirements	\$ -		\$ -
Other:	\$ -		\$ -
TOTAL CONSTRUCTION PERIOD EXPENSE	\$ 17,829,148	\$ -	\$ 12,830,052

Harrington Heights Attachment 3 - Proforma

HARRINGTON HEIGHTS				
Estimate of LIHTC Basis Calculation				
PERMANENT FINANCING EXPENSES				
Loan Origination Fees	\$	159,750		
Title/Recording/Taxes	\$	25,000		
Insurance	\$			
Other: Bond/Issuer/FA fees	\$	552,545		
Other: LIHTC fees	\$	230,485		
TOTAL PERMANENT FINANCING COSTS	\$	967,780	\$ -	\$ -
LEGAL FEES				
Lender Legal	\$	110,000	\$	56,250
Sponsor Legal	\$	406,113	\$	134,017
TOTAL LEGAL	\$	516,113	\$ -	\$ 190,267
CAPITALIZED RESERVES				
Operating Reserve	\$	2,139,753		
Transition Reserve	\$	318,098		
Other Reserve	\$	300,000		
TOTAL RESERVE COSTS	\$	2,757,851		
REPORTS & STUDIES				
Market Study	\$	16,750	\$	16,750
Appraisal	\$	28,750	\$	28,750
Environmental	\$	49,853	\$	49,853
Preconstruction Studies	\$	83,054	\$	83,054
Other:	\$	-	\$	-
TOTAL REPORTS & STUDIES	\$	178,407	\$ -	\$ 178,407
OTHER EXPENSES				
Local Permit Fees	\$	603,982	\$	603,982
Local Development Impact Fees	\$	9,128,184	\$	5,907,219
Accounting/Reimbursable/Cost Certification	\$	97,000	\$	97,000
Financial Consulting/App Prep/Review (SA)	\$	250,000	\$	250,000
Entitlement Services and CM (SA)	\$	250,000	\$	250,000
Tenant File Review	\$	-	\$	-
GP Service Fee	\$	330,000		
Marketing & Lease Up	\$	382,200		
Prevailing Wage / Labor Compliance	\$	145,000	\$	145,000
FF&E	\$	1,250,000	\$	1,250,000
Other:	\$	-	\$	-
TOTAL OTHER COSTS	\$	12,436,366	\$ -	\$ 8,503,201
DEVELOPER COSTS				
Developer Fee Limit - Per TCAC Application	\$	3,500,000	\$ -	\$ 3,500,000
Developer Fee Calculation	\$	18,913,988	\$ -	\$ 18,913,988
Developer Fee	\$	3,500,000	\$ -	\$ 3,500,000
TOTAL DEVELOPER FEE	\$	3,500,000	\$ -	\$ 3,500,000
TOTAL RESIDENTIAL COSTS	\$	142,652,743	\$ -	\$ 129,593,257
REDUCE BY TOTAL COMMERCIAL COSTS	\$	-	\$	1,391,457
TOTAL RESIDENTIAL PROJECT	\$	142,652,743	\$ -	\$ 128,201,800
Adjustment for Excess Basis				
Additional Amount Voluntarily Excluded From Basis	\$		\$ -	\$ -
Requested Undadjusted Eligible Basis	\$		\$ -	\$ 128,201,800
130% FACTOR?	Tract #: 52.00	Y	\$	166,662,340
Total Adjusted Qualified Basis	\$	-	\$	166,662,340
TX CREDITS @ % LI Eligible@ Tx Credit Rt	100.00%	4.00%		4.00%
TX CREDITS @ % LI Eligible		\$ -	\$	6,666,494
TX CREDITS OVER TEN YEARS		\$ -	\$	66,664,936
TX CREDIT EQUITY INVESTMENT	\$ 0.8600	96.99%	\$	55,606,156
State Tax Credits	30.00%	\$ 125,000	\$	2,565,003
State Tax Credit Equity	\$ 0.8600	100.00%	\$	2,205,903
Solar Credits	30.00%		\$	-
Solar Equity	\$ 0.8600	96.99%	\$	-

Harrington Heights Attachment 3 - Proforma

Year	2023
MSA	San Diego County
4 Person 50% AMI	\$68,900

Expenses Source	Royal budget 7/2023
UA source	SDHC 4/1/2023
Other	

default 40% AMI
 (use 30% AMI for
 SN)

RA Contract	Annual	Annual													
Rent	Units	Overhang / TCAC													
0BR/1BA	MKT	100%	0	500	0	\$ -	\$ -	\$ -	\$ 83.00	\$ -	\$ -	\$ 2,167	-	\$ -	\$ -
0BR/1BA	LIHTC	80%	0	500	0	\$ 1,928	\$ -	\$ -	\$ 83.00	\$ 1,845	\$ -	\$ 2,167	-	\$ -	\$ -
0BR/1BA	LIHTC	70%	0	500	0	\$ 1,687	\$ -	\$ -	\$ 83.00	\$ 1,604	\$ -	\$ 2,167	-	\$ -	\$ -
0BR/1BA	LIHTC	60%	0	500	0	\$ 1,447	\$ -	\$ -	\$ 83.00	\$ 1,364	\$ -	\$ 2,167	-	\$ -	\$ -
0BR/1BA	50% TCAC/60% RDA	50%	45	500	22,500	\$ 1,206	\$ 1,226	\$ -	\$ 83.00	\$ 1,123	\$ 606,420	\$ 2,167	-	\$ -	\$ -
0BR/1BA	40% TCAC/50% RDA	40%	101	500	50,500	\$ 965	\$ 1,022	\$ -	\$ 83.00	\$ 882	\$ 1,068,984	\$ 2,167	37.00	\$ 570,540	\$ 570,540
0BR/1BA	40% TCAC/50% RDA	40%	10	500	5,000	\$ 965	\$ 1,022	\$ -	\$ 83.00	\$ 882	\$ 105,840	\$ 2,600	10.00	\$ 206,160	\$ 206,160
0BR/1BA	25% TCAC/30% RDA	25%	68	500	34,000	\$ 603	\$ 613	\$ -	\$ 83.00	\$ 520	\$ 424,320	\$ 2,167	68.00	\$ 1,343,952	\$ 1,048,560
0BR/1BA	MGR	Mgr.	0	500	0	\$ -	\$ -	\$ -	\$ 83.00	\$ -	\$ -				
1BR/1BA	MKT	100%	0	583	0	\$ -	\$ -	\$ -	\$ 98.00	\$ -	\$ -	\$ 2,409	-	\$ -	\$ -
1BR/1BA	LIHTC	80%	0	583	0	\$ 2,067	\$ -	\$ -	\$ 98.00	\$ 1,969	\$ -	\$ 2,409	-	\$ -	\$ -
1BR/1BA	LIHTC	70%	0	583	0	\$ 1,808	\$ -	\$ -	\$ 98.00	\$ 1,710	\$ -	\$ 2,409	-	\$ -	\$ -
1BR/1BA	LIHTC	60%	0	583	0	\$ 1,551	\$ -	\$ -	\$ 98.00	\$ 1,453	\$ -	\$ 2,409	-	\$ -	\$ -
1BR/1BA	50% TCAC/60% RDA	50%	4	583	2,332	\$ 1,292	\$ 1,402	\$ -	\$ 98.00	\$ 1,194	\$ 57,312	\$ 2,409	-	\$ -	\$ -
1BR/1BA	40% TCAC/50% RDA	40%	11	583	6,413	\$ 1,034	\$ 1,168	\$ -	\$ 98.00	\$ 936	\$ 123,552	\$ 2,409	-	\$ -	\$ -
1BR/1BA	25% TCAC/30% RDA	25%	7	583	4,081	\$ 646	\$ 701	\$ -	\$ 98.00	\$ 548	\$ 46,032	\$ 2,409	-	\$ -	\$ -
1BR/1BA	MGR	Mgr.	0	583	0	\$ -	\$ -	\$ -	\$ 98.00	\$ -	\$ -				
2BR/1BA	MKT	100%	0	742	0	\$ -	\$ -	\$ -	\$ 131.00	\$ -	\$ -	\$ 3,114	-	\$ -	\$ -
2BR/1BA	LIHTC	80%	0	742	0	\$ 2,480	\$ -	\$ -	\$ 131.00	\$ 2,349	\$ -	\$ 3,114	-	\$ -	\$ -
2BR/1BA	LIHTC	70%	0	742	0	\$ 2,170	\$ -	\$ -	\$ 131.00	\$ 2,039	\$ -	\$ 3,114	-	\$ -	\$ -
2BR/1BA	LIHTC	60%	0	742	0	\$ 1,860	\$ -	\$ -	\$ 131.00	\$ 1,729	\$ -	\$ 3,114	-	\$ -	\$ -
2BR/1BA	50% TCAC/60% RDA	50%	5	742	3,710	\$ 1,550	\$ 1,577	\$ -	\$ 131.00	\$ 1,419	\$ 85,140	\$ 3,114	-	\$ -	\$ -
2BR/1BA	40% TCAC/50% RDA	40%	10	742	7,420	\$ 1,240	\$ 1,314	\$ -	\$ 131.00	\$ 1,109	\$ 133,080	\$ 3,114	-	\$ -	\$ -
2BR/1BA	25% TCAC/30% RDA	25%	9	742	6,678	\$ 775	\$ 788	\$ -	\$ 131.00	\$ 644	\$ 69,552	\$ 3,114	-	\$ -	\$ -
2BR/1BA	MGR	Mgr.	3	742	2,226	\$ -	\$ -	\$ -	\$ 131.00	\$ -	\$ -				
Total Rents			273		144,860										2,720,232
Community Room/Office					2,500	% Loss to Efficiency			15%		22,104				
						Construction Square Feet					147,360				
RA Total	115											2,120,652			1,825,260

Income from Operations		PUPM	
Total Rents			2,720,232
Laundry	\$ 10.00		32,760
Other Income (App. Fees, Late, etc.)	\$ 10.00		32,760
Sub-Total	\$ 20.00		2,785,752
Rental Assistance			2,120,652
Less: Vacancies @	6%		291,293
Commercial Income	\$ - PSF RENT	0 Commercial SF	0
Less: Vacancies @	50%		0
Total Income			4,615,111
Operating Expenses		PUPA	Notes
Admin	\$ 595		162,439
Management Fee	\$ 840		229,320
Utilities	\$ 1,220	includes trash removal	332,954
Payroll	\$ 1,642		448,250
Repair & Maintenance	\$ 1,136		310,250
Insurance	\$ 500		136,500
Taxes (HOA, CFD)	\$ 83		22,530
Additional expense	\$ -		0
Total Expenses	\$ 6,016		1,642,244
Commercial Expenses	\$ - psf		0
Net Operating Income			2,972,867
Reserves	\$500.00/unit		136,500
Services	\$2,253/unit		615,000
Other Annual Cost			0
Issuer and Monitoring Fees	0.125% 10,000 minimum	150 per unit monitoring fee	67,575
Soft Loan Payments	0.420%		141,540
Net Income Available for Debt Service			2,012,252

Loan Sizing

Loan Type:	Private	N/A
	Tranche A	Tranche B
Loan Amount	21,300,000	0
Interest	6.19%	6.19%
Term	17	25
Amortization	25	25
Debt Service Coverage	1.20	1.20
Monthly Payment	139,721	19
Annual Payment	1,676,648	229
Cash Flow After D/S	335,604	335,375
Max Loan Amount	0	0

ATTACHMENT 4 HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 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 San Diego Housing Commission (Housing Commission) 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, or the 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. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- 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 Commission 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.

ROSS FINANCIAL

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August 24, 2021

Mr. Mathew Granum
Housing Programs Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Harrington Heights Apartments (ak/a 13th and Broadway)

Dear Mr. Granum:

The San Diego Housing Commission (the “Commission”) has retained Ross Financial as its independent municipal advisor, in part, to analyze the feasibility of issuing tax-exempt and taxable obligations (the “Notes”) for the Harrington Heights Apartments development (the “Development”).

This feasibility analysis reviews the following items:

- Overview of the Development
- Proposed financing approach
- Benefits and risks to Commission
- Public purpose
- Recommendations

Ross Financial has based its analysis of the Development’s financial feasibility on materials provided by Chelsea Investment Corporation (“Chelsea”), which has created the developer and the borrower entity (the “Borrower”) for the Development. The materials include: (1) the joint application to the California Debt Limit Allocation Committee (“CDLAC”) and California Tax Credit Allocation Committee (“CTCAC”), (2) the financing commitments from Citibank, N.A. as construction and permanent lender (the “Lender”), (3) the market study performed by Kinetic Valuation Group in support of the application to CDLAC and CTCAC, and (4) Chelsea’s pro forma financial schedules for the Development. Ross Financial has not visited the site of the proposed Development and had no role in the selection of the Lender or in developing the overall financing structure.

OVERVIEW OF THE DEVELOPMENT

Development Summary. The Development is a new construction multifamily rental housing development that will contain 270 affordable units (plus 3 unrestricted managers' units) in a single U-shaped tower of 15 stories, serviced by 3 elevators. The Development will set aside 65 units for individuals experiencing literal and chronic homelessness, 10 units for veterans experiencing homelessness and 195 units for low income individuals and families. The Development will be supported by 115 project-based vouchers. On-site services will be provided by Alpha Project for the Homeless, a California not-for-profit public benefit corporation ("Alpha").

The Development will be Type IA concrete construction over mat foundation and will be Green Point rated Gold. The Development will include: on-site supportive services offices, several multipurpose rooms, a reading space, a sky lounge with kitchenette and laundry facilities, common outdoor space equipped with BBQ/dining areas and a pet relief area. There will be 54 covered on-grade and subterranean parking spaces and bike storage for 140 bikes. Seven of the parking spaces will be dedicated to the East Village Fire Station.

Unit amenities will include Energy Star-rated efficient appliances (stove/range, full-sized refrigerator, microwave, garbage disposal and dishwashers (in one and two bedroom units only)); low-energy lighting; and HVAC systems that utilize energy-efficient heat pumps. Accessible units will contain built-out accessible bathrooms. Landscaping will be low-maintenance.

Unit and Affordability Mix. The unit mix and affordability restrictions for Development is expected to be as follows:

Harrington Heights	Unit Mix	25% AMI**	40% AMI**	50% AMI**
Studio/1 BA	224	68	111	45
1 Bedroom/1 Bath	22	7	11	4
2 Bedroom/1 Bath	27*	9	10	5
Total Units	273	84	132	54

*Includes 3 unrestricted manager's unit

** AMI = Area median income; Manager's units are not subject to affordability restrictions

Description of Project Site. The Development is to be constructed on a 0.437 acre site located at 1320 Broadway in downtown San Diego's East Village neighborhood. The Project Site is owned by the City of San Diego and will be ground leased to the Borrower for 65 years. The Development is situated north of Broadway, east of 13th Street, west of 14th Street and south of existing adjacent commercial and residential buildings. The site is vacant except for two unoccupied non-residential existing structures, which will be demolished during construction. No relocation is necessary.

Ownership of the Development/Borrower. The ownership entity for the Development will be 13th & Broadway CIC, L.P., a single asset California limited partnership consisting of: (a) CIC 13th & Broadway, LLC, created by Chelsea, which will serve as Administrative General Partner, (b) Alpha Heights, LLC, created by Alpha, which will serve as Managing General Partner and (c) a tax credit limited partnership entity created by The Richman Group.

Chelsea Experience. According to Chelsea, the firm has 37 years of experience in financing, developing and/or rehabilitating multifamily rental housing. This experience encompasses 15,000 units in the Western United States, including more than 3,500 affordable housing units in San Diego. Chelsea's most recent activity with the Housing Commission includes:

- Aquila Apartments, a 180-unit new construction family development in the 3Roots master-planned community in the northern San Diego. Completion is expected in November 2023;
- East Block, a 195-unit new construction project consisting of senior and family components in San Diego, which was completed in 2022;
- 14th & Commercial and 14C VHHP Apartments, new construction projects aggregating 407 units of affordable housing located in the East Village Neighborhood of San Diego. The project opened in February 2022;
- Fairbanks Terrace II, a 31-unit new construction inclusionary senior development in San Diego, which was completed in 2021;
- Apollo/Poway, a 44-unit new construction senior project in Poway, which was completed in 2021;
- Civita II Apartments, a 203-unit new construction project within the Creekside District of the Quarry Falls Specific Plan, which was completed in 2020;
- San Ysidro Family TOD, a 139-unit new construction project in the Beyer Boulevard Trolley District within the San Ysidro Historic Village Specific Plan, which was completed in 2019;
- Town & Country Apartments, a 145-unit acquisition-rehabilitation project in the Mountain View Community Plan Area in San Diego, which was completed in July 2018; and
- Mesa Verde Apartments, a 90-unit new construction project in the eastern central portion of San Diego which was completed in April 2018.

CDLAC/CTCAC. On February 7, 2023, the Housing Authority filed a joint application to CDLAC and CTCAC requesting a private activity bond allocation of \$68,700,00 for the Development, along with a reservation of 4% Federal and State tax credits. On May 10, 2023, CDLAC awarded a private activity bond allocation in the requested amount and CTCAC reserved the requested 4% Federal and State tax credits. The CDLAC allocation will expire on November 20, 2023.

In connection with the CDLAC/CTCAC application process, on October 13, 2022, the Housing Commission adopted a resolution of intent to issue tax-exempt obligations for the Development and authorized the submission of an application to CDLAC. On the same date, a TEFRA hearing, duly noticed, was held before the Housing Commission. Because TEFRA hearings expire after one year, a new TEFRA hearing is scheduled for September 15, 2023 before the Commission, with approval by the City scheduled for October 10, 2023.

PROPOSED FINANCING

Project Costs and Funding. According to most recent projections provided by Chelsea, the total costs of the Development, including construction and all soft costs, are estimated at \$142,832,743. The estimated sources of funds will differ during the construction period and following construction and lease-up (“at permanent”), as shown in the following table based on the most recent projections:

Sources of Funds	Construction	Permanent
Tax-Exempt Note Proceeds	\$68,700,000	\$21,300,000
Taxable Note Proceeds	35,926,262	--
Federal Low Income Housing Tax Credits	3,366,260	55,606,156
State Tax Credits	220,590	2,205,903
SDHC Loan	8,000,000	8,000,000
City of San Diego Loan	10,140,000	10,140,000
MGP Loan (from HCD IIG/AHSC)	6,302,134	6,302,134
HCD MHP Loan	--	20,000,000
HCD ASHC Loan	--	13,700,000
DDS Loan	3,000,000	3,000,000
Soft Loan Interest	1,278,550	1,278,550
Deferred Costs	4,598,947	--
Deferred Developer Fee	1,300,000	1,300,000
Total	\$142,832,743	\$142,832,743
Uses of Funds		
Land Cost	\$75,748	\$75,748
Site Work	3,974,082	3,974,082
Construction Costs	90,819,664	90,819,664
Construction Period Expense	18,009,148	18,009,148
Architectural & Engineering	4,540,697	4,540,697
Contingency Costs (Owner, Hard and Soft)	5,056,887	5,506,887
Impact Fees and Permits	9,732,166	9,732,166
Permanent Financing Expense	967,780	967,780
Reserves	2,757,851	2,757,851
Misc. Soft Costs and Legal	3,398,720	3,398,720
Developer Fee*	3,500,000	3,500,000
Total	\$142,832,743	\$142,832,743

*Cash developer fee is \$2,200,000 with \$1,300,000 deferred

Description of Financing. The current expectation (based on the Borrower's most recent pro forma) is that the Housing Authority will issue the Notes in two series: (a) a tax-exempt series in the estimated amount of \$68,700,000 and (b) a taxable series in the estimated amount of \$35,926,262.

The Notes will have the following features:

- Each Note will be funded by Citibank, N.A. (the "Lender");
- The Notes will be issued on a draw down basis, with interest payable only on the amounts drawn;
- At issuance, the tax-exempt Note will be drawn down in the minimum amount required by Federal Tax Law (\$55,000). There will no further draws on either the tax-exempt or taxable Note until other loans are expended.
- Following lease-up (expected in 6 months after construction completion) (at "Conversion"), the taxable Note will be repaid in full and the tax-exempt Note will be paid down to a permanent estimated par of \$21,300,000. The sources of repayment will be Federal and State low income housing tax credits and HCD loans under its MHP and ASHC programs.
- Prior to Conversion, the tax-exempt Note will bear a variable interest rate equal to 30 Day SOFR + 1.75% and the taxable Note will bear a variable interest rate equal to 30 Day SOFR + 2.25%. SOFR¹. The current indicative SOFR rate is 5.30%, resulting in an indicative construction loan of approximately 7.30%.
- At Conversion, the tax-exempt Note will convert to a fixed rate that will be set at Closing. The rate will be established by reference to a formula (18-year SOFR Swap Index +2.45%) and is estimated at 5.93% in the current market. The pro forma assumes a construction loan rate of 7.82% for the tax-exempt Note and 8.32% for the taxable Note, and a permanent loan rate of 6.19%.
- The tax-exempt Note will have a stated maturity of 34 years from Closing (i.e., in 2057) but will be subject to mandatory prepayment in 18 years after Closing (i.e., in 2041). Following Conversion, the tax-exempt Note will amortize on up to a 40-year basis. The taxable Note is expected to have a stated maturity of approximately 4 years from Closing and will be repaid in full at Conversion as noted above.
- The Notes are expected to close by late October.

The Lender will execute a document representing that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Notes and its intention to hold the Notes for its account. The Lender may transfer all or a portion of the Notes only to transferees that execute a document with similar representations.

¹ SOFR stands for Secured Overnight Funding Rate. It is the successor index to LIBOR, which phased out on June 30, 2023.

Housing Commission Financial Involvement. On October 13, 2022, the Housing Commission approved a loan (the “Commission Loan”) of up to \$8,000,000 for the Development. The sources of funding are anticipated to consist of: (1) the Department of Housing and Urban Development HOME Investment Partnership Program (HOME) funds and (2) the Housing Commission’s AHF Fund. A final determination of Housing Commission funding sources will be made by the Housing Commission’s Interim President & CEO, or designee, contingent upon budget availability.

The Commission Loan will be payable from the Development’s residual receipts subject to the following basic terms:

- Interest Rate: 4% simple interest
- Payments: 50% of residual cash flow (to be shared among other residual receipts lenders) plus \$10,000 fixed annual payment.
- Term: 55 years
- Affordability: Studio units: 68 units @ 25% San Diego AMI; 111 units @ 40% San Diego AMI; 45 units at 50% San Diego AMI
1 Bedroom units: 7 units at 25% San Diego AMI; 11 units at 40% San Diego AMI; 4 units at 50% San Diego AMI
2 Bedroom units: 9 units at San Diego 25% AMI; 10 units at San Diego 40% AMI; 5 units at 50% San Diego AMI
- Purchase Option: The Housing Commission will have an option to purchase the Development at the end of the 15-year tax credit compliance period

Other Residual Receipts Lenders. The Development will receive funding from other residual receipts lenders, as follows:

- **City of San Diego** – A loan not to exceed \$10,140,000 for a term of 55 years after occupancy at an interest rate of 3% per year.
- **Department of Housing and Community Development** – Funding provided under multiple programs as follows:
 - **Infill Infrastructure Grant Program (IIG)** - \$6,002,134 for a term of 55 years at 0% interest
 - **Multifamily Housing Program (MHP)** - \$20,000,000 for a term of 55 years with required payments of 0.42% of the loan principal balance commencing in the first year of operations
 - **Affordable Housing and Sustainable Communities Program (AHSC)** - \$13,700,000 loan under the same terms as the MHP program and a \$6,300,000 grant of which \$6,000,000 is awarded to the City of San Diego and \$300,000 awarded to the Borrower.
- **Department of Public Health/Department of Developmental Services** - \$3,000,000 loan under the California Reducing Disparities Project at 3% interest.

Affordability Restrictions. The Development will be subject to the following regulatory restrictions and terms:

- Tax-Exempt Note Regulatory Agreement requirements (including voluntary elections made to CDLAC) for a 55-year term after 50% occupancy;
- Tax Credit Regulatory Agreement requirements under which all units must be affordable at 60% AMI for a 55-year term to remain eligible for tax credits; and
- Housing Commission’s Declaration of Covenants, Conditions and Restrictions (the “Declaration”) under which the units will be restricted for 55 years with the affordability restrictions noted above; and
- The City’s Affordability Restrictions (the “Affordability Restrictions”) under which 115 of the studio units and 18 of the two-bedroom units must be affordable to households with incomes that do not exceed 30% AMI per CTCAC; 42 of the studio units and 12 of the two-bedroom units must be affordable to households with incomes that do not exceed 50% AMI; and 67 of the studio units and 16 of the two-bedroom units must be affordable to households with incomes that do not exceed 60% AMI.

Cash Flow for the Developments. The Borrower provided a pro forma cash flow for the Development. The following table summarizes key elements of the most recent proforma:

	Harrington
Assumptions	
Vacancy	5.94%
Revenue Escalation (Rents and Subsidies)	2%
Operating Expense Escalation	3%
Cash Flow and Coverage	
Stabilized Net Income – First Full Year	\$4,615,111
Expenses	(1,642,244)
Resident Services	(615,000)
Replacement Reserves	(136,500)
HCD Payments (0.42% of MHP and AHSC Loans)	(141,540)
SDHC Bond Monitoring and Admin Fee ¹	(67,575)
Net Operating Income	\$2,012,252
Tax-Exempt Note Debt Service ²	(1,676,648)
Debt Service Coverage ³	1.20x
MGP, AGP and LP Fees	(15,000)
Net Project Cash Flow	\$320,604
Deferred Developer Fee	(320,604)
Available Cash Flow after Deferred Developer Fee	0

¹ Commission's fee at permanent is 0.125% x the sum of permanent Note amount (\$21,300,000) plus a monitoring fee of \$150/unit

² Assumes an initial permanent loan par of \$21,300,000 at 6.19%

³ Net operating income divided by sum of Note Debt Service

The deferred Developer Fee is projected to be paid in full in the fourth year of occupancy at which point the Borrower projects that residual cash flow will be available to begin repaying subordinate loans on a pro rata basis.

The following table shows the Borrower's most recent projected cash flow for the Development during first full five years following stabilized occupancy:

Escalation	Revenues	Year				
		1	2	3	4	5
2.00%	Gross Scheduled Rent	2,785,752	2,841,467	2,898,296	2,956,262	3,015,388
2.00%	Subsidy Revenue	2,120,652	2,163,065	2,206,326	2,250,453	2,295,462
	less 5.94% vacancy	(291,293)	(297,119)	(303,061)	(309,123)	(315,305)
	Total Net Income	4,615,111	4,707,413	4,801,561	4,897,593	4,995,544
	Expenses and Other Above the Line Items					
3.00%	Operating Expenses	(1,642,244)	(1,691,511)	(1,742,257)	(1,794,524)	(1,848,360)
3.00%	Services	(615,000)	(633,450)	(652,454)	(672,027)	(692,188)
3.00%	Replacement Reserves	(136,500)	(140,595)	(144,813)	(149,157)	(153,632)
	HCD Payments	(141,540)	(141,540)	(141,540)	(141,540)	(141,540)
	Issuer Bond Monitoring and Admin Fee	(67,575)	(67,575)	(67,575)	(67,575)	(67,575)
	Total Expenses + Reserves	(2,602,859)	(2,674,671)	(2,748,638)	(2,824,824)	(2,903,295)
	Net Operating Income	2,012,252	2,032,742	2,052,923	2,072,769	2,092,249
	Permanent Note Debt Service	(1,676,648)	(1,676,648)	(1,676,648)	(1,676,648)	(1,676,648)
	Debt Service Coverage	1.20x	1.21x	1.22x	1.24x	1.25x
	Available Cash Flow after Permanent Loan Debt Service	335,604	356,094	376,275	396,121	415,601
3.00%	MGP Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
3.00%	AGP Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
3.00%	LP Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
	Project Cash Flow after LP Fee	320,604	340,644	360,362	379,730	398,719
	Deferred Developer Fee	(320,604)	(340,644)	(360,362)	(311,009)	0
	Project Cash Flow after Deferred Developer Fee	0	0	0	68,721	398,719
	50% of Project Cash Flow for Soft Loans				34,361	199,359
7.57%	Ground Lease				(2,601)	(15,087)
17.09%	City of San Diego				(11,744)	(34,072)
13.48%	SDHC				(11,583)	(26,881)
33.71%	HCD MHP				(7,934)	(67,204)
23.09%	HCD AHSC				(1,746)	(46,035)
5.08%	DDS CRDP				(1,737)	(10,081)
	50% of Project Cash Flow After Soft Loans				34,361	199,359
	Partnership Admin Fee (90%)				(30,924)	(179,423)
	Cash Flow After Partnership Admin Fee				3,436	19,936
	LP Distribution				(3,333)	(19,336)
	GP Distribution				(103)	(600)

PUBLIC PURPOSE

The Notes are expected to result in the long-term affordability of 270 studio, one and two-bedroom units in the City of San Diego. Of the 270 tax credit-restricted units, 84 units will be restricted and affordable to households earning 25% AMI; 18 units will be restricted and affordable to households earning 50% AMI; 132 units will be restricted and affordable to households earning 40% AMI; and 54 units will be restricted to households earning 50% AMI. Three two-bedroom units will be occupied by resident managers and be unrestricted.

The Bond Regulatory Agreement, the Tax Credit Regulatory Agreement, the Commission’s Declaration and the City’s Affordability Restrictions will require that these affordability levels be maintained for a period of 55 years after occupancy.

BENEFITS AND RISKS TO THE COMMISSION

The Notes provide a vehicle for financing a portion of the construction costs of the Development. As proposed, the Notes will result in the long-term affordability of 270 studio, one and two-bedroom units in the City of San Diego with units restricted to income levels described in “Public Purpose” above.

The Notes do not pose undue financial risk to the Housing Authority. The Notes are not direct obligations of the Housing Authority or the City of San Diego. The Notes will evidence loans to be funded by the Lender, which has indicated its intention to hold the Notes for its own account. The Notes are expected to be paid down to \$21,300,000 following conversion.

The primary risk is construction and lease-up risk – that the Development is not completed and/or leased up in a timely fashion. Given the development and project management experience of Chelsea, the target tenant population, the demand for affordable units, and the financial support provided by 115 project based vouchers, this risk seems remote. This risk is borne entirely by the Lender.

If the Housing Authority issues the Notes, the Commission would receive an issuer fee at Note closing of \$261,566, equal to 0.25% times the initial aggregate par amount of the Notes. The Commission also would receive estimate annual fees of:

- \$130,783 to monitor the Notes during the construction period (based on an aggregate Note par of \$104,626,262, and
- \$67,575 to monitor the tax-exempt Note after conversion (assuming (a) an estimated permanent tax-exempt Note of \$21,300,000 times 0.125% plus (b) a per unit monitor fee of \$150/unit)).
- A minimum of \$10,000 following repayment of the Notes through the end of the 55 year CDLAC compliance period.

Costs of issuance will be funded by the Borrower from low income housing tax credit contributions and/or other funds. The Borrower has agreed to indemnify the Housing Authority and Commission as to matters relating to the Notes. However, the Borrower is a single purpose entity with no significant assets or source of income other than the Development and is generally not required to make up any cash flow shortfalls. Accordingly, Chelsea will be providing its indemnification.

RECOMMENDATIONS

Ross Financial recommends that the Housing Authority proceed with the issuance of the Notes based on the following findings:

- The Notes will achieve a public purpose by providing an aggregate of 270 affordable units, with all units restricted to income levels at 25%, 40% and 50% of AMI.
- The Notes will evidence tax-exempt loans funded by a well-established, highly capitalized bank that is active in affordable housing lending. The Notes will be subject to restrictive transfer limitations at all times.
- The Borrower has agreed to indemnify the Housing Authority and the Commission regarding matters relating to the financing. The Borrower will pay issuance costs from sources other than Note proceeds.

Mr. Mathew Granum
Re: Harrington Heights Apartments
August 24, 2023
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- Based on estimates provided by Chelsea on behalf of the Borrower, there should be sufficient funds to complete the Development and the Development provides adequate cash flow to cover permanent loan debt service on the Note.

If there is any additional information you require concerning the Development, Ross Financial will be pleased to provide a supplemental analysis.

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter J. Ross". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Peter J. Ross
Principal



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

- 1. Name of CONTRACTOR: Chelsea Investment Corporation
2. Address and Zip Code: 6339 Paseo del Lago, Carlsbad, CA 92011
3. Telephone Number: 760-456-6000
4. Name of Principal Contact for CONTRACTOR: Cheri Hoffman, President
5. Federal Identification Number or Social Security Number of CONTRACTOR: 90-0151442
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

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

Check one:

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

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

Harrington Heights
Attachment 6 - Developer's Disclosure Statement

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

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

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.
No.
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.
No.
11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

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

Harrington Heights
Attachment 6 - Developer's Disclosure Statement

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

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

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

Name and Address	Relationship to CONTRACTOR
Name: Emmerson Construction, Inc.	General Contractor / Construction Management
Address: 6339 Paseo Del Lago Carlsbad, CA 92011	
Name: CIC Management	Property Management
Address: 6339 Paseo Del Lago Carlsbad, CA 92011	

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

See Exhibit C Financial Statements

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

Sources

Federal LIHTC Equity	\$ 48,454,075
Permanent Loan	\$ 13,300,000
Deferred Developer Fee	\$ 1,300,000
Subordinate Deferred Developer Fee	\$ 1,500,000
Civic San Diego loan	\$ 14,640,000
SDHC	\$ 8,000,000
MHP	\$ 20,000,000
IIG	\$ 6,002,134
AHSC Program funds	\$ 300,000
AHSC AHD	\$ 13,700,000
Total Development Sources	\$ 127,196,209

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Attachment 6 - Developer's Disclosure Statement

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

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

Name: **TBD**
Address:
Amount: \$

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

Name: **Chelsea Investment Corporation**
Address: **6339 Paseo Del Lago, Carlsbad, CA 92011**
Amount: **See Developer Fee listed above**

Name: **Emmerson Construction, Inc.**
Address: **6339 Paseo Del Lago, Carlsbad, CA 92011**
Amount: **See proforma**

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

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

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

Name and Address	Contact Name
Name: Citi Community Capital	Sonia Rahm, Director
Address: 444 South Flower Street, 29th Floor	
Los Angeles, CA 90071	
Name: Banner Bank	Waheed Karim, Vice President
Address: 5901 Priestly Drive, Suite 160	
Carlsbad, CA 92008	

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

Yes No

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

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

Yes No

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

Harrington Heights
Attachment 6 - Developer's Disclosure Statement

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

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

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

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

Name and Address	Affiliation
Name: Emmerson Construction, Inc.	Affiliate
Address: 6339 Paseo del Lago, Carlsbad, CA 92011	

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

Yes No

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

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: **\$ 187,777,002**

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

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

Project Name	See Exhibit E Resumes and List of Projects	
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

Harrington Heights
Attachment 6 - Developer's Disclosure Statement

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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

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

Yes No

If yes, explain:

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

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

Yes No

If yes, explain:

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

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

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

Check coverage(s) carried:

- Comprehensive Form
- Premises - Operations

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Attachment 6 - Developer's Disclosure Statement

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

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

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

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

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

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Attachment 6 - Developer's Disclosure Statement

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state: **None**

Government Complaint	Entity Making	Date	Resolution
N/A			

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

Yes No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
State License Board	Contractor's License for Emmerson Construction, Inc.	775773	3/2/2000	Current	No

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. **None.**

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. **None**

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
2019	14 th & Commercial	Current	\$11,500,000
2018	San Ysidro / Paseo La Paz	Current	\$925,000
2017	Normal Heights	Current	\$5,200,000
2016	Mesa Verde	Current	\$9,600,000

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

Yes No

If yes, explain:

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

Yes No

If yes, explain:

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

1. Name: Bob McElroy
Address: 3737 Fifth Avenue, Suite 203, San Diego, CA 92103
Phone: 619-542-1877
Project Name and Description: The Alpha Project

2. Name: Kevin McCook
Address: 130 Vantis Drive, Suite 200, Aliso Viejo, CA 92656
Phone: 858-526-6655
Project Name and Description: The Mercado (Shea Properties)

3. Name: Bill Ostrem
Address: 16465 Via Esprillo, Suite 150, San Diego, CA 92127
Phone: 619-421-0127
Project Name and Description: Black Mountain Ranch

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

Please see attached resume.

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

Name	Experience
Rob Campbell	Rob has over 33 years of experience in high rise, mid-rise, multifamily residential, hotel, and commercial construction. Having gained his experience on large projects in the San Diego and Los Angeles areas, including multifamily developments with as many as 1,000 units, he is responsible for day-to-day operations to ensure projects are completed on time and within budget, and that site safety, environmental standards, quality of materials, and workmanship meet or exceed standards.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 4th day of May, 20 22, at San Diego, California.

CONTRACTOR

By: Cheri Hoffman

Signature

Cheri Hoffman, Authorized Signatory

Title

CERTIFICATION

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

By: Cheri Hoffman

By: _____

Title: Authorized Signatory

Title: _____

Dated: 5/04/22

Dated: _____

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

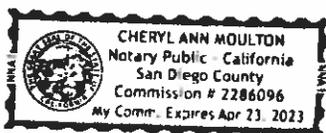
JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 4th day of May, 2022

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



Cheryl Ann Moulton
Signature of Notary

SEAL